



Asset Management Companies

Research Team

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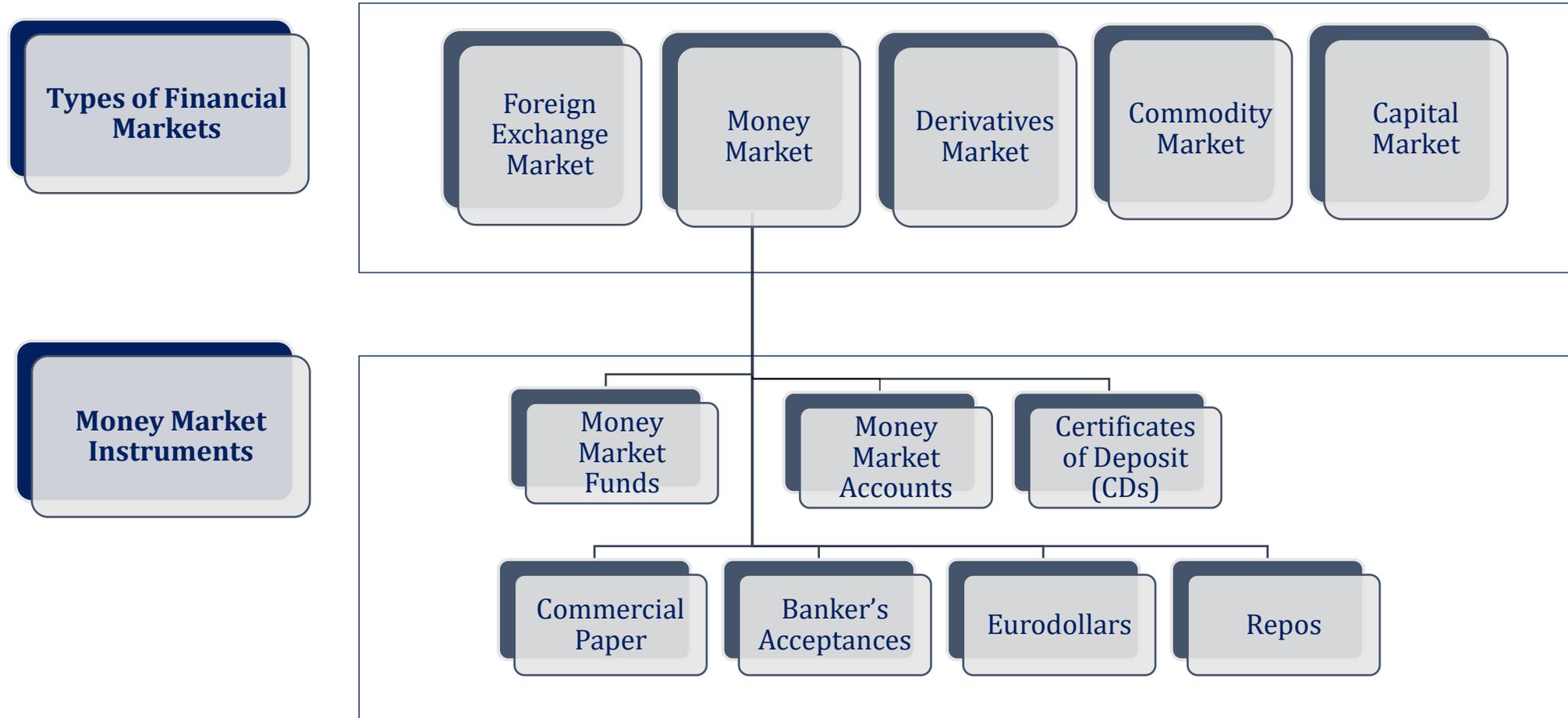


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Asset Management Companies

Capital Markets | Overview



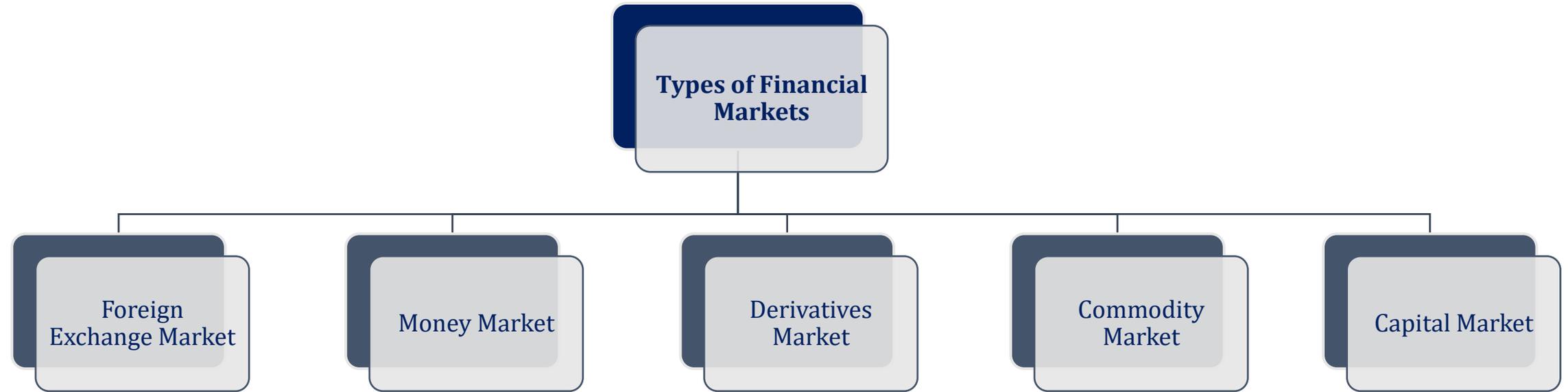
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Capital Markets | Overview

- Capital markets provide avenues for raising capital and enable the trading of financial instruments. Broadly, instruments fall into equity securities (shares) and debt securities (e.g., TFCs, bonds, debentures, sukuk, and commercial paper). These instruments span different maturities. Short-term funding is typically raised through instruments like commercial paper/sukuk, while longer-term funding is generally raised through bonds/sukuk and equity.
- Capital markets operate through two key segments: primary markets and secondary markets. In primary markets, companies and issuers raise funds by offering new securities to investors (through mechanisms such as public offerings and placements, often supported by underwriters). The secondary market is where previously issued securities are traded among investors, providing liquidity and price discovery.
- Capital market development supports the mobilization of savings, improves the efficiency of investment allocation, and contributes to economic growth. To ensure investor protection and the orderly functioning of capital markets, capital markets operate under regulatory oversight and rely on key institutions, including regulators, exchanges, clearing and settlement systems, depositories, intermediaries, and investors.
- In Pakistan, the capital market framework includes the Securities and Exchange Commission of Pakistan (SECP) as the apex regulator, the Pakistan Stock Exchange (PSX) for listed securities trading, mercantile exchanges for commodities, the Central Depository Company (CDC) as the central depository, and clearing and settlement infrastructure (e.g., NCCPL) along with intermediaries such as brokers and other market participants.
- This sector study focuses on secondary market dynamics, using the KSE-100 Index as the benchmark for local equity-market analysis. It also covers the mutual fund industry, including key indicators such as stability/performance ratings, fund flows, and performance trends.

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Types of Financial Markets | Overview



The forex market allows participants, including banks, funds, and individuals, to buy, sell or exchange currencies for both hedging and speculative purposes. It is made up of two levels: the interbank market and the over-the-counter (OTC) market.

The money market refers to trading in very short-term debt investments. It involves large-volume trades between institutions and traders at the wholesale level and money market mutual funds bought by individual investors and money market accounts opened by bank customers at the retail level.

The derivatives market refers to the market for financial instruments such as futures contracts or options that are based on the values of their underlying assets. There are four major types of derivative contracts: options, futures, forwards, and swaps.

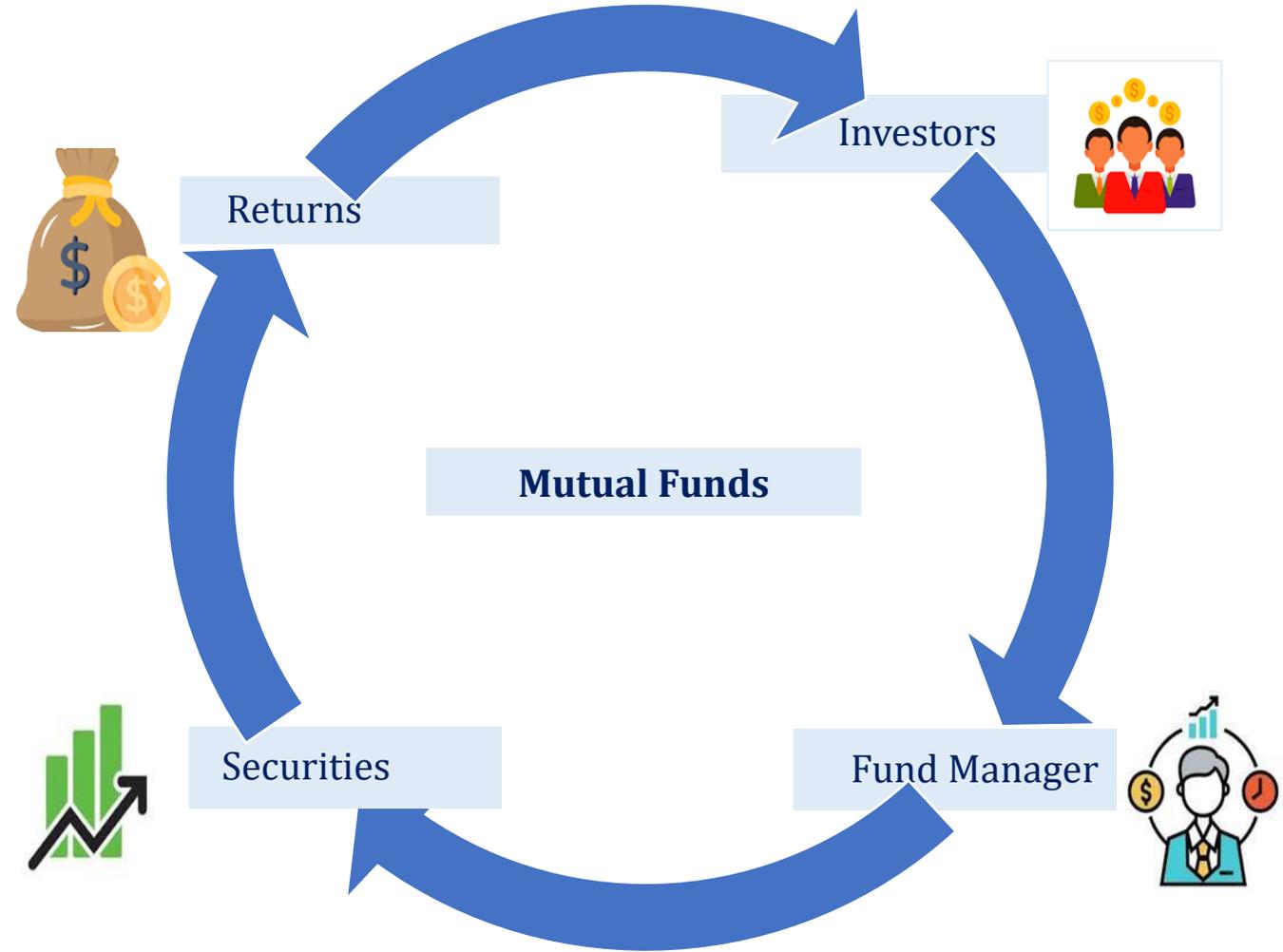
It can be defined as a marketplace for buying, selling, and trading raw materials or primary products. Hard commodities include natural resources such as gold, rubber, and oil, whereas soft commodities are agricultural products or livestock, such as corn, wheat and sugar.

These refer to places where savings and investments are moved between suppliers of capital and those who are in need of capital. The most common capital markets are the stock market and the bond market.

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Mutual Funds | Overview

- A mutual fund is a collective investment vehicle that pools money from multiple investors who share a common financial objective. The pooled funds are invested in a diversified portfolio of financial instruments such as equities, fixed income securities, money market instruments, and other asset classes in accordance with the fund's stated investment objective.
- The income generated from these investments, along with any capital appreciation, is distributed among investors in proportion to the number of units they hold in the fund. Mutual funds enable retail and small investors to gain access to professionally managed and diversified investment portfolios, which might otherwise be difficult to construct individually.
- The investment decisions are made by professional fund managers or asset management companies (AMCs) who charge a management fee for managing the fund and executing its investment strategy.
- Mutual funds also provide liquidity and flexibility to investors. In open-end funds, investors can purchase or redeem units directly from the fund at the prevailing Net Asset Value (NAV). In contrast, closed-end funds are listed on stock exchanges and their units are traded in the secondary market.

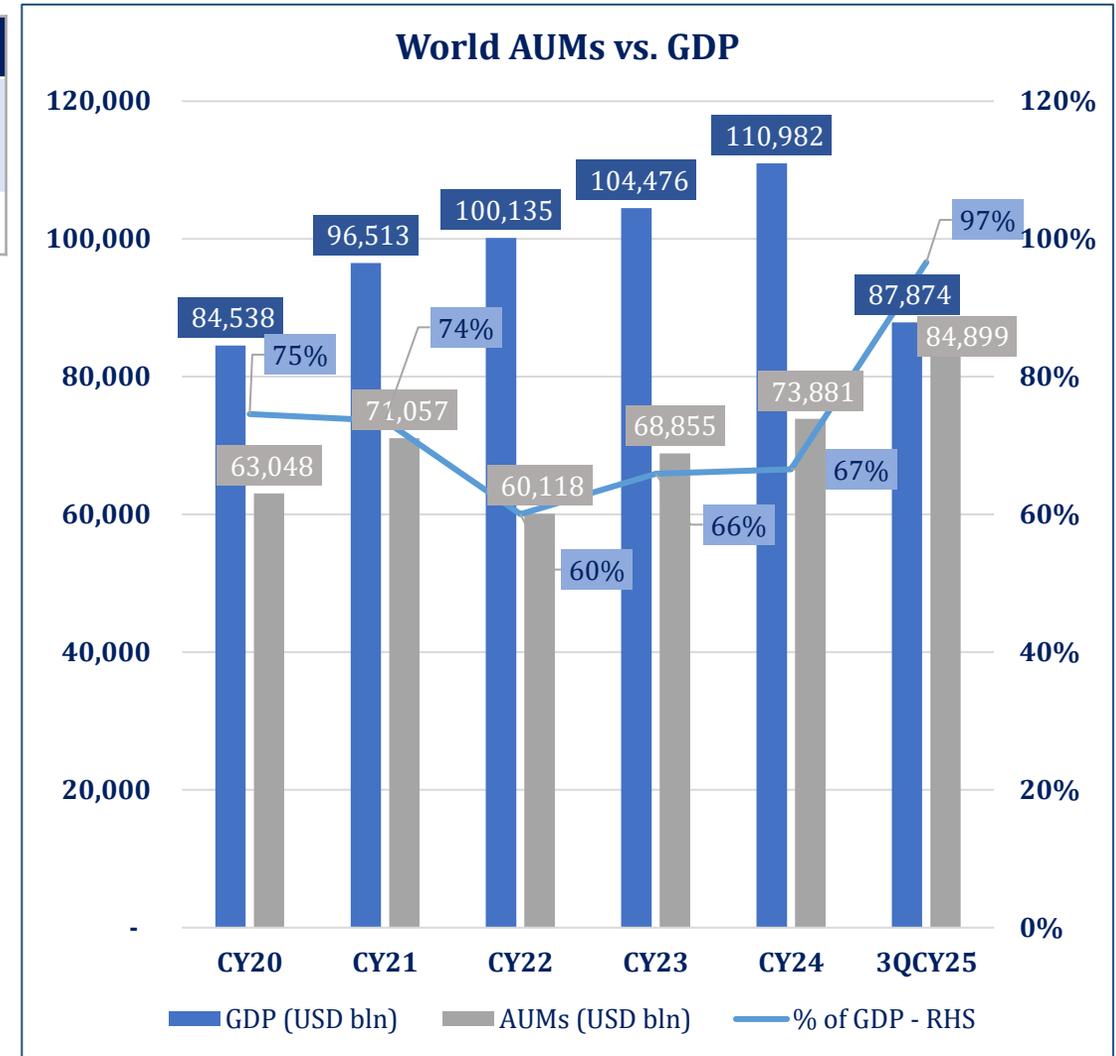


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Global | Open-End Funds | AUMs

Year	CY20	CY21	CY22	CY23	CY24	3QCY25
Open-End Fund Assets (USD bn)	63,048	71,057	60,118	68,855	73,881	84,899
YOY Growth (%)	14.9%	12.7%	-15.4%	14.5%	7.3%	14.9%

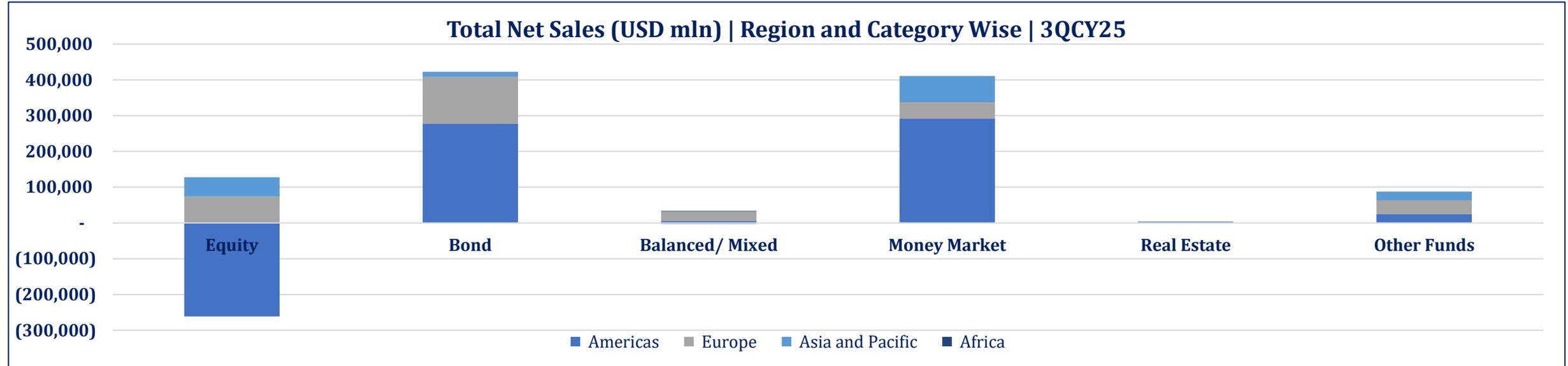
- Global open-end mutual fund assets expanded from USD ~63.0Tn in CY20 to USD ~73.9Tn in CY24, reflecting an average YoY growth of ~8.2% over the period. The increase was largely supported by rising investor participation and the growing role of professionally managed collective investment vehicles in global capital markets. The industry experienced a temporary contraction in CY22 (~-15.4% YoY), primarily due to heightened global financial volatility and aggressive monetary tightening by major central banks, which negatively impacted equity and fixed-income valuations.
- Recovery resumed in subsequent periods, with assets reaching USD ~73.9Tn in CY24 and further increasing to USD ~84.9Tn by 3QCY25, indicating renewed growth momentum as financial markets stabilized and investment flows improved. However, recent geopolitical events have impacted markets greatly, which would impact investor sentiment and equity funds.
- Consequently, the mutual fund industry's penetration relative to economic size strengthened, with the AUM-to-GDP (Nominal) ratio rising to ~97% by *3QCY25, highlighting the increasing importance of collective investment vehicles in global financial systems.



*Note: Open-End Fund Assets include Mutual Funds, ETFs and Institutional Funds. Funds of Funds (FOF) are not included. | GDP figure are estimates from the World Bank.; *YoY growth. | *3QCY25 GDP is Based on 75% of Total GDP for CY25*

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Global | Open-End Funds | Distribution of Investments



- Money Market and Bond funds remained the key drivers of net inflows during 3QCY25, collectively contributing the largest share of total sales (~USD 410mln and ~USD 420mln, respectively). The inflows were primarily supported by the Americas and Europe, reflecting a continued investor tilt toward low-risk, yield-generating instruments amid a relatively high interest-rate environment and cautious market outlook.
- Equity funds experienced notable net outflows, largely stemming from significant withdrawals in the Americas (-USD 260mln). This trend indicates a risk-averse investor sentiment and portfolio reallocation away from volatile equity markets, although positive contributions from Europe and Asia-Pacific provided partial support to the category.
- Performance across other categories remained relatively moderate and regionally diversified, with Balanced/Mixed funds posting marginal net inflows driven by Europe and the Americas, while Other Funds (~USD 87mln) saw steady contributions from both developed and emerging regions. In contrast, Real Estate funds remained insignificant, highlighting limited investor appetite for this asset class in the current macroeconomic environment.

*Other Funds include guaranteed/protected funds.

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Global | Region-Wise Open-End Funds

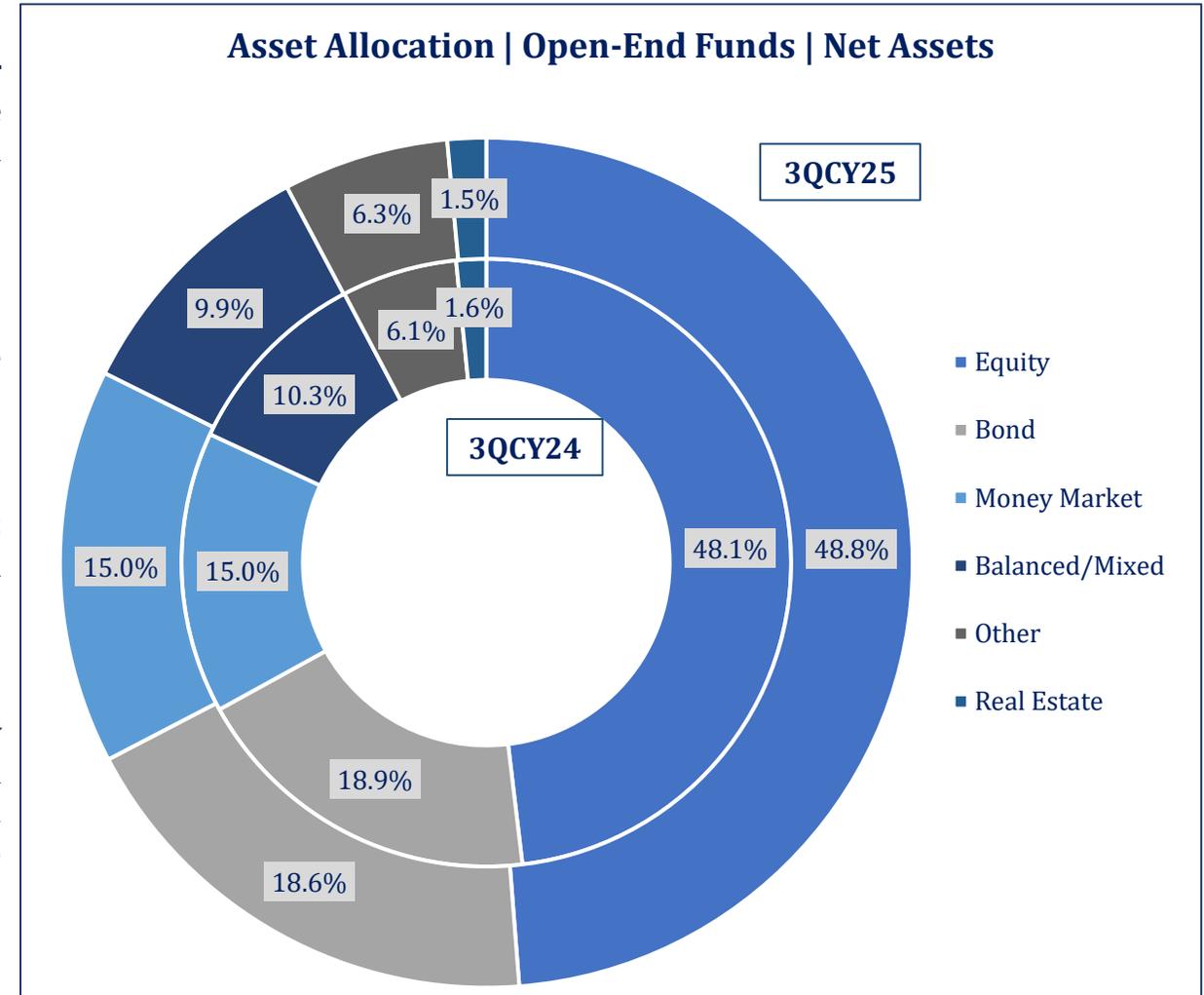
Region Wise Open-End funds Total Net Assets (USD bn)										
Region	CY21		CY22		CY23		CY24		3QCY25	
	Value	Share								
Americas	37,533	52.8%	31,804	52.9%	37,395	54.3%	42,628	57.7%	48,108	56.7%
Europe	23,328	32.8%	19,052	31.7%	21,532	31.3%	22,971	31.1%	27,147	32.0%
Asia & Pacific	9,999	14.1%	9,077	15.1%	9,737	14.1%	8,077	10.9%	9,389	11.1%
Africa	197	0.3%	185	0.3%	191	0.3%	205	0.3%	255	0.3%
Total	71,057	100.0%	60,118	100.0%	68,855	100.0%	73,881	100.0%	84,899	100.0%

Region Wise Open-End Funds Number of Funds										
Region	CY21		CY22		CY23		CY24		3QCY25	
	No.	Share								
Americas	33,039	25.1%	35,636	25.9%	37,726	27.0%	39,514	27.5%	40,472	27.4%
Europe	58,986	44.8%	60,079	43.6%	59,518	42.5%	60,279	41.9%	61,590	41.7%
Asia & Pacific	38,073	28.9%	40,330	29.3%	40,906	29.2%	42,211	29.3%	43,626	29.6%
Africa	1,710	1.3%	1,769	1.3%	1,832	1.3%	1,878	1.3%	1,936	1.3%
Total	131,808	100.0%	137,814	100.0%	139,982	100.0%	143,882	100.0%	147,624	100.0%

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Global | Asset Allocation | Open-End Funds

- The overall fund allocations remained stable in 3QCY25. Equity funds continue to dominate global open-end fund allocations, accounting for ~48.8% of total assets in 3QCY25 compared to ~48.1% in 3QCY24. The slight increase reflects continued investor preference for equities amid improving global market performance.
- Bond allocations remained broadly stable at ~18.6% in 3QCY25 (3QCY24: ~18.9%), indicating sustained demand for fixed-income securities as investors maintain balanced portfolio exposure.
- Money market funds maintained a steady share of ~15.0% of total assets in both 3QCY25 and 3QCY24, highlighting their continued role in liquidity management and short-term capital preservation.
- Balanced/mixed funds and other categories accounted for relatively smaller allocations, with balanced funds at ~10.3% in 3QCY25 compared to ~9.9% in 3QCY24, while other assets increased marginally to ~6.3% in 3QCY25 (SPLY ~6.1%). Real estate exposure remained minimal at ~1.5% of total assets.



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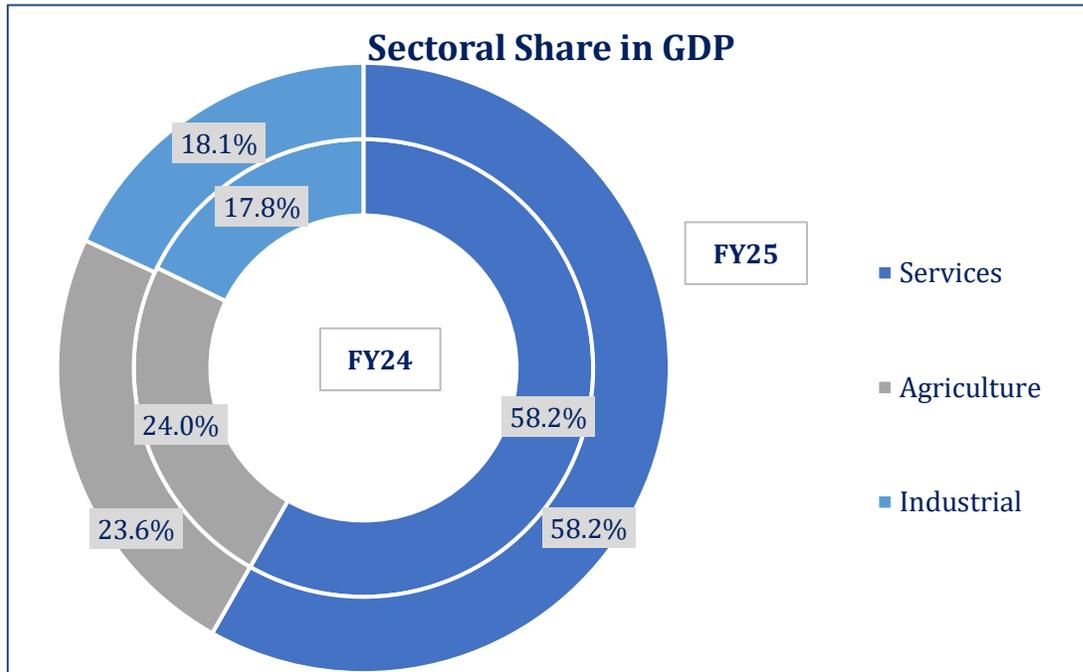
AUMs | Asia (3QCY25)

Particulars (USD bn)	China	Japan	South Korea	India	Taiwan	Philippines	Pakistan	Total
Open-End Fund Assets	4,642	2,697	850	844	337	3	15	9,388
GDP (Nominal)	14,549	3,210	1,394	3,094	663	371	308	23,589
Open-End Fund Assets (% of GDP)	31.9%	84.0%	61.0%	27.3%	50.8%	0.8%	4.9%	39.8%
Net Sales	108,732	16,852	21,584	21,413	-5,972	-94	989	163,504
Net Sales (% of Asia- Pacific Net Sales)	66.5%	10.3%	13.2%	13.1%	-3.7%	-0.1%	0.6%	100.0%

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Local | GDP Composition

- Pakistan's real GDP posted a growth of ~3.01% in FY25 (FY24: ~2.6%). In nominal terms, GDP stood at PKR~114.7Tn in FY25, as compared to PKR~105.1Tn in FY24.
- The top 5 sectors in terms of contribution to GDP are (i) Wholesale & Retail Trade; (ii) Livestock; (iii) Transport, Storage & Communication; (iv) Large Scale Manufacturing; and (v) Other Private Services.



Sector-wise GDP Break-Up (%)				
Sector	FY24	FY25	1QFY25	1QFY26
Livestock	14.7	14.6	15.7	16.1
Crops	8.5	8.2	8.0	7.5
Forestry	0.5	0.5	0.5	0.5
Fishing	0.3	0.3	0.3	0.2
Agricultural Sector	24.0	23.6	24.5	24.3
Large Scale Manufacturing	8.3	8.0	7.8	7.8
Electricity Generation + Distribution & Gas Distribution	2.1	2.6	2.3	2.8
Small Scale Manufacturing	2.3	2.4	2.4	2.5
Construction	2.2	2.3	2.1	2.5
Mining & Quarrying	1.6	1.4	1.5	1.4
Slaughtering	1.3	1.4	1.4	1.4
Industrial Sector	17.8	18.1	17.5	18.4
Wholesale & Retail Trade	18.3	17.8	17.6	17.5
Transportation & Storage	10.6	10.5	10.7	10.7
Other Private Services	8.5	8.9	8.9	8.9
Housing Services	5.8	5.9	5.9	5.9
General Government Services	4.0	4.3	4.2	4.4
Education	3.1	3.2	3.1	3.2
Human Health & Social Work Activities	1.7	1.7	1.7	1.7
Finance & Insurance	1.5	1.5	1.4	1.5
Information & Communication	2.9	3.0	3.0	2.0
Accommodation & Food and Services	1.47	1.49	1.5	1.5
Services Sector	58.2	58.2	58.0	57.3

Note: GDP value is at current basic prices of 2015-16.

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Local | Yearly Economic Indicators

Monetary Sector	FY16	FY17	FY18	FY19	FY20	5 Year Avg	FY21	FY22	FY23	FY24	FY25	5 Year Avg	8MFY25	8MFY26
Avg. Inflation Rate (CPI)	2.9%	4.2%	3.9%	7.3%	10.7%	5.8%	8.9%	21.3%	29.4%	23.8%	4.8%	17.6%	1.5%	7.0%
Avg. KIBOR (%)	6.5%	6.1%	6.4%	10.4%	12.0%	8.3%	7.4%	10.8%	18.3%	21.9%	13.9%	14.5%	14.9%	10.9%
Monetary Policy Rate (MPR) (period-end)	5.8%	5.8%	6.5%	12.3%	7.0%	7.5%	7.0%	13.8%	22.0%	20.5%	11.0%	14.9%	12.0%	10.5%
Avg. PKRV (%)	6.3%	6.0%	6.3%	10.2%	11.8%	8.1%	7.3%	10.7%	18.1%	21.7%	13.6%	14.3%	14.6%	10.7%
Avg. Exchange Rate (USD/PKR)	104.4	104.8	110.1	136.5	158.4	122.8	160.5	191.9	247.7	283.2	279.3	232.5	278.4	281.2
External Sector*	FY16	FY17	FY18	FY19	FY20	5 Year Avg	FY21	FY22	FY23	FY24	FY25	5 Year Avg	7MFY25	7MFY26
Current Account Balance (USD mn)	-4,961	-12,270	-19,195	-13,434	-2,970	-10,566	-1,852	-17,481	-3,276	-1,582	2,113	-4,416	564	-1,074
Exports (USD mn)	21,972	22,003	24,768	24,257	22,536	23,107	25,630	31,792	27,735	30,677	32,303	29,627	19,327	18,260
Imports (USD mn)	41,118	48,001	55,671	51,869	43,645	48,061	53,785	80,177	55,198	54,798	59,088	60,609	33,383	36,662
Trade Balance (USD mn)	-19,146	-25,998	-30,903	-27,612	-21,109	-24,954	-28,155	-48,385	-27,463	-24,121	-26,785	-30,982	-14,056	-18,402
FX Reserves (USD mn)	23,099	21,403	16,384	14,482	18,886	18,851	24,398	15,537	9,160	13,996	19,269	16,472	15,599	20,971

Note: *Latest available for 7MFY26

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Local | Monthly Economic Indicators (CY25)

Monetary Sector	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Avg. Inflation Rate (CPI)	2.4%	1.5%	0.7%	0.3%	3.5%	3.2%	4.1%	3.0%	5.6%	6.2%	6.1%	5.6%
Avg. KIBOR (%)	11.9%	11.8%	12.0%	12.1%	11.5%	11.2%	11.0%	11.1%	11.1%	11.2%	11.2%	10.9%
Monetary Policy Rate (MPR) (period-end)	12.0%	12.0%	12.0%	12.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	10.5%
Avg. PKRV (%)	11.7%	12.0%	12.0%	12.0%	11.1%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	10.7%
Avg. Exchange Rate (USD/PKR)	278.8	279.4	280.1	280.7	281.7	283.1	284.2	282.2	281.5	281.1	280.7	280.3
External Sector	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
(USD mn)												
Current Account balance for the Month	-393	-85	1,276	28	-111	260	-529	-324	116	-291	98	-244
Exports	3,008	2,609	2,760	2,606	2,444	2,594	2,750	2,488	2,609	2,632	2,277	2,751
Imports	5,481	5,050	4,938	5,244	5,498	4,998	5,429	5,020	5,040	5,383	4,716	5,737
Trade Balance	-2,473	-2,441	-2,178	-2,638	-3,054	-2,404	-2,679	-2,532	-2,431	-2,751	-2,439	-2,986
FX Reserves	15,599	15,397	15,014	14,759	16,077	19,270	18,976	19,077	18,904	19,174	19,136	20,742

Note: MPR as of month-end.

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Local | T-Bills & PIBs | Overview

T-Bills Auction CY25		Average Yield			T-Bills Auction CY24		Average Yield		
Total Realized Amount (PKR bn)		3M	6M	12M	Total Realized Amount (PKR bn)		3M	6M	12M
12,786		11.20%	11.16%	11.25%	11,231		18.55%	18.15%	17.58%

PIBs Auction CY25				PIBs Auction CY24			
Tenure	Amount Accepted (PKR bn)	Weighted Average Yield	Coupon Rate	Tenure	Amount Accepted (PKR bn)	Weighted Average Yield	Coupon Rate
3-Year	588.5	11.39%	11.25%	3-Year	648.9	15.21%	13.83%
5-Year	1,293.1	11.79%	11.50%	5-Year	634.0	14.55%	14.00%
10-Year	1,521.3	12.31%	11.75%	10-Year	252.7	13.74%	13.67%
15-Year	1,369.3	12.35%	12.00%	15-Year	-	0.0%	10.50%

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Local | KSE-100 Returns | Monthly & Annual

KSE-100 Index	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	8MFY25	8MFY26
Index Value	37,784	46,565	41,911	33,902	34,422	47,356	41,541	41,453	78,445	125,627	113,252	168,062
Returns (%)	9.8%	23.2%	-10.0%	-19.1%	1.5%	37.5%	-12.3%	-0.2%	89.2%	60.1%	75.4%	48.4%
Avg Volume ('000)	113,970	140,349	83,873	96,809	135,873	246,962	114,877	89,779	233,956	268,821	282,085	413,537

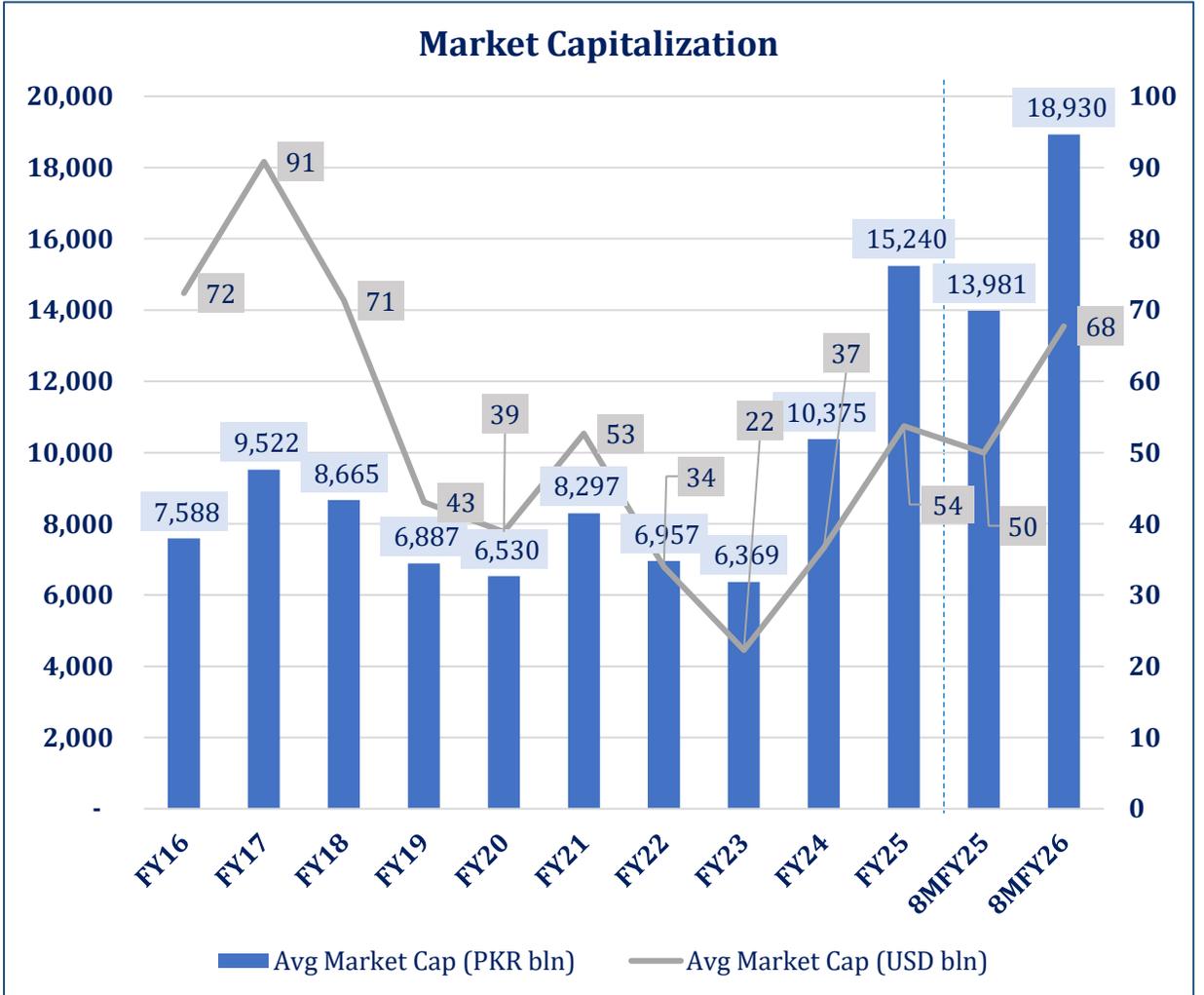
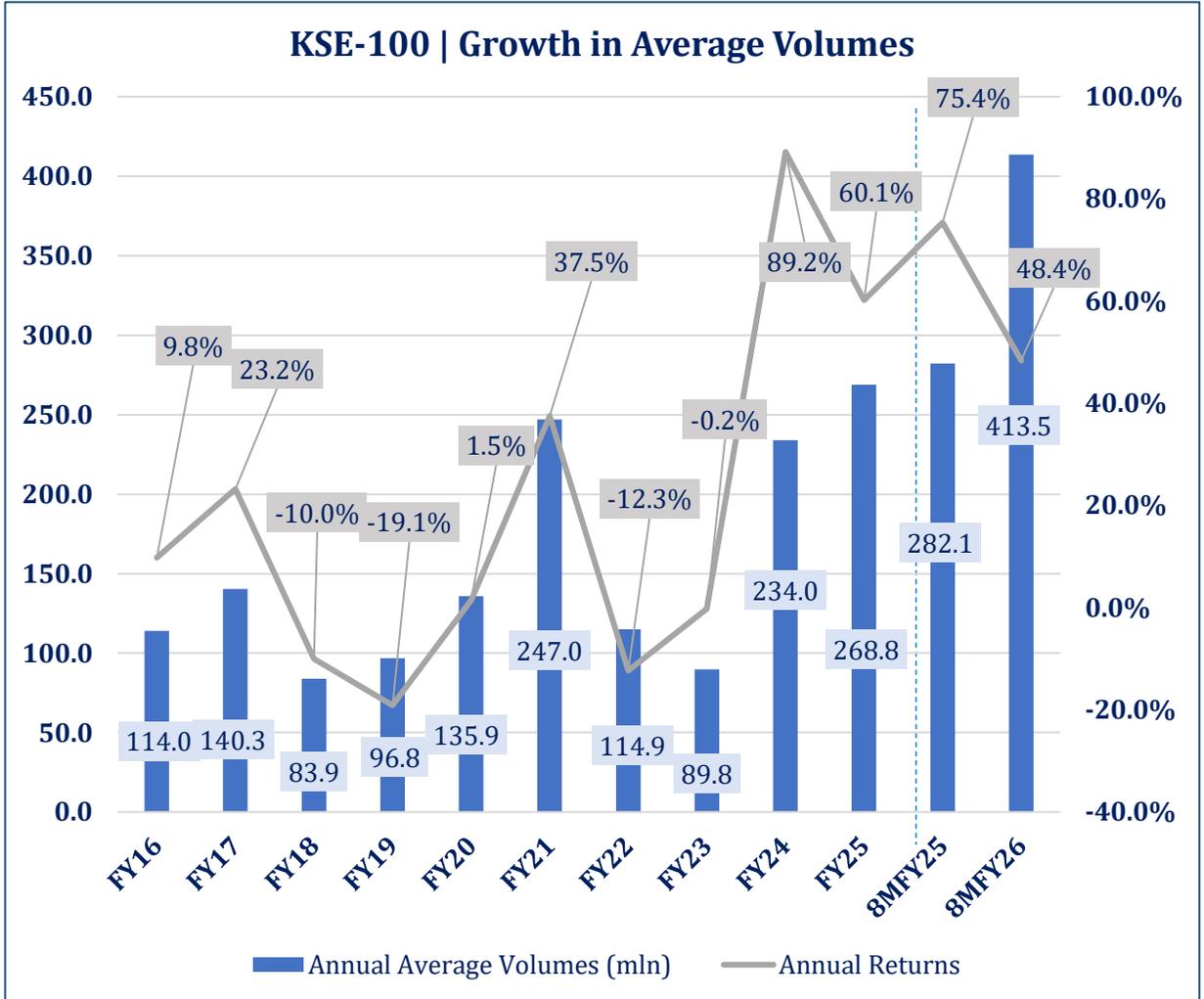
KSE-100 Index	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24	CY25
Index Value	47,807	40,471	37,067	40,735	43,755	44,596	40,420	62,451	115,127	174,054
Returns (%)	45.7%	-15.3%	-8.4%	9.9%	7.4%	1.9%	-9.4%	54.5%	84.3%	51.2%
Avg Volume ('000)	130,599	102,467	96,572	107,225	208,139	190,870	98,396	166,594	252,596	309,760

KSE-100 Index	25-Jan	25-Feb	25-Mar	25-Apr	25-May	25-Jun	25-Jul	25-Aug	25-Sep	25-Oct	25-Nov	25-Dec
Index Value	114,256	113,252	117,807	111,327	119,691	125,627	139,390	148,618	165,494	161,632	166,678	174,054
Return (%)	-0.8%	-0.9%	4.0%	-5.5%	7.5%	5.0%	11.0%	6.6%	11.4%	-2.3%	3.1%	4.4%
Avg Daily Volume ('000)	284,965	269,062	205,479	266,430	248,734	241,819	261,470	305,808	495,405	506,558	270,506	360,879

Note: Index values as of period-end.

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Local | Market Volumes & Capitalization



Note: Market capitalization as of year-end.

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Types of Mutual Funds

- **Open-End Mutual Funds:** These are mutual funds that continuously create new units and redeem issued units on demand. Units of the fund can be bought or redeemed at the prevailing Net Asset Value (NAV).
- **Closed-End Mutual Funds:** These funds have a fixed number of shares like a public company and are floated through an IPO. Once issued, they can be bought and sold in the secondary market at market rates. There are currently no closed-end mutual funds in Pakistan.
- **Voluntary Pension Funds** are personalized, defined, savings-cum-investment vehicles for providing a comprehensive framework for life after retirement. It is a system established by an employer to expedite and arrange the investment of employees' retirement funds

Type of Fund (PKR bn) As at	Jun'21	Jun'22	Jun'23	Jun'24	Jun'25
Open-End	969	1,153	1,383	2,283	3,501
Closed-End*	-	-	-	-	-
Voluntary Pension	38	41	50	74	106
Others	0	0	0	1	5
AUMs	1,007	1,194	1,433	2,358	3,612

Type of Fund (PKR bn) As at	Dec'21	Dec'22	Dec'23	Dec'24	Dec'25
Open-End	1,025	1,424	1,883	3,901	4,050
Closed-End**	-	-	-	-	-
Voluntary Pension	39	43	60	91	130
Others	0	1	0	3	7
AUMs	1,064	1,468	1,943	3,996	4,187

Asset Management Companies

Mutual Funds | Categories

- **Equity Scheme:** An equity scheme or equity fund is a fund that invests in Equities more commonly known as stocks. The objective of an equity fund is long-term growth through capital appreciation, although dividends and capital gains realized are also sources of revenue.
- **Balanced Scheme:** These funds provide investors with a single mutual fund that invests in both stocks and debt instruments and with this diversification aimed at providing investors a balance of growth through investment in stocks and of income from investments in debt instruments.
- **Asset Allocation Fund:** These Funds may invest its assets in any type of securities at any time in order to diversify its assets across multiple types of securities & investment styles available in the market.
- **Fund of Fund Scheme:** Fund of Funds are those funds, which invest in other mutual funds. These funds operate a diverse portfolio of equity, balanced, fixed income and money market funds (both open and closed end).
- **Shariah-Compliant (Islamic) Scheme:** Islamic funds are those funds which invest in Shariah Compliant securities i.e. shares, Sukuk, Ijara Sukuks etc. as may be approved by the Shariah advisor of such funds. These funds can be offered under the same categories as those of conventional funds.
- **Capital Protected Scheme:** In this type of scheme, the payment of original investment is guaranteed with any further capital gain which may accrue at the end of the contractual term of the Fund. Such funds are for a specific period.
- **Index Tracker Scheme:** Index funds invest in securities to mirror a market index, such as the KSE 100. An index fund buys and sells securities in a manner that mirrors the composition of the selected index. The fund's performance tracks the underlying index's performance.
 - **Exchange Traded Funds (ETFs):** ETFs are funds that track an index or basket of assets and trade on stock exchanges similar to shares. These funds are managed by AMCs, and their assets are included in the AUMs reported by the respective asset management companies.
- **Money Market Scheme:** Money Market Funds are among the safest and most stable of all the different types of mutual funds. These funds invest in short term debt instruments such as Treasury bills and bank deposits.
- **Income Scheme:** These funds focus on providing investors with a steady stream of fixed income. They invest in short term and long-term debt instruments like TFCs, government securities like T-bills/ PIBs, or preference shares.

Asset Management Companies

Mutual Funds | Categories

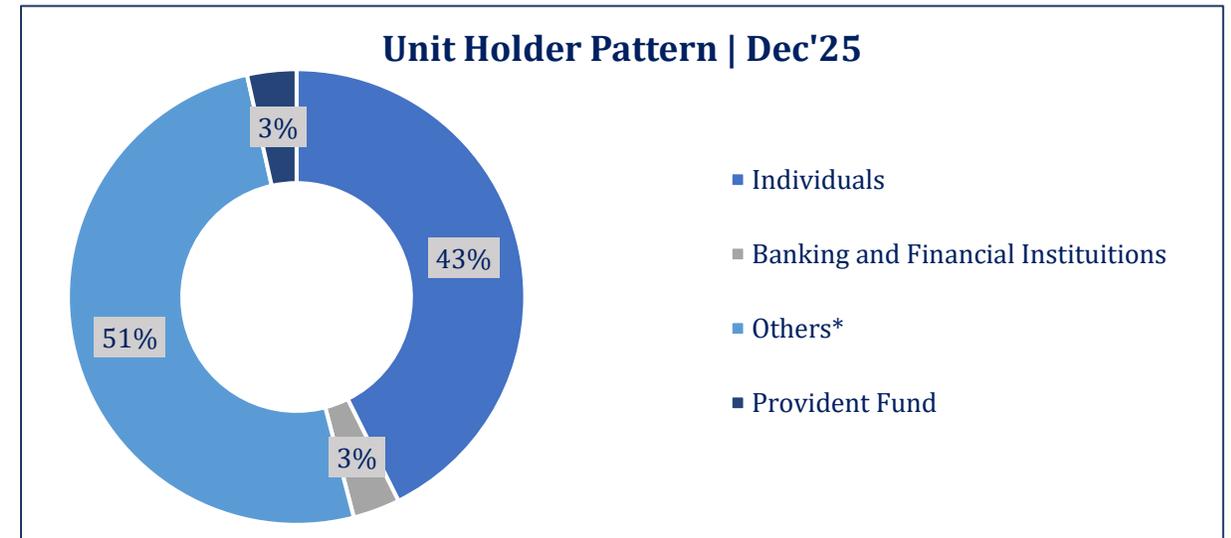
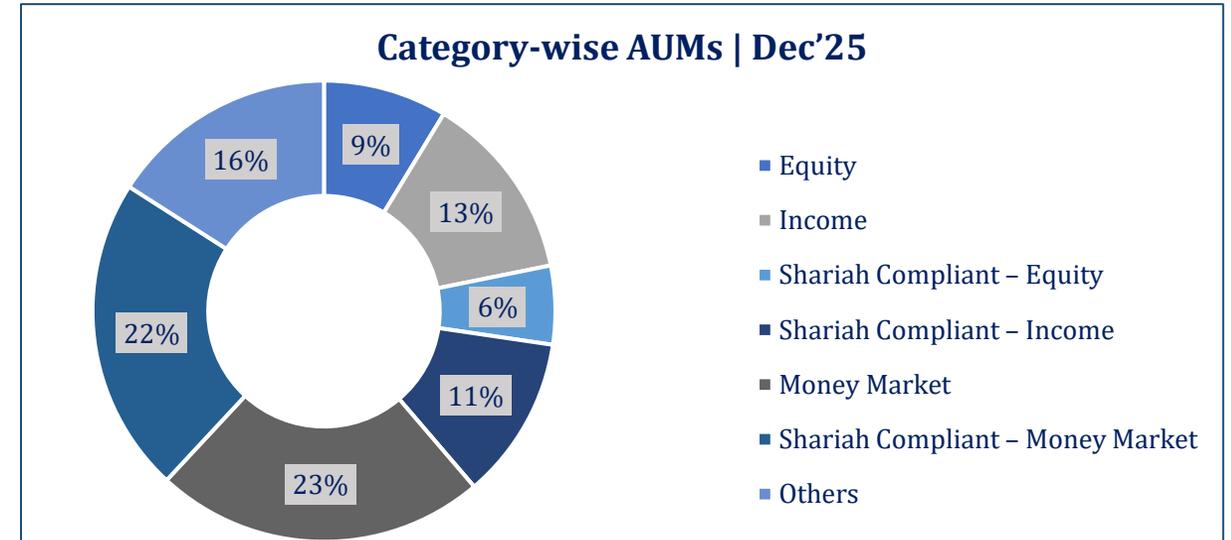
- **Aggressive Fixed Income Scheme:** The aim of aggressive income fund is to generate a high return by investing in fixed income securities while taking exposure in medium to lower quality of assets also.
- **Commodity Scheme:** These schemes enable small investors to take advantage of gains in commodities such as gold through pooled investments. They invest at least 70% of their assets in commodity futures contracts, which include both cash-settled and deliverable contracts.
- **Fixed Rate Scheme:** These schemes provide investors with a predetermined fixed return over a specific period by investing in fixed-income securities like bonds, TFCs, and government securities, minimizing interest rate risk.

	Dec'21		Dec'22		Dec'23		Dec'24		Dec'25	
Fixed Rate	0	0%	0	0%	10	4%	47	14%	48	9%
Income Scheme	30	14%	35	15%	40	16%	43	13%	49	9%
Shariah Compliant - Income	23	11%	28	12%	34	13%	39	12%	43	8%
Shariah Compliant - Money Market	17	8%	21	9%	26	10%	27	8%	33	6%
Money Market	23	11%	23	10%	27	10%	26	8%	28	5%
Equity	25	12%	25	11%	26	10%	24	7%	27	5%
Shariah Compliant - Equity	19	9%	20	9%	20	8%	19	6%	24	5%
Others	74	35%	48	34%	75	29%	101	31%	269	52%
Total	211	100%	200	100%	258	100%	326	100%	521	100%

Asset Management Companies

Mutual Funds | Category-wise AUMs

Assets Under Management Breakdown (Dec'25)	
Category	AUMs (PKR bn)
Equity	366
Income Scheme	556
Shariah-Compliant Equity	233
Shariah-Compliant Income	483
Money Market	978
Shariah-Compliant Money Market	937
Others*	634
Total AUMs	4,187



* Others include Public Limited, Associated Companies, Fund of funds etc.

Asset Management Companies

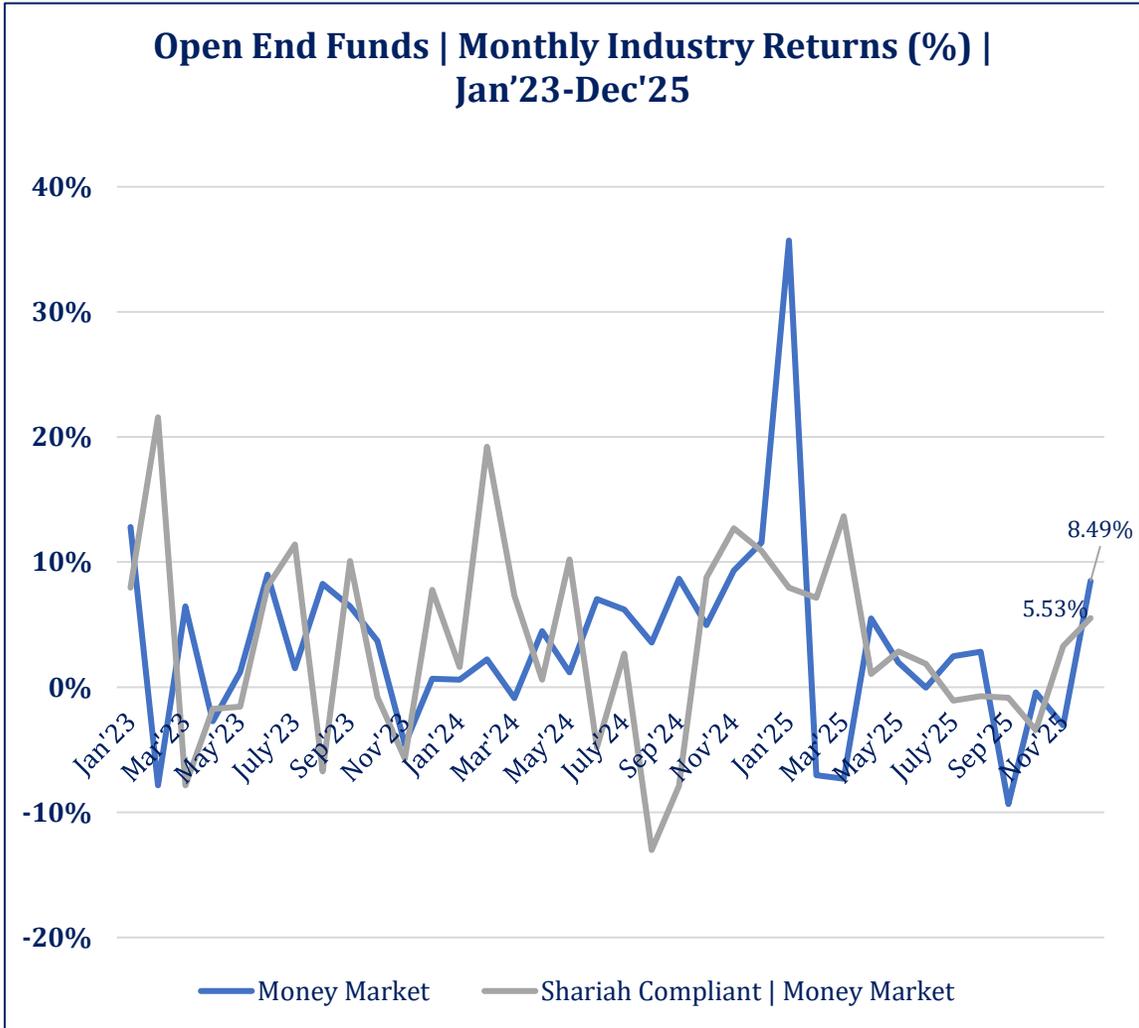
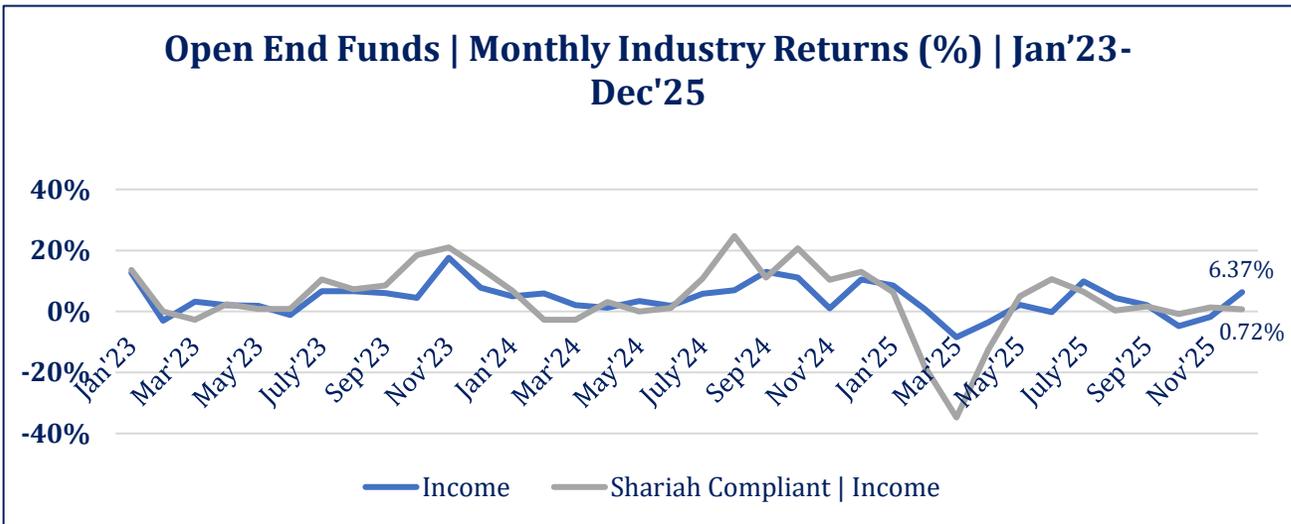
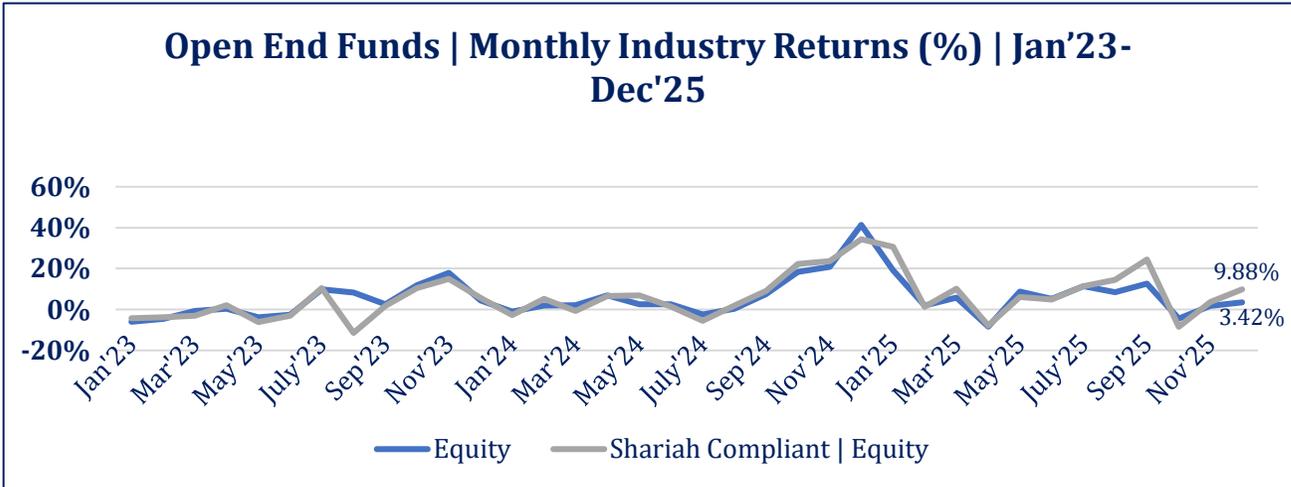
Market Share | Asset Management Companies

Mutual Funds Industry - Assets Under Management						
(Open End, VPS, EPF & ETFs) - PKR bln						
S.No.	Asset Management Company	Jun'24	Dec'24	Jun'25	Dec'25	
		AUMs				Market Share
1	Al-Meezan Investment Management Limited	475	680	554	610	14.6%
2	NBP Fund Management Limited	290	469	442	498	11.9%
3	HBL Asset Management Limited	190	418	323	346	8.3%
4	MCB Investment Management Limited	203	403	367	390	9.3%
5	UBL Fund Managers Limited	144	328	279	397	9.5%
6	Alfalah Asset Management Limited	196	305	281	314	7.5%
7	ABL Asset Management Limited	184	266	259	313	7.5%
8	Al Habib Asset Management Limited	135	292	251	305	7.3%
9	Faysal Asset Management Limited	146	244	210	226	5.4%
10	National Investment Trust Limited	130	198	175	189	4.5%
11	Atlas Asset Management Limited	88	123	137	162	3.9%
12	Lucky Investments Limited*	-	-	61	103	2.5%
13	JS Investment Limited	62	70	68	99	2.4%
14	Lakson Investments Limited	46	76	60	64	1.5%
15	Pak Qatar Asset Management Company Limited	29	59	65	71	1.7%
16	AWT Investment Management Limited	27	52	63	73	1.7%
17	AKD Investment Management Limited	8	10	10	13	0.3%
18	Pak Oman Asset Management	4	2	2	9	0.2%
19	Mahana Wealth Limited	0	0	3	4	0.1%
20	786 Investments Limited	1	1	2	2	0.0%
21	IGI Life Insurance Limited	0	0	0	0	0.0%
22	First Capital Investments Limited	0	0	0	0	0.0%
23	Pak Qatar Family Takaful Limited	0	0	0	0	0.0%
24	EFU Life Insurance Limited	0	0	0	0	0.0%
Total		2,359	3,996	3,612	4,187	100%

*Note: *Previously named Interloop Asset Management Limited*

Asset Management Companies

Mutual Funds | Industry Returns



Note: The data is representative of Open-End Funds.

Asset Management Companies

Mutual Funds | Net Sales

- Net sales in the mutual fund industry remained positive in CY25, with total sales of PKR ~11,463bn against redemptions of PKR ~10,480bn, resulting in net inflows of PKR ~984bn during the year.
- Shariah-compliant money market funds recorded the highest net inflows of PKR ~301bn, followed by conventional money market funds with PKR ~236bn, indicating continued investor preference for low-risk and liquid investment avenues.
- Other fund categories contributed relatively smaller net inflows, including equity funds (PKR ~34bn), Shariah-compliant equity funds (PKR ~32bn), and income schemes (PKR ~51bn), while VPS and Shariah-compliant income funds recorded modest net additions during the period.

Net Sales (PKR bn)	CY25			
	Open End	Sales	Redemptions	Net Sales
Money Market		2,813	2,577	236
Income Scheme		1,437	1,385	51
Equity		170	136	34
Shariah-Compliant Money Market		3,687	3,387	301
Shariah-Compliant Income		1,783	1,722	11
Shariah-Compliant Equity		257	224	32
Other		1,225	970	308
VPS		91	79	11
Total		11,463	10,480	984

Asset Management Companies

Mutual Funds | Regulatory Framework

- Mutual funds are regulated by the Securities and Exchange Commission of Pakistan (SECP) with the objective of protection of investors and developing the capital market. SECP implements a transparent and rigorous process before issuing licenses to fund management companies. In addition, the SECP also carries out continuous monitoring of mutual funds.
- The following regulations and rules apply to sector players:
 - Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003.
 - Non-Banking Finance Companies & Notified Entities Regulations, 2008.
 - Part VIII of The Companies Ordinance, 1984.
 - Anti Money Laundering and Countering Financing of Terrorism Regulations, 2020.
 - Shariah Governance Regulations 2023.
 - Circulars and Directives issued by the SECP under the provisions of the Ordinance.
- Mutual funds are established by a Trust Deed between the AMC and the trustee under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. Under the regulations, an independent trustee registered with the SECP has custody of all mutual fund assets.
- All mutual funds are obliged to appoint an independent trustee, which can be a scheduled bank having a minimum of 'AA-' rating and has been in business for at least five years or a subsidiary of a scheduled bank having a minimum of AA- rating or an investment finance company having a minimum of AA- rating, or a central depository company.
- The trustee is obligated to ensure that, (i) The asset management company invests the fund's assets in accordance with the approved investment policy and authorized investments of the mutual fund; (ii) All mutual fund property including cash is under its control and is registered in the name of, or to the order of the trustee; and (iii) Fund property is held in trust for the unit holders in accordance with the rules, regulations and provisions of the constitutive documents.

Asset Management Companies

Mutual Funds | Regulatory Framework

- **Modified date of applicability of IFRS-9 for financial reporting:** The SECP issued a notification on Sep 29, 2022 for the Non-Banking Finance Companies and Modarabas regarding the modified date for the applicability of International Financial Reporting Standard (IFRS) 9- Financial Instrument in place of International Accounting Standard (IAS) 39 (Financial Instruments: Recognition and Measurement) as reporting period/year ending on or after June 30, 2024.
- **Revisions to the Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) Regulations 2020:** The SECP made significant revisions to the Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) Regulations 2020. These amendments aim to broaden the regulatory scope to effectively address financial crimes, combat money laundering, and counter the financing of terrorism (CFT).
- **Introduction of Shariah Governance Regulations 2023:** The SECP introduced the Shariah Governance Regulations 2023, consolidating and replacing the previous Shariah Governance Regulations 2018 and the Shariah Advisors Regulations 2017. The framework is expected to enhance trust in Islamic finance, draw investors, encourage financial stability, and stimulate innovation.
- **Amendments to NBFC Rules:** On January 15, 2024, the SECP released SRO 14(I)/2024, proposing draft amendments to the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. These amendments aim to streamline business procedures by eliminating the requirement for submitting certified copies of documents such as the memorandum, articles of association, and certificate of incorporation.
- **Extension of IFRS-9 Applicability:** On November 8, 2024, the SECP issued SRO 1784(I)/2024, extending the exemption from the Expected Credit Loss (ECL) model under IFRS-9 for certain entities. This extension allows NBFCs and Modarabas additional time to transition from IAS-39 to IFRS-9 for financial instruments accounting.
- **SECP Introduces Dedicated Framework for Infrastructure Mutual Funds:** On August 22, 2025, the SECP introduced a new category, Infrastructure Scheme, to channel private savings into national development projects like energy and transport. These funds can be structured as equity, debt, or hybrid investments, requiring minimum fund sizes of Rs. 100 million and a commitment that 70% of net assets stay invested in infrastructure. The new amendments specifically mandate a Rs. 25 million seed capital investment from fund managers for long-term schemes and provide flexible monthly NAV disclosures to better suit long-term project timelines.

Asset Management Companies

Taxation Rules

Mutual Funds

- The income of mutual funds / CIS / REIT schemes is exempt from Income Tax, provided that at least 90% of the accounting income (excluding capital gains) is distributed to unit holders as dividends or bonus units.
- Capital gain on redemption of units is exempt where units are held for more than 6 years.
- Dividend income from mutual funds is taxed under Section 150 as follows:
 - (a) Funds with $\geq 50\%$ income from profit on debt $\rightarrow 25\%$ (ATL) / 50% (Non-ATL)
 - (b) Other funds $\rightarrow 15\%$ (ATL) / 30% (Non-ATL)
- Tax credit under Section 62 on purchase of units is no longer available (omitted by Finance Act 2022).

Investment in Stocks | Individuals

- Tax credit under Section 62 on investment in shares is no longer available.
- For listed securities:
 - Securities acquired on or after July 1, 2024 $\rightarrow 15\%$ CGT for ATL individuals
 - Holding period is no longer relevant
 - Non-ATL individuals are taxed at higher prescribed rates (up to $\sim 45\%$)
- CGT is calculated and collected through the NCCPL system.

Asset Management Companies

Capital Gain Tax on Redemption

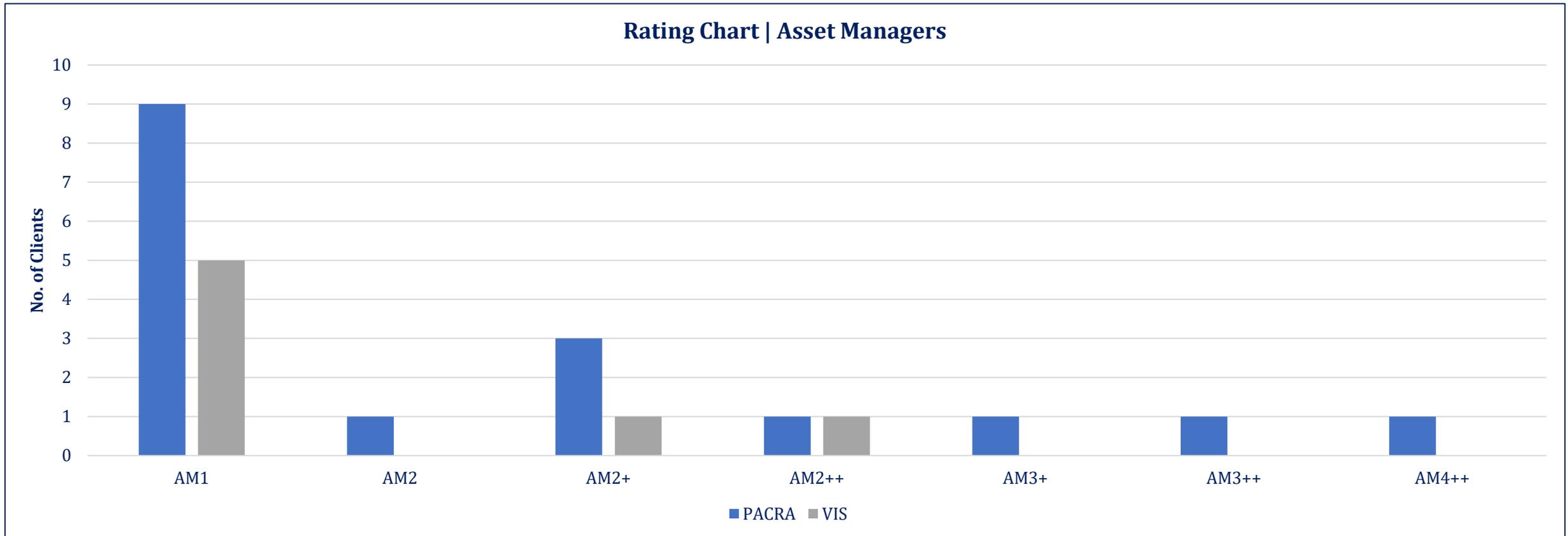
The CGT rates for FY26 are as follows:

Particulars	Investors appearing in the Active Tax Players' List	Investors not appearing in the Active Tax Players' List
Where the holding period of Security or Fund is more than six years	0.00%	0.00%
Stock Funds: For individuals, association of persons and corporates	15.00%	15.00%
Other Funds: For Individuals	15.00%	15.00%
Other Funds: For Corporates	25.00%	25.00%

Asset Management Companies

Rating Curve | Asset Managers

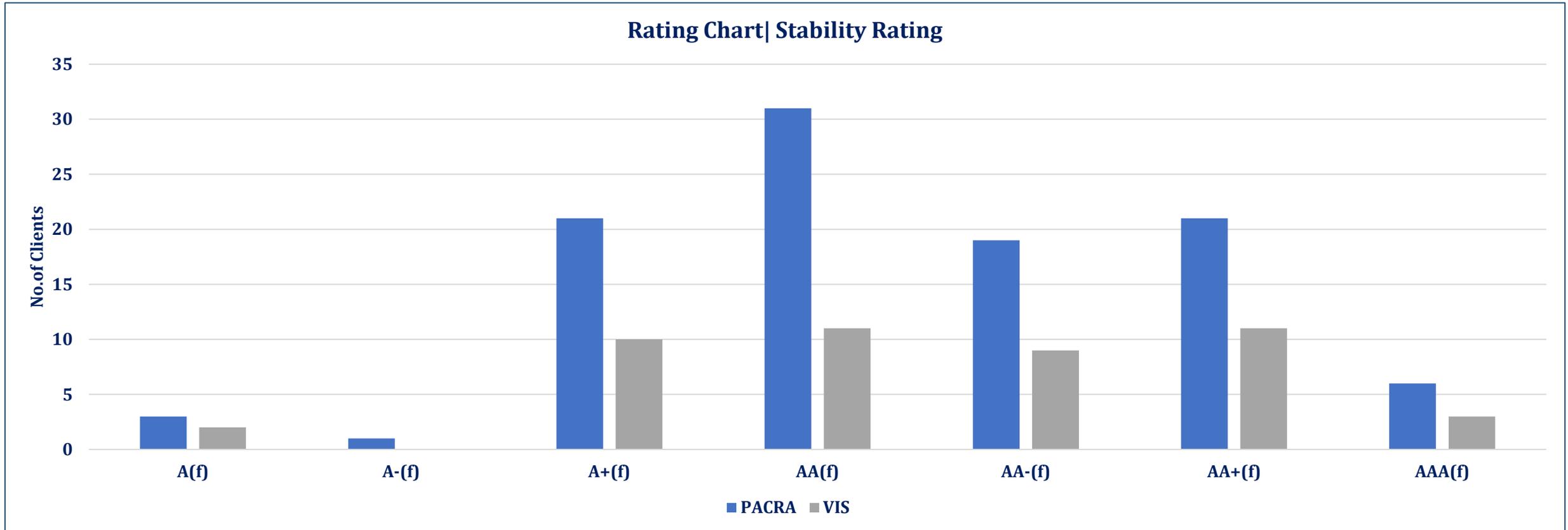
- PACRA rates 17 Asset Managers with rating scale between AM1 to AM4++ bandwidth



Asset Management Companies

Rating Chart | Mutual Funds- Stability Fund Ratings

- PACRA rates a total of 112 mutual funds. Of these, PACRA provides stability ratings to 102 mutual funds with a rating in the bandwidth of A (f) to AAA (f).



Asset Management Companies

Rating Chart | Mutual Funds- Performance Fund Ratings

- PACRA provides performance ratings to 10 mutual funds with a long-term rating in the bandwidth of 2- star to 4- star.



Asset Management Companies

SWOT Analysis

- Strong regulatory framework under SECP and operational transparency via PSX
- Provides retail investors access to diversified, professionally managed portfolios
- Wide product range (equity, income, money market, balanced, Islamic funds)
- Growing penetration of Shariah-compliant investment products
- Increasing digital onboarding (apps, e-KYC), improving accessibility.

Strengths

Weaknesses

- Low financial literacy limits mutual fund penetration vs real estate/gold
- High management fees and front-end loads reduce investor returns
- Volatility in equity markets discourages long-term retail participation
- Concentration in low-risk income funds reduces overall sector growth potential.

- Macroeconomic instability (inflation, interest rate volatility, currency depreciation)
- Political uncertainty is impacting investor confidence and capital markets
- Regulatory changes (taxation, CGT regimes) affecting investor returns
- Market concentration risk due to dominance of a few large AMCs
- Unfavorable changes in tax regime.

Threats

Opportunities

- Significant untapped market with very low mutual fund penetration (<1% of GDP)
- Growth in Exchange Traded Funds (ETFs) and passive investment strategies
- Rising middle class and shift toward financial savings over physical assets
- Digital platforms enabling direct-to-investor (D2C) models
- Integration with fintech and robo-advisory for personalized portfolio management.

Asset Management Companies

Outlook | Stable

- The asset management sector is expected to maintain steady growth momentum. However, recent geopolitical events and volatility in the stock market can hinder progress. If the conflict prolongs, the rising fuel prices and increasing cost of imports could trigger higher inflation.
- Equity funds gained traction in CY25, driven by the strong performance of the KSE-100 Index (~51% return in CY25). However, the market has witnessed a significant correction (~30%) from its peak due to regional conflicts. The volatility is expected to remain in the short-term, especially considering the uncertain global environment.
- Income and money market funds may witness a moderation in returns. Interest rate cycle shifted downward from previously elevated levels in CY24 (~22% to ~10.5%), reducing risk-free yields. However, SBP held interest rates unchanged in the latest MPC meeting and adopted a cautious approach given the potential increase in inflation. If interest rates level out or increase, we could see funds flowing in these categories due to their low-risk profile and liquid profile.
- The sector's long-term growth remains underpinned by structural factors, including low penetration (<1% of GDP), increasing digital adoption (e-KYC, fintech integration), and rising demand for Shariah-compliant products, which are expected to drive sustained AUM expansion over the medium term.
- Retail participation is expected to increase further, with investor accounts reaching ~845,000 (doubling since 2022), supported by digital onboarding, fintech integration, and regulatory initiatives aimed at improving accessibility and financial literacy.
- Product innovation is emerging as a key growth driver, with the introduction of Digital AMCs, ETFs, ESG funds, and infrastructure mutual funds expected to diversify offerings and attract both retail and institutional investors.
- Shariah-compliant funds are expected to continue gaining traction, with a growing share (~36% of total NBFC assets), reflecting increasing demand for Islamic financial products in Pakistan.
- A new category of "Infrastructure Mutual Funds" has been launched, aimed at mobilizing long-term domestic savings into sectors like energy, transport, and housing, addressing Pakistan's ~\$15bn annual infrastructure financing gap.
- Favorable tax differential between mutual funds and bank deposits is expected to support fund mobilization, as relatively lower taxation on mutual fund income (vs ~25% on bank deposits) enhances investor returns and incentivizes a gradual shift toward professionally managed investment avenues.

Asset Management Companies

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- PACRA Database

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