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# MUTUAL FUNDS

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# Mutual Funds

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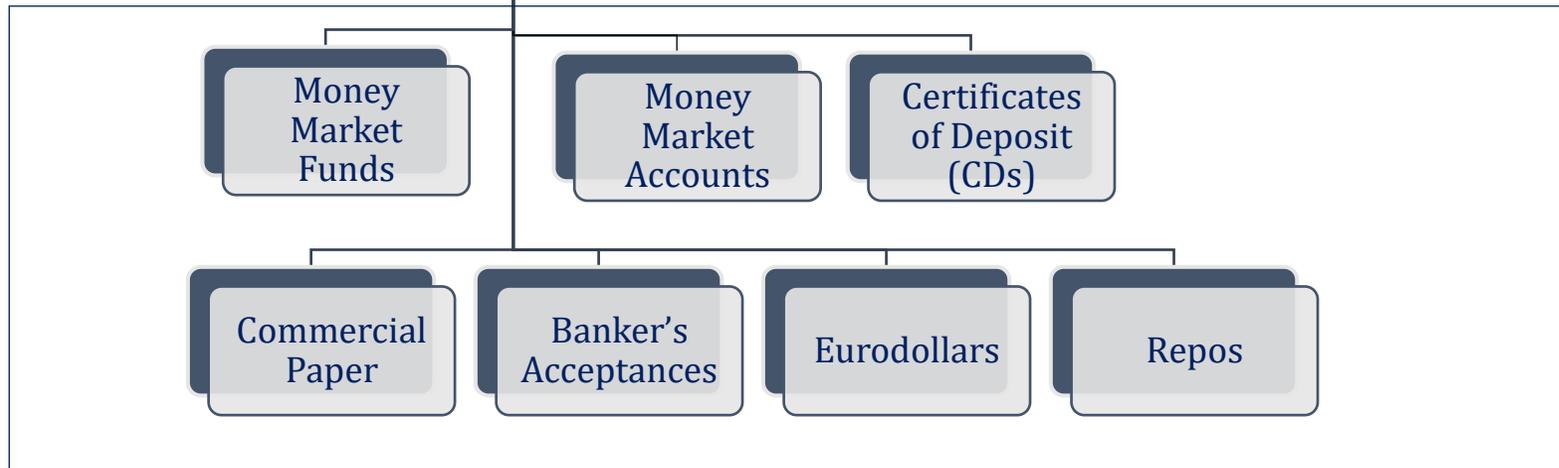
# Mutual Funds

## Capital Markets | Overview

**Types of Financial Markets**



**Money Market Instruments**



# Mutual Funds

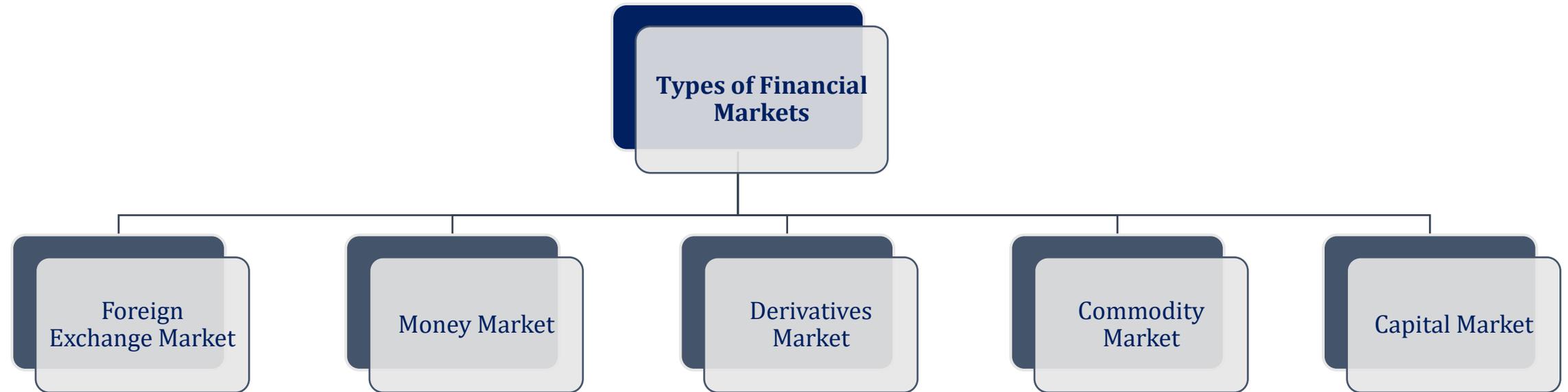
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## Capital Markets | Overview

- 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 orderly functioning, capital markets operate under regulatory oversight and rely on key institutions such as 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.

# Mutual Funds

## 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.

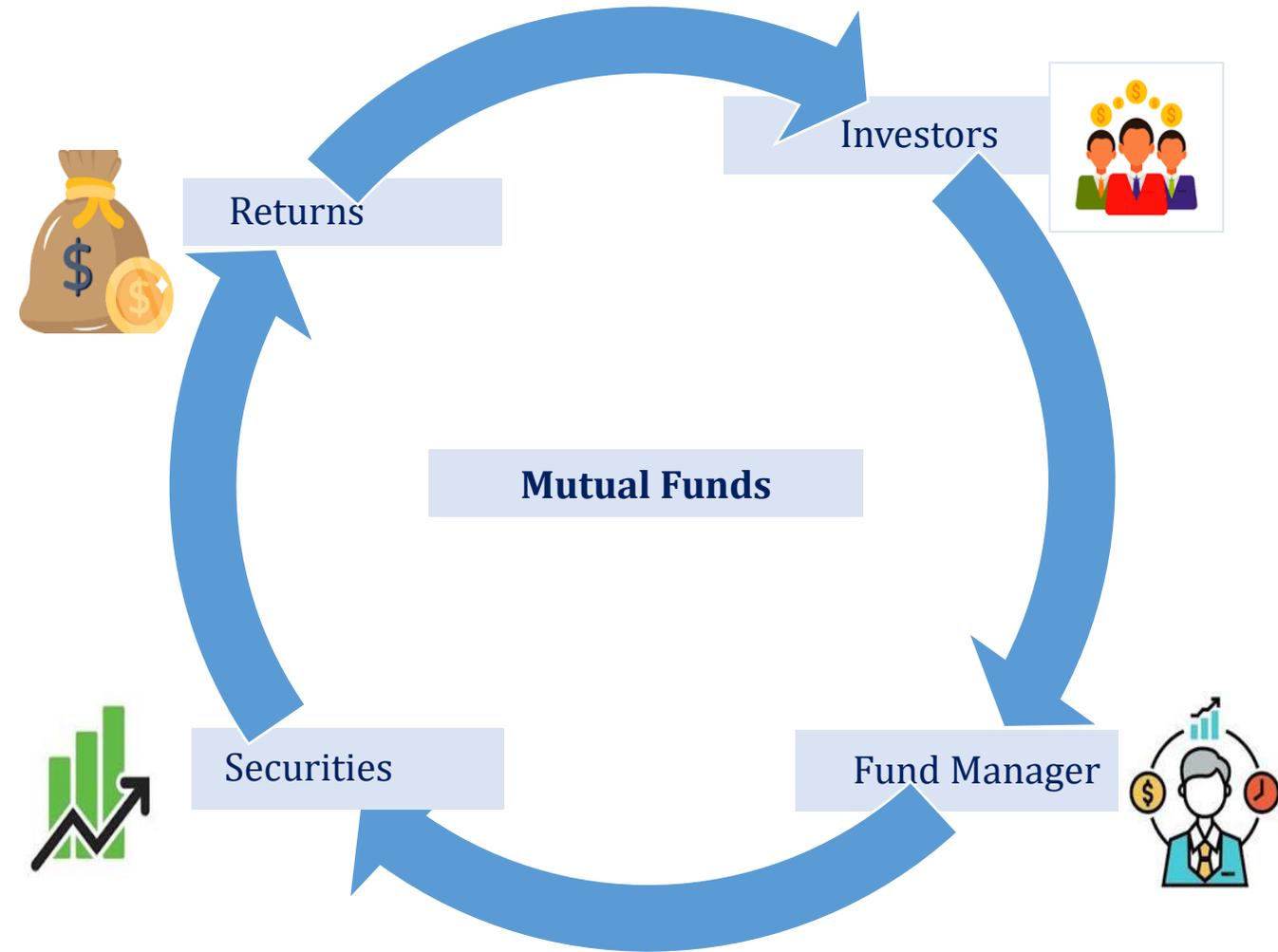
It can be defined as a marketplace for buying, selling, and trading raw materials or primary products. Hard commodities include natural resources such as gold, rubber, and oil, whereas soft commodities are agricultural products or livestock, such as corn, wheat and sugar.

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.

# 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.

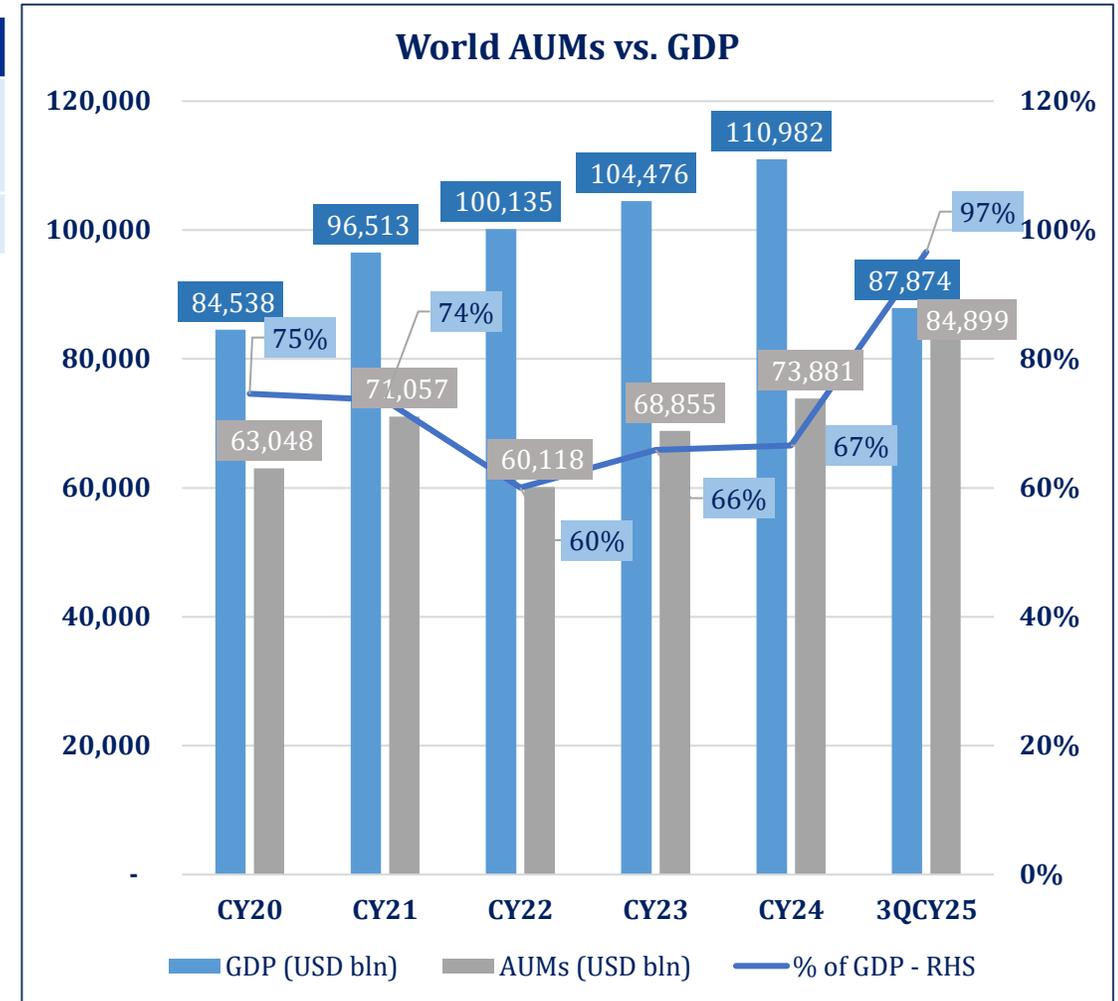


# Mutual Funds

## Global | Open-End Funds

Year	CY20	CY21	CY22	CY23	CY24	3QCY25
<b>Open-End Fund Assets (USD bn)</b>	63,048	71,057	60,118	68,855	73,881	84,899
<b>YOY Growth (%)</b>	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*

# Mutual Funds

## Global | Region-Wise Open-End Funds

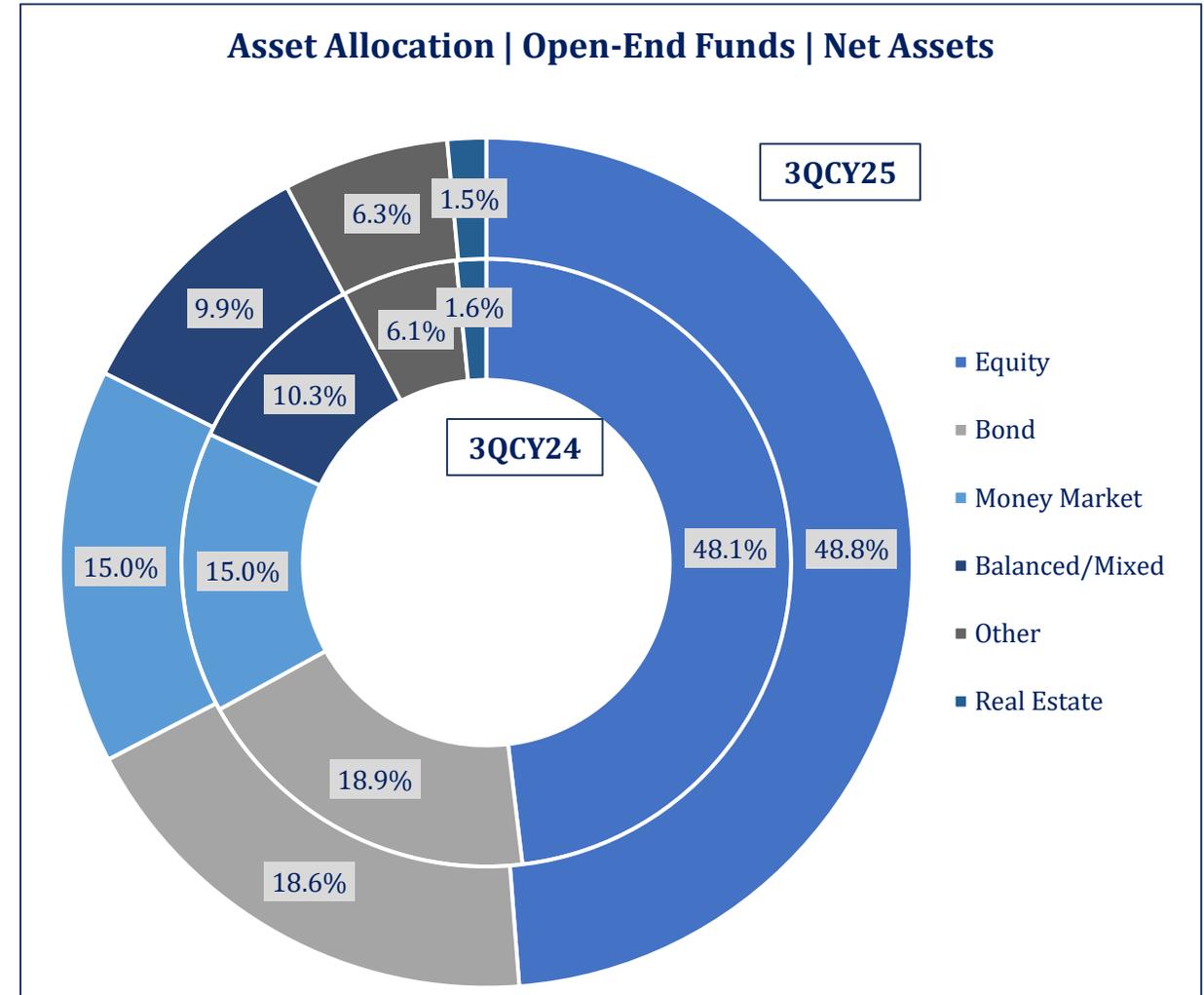
Region Wise Open-End funds   Total Net Assets (USD bn)										
Region	CY21		CY22		CY23		CY24		3QCY25	
	Value	Share								
Americas	37,533	52.8%	31,804	52.9%	37,395	54.3%	42,628	57.7%	48,108	56.7%
Europe	23,328	32.8%	19,052	31.7%	21,532	31.3%	22,971	31.1%	27,147	32.0%
Asia & Pacific	9,999	14.1%	9,077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

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%
<b>Total</b>	<b>131,808</b>	<b>100.0%</b>	<b>137,814</b>	<b>100.0%</b>	<b>139,982</b>	<b>100.0%</b>	<b>143,882</b>	<b>100.0%</b>	<b>147,624</b>	<b>100.0%</b>

# Mutual Funds

## 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 against ~18.9% in 3QCY24, 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.



# Mutual Funds

## 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	<b>9,388</b>
GDP (Nominal)	14,549	3,210	1,394	3,094	663	371	308	<b>23,589</b>
<b>Open-End Fund Assets (% of GDP)</b>	31.9%	84.0%	61.0%	27.3%	50.8%	0.8%	4.9%	<b>39.8%</b>
Net Sales	108,732	16,852	21,584	21,413	-5,972	-94	989	<b>163,504</b>
<b>Net Sales (% of Asia- Pacific Net Sales)</b>	66.5%	10.3%	13.2%	13.1%	-3.7%	-0.1%	0.6%	<b>100.0%</b>

# Mutual Funds

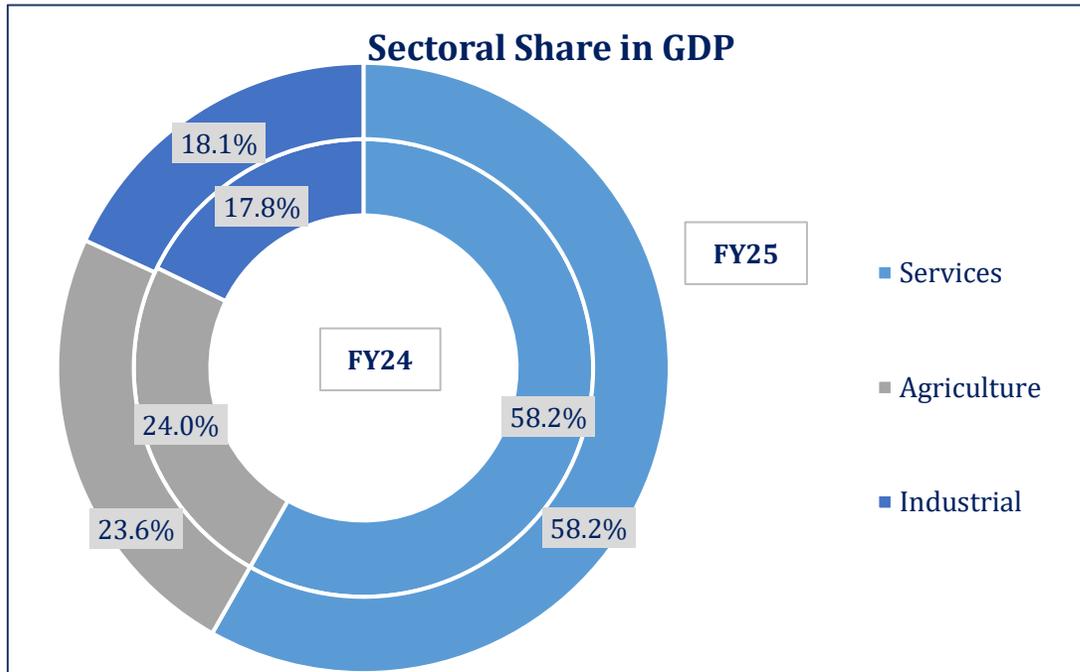
## Regional Comparison | India

Assets Under Management   Category Wise (USD mn)   As of 31 <sup>st</sup> Dec'2025								
Investor Classification	Money Market Funds	Liquid Funds	Growth/Equity Oriented Schemes	Income/Debt Oriented Schemes	Hybrid Schemes	ETFs (other than gold)	Other	Total
Corporates	29,536	42,957	36,191	1,031	26,273	105,688	82,476	324,154
HNW Individuals	2,967	7,938	156,800	647	77,794	29,189	34,664	309,999
Retail	262	1,013	203,946	597	18,243	12,679	8,638	245,379
Banks/FIs	2,655	4,069	322	39	77	276	5,294	12,731
Foreign Institutional Investors	0	2	221	0	46	21	126	415
<b>Total</b>	<b>35,420</b>	<b>55,979</b>	<b>397,479</b>	<b>2,314</b>	<b>122,432</b>	<b>147,854</b>	<b>131,198</b>	<b>892,677</b>

# Mutual Funds

## 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
<b>Agricultural Sector</b>	<b>24.0</b>	<b>23.6</b>	<b>24.5</b>	<b>24.3</b>
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
<b>Industrial Sector</b>	<b>17.8</b>	<b>18.1</b>	<b>17.5</b>	<b>18.4</b>
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
<b>Services Sector</b>	<b>58.2</b>	<b>58.2</b>	<b>58.0</b>	<b>57.3</b>

# Mutual Funds

## Local | Yearly Economic Indicators

Monetary Sector	FY16	FY17	FY18	FY19	FY20	5 Year Avg	FY21	FY22	FY23	FY24	FY25	5 Year Avg	8MFY25	8MFY26
<b>Avg. Inflation Rate (CPI)</b>	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%
<b>Avg. KIBOR (%)</b>	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%
<b>Monetary Policy Rate (MPR) (period-end)</b>	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%
<b>Avg. PKRV (%)</b>	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%
<b>Avg. Exchange Rate (USD/PKR)</b>	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
<b>Current Account Balance (USD mn)</b>	-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
<b>Exports (USD mn)</b>	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
<b>Imports (USD mn)</b>	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
<b>Trade Balance (USD mn)</b>	-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
<b>FX Reserves (USD mn)</b>	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

# Mutual Funds

## 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
<b>Avg. Inflation Rate (CPI)</b>	2.4%	1.5%	0.7%	0.3%	3.5%	3.2%	4.1%	3.0%	5.6%	6.2%	6.1%	5.6%
<b>Avg. KIBOR (%)</b>	11.9%	11.8%	12.0%	12.1%	11.5%	11.2%	11.0%	11.1%	11.1%	11.2%	11.2%	10.9%
<b>Monetary Policy Rate (MPR) (period-end)</b>	12.0%	12.0%	12.0%	12.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	10.5%
<b>Avg. PKRV (%)</b>	11.7%	12.0%	12.0%	12.0%	11.1%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	10.7%
<b>Avg. Exchange Rate (USD/PKR)</b>	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)												
<b>Current Account balance for the Month</b>	-393	-85	1,276	28	-111	260	-529	-324	116	-291	98	-244
<b>Exports</b>	3,008	2,609	2,760	2,606	2,444	2,594	2,750	2,488	2,609	2,632	2,277	2,751
<b>Imports</b>	5,481	5,050	4,938	5,244	5,498	4,998	5,429	5,020	5,040	5,383	4,716	5,737
<b>Trade Balance</b>	-2,473	-2,441	-2,178	-2,638	-3,054	-2,404	-2,679	-2,532	-2,431	-2,751	-2,439	-2,986
<b>FX Reserves</b>	15,599	15,397	15,014	14,759	16,077	19,270	18,976	19,077	18,904	19,174	19,136	20,742

# Mutual Funds

## 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

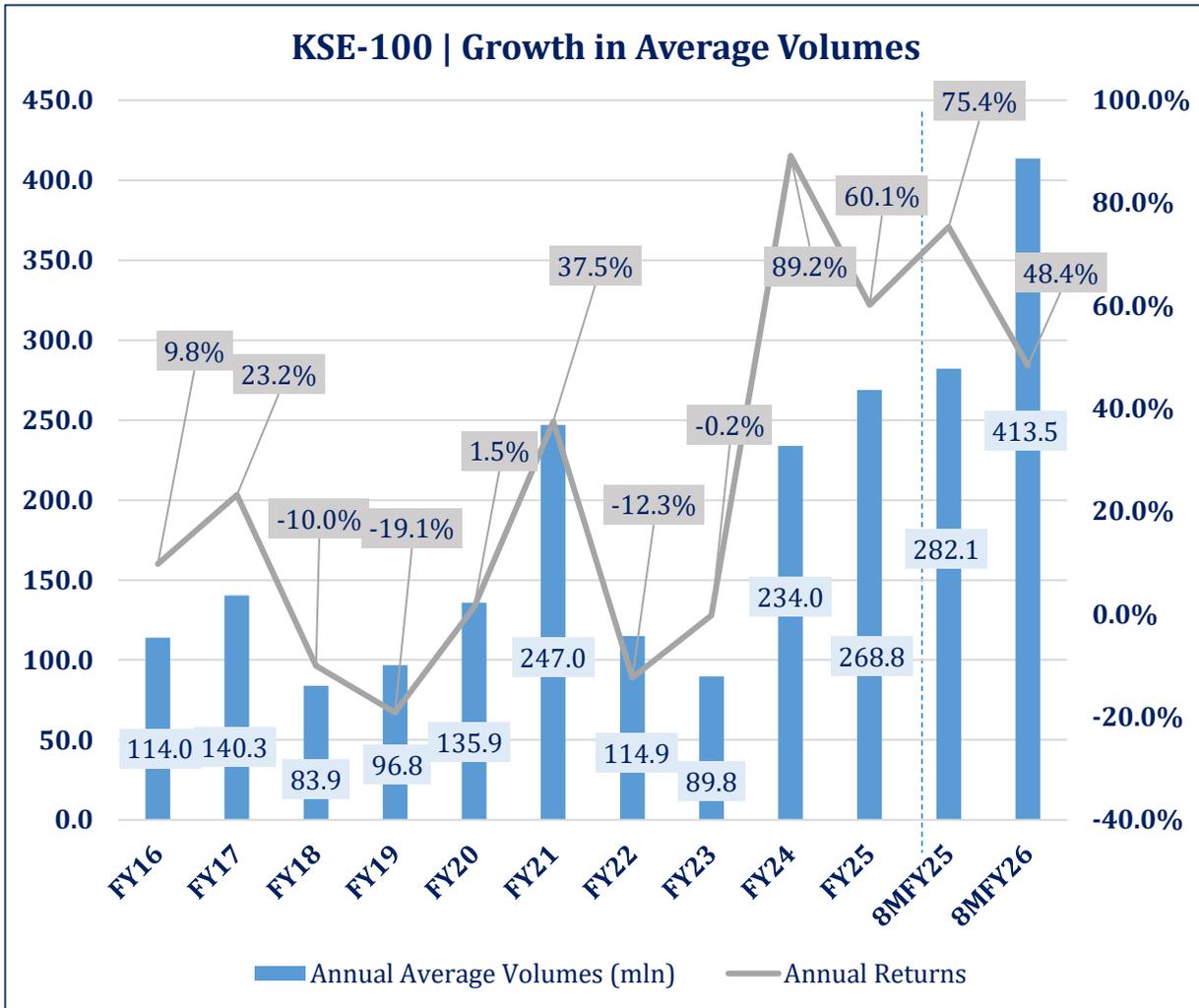
KSE-100 Index	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24	CY25
Index Value	47,807	40,471	37,067	40,735	43,755	44,596	40,420	62,451	115,127	174,054
Returns (%)	45.7%	-15.3%	-8.4%	9.9%	7.4%	1.9%	-9.4%	54.5%	84.3%	51.2%
Avg Volume ('000)	130,599	102,467	96,572	107,225	208,139	190,870	98,396	166,594	252,596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

# Mutual Funds

## Local | Market Volumes & Capitalization

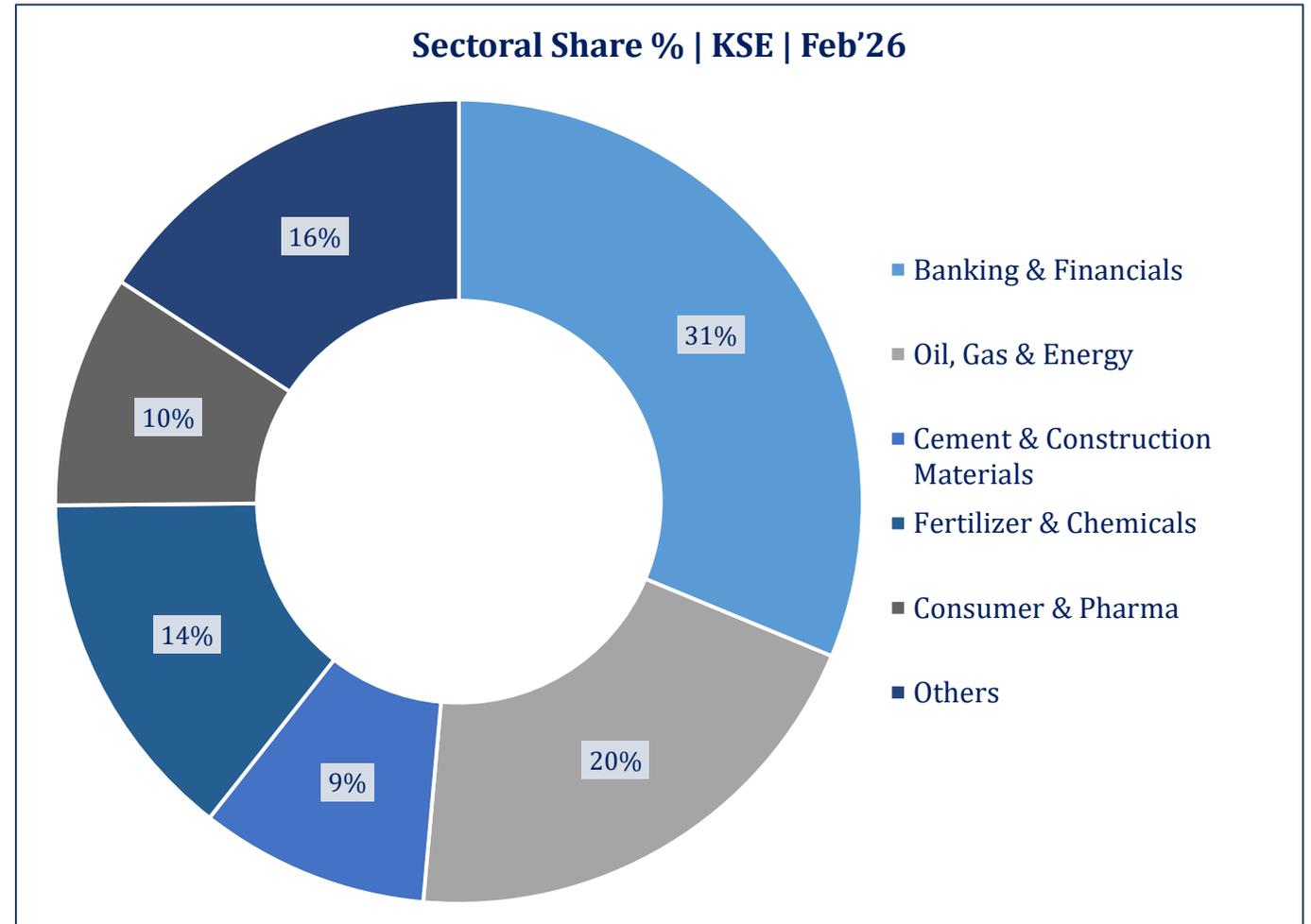


Note: Market capitalization as of year-end.

# Mutual Funds

## Market Capitalization | Sectoral Composition

- As of Feb'26, the KSE remains concentrated in a few key sectors, with Banking & Financials (~31%), Oil, Gas & Energy (~20%), and Fertilizer & Chemicals (~14%) collectively accounting for a significant share of the market, highlighting the dominance of financial, energy, and commodity-linked industries within Pakistan's equity landscape.
- Average daily trading volumes in the KSE-100 have strengthened in recent periods, increasing from ~234.0mn shares in FY24 to ~268.8mn shares in FY25 and further to ~413.5mn shares in 8MFY26, indicating improving market liquidity and immense investor participation.
- Market capitalization also increased significantly in recent periods, rising from PKR ~10,375bn in FY24 to PKR ~15,240bn in FY25 and reaching PKR ~18,930bn by 8MFY26, reflecting improved equity market valuations and stronger investor interest in listed companies.
- The market has experienced volatility in the latest weeks due to regional conflicts and security related incidences in the country. This is expected to continue in the very near term where sharp declines and strong rebounds are witnessed based on these external factors.



# Mutual Funds

## Local | T-Bills & PIBs | Overview

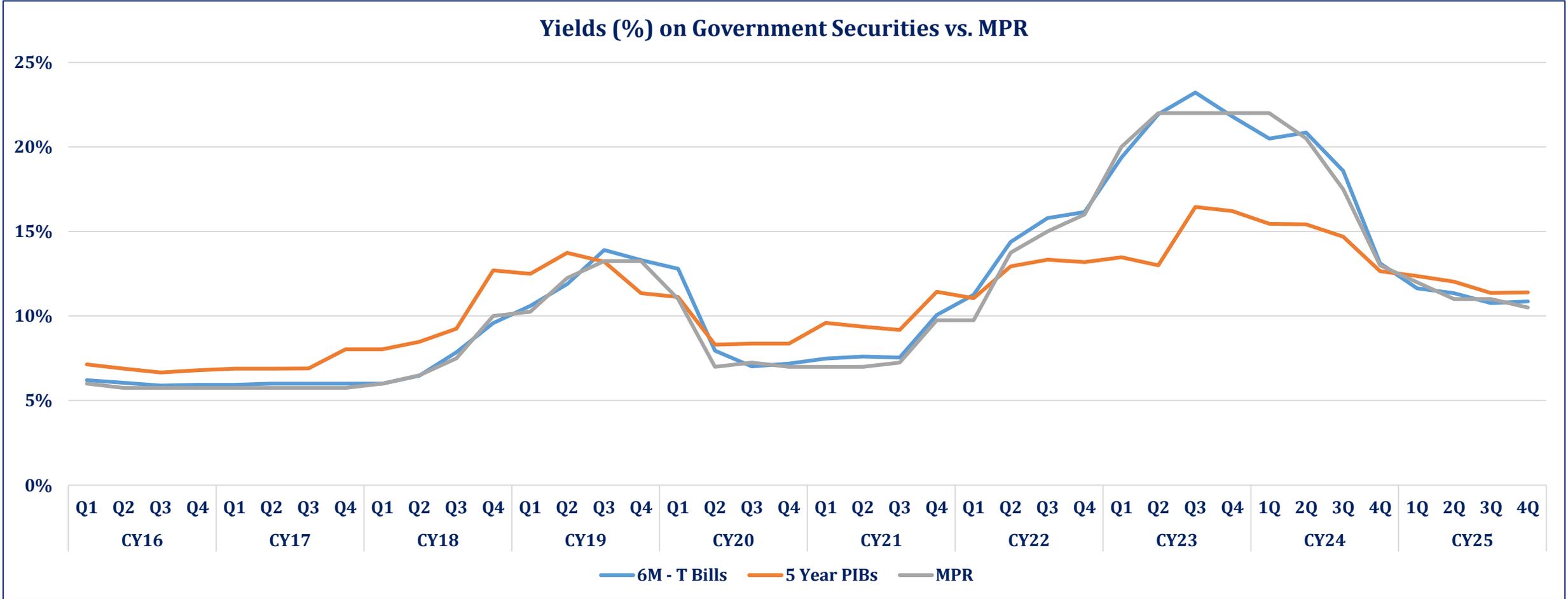
T-Bills Auction   CY25				T-Bills Auction   CY24			
Total Realized Amount (PKR bn)	Average Yield			Total Realized Amount (PKR bn)	Average Yield		
	3M	6M	12M		3M	6M	12M
12,786	11.20%	11.16%	11.25%	11,231	18.55%	18.15%	17.58%

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	1293.1	11.79%	11.50%	5-Year	634.0	14.55%	14.00%
10-Year	1521.3	12.31%	11.75%	10-Year	252.7	13.74%	13.67%
15-Year	1369.3	12.35%	12.00%	15-Year	-	0.0%	10.50%

# Mutual Funds

## Local | T-Bills & PIBs | Yields



Note: MPR values as of quarter-end.

# Mutual Funds

## Local | Sector Returns

Open Ended Funds  Category-Wise Returns												
Category	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
<b>Equity</b>	18.9%	24.8%	31.6%	-6.3%	6.2%	4.9%	7.9%	5.7%	10.9%	-2.6%	2.3%	3.8%
<b>Shariah Compliant   Income</b>	4.6%	7.0%	4.2%	8.2%	12.0%	9.3%	9.4%	8.5%	9.0%	5.8%	9.0%	9.9%
<b>Income Scheme</b>	11.5%	8.2%	9.0%	8.6%	12.7%	9.5%	9.6%	8.3%	8.3%	8.6%	9.4%	11.6%
<b>Shariah Compliant   Money Market</b>	6.2%	7.7%	8.5%	8.1%	8.0%	8.6%	7.7%	7.5%	8.5%	5.9%	8.6%	8.8%
<b>Money Market</b>	8.7%	8.7%	9.8%	8.4%	8.8%	8.8%	7.6%	7.2%	8.5%	8.8%	8.9%	9.1%
<b>Shariah Compliant   Equity</b>	-0.7%	14.0%	22.0%	-6.2%	6.2%	3.5%	4.5%	7.7%	13.0%	-2.6%	3.3%	3.4%

\* Absolute Returns, rest are Annualized Returns.

# Mutual Funds

## 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
<b>AUMs</b>	<b>1,007</b>	<b>1,194</b>	<b>1,433</b>	<b>2,358</b>	<b>3,612</b>

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
<b>AUMs</b>	<b>1,064</b>	<b>1,468</b>	<b>1,943</b>	<b>3,996</b>	<b>4,187</b>

# Mutual Funds

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## 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.

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

# Mutual Funds

## 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%
<b>Total</b>		<b>2,359</b>	<b>3,996</b>	<b>3,612</b>	<b>4,187</b>	<b>100%</b>

*Note: \*Previously named Interloop Asset Management Limited*

# Mutual Funds

## Local | Net Sales

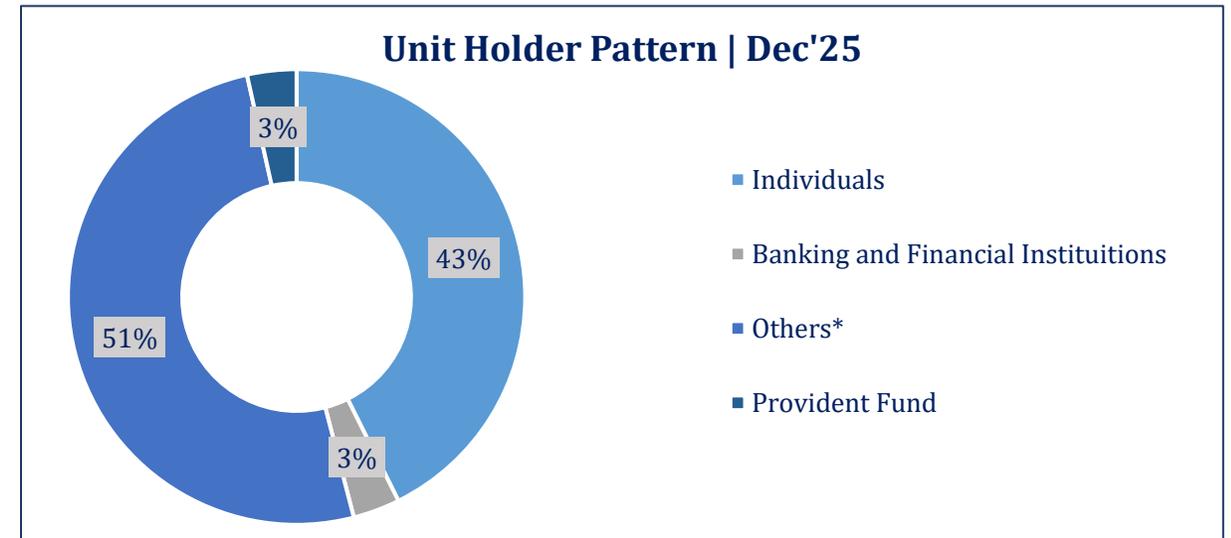
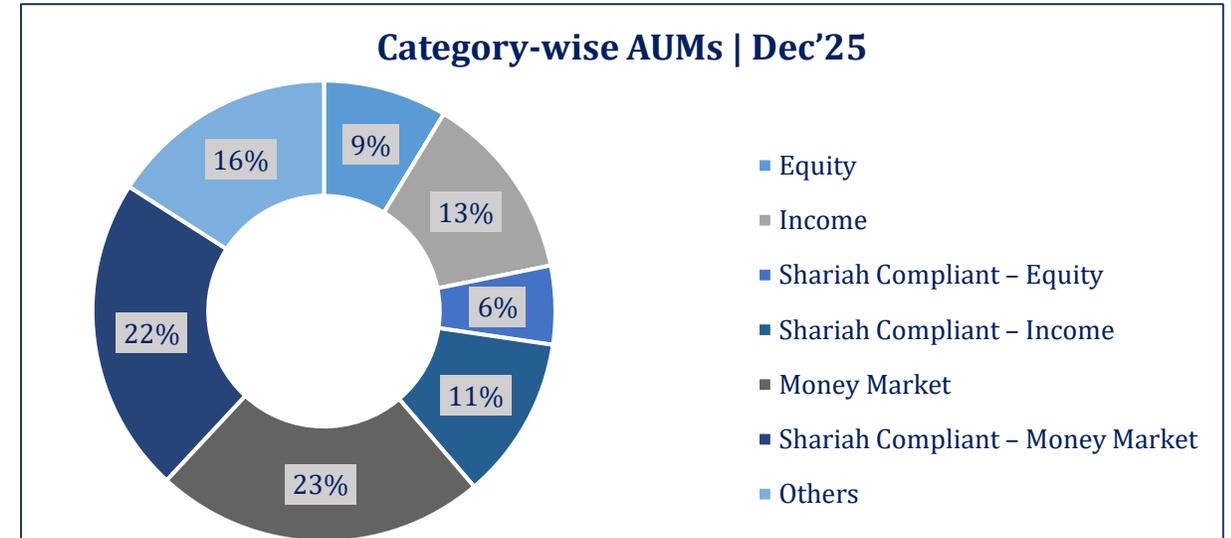
- Net sales in the mutual fund industry remained positive in CY25, with total sales of PKR ~11,463bn against redemptions of PKR ~10,480bn, resulting in net inflows of PKR ~984bn during the year.
- Shariah-compliant money market funds recorded the highest net inflows of PKR ~301bn, followed by conventional 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 ~11bn), 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
<b>Total</b>		<b>11,463</b>	<b>10,480</b>	<b>984</b>

# Mutual Funds

## Local | 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
<b>Total AUMs</b>	<b>4,187</b>

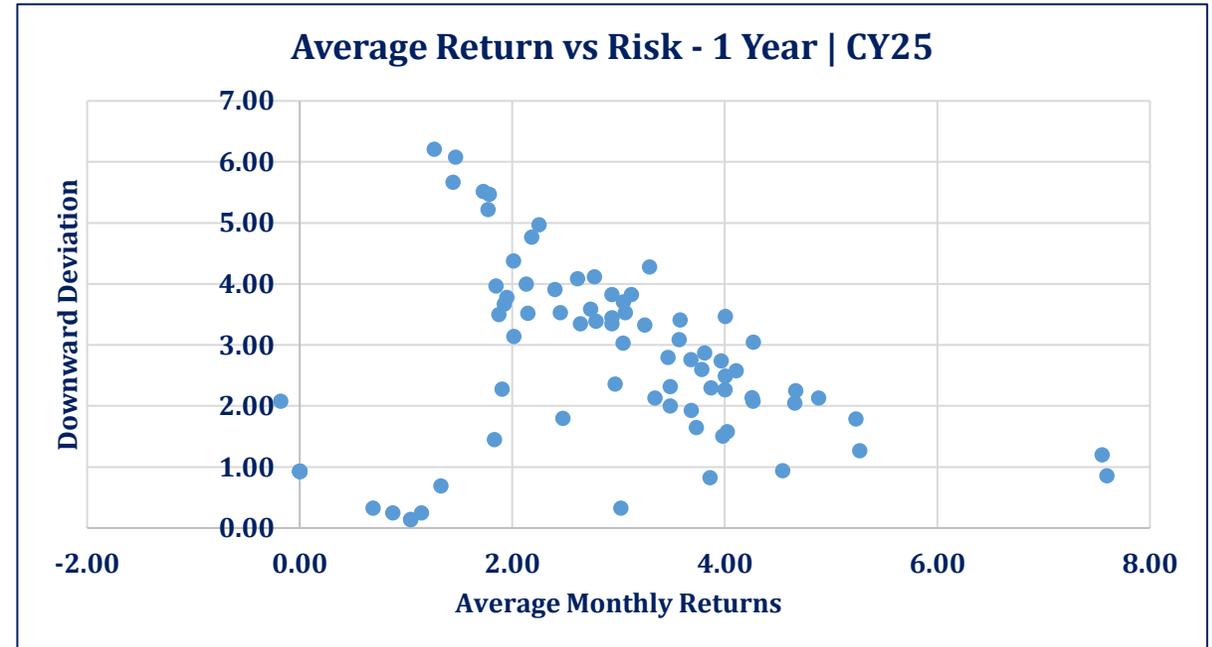
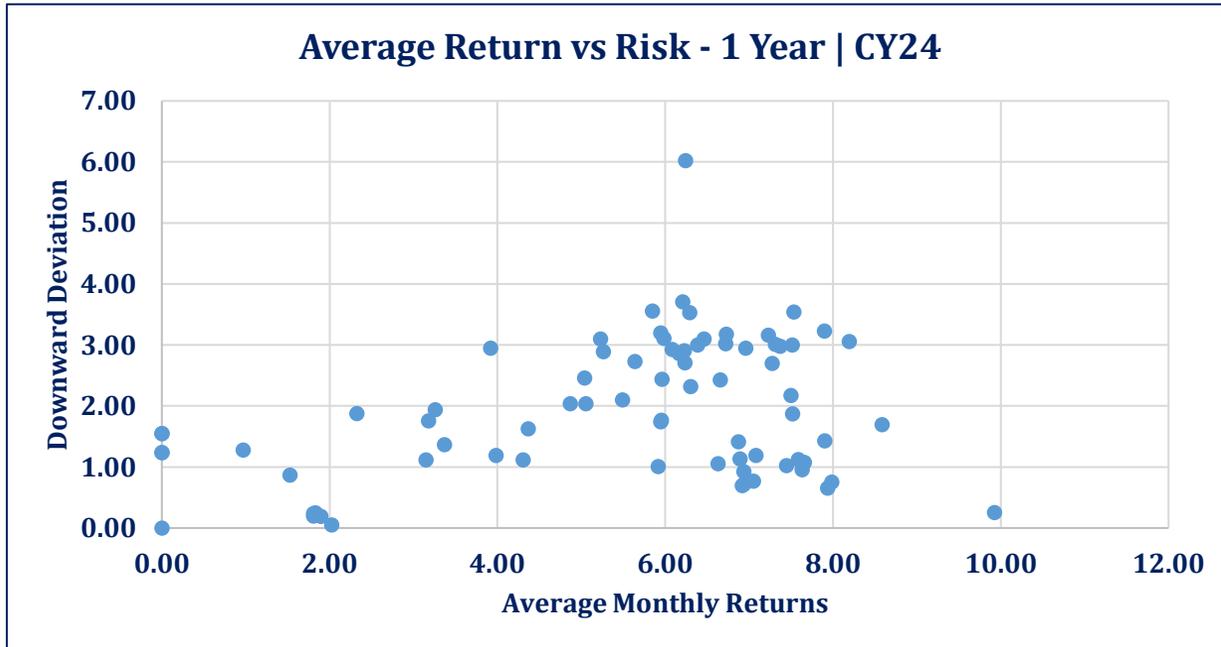


\* Others include Public Limited, Associated Companies, Fund of funds etc.

# Mutual Funds

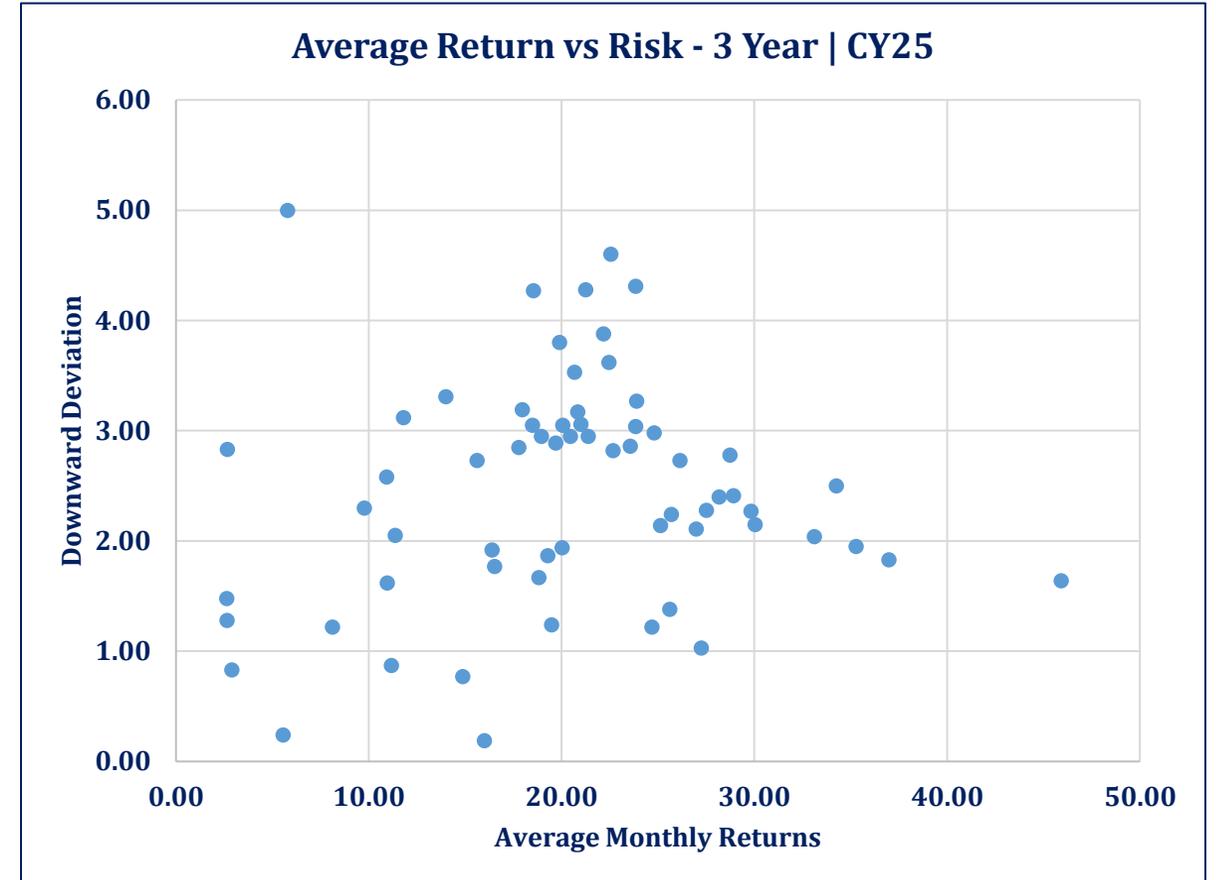
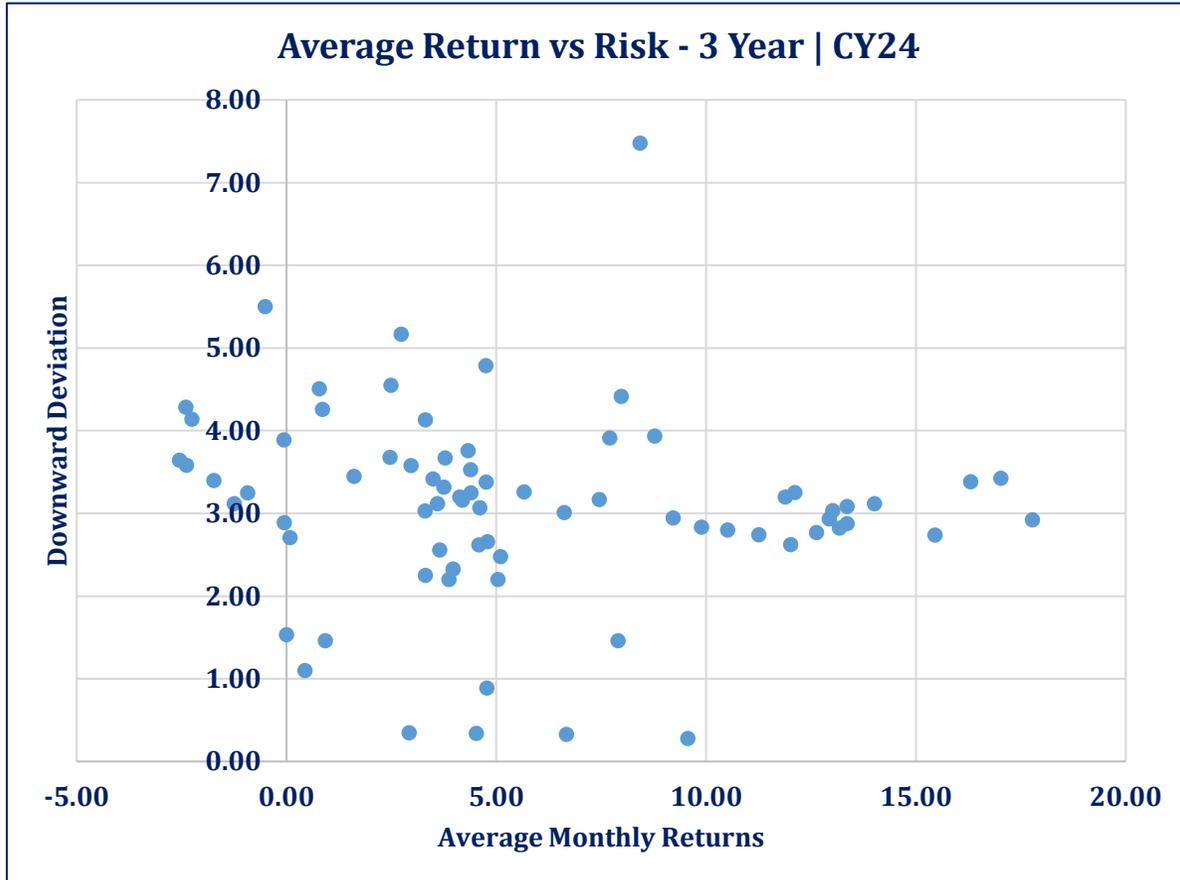
## Downside Deviation | 1 Year

- Downside deviation is a measure of downside risk, which is calculated using the returns that fall below a minimum benchmark or Minimum Acceptable Return (MAR). The downside deviation can then be used to calculate a Risk-Adjusted Return (RAR) for the mutual funds.
- An advantage of downside risk is that it only takes into account negative deviations from the acceptable return threshold, while other measures, such as standard deviation, incorporate both positive and negative deviations from the average. Another benefit is that this measure can be tailored for various risk profiles by adjusting the Minimum Acceptable Return (MAR).
- As can be seen in the graph on the right for 1 year, a significant number of mutual funds fell within a downside deviation range of ~2.0-4.0% (CY24: ~1.0-3.0%). This shows a higher downward risk for CY25 as compared to CY24, likely due to the high volatility of markets such as the Pakistan Stock Exchange.



# Mutual Funds

## Downside Deviation | 3 Years

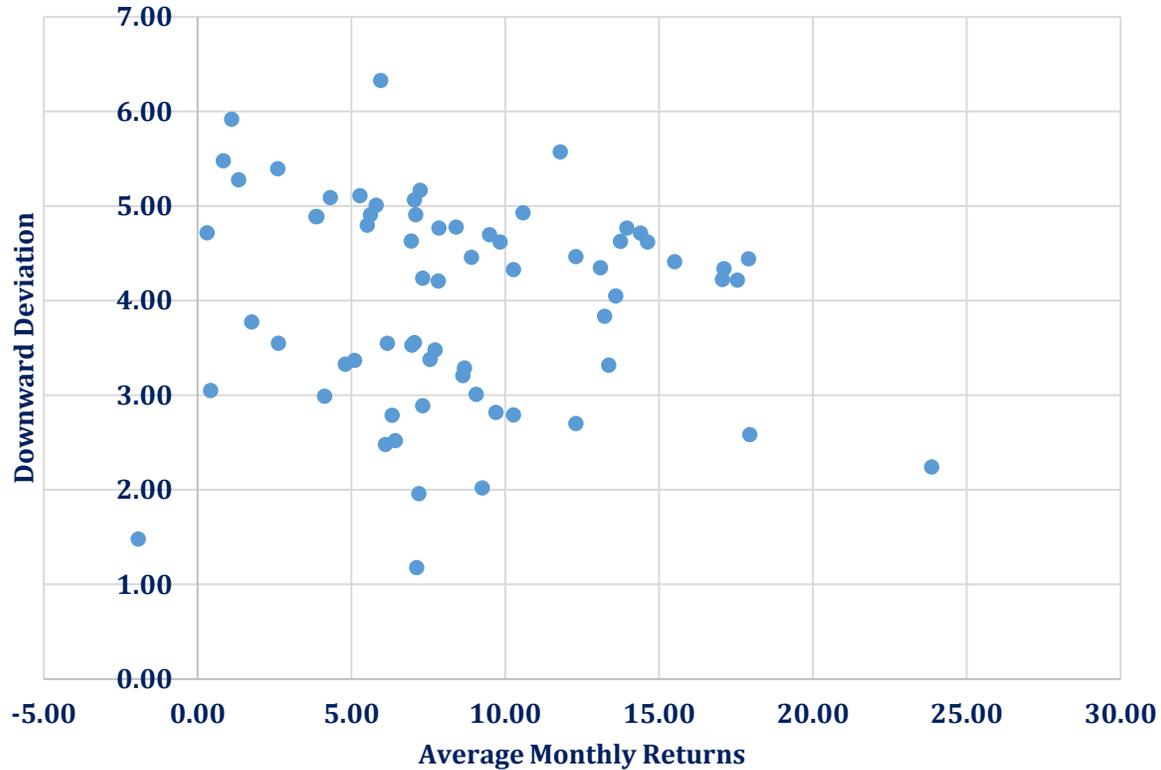


- During CY25, the majority of 3-year mutual funds exhibited higher risk-adjusted returns as downside deviation remained within the ~2.0–4.5% range (CY24: ~2.0–4.0%), largely supported by improved capital market conditions and stronger investor participation, which enhanced overall fund performance while keeping downside risk relatively contained.

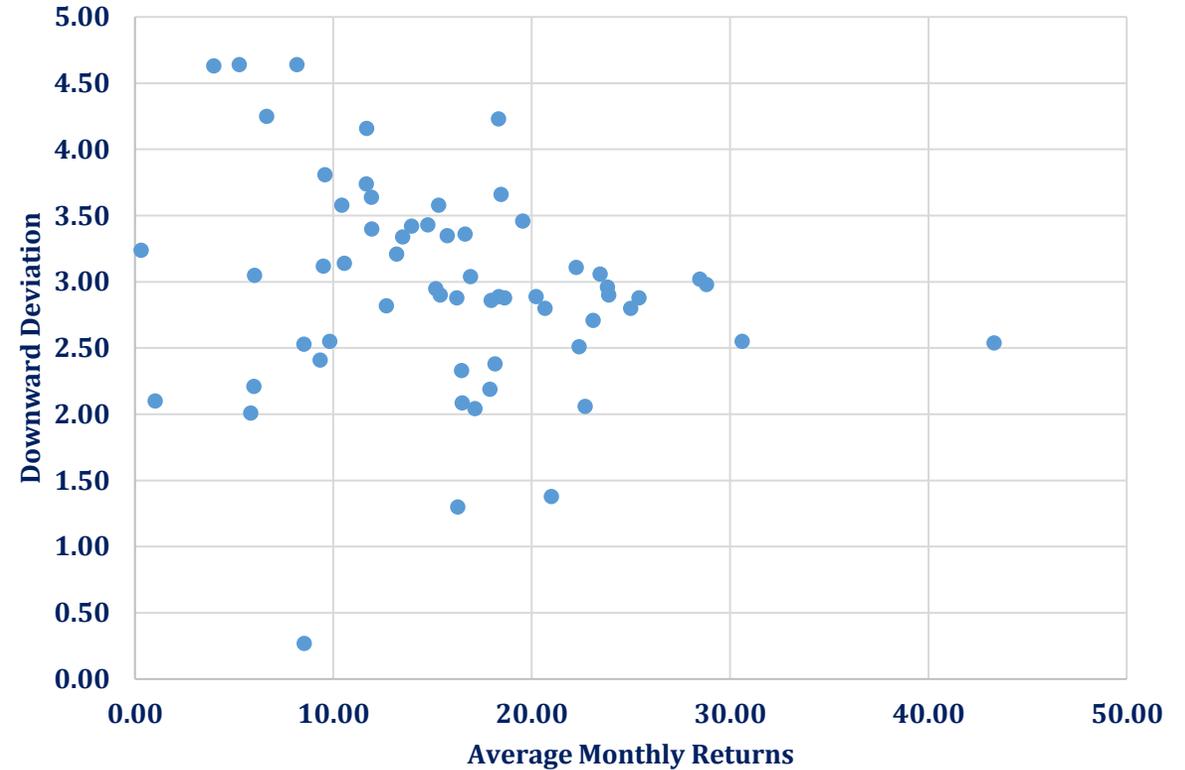
# Mutual Funds

## Downside Deviation | 5 Years

Average Return vs Risk - 5 Year | CY24



Average Return vs Risk - 5 Year | CY25



- During CY25, the majority of 5-year mutual funds fell within a downside deviation range of ~2.3–3.5% (CY24: ~3.0–5.0%) while showing higher returns, reflecting improved portfolio stability and more consistent performance across asset classes as market conditions gradually stabilized over the longer investment horizon.

# 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 development of 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 are applicable 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 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.

# Mutual Funds

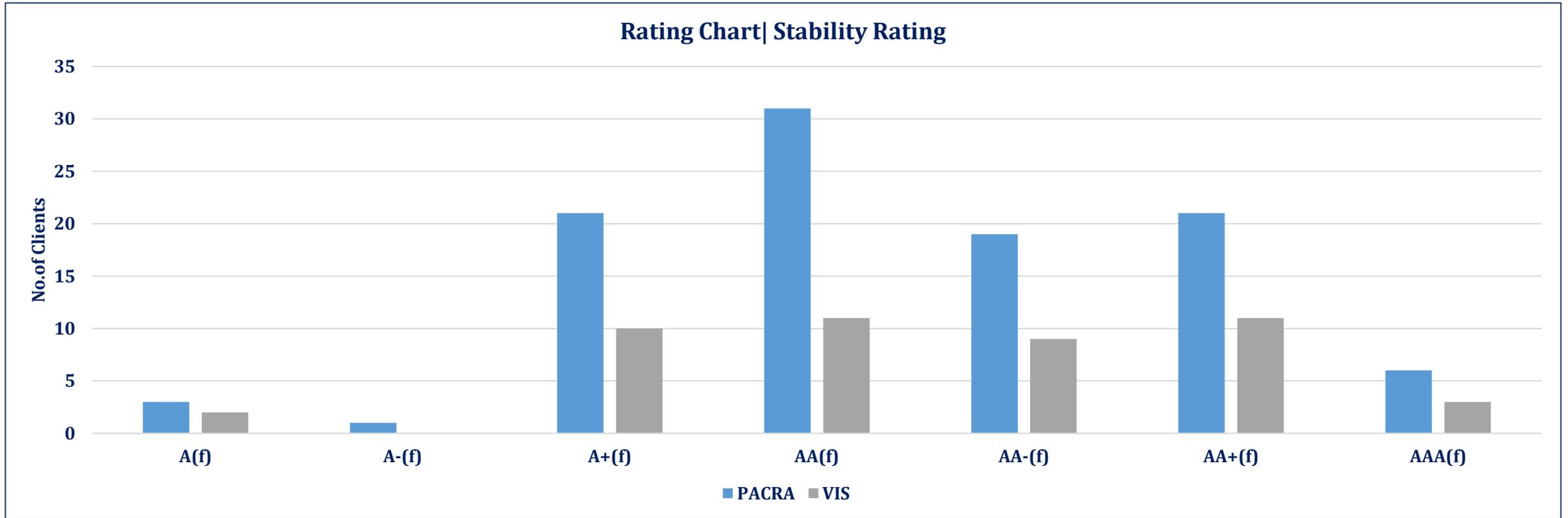
## Regulatory Framework | Updates

- **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.

# Mutual Funds

## Rating Chart | Stability Fund Ratings

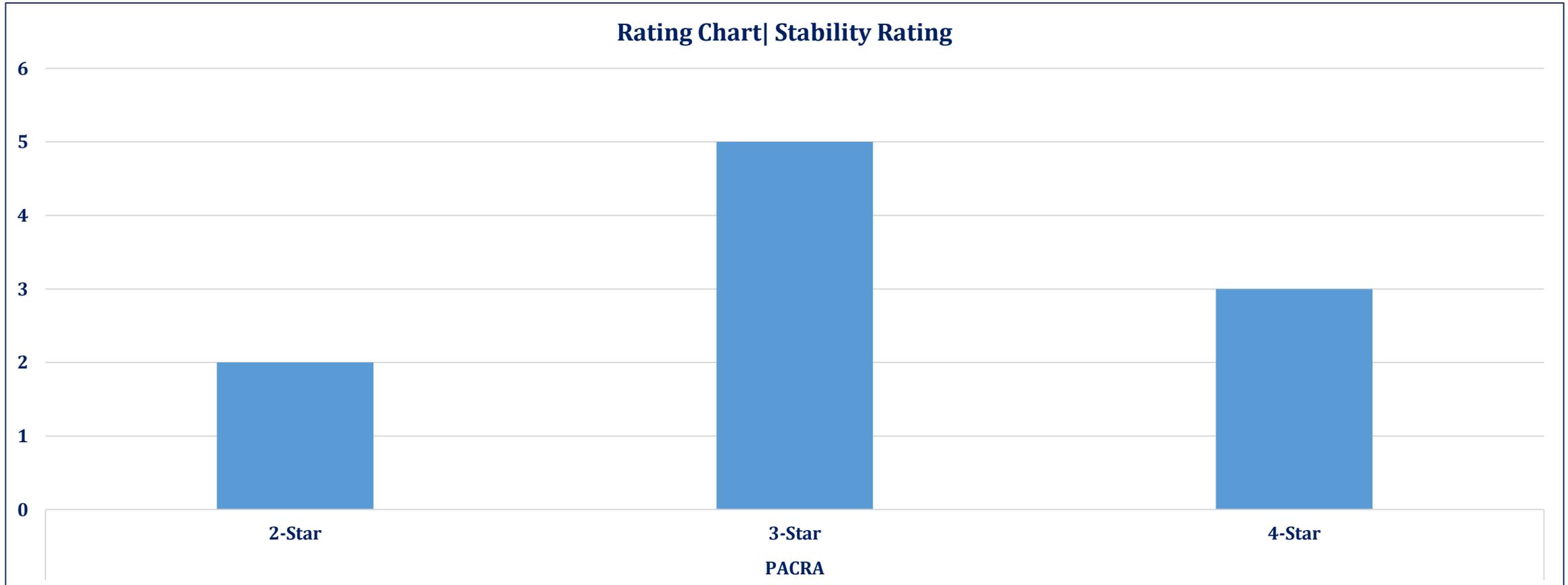
- PACRA rates a total of 112 mutual funds. Of these, PACRA provides stability ratings to 102 mutual funds with a rating in the bandwidth of A (f) to AAA (f).



# Mutual Funds

## Rating Chart | 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.



# Mutual Funds

## SWOT Analysis

- Strong regulatory oversight by SECP ensuring transparency and investor protection
- Access to professionally managed and diversified investment portfolios
- Availability of a wide range of conventional and Shariah-compliant funds.
- Enables retail investors to access capital market instruments with relatively small investments.



- Industry performance closely linked to capital market conditions
- High concentration of assets in money market funds, limiting diversification of the industry
- Low mutual fund penetration relative to GDP, indicating an underdeveloped market
- Management fees and operating expenses reducing net investor returns
- Sensitivity to interest rate movements, particularly for money market and income funds.

- Political and economic uncertainty affecting capital market performance
- Competition from traditional savings instruments such as bank deposits and National Savings schemes
- Market volatility is impacting equity and balanced fund returns
- Regulatory or taxation changes affecting investment flows

- Growth in Shariah-compliant investment products driven by increasing demand for Islamic finance
- Introduction of new capital market instruments, including Exchange Traded Funds (ETFs)
- Expansion of digital investment platforms improving retail investor accessibility
- Macroeconomic stabilization and improving investor confidence, supporting capital market participation

# Mutual Funds

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## Outlook: Stable

- The mutual fund industry in Pakistan continues to demonstrate gradual expansion, supported by improving market participation and increasing investor awareness of professionally managed investment vehicles.
- The industry recorded total sales of PKR ~11,463bln in CY24, against redemptions of PKR ~10,480bln, resulting in net inflows of PKR ~984bln during the year. Positive net sales reflect continued investor participation in collective investment schemes despite periods of market volatility.
- Within the industry, money market funds remained the dominant segment, generating net inflows of PKR ~236bln, while Shariah-compliant money market funds recorded the highest net additions of PKR ~301bln. This trend highlights investors' preference for relatively low-risk and liquid investment avenues, particularly during periods of macroeconomic uncertainty.
- Income-oriented products also contributed to overall growth, with income schemes reporting net inflows of PKR ~51bln, while equity funds and Shariah-compliant equity funds added PKR ~34bln and PKR ~32bln, respectively. The positive flows into equity-based funds indicate improving investor sentiment toward capital markets as trading activity and market capitalization on the Pakistan Stock Exchange strengthened in recent periods.
- Pakistan's capital market fundamentals have also improved in recent years, with PSX market capitalization increasing from PKR ~10,375bln in FY24 to PKR ~15,240bln in FY25 and further to PKR ~18,930bln by 8MFY26. Improving market liquidity, as evidenced by rising average trading volumes, supports the growth of equity and balanced mutual fund products. The market remains susceptible to geopolitical and external risks.
- Pakistan's mutual fund industry is expected to benefit from ongoing regulatory and structural reforms aimed at strengthening market development. Recent initiatives by the Securities and Exchange Commission of Pakistan (SECP) include recognizing the Mutual Funds Association of Pakistan (MUFAP) as a Self-Regulatory Organization (SRO) and introducing a Digital Asset Management Company (Digital AMC) framework, which enables fully digital onboarding and streamlined operations for fund managers.
- The industry has also witnessed strong asset growth in recent periods, with total mutual fund assets crossing PKR ~4trn for the first time in 2025 and reaching approximately PKR ~4.2trn by September 2025, reflecting sustained inflows from both retail and institutional investors. The growth can be attributable to strong equity market performance, double digit interest rates, improving investor awareness, greater accessibility through digital platforms, and the expansion of regulated investment products, which are expected to support continued industry expansion over the medium term.

# Mutual Funds

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- Association of Mutual Funds in India
- International Investment Funds Association (IIFA)
- World Bank (WB)
- International Monetary Fund (IMF)
- PACRA Database

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