Asset Management Industry Sector Presentation

April 2017

Overview | Global Industry | Regional Industry | Domestic Industry

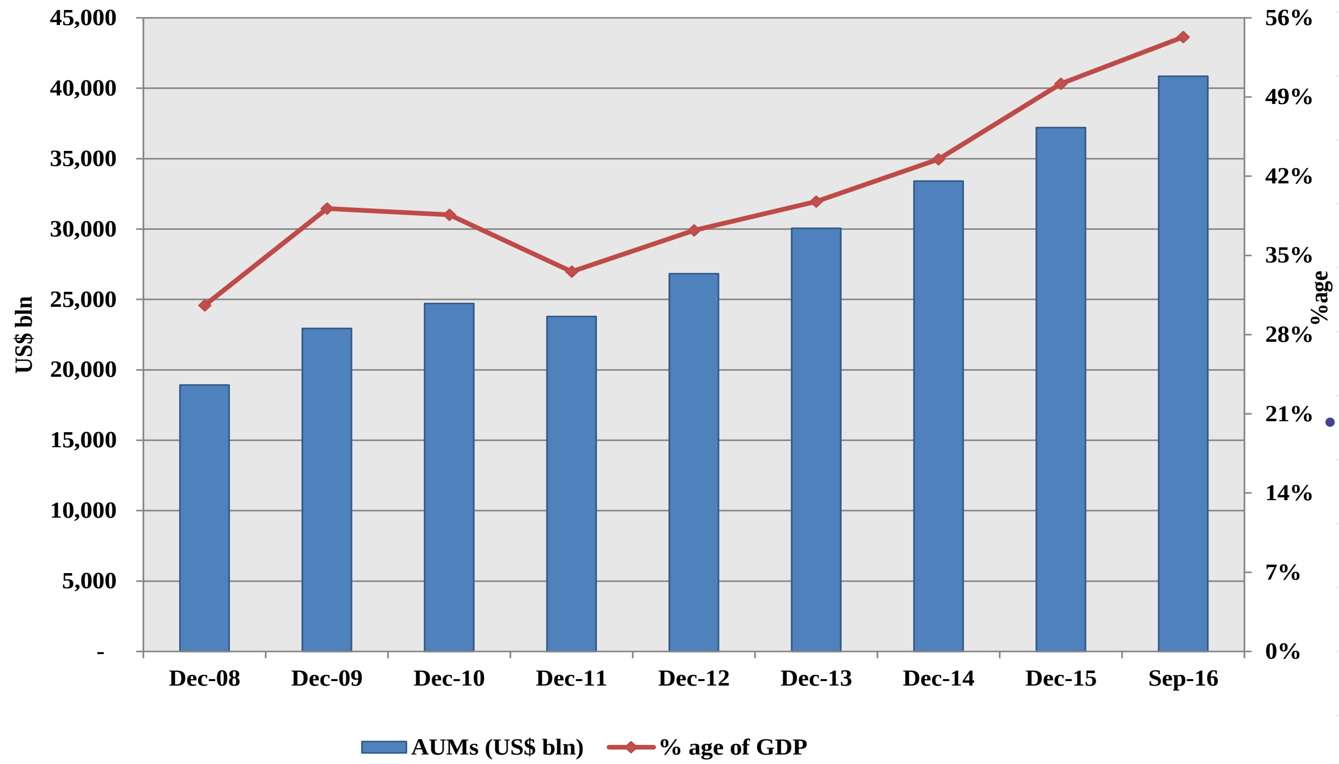
Outline

- Global Dynamics
- Regional Industry Dynamics | India
- Domestic Industry

Asset Management – Global Trends

Overview | **Global Industry** | Regional Industry | Domestic Industry

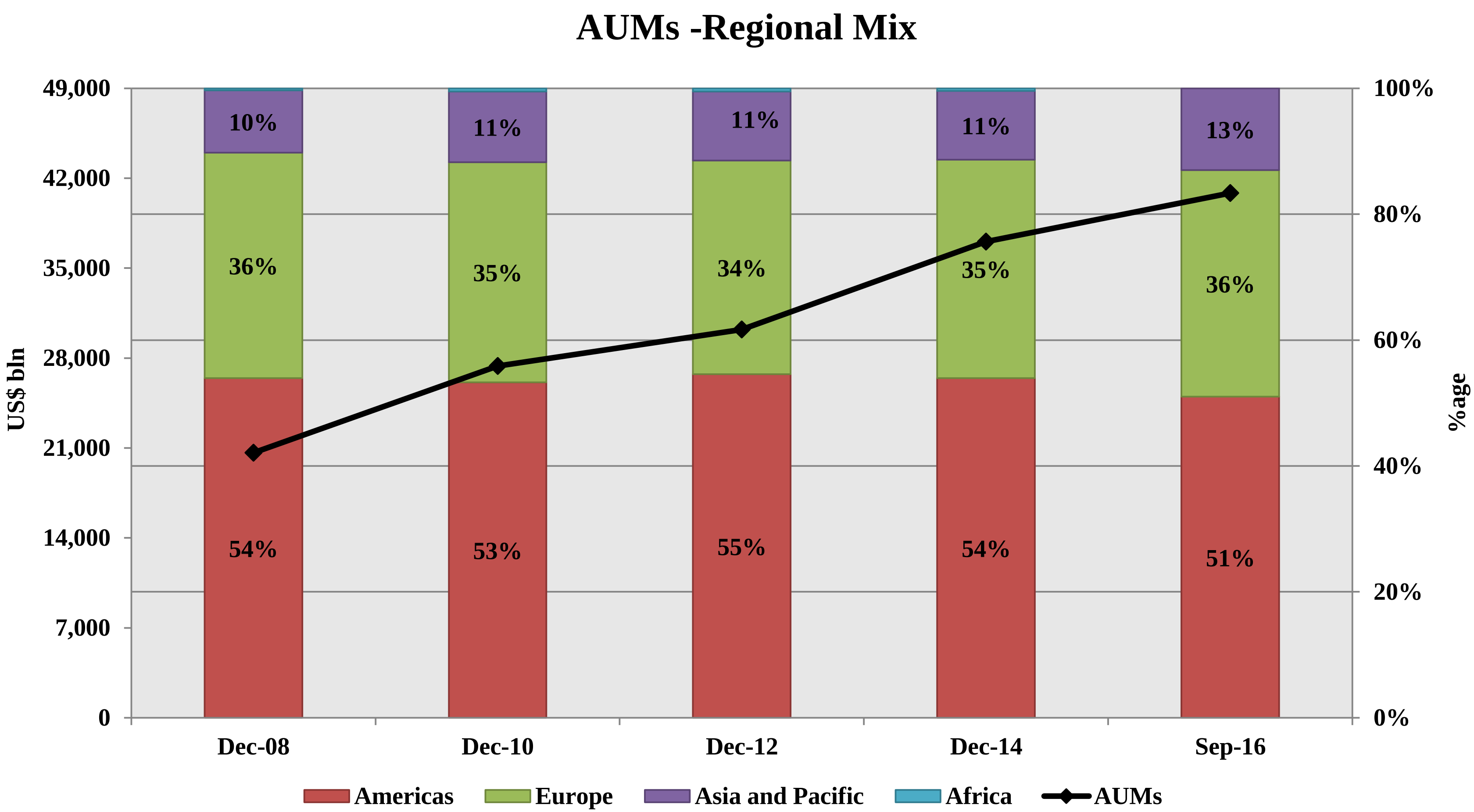
Global AUMs as % of GDP



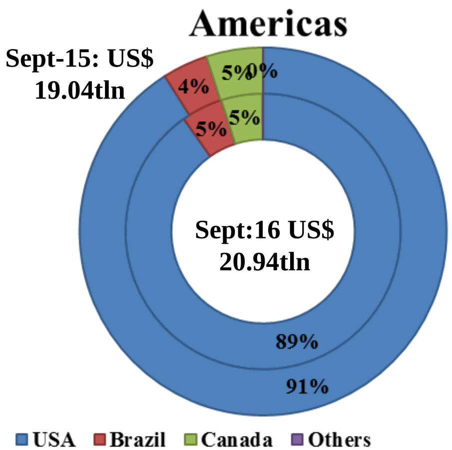
- Due to the aftermath of Chinese economic meltdown, oil slump, and Brexit, the Global AUMs as a % of GDP has remained changed

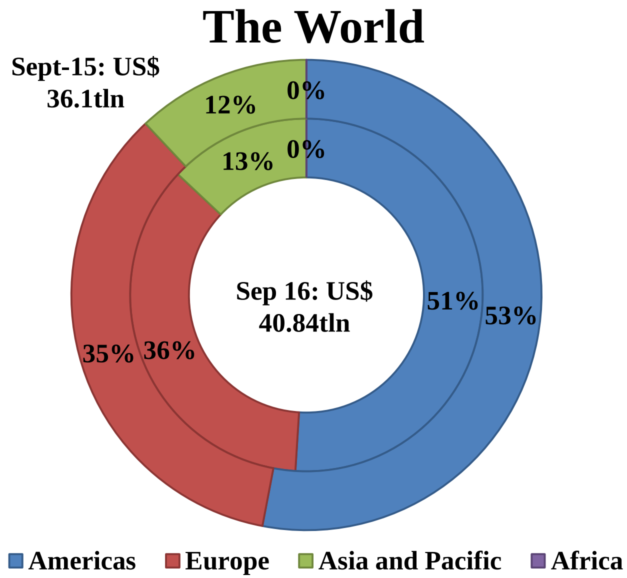
	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Sep-16
AUMs (US$ bln)	18,919	22,945	24,710	23,796	26,836	30,050	33,400	37,200	40,846
GDP	61,848	58,623	64,020	70,896	72,106	75,593	76,776	74,152	75,213
% age of GDP	31%	39%	39%	34%	37%	40%	44%	50%	54%
Growth	-28%	21%	8%	-4%	13%	12%	11%	11%	10%

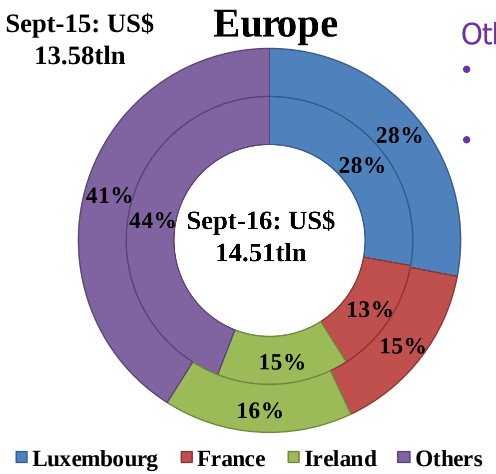
AUMs Regional Mix



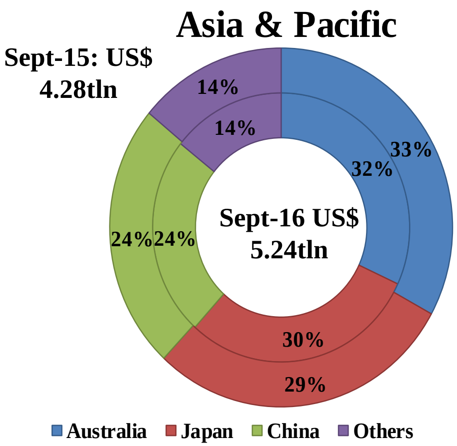
Country Wise AUM Split –Sep 16



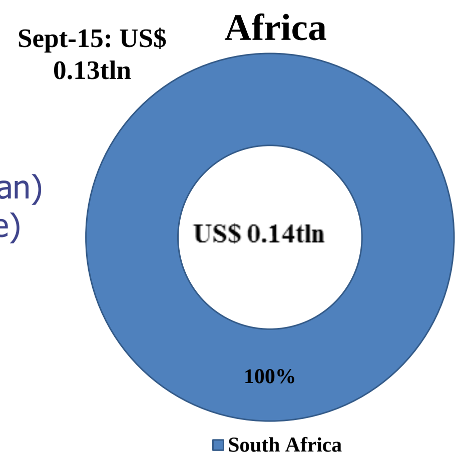




Others:
- Romania (12%) ↑
- Germany (11%) ↑



AUM mobilization (Major Countries):
- Americas: $1.9t ln (USA & Brazil)
- Asia & Pacific: $0.96 tln (Australia & Japan)
- Europe: $1.83 tln (Luxembourg & France)
- Africa: $ 0.01 tln



Regional Categorical Split

Sept-16

US$ bln

	Money Market	%	Income	%	Equity	%	Others	%
Americas	2,832	56%	5,381	56%	10,981	63%	2,962	27%
Europe	1,350	27%	3,668	38%	4,003	23%	5,906	54%
Asia & Pacific	848	17%	619	6%	2,291	13%	2,082	19%
Africa	21	0%	4	0%	41	0%	13	0%
World	5,052		9,672		17,316		10,963	
World Growth %	14%		-2%		4%		12%	

Dec-15

US$ bln

	Money Market	%	Income	%	Equity	%	Others	%
Americas	2,468	49%	5,510	57%	9,981	58%	2,500	23%
Europe	1,150	23%	3,780	39%	3,960	23%	5,500	50%
Asia & Pacific	800	16%	559	6%	2,700	16%	1,800	16%
Africa	19	0%	5	0%	45	0%	11	0%
World	4,437		9,854		16,686		9,811	

- **During 9MCY16, strong mobilization was experienced in Money Market, Equity Category & Others.**
- **Europe dominates in Others & Money Market category resulting in its surged market share.**
- **America faced sizeable growth in Equity category.**
- **A number of factors—including a stronger U.S. dollar, expectations of Fed Rate hike, falling oil prices, ongoing demographic trends, and increased demand for exchange-traded funds (ETFs)—appeared to influence mutual fund flows during the period.**

Best & Worst Capital Markets -2016

Rank	Country	Best Returns
1	Brazil	61%
2	Peru	54%
3	Russia	48%
4	Pakistan	32%
5	Hungary	32%

Capital Markets			
Markets	Dec-14	Dec-15	Dec-16
NASDAQ	13.40%	5.73%	7.50%
Dow Jones Index	12.03%	5.30%	12.85%
S&P 500 Index	13.69%	5.73%	7.50%

Rank	Country	Worst Returns
1	Israel	-26%
2	Botswana	-26%
3	Bosnia	-29%
4	Ghana	-8%
5	Nigeria	-6%

World's Largest Asset Managers

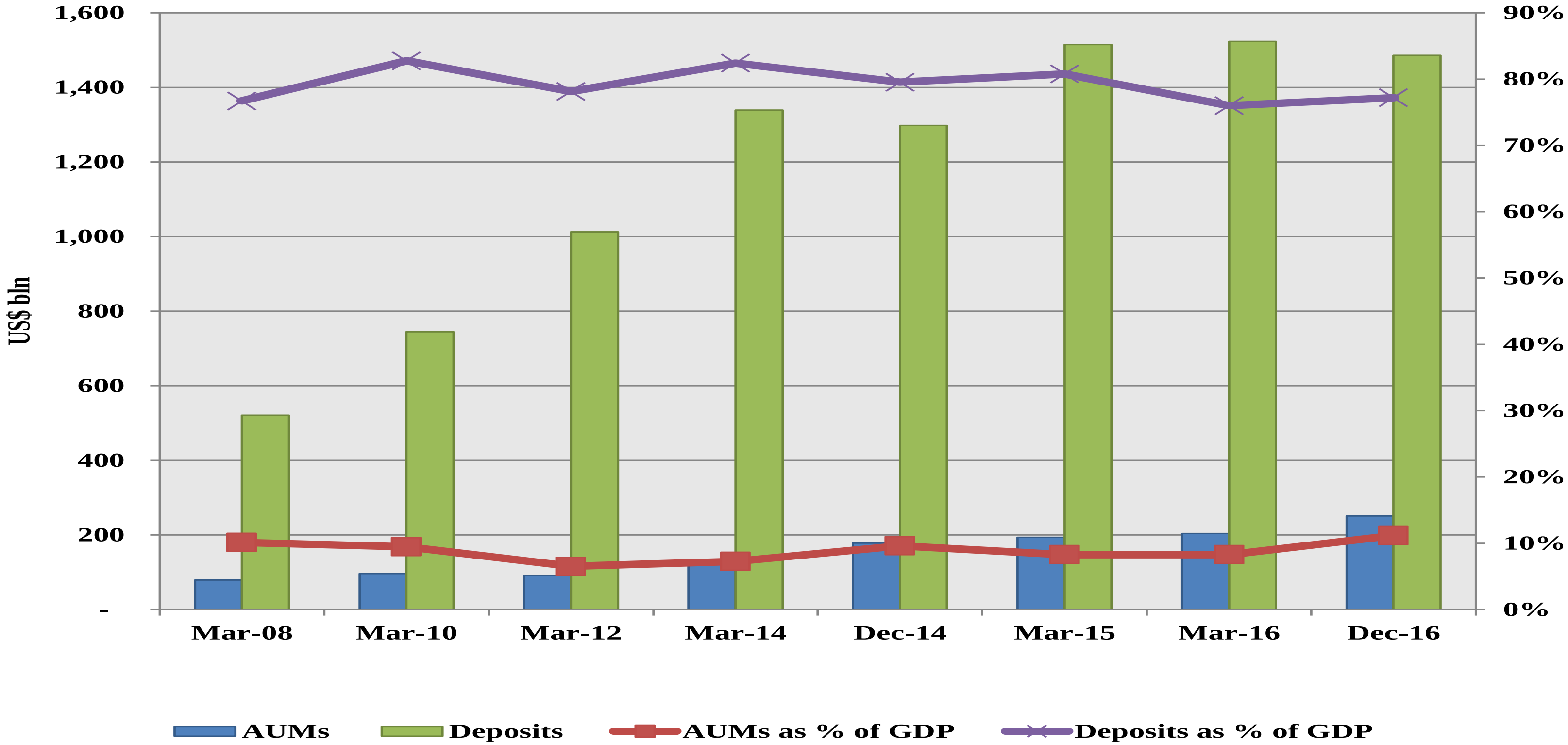
Rank	Name	Region	CY13	CY14	CY15	CY16
1	BlackRock	U.S.	4.32	4.65	4.77	5.10
2	Vanguard Group	U.S.	2.75	3.00	3.15	4.00
3	UBS	Switzerland	1.10	2.00	2.72	2.71
4	State Street Global	U.S.	2.34	2.40	2.44	2.29
5	Fidelity Investments	U.S.	1.71	1.74	2.03	2.13
6	Allianz Group	Germany	2.39	1.91	1.95	1.98
7	J.P. Morgan Chase	U.S.	1.60	1.70	1.76	1.67
8	Credit Agricole Group	France	1.82	n.a	1.53	1.66
9	BNY Mellon Investment Management	U.S.	1.58	1.70	1.74	1.63
10	PIMCO	U.S.	1.92	1.27	1.59	1.50

figures in US$ tln

India –Asset Management Industry

Overview | Global Industry | Regional Industry | Domestic Industry

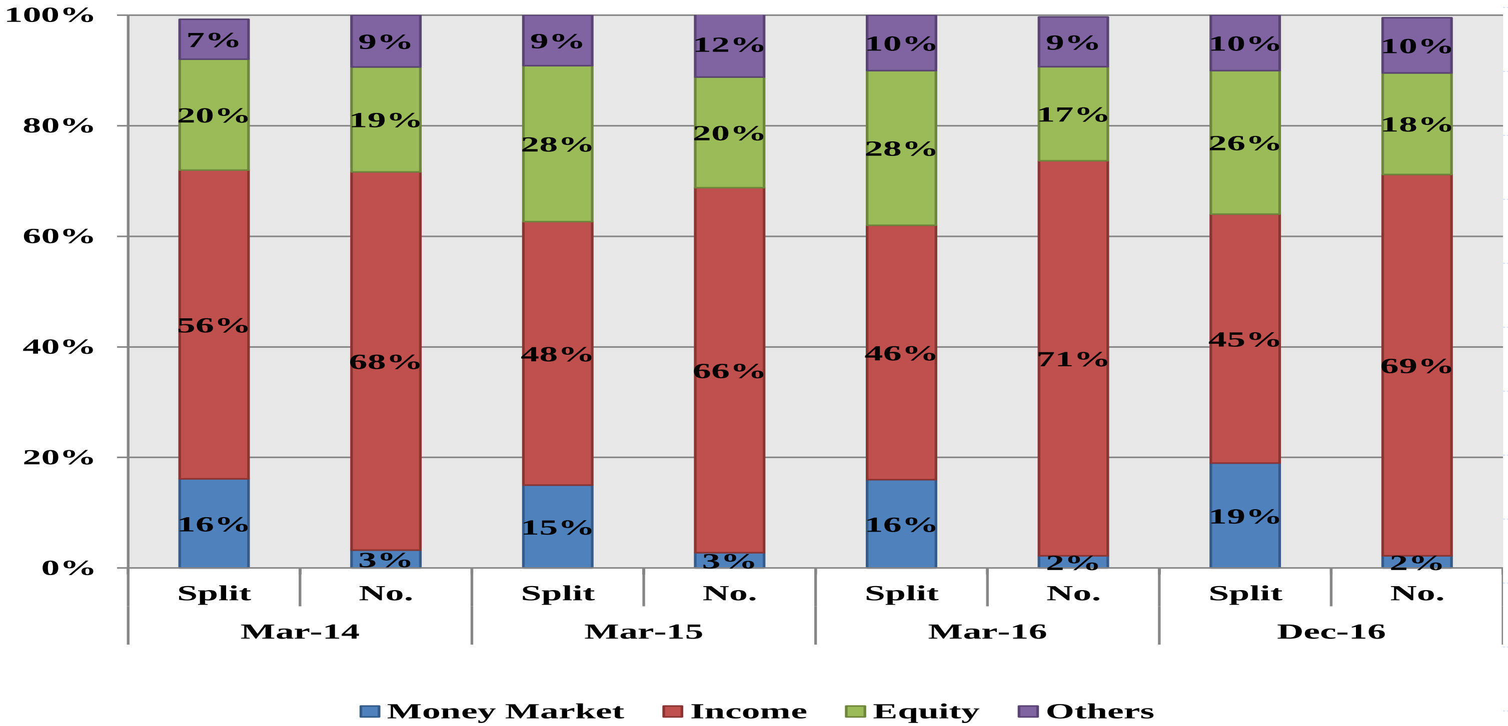
AUMs as %age of GDP



Figures in US$ bln^	Mar-08	Mar-10	Mar-12	Mar-14	Dec-14	Mar-15	Mar-16	Dec-16
GDP	782	1,016	1,414	1,782	1,856	2,089	2,250	2,250
Deposits	521	745	1,013	1,339	1,298	1,515	1,524	1,486
AUMs	79	96	92	129	179	194	204	251
AUMs as % of GDP	10%	9%	7%	7%	9%	8%	9%	11%
Deposits as % of GDI	67%	73%	72%	75%	70%	73%	68%	66%

^Exchange rate as published on oanda.com for 31-Dec-2016 (US$ 1 = INR 67.92)

Categories & Number of Funds

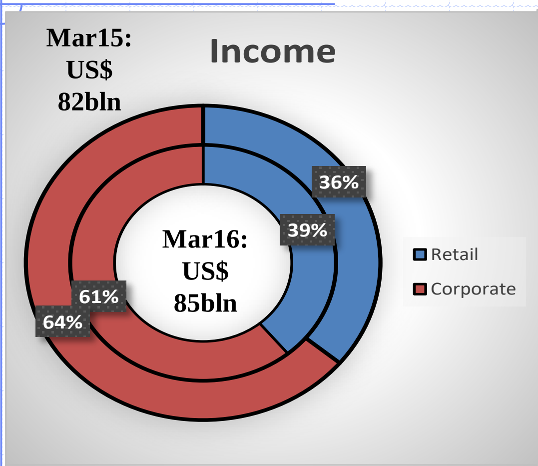


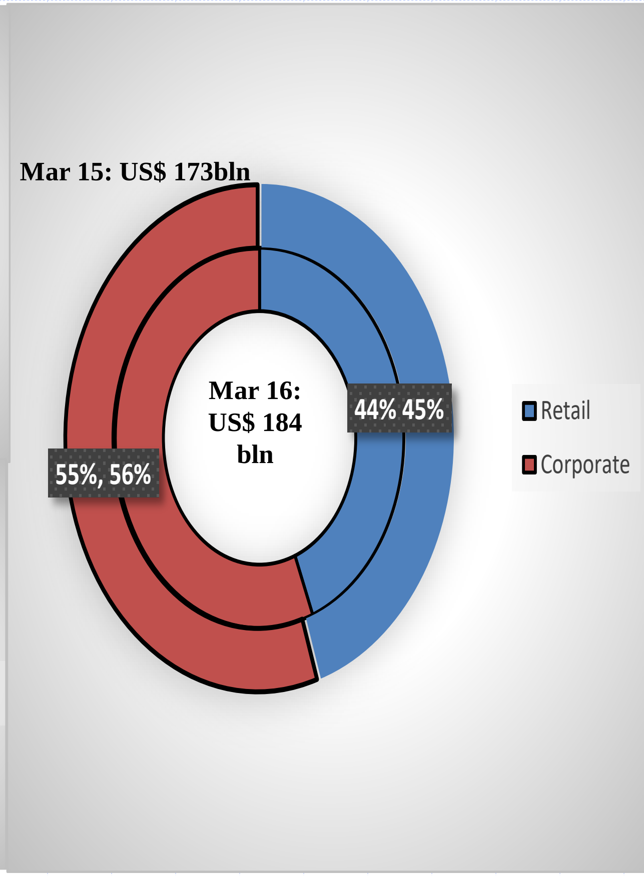
	Mar-14	Mar-15	Mar-16	Dec-16
AUMs (US$ bln)^	129	194	204	251
No. of Funds	1,638	1,822	2,420	2,256

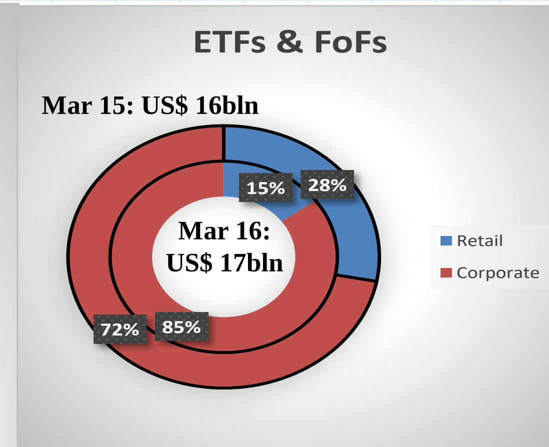
	Mar-14	Mar-15	Mar-16	Dec-16
SENSEX Index	18.24%	25.20%	-9.41%	3.40%

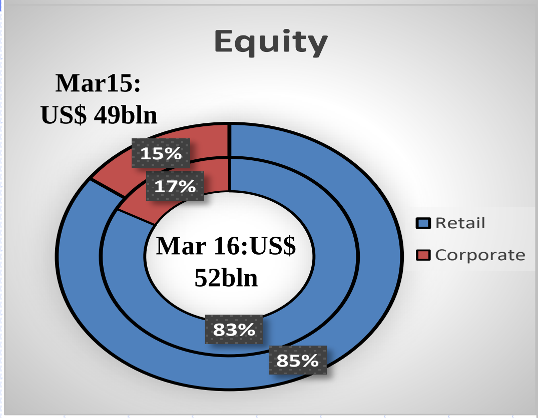
^Exchange rate as published on oanda.com for 31-Dec-2016 (US$ 1 = INR 67.92)

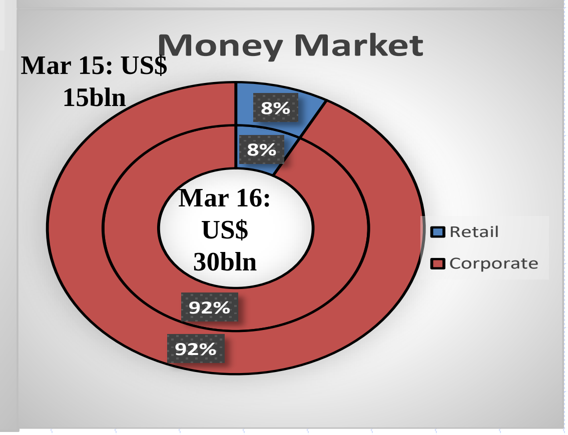
Investor Mix –Mar 16









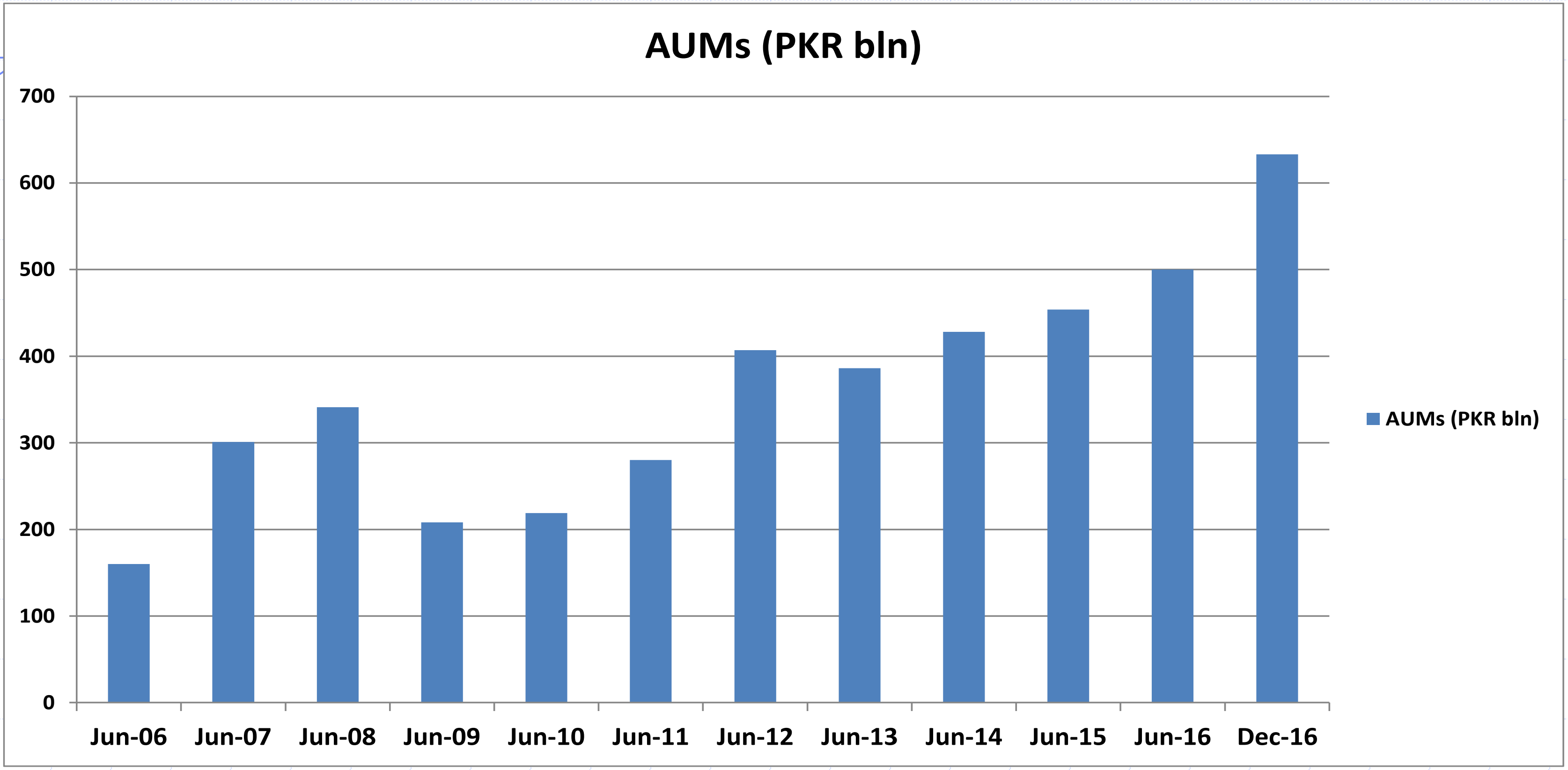


Largest Indian Asset Managers

S/No.	AMC	Mar-13		Mar-14		Dec-14		Mar-15		Mar-16		Dec-16	
		AUMs	Mkt. sh	AUMs	Mkt. sh	AUMs	Mkt. sh	AUMs	Mkt. sh	AUMs	Mkt. sh	AUMs	Mkt. sh
1	ICICI Prudential Mutual Fund	14	12%	17	13%	21	12%	23	12%	27	13%	33	13%
2	HDFC Mutual Fund	16	13%	18	14%	24	13%	25	13%	27	13%	33	13%
3	Reliance Mutual Fund	15	13%	17	13%	20	11%	22	11%	24	12%	28	11%
4	Birla Sun Life Mutual Fund	12	10%	14	11%	17	9%	19	10%	21	10%	26	10%
5	SBI Mutual Fund	9	7%	10	8%	11	6%	12	6%	16	8%	21	8%
6	UTI Mutual Fund	11	9%	12	9%	14	8%	15	8%	16	8%	18	7%
7	Kotak Mahindra Mutual Fund	6	5%	5	4%	6	3%	6	3%	9	4%	12	5%
8	Franklin Templeton Mutual Fund	7	6%	7	6%	10	6%	11	6%	10	5%	11	4%
9	DSP BlackRock Mutual Fund	5	4%	5	4%	6	3%	6	3%	6	3%	9	3%
10	IDFC Mutual Fund	5	4%	7	5%	8	4%	8	4%	8	4%	8	3%
	Total (US$bln)	**119**		**129**		**179**		**194**		**204**		**251**	

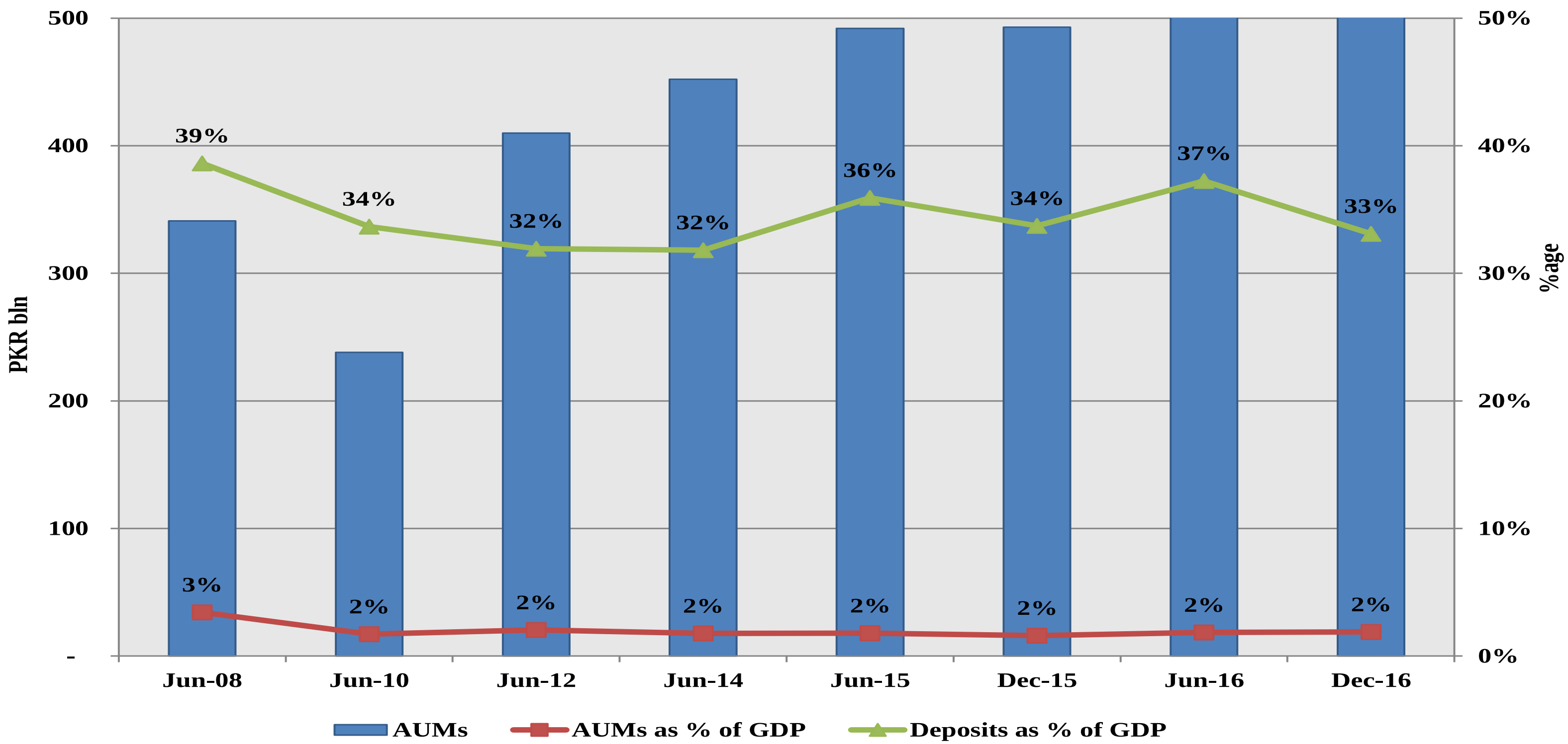
Pakistan –Asset Management Industry

Asset Under Management



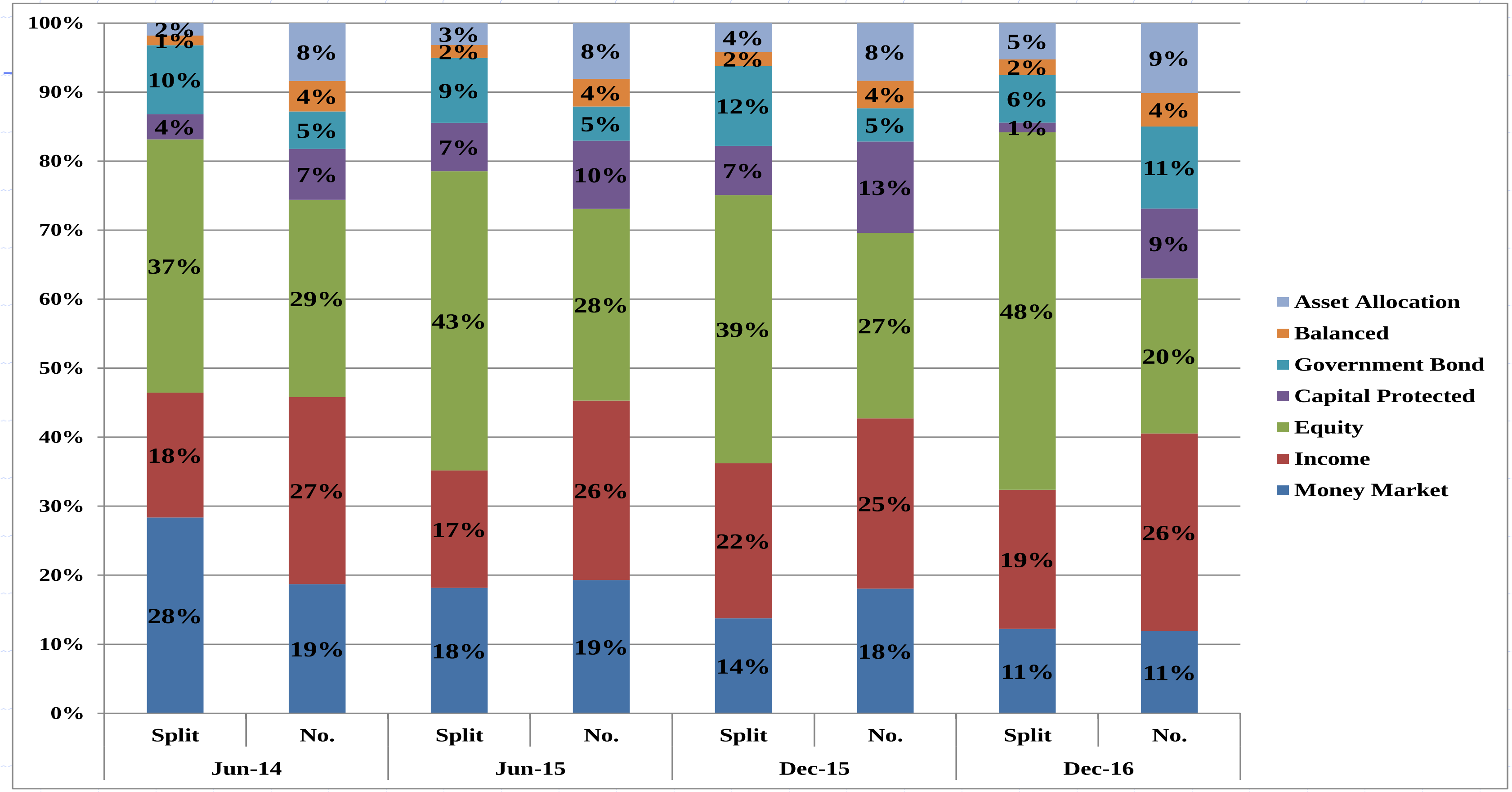
	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16	Dec-16
AUMs (PKR bln)	160	301	341	208	219	280	407	386	428	454	500	633

AUMs v/s Deposits



Figures in PKR bln	Jun-08	Jun-10	Jun-12	Jun-14	Jun-15	Dec-15	Jun-16	Dec-16
GDP	9,922	13,844	20,047	25,402	27,384	30,672	29,598	33,507
Deposits	3,832	4,661	6,403	8,082	9,835	10,343	11,024	11,092
AUMs	341	238	410	452	492	493	546	633

Category Wise Split



	Jun-14	Jun-15	Dec-15	Dec-16
AUMs PKR bln	428	454	487	633
No.of funds	203	223	227	250
				PKR bln

AMC Industry | Category Flow Analysis

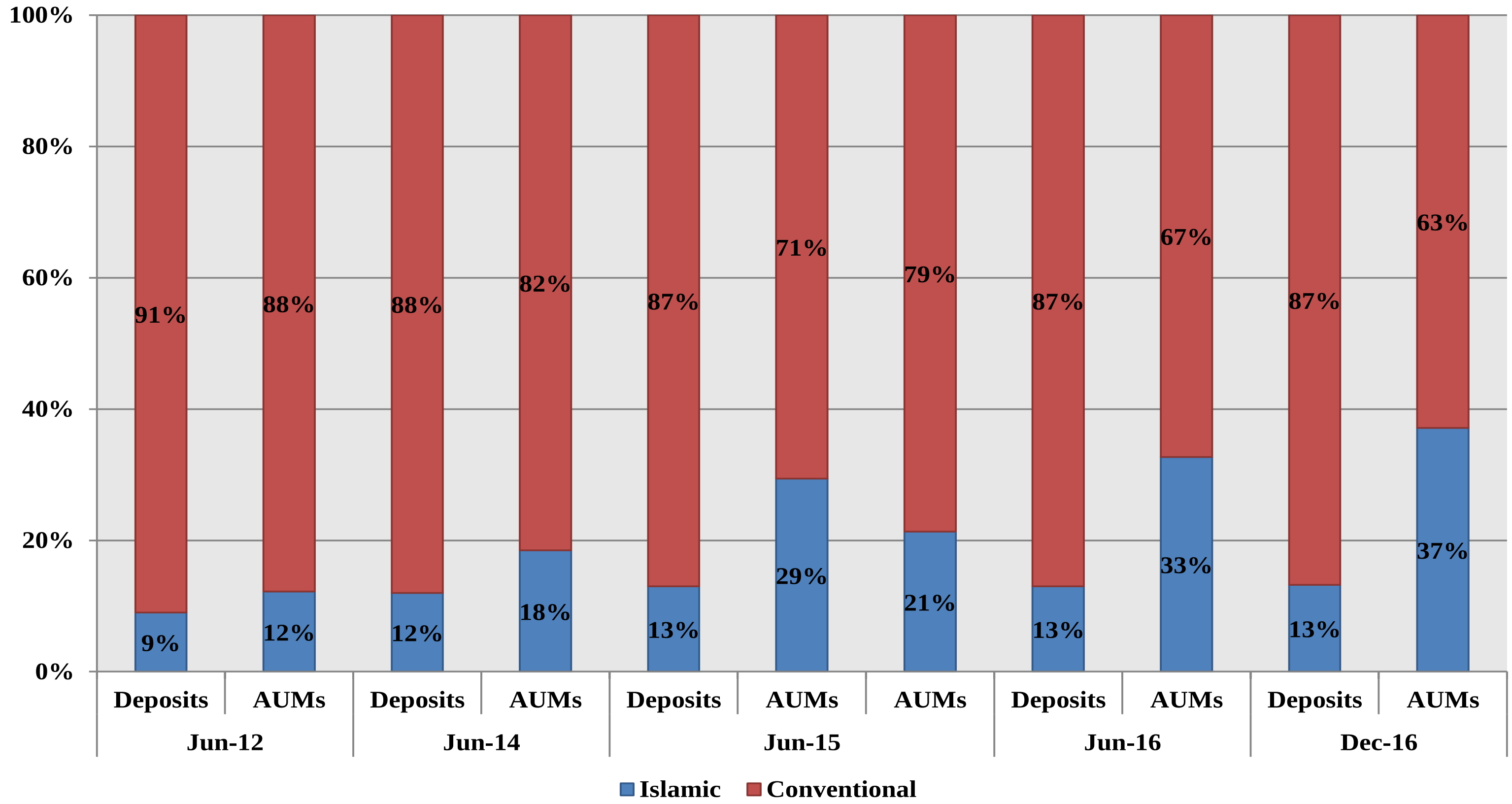
					PKR mln
1HCY16	Flow Analysis				
	Jan-16	Jun-16	Difference	Return	Mobilisation
Money Market	66,691	58,453	(8,237)	1,617	(9,855)
Income	111,259	101,416	(9,843)	3,697	(13,540)
Equity	186,890	208,217	21,327	12,518	8,808
Government Bond	56,472	53,476	(2,995)	1,993	(4,989)
Capital Protected	9,563	8,339	(1,223)	267	(1,489)
Others	38,145	53,808	15,663	2,717	12,946
Total	**469,020**	**483,709**	**14,692**	**22,809**	**(8,119)**

					PKR mln
2HCY16	Flow Analysis				
	Jul-16	Dec-16	Difference	Return	Mobilisation
Money Market	58,453	71,863	13,410	1,601	11,809
Income	101,416	118,647	17,231	3,167	14,064
Equity	208,217	304,586	96,369	59,036	37,333
Government Bond	53,476	40,786	(12,689)	1,249	(13,938)
Capital Protected	8,339	8,167	(171)	725	(897)
Others	53,808	89,075	35,267	8,176	27,091
Total	**483,709**	**633,124**	**149,417**	**73,954**	**75,462**

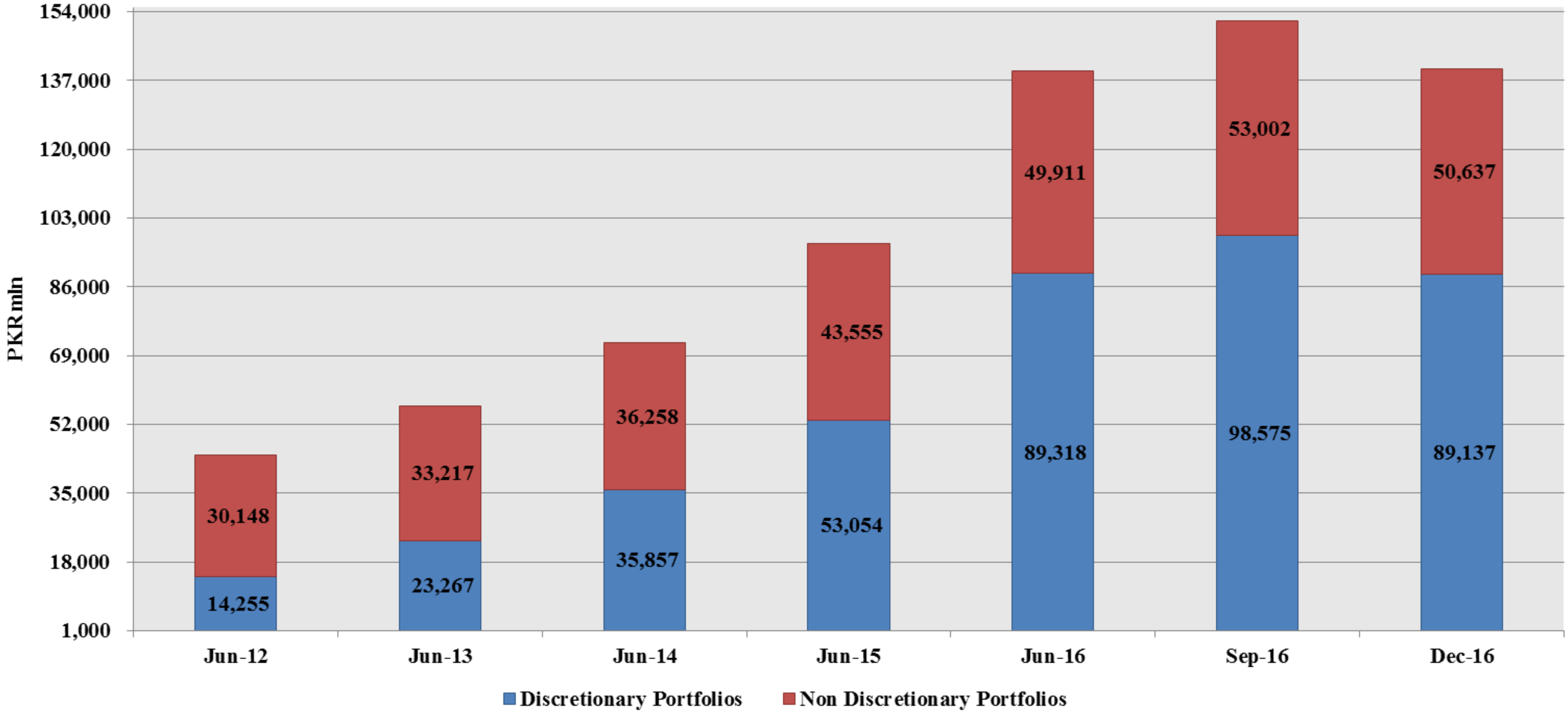
Pakistan's Largest Asset Managers

			Dec-14		Dec-15		Dec-16		Feb-17		Feb- 17 (FOF Adjusted)	
AMC	Rating	Rater	Total	Mkt.sh	Total	Mkt.sh	Total	Mkt.sh	Total	Mkt.sh	Total	Mkt.sh
Meezan	AM1	JCR-VIS	60,956	12.95%	79,297	16.02%	111,223	17.57%	119,845	18.12%	103,199	15.61%
NAFA	AM2++	PACRA	47,168	10.02%	43,736	8.84%	87,619	13.84%	99,549	15.06%	93,247	14.10%
UBL	AM2++	JCR-VIS	53,526	11.37%	60,710	12.26%	76,154	12.03%	84,314	12.75%	67,594	10.22%
MCB-AH	AM2++	PACRA	44,411	9.43%	50,096	10.12%	44,781	7.07%	46,420	7.02%	44,807	6.78%
NIT	AM2+	PACRA	95,647	20.32%	88,135	17.81%	102,944	16.26%	102,961	15.57%	102,961	15.57%
Allied	AM2+	JCR-VIS	28,770	6.11%	29,464	5.95%	36,878	5.82%	38,596	5.84%	31,517	4.77%
HBL	AM2	JCR-VIS	46,459	9.87%	43,833	8.86%	52,406	8.28%	52,818	7.99%	52,818	7.99%
Alfalah	AM2	PACRA	17,218	3.66%	21,735	4.39%	33,778	5.34%	35,535	5.37%	26,695	4.04%
Atlas	AM2	PACRA	16,456	3.50%	20,288	4.10%	27,243	4.30%	29,668	4.49%	29,668	4.49%
Lakson	AM2	PACRA	10,612	2.25%	11,283	2.28%	14,071	2.22%	14,712	2.22%	14,712	2.22%
JS	AM2	JCR-VIS	10,349	2.20%	9,074	1.83%	12,545	1.98%	13,210	2.00%	12,499	1.89%
Faysal	AM3++	JCR-VIS	8,097	1.72%	8,830	1.78%	7,672	1.21%	7,350	1.11%	7,350	1.11%
Askari	AM3++	JCR-VIS	9,254	1.97%	9,688	1.96%	6,973	1.10%	6,943	1.05%	6,943	1.05%
Primus	AM3+	JCR-VIS	8,102	1.72%	10,006	2.02%	6,997	1.11%	6,131	0.93%	6,131	0.93%
AKD	AM3+	PACRA	4,022	0.85%	4,252	0.86%	6,233	0.98%	7,275	1.10%	7,275	1.10%
Habib	AM3+	PACRA	5,009	1.06%	3,179	0.64%	2,703	0.43%	3,113	0.47%	3,113	0.47%
BMA	AM3	PACRA	618	0.13%	358	0.07%	343	0.05%	261	0.04%	261	0.04%
Pak Oman	AM3	PACRA	1,534	0.33%	570	0.12%	1,737	0.27%	1,846	0.28%	1,846	0.28%
First Cap	AM4++	PACRA	310	0.07%	178	0.04%	222	0.04%	242	0.04%	242	0.04%
Dawood	N/A						602	0.10%	618	0.09%	618	0.09%
Total (PKR mln)			470,756		494,995		633,124		671,408		613,496	

Islamic v/s Conventional



Separately Managed Accounts



	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16	Sep-16	Dec-16
Discretionary Portfolios	14,255	23,267	35,857	53,054	89,318	98,575	89,137
Non Discretionary Portfolios	30,148	33,217	36,258	43,555	49,911	53,002	50,637
	44,403	**56,484**	**72,115**	**96,609**	**139,229**	**151,577**	**139,774**

Separate Managed Accounts – Market Share

			Dec-15		Dec-16	
AMC	Rating	Rater	Total	Mkt.sh	Total	Mkt.sh
NAFA	AM2++	PACRA	9,178	8.44%	14,648	10.48%
MCB-AH	AM2++	PACRA	17,020	15.65%	24,157	17.29%
Lakson	AM2	PACRA	8,503	7.82%	12,389	8.87%
JS	AM2	PACRA	424	0.39%	539	0.39%
AKD	AM3+	PACRA	486	0.45%	590	0.42%
Habib	AM3+	PACRA	360	0.33%	546	0.39%
BMA	AM3	PACRA	7,445	6.85%	8,333	5.96%
Pak Oman	AM3	PACRA	35	0.03%	443	0.32%
Total (PKR mln)			108,761		139,744	
						PKR mln

Key Findings

- Domestic AMC market comparative size reflecting gap with global and regional markets.
- AUMs concentrated with few large AMCs in line with the global and regional trends.
- Investors preference towards Fixed Income Funds reduced as compared to equity funds in contrast to the global trend.
- Investor facilitation and technological advancement lacks quality in comparison to banking sector resulting in reduced retail penetration.
- Efforts on developing financial literacy among the retail investors in the form of roadshows and combined seminars.
- Islamic Funds & Separately Managed Accounts gaining momentum
- Innovative products help in increasing AUM base.

Risks & Opportunities

- Removal of Tax Arbitrage
- Retention of quality human resource
- Limited financial capability to invest in operating platform
- Attractive rates of national savings schemes

- Continuous support from regulator
- Increase retail investor awareness
- Enhanced focus on investment advisory to tap HNW
- Innovation in product development
- Excess Liquidity in the market

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