

Market Strategy

MSCI May'24 Index Review: Pakistan weight at 3.7%

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Best Securities House: 2023
Best Investment Bank: 2023



Best Investment Bank: 2022



Best Equity House: 2022



Best Equity Advisor: 2021



Best Brokerage House: 2023
Corporate Finance House: 2023
Best Economic Research House: 2023
Best Equity Sales Person (Runner up): 2023



Top 25 Companies
(2019, 2018 & 2017)



Excellence Award
Leading Brokerage House for RDA 2021



Best Money Market Broker
(Islamic) 2021

MSCI Index Review

Pakistan's MSCI FM Index weight ~3.7%

In its latest Index Review, the MSCI has announced changes in its global indices constituents, effective from June 01, 2024.

- National Bank of Pakistan (NBP) has been added in MSCI FM Standard Pakistan Index.
- There is no change in MSCI small cap index for Pakistan.
- After this review, there would be total 21 constituents in MSCI standard index including HUBC, UBL, LUCK, ENGRO, MCB, HBL, EFERT, BAHL, PPL, OGDC, MTL, MARI, FFC, SYS, POL, PSO, BAFL, TRG, ILP, SNGP and NBP.
- While for the MSCI small cap index, there are 56 constituents from Pakistan.
- Pakistan's weight in the FM standard index is expected to be around 3.7%.
- The KSE100 index outperformed all MSCI frontier markets and MSCI FM index during FY24TD with a return of 85%.
- Also, Pakistan remains second most liquid market in MSCI FM space with an average daily traded value of USD 54.2mn in FY24TD.
- Overall, we expect NBP weight of around 0.06% in the MSCI main index with the expected inflow of USD 2.5mn (17.5mn shares at yesterday's closing).

Please refer to the table on the right for the weight details of the MSCI FM Pakistan Index and the MSCI Pakistan Small Cap Index on the following page.

Exhibit: MSCI FM Standard Index

Company	Full M.Cap (USD mn)	FIF M.Cap (USD mn)	FIF Adjusted FF Weight in MSCI Index
HUBC	639	511	0.4%
UBL	878	351	0.3%
LUCK	990	370	0.3%
ENGRO	683	342	0.3%
MCB	889	311	0.2%
HBL	606	242	0.2%
EFERT	730	292	0.2%
BAHL	391	254	0.2%
PPL	1,226	245	0.2%
OGDC	1,551	217	0.2%
MTL	419	252	0.2%
MARI	1,338	268	0.2%
FFC	651	260	0.2%
SYS	407	203	0.2%
POL	516	181	0.1%
PSO	310	139	0.1%
BAFL	333	133	0.1%
TRG	131	98	0.1%
ILP	416	83	0.1%
SNGP	166	75	0.1%
NBP	305	73	0.1%
Total	13,577	4,902	3.7%

Source (s): MSCI, AHL Research

MSCI Index Review

Pakistan's MSCI FM Index weight ~3.7%

Exhibit: MSCI FM Small Cap Index

Company	FIF M.Cap (USD mn)	FIF (%)	Company	FIF M.Cap (USD mn)	FIF (%)
CHCC	63.18	0.60	NPL	17.27	0.45
DGKC	55.40	0.50	ATLH	17.02	0.10
KAPCO	47.64	0.52	HASCOL	16.85	0.60
ATRL	47.08	0.40	SAZEW	15.87	0.35
FFBL	42.98	0.35	WTL	15.49	0.70
PIOC	40.93	0.45	PSX	15.38	0.60
NATF	39.46	0.30	JSBL	14.64	0.20
ISL	37.94	0.35	CEPB	14.55	0.35
NML	37.48	0.40	GATM	13.55	0.25
SEARL	35.20	0.40	JSCL	13.15	0.25
ABL	34.99	0.10	MUREB	12.90	0.40
UNITY	33.84	0.40	AGL	12.69	0.65
PAEL	33.18	0.50	HUMNL	12.49	0.50
INIL	31.45	0.50	FEROZ	12.24	0.40
BOP	30.43	0.42	SSGC	12.18	0.35
AICL	29.69	0.65	IGIHL	11.49	0.20
GHGL	27.59	0.30	LPL	11.19	0.40
NRL	25.48	0.33	TREET	11.02	0.50
CENERGY	22.83	0.30	EPQL	10.53	0.30
TGL	22.59	0.40	NCL	10.39	0.45
PABC	22.38	0.25	TPLP	9.27	0.40
NCPL	20.75	0.60	ACPL	9.00	0.20
AVN	20.31	0.30	NETSOL	8.58	0.30
PRL	20.28	0.36	ASL	8.44	0.35
AIRLINK	20.06	0.25	SGF	7.46	0.20
MUGHAL	20.01	0.25	GHNI	6.88	0.30
AGP	19.69	0.30	PCAL	6.78	0.30
PIBTL	17.28	0.45	AGHA	6.61	0.25

Source (s): MSCI, AHL Research

MSCI Index Review

Pakistan's MSCI FM Index weight ~3.7%

Exhibit: Historical Performance of KSE100 and MSCI FM

Year	KSE100 Index	MSCI FM
FY03	99.5%	24.4%
FY04	54.4%	26.2%
FY05	37.6%	86.8%
FY06	32.8%	-12.8%
FY07	37.5%	37.5%
FY08	-21.2%	10.4%
FY09	-51.1%	-51.2%
FY10	29.3%	-3.6%
FY11	27.9%	11.5%
FY12	0.4%	-18.3%
FY13	44.4%	18.5%
FY14	42.4%	31.4%
FY15	12.6%	-16.7%
FY16	6.6%	-15.3%
FY17	23.2%	15.2%
FY18	-22.3%	-1.7%
FY19	-38.6%	1.0%
FY20	-3.3%	-14.2%
FY21	46.8%	34.6%
FY22	-32.5%	-20.0%
FY23	-28.5%	-6.1%
FY24TD	84.8%	7.1%
Average	17.4%	6.6%

Source (s): Bloomberg, AHL Research

Exhibit: Performance of MSCI Countries

Country	Return FYTD (%)
Pakistan	84.4
Kazakhstan	42.0
Romania	36.7
Sri Lanka	33.9
Croatia	18.6
Kenya	9.9
Mauritius	9.7
Bahrain	3.3
Vietnam	2.8
Iceland	2.2
Oman	(0.2)
Lithuania	(1.2)
Jordon	(3.1)
Estonia	(6.7)
Nigeria	(18.1)
Bangladesh	(18.3)

Source (s): Bloomberg, AHL Research

Exhibit: Liquidity Profile of MSCI FM Space

Country	Average Traded Value*
000 USD	
Vietnam	718,843
Pakistan	54,169
Iceland	24,570
Morocco	16,603
Romania	13,187
Nigeria	10,282
Sri Lanka	5,936
Oman	5,683
Jordon	4,785
Bahrain	2,971
Kenya	1,790
Croatia	1,100
Estonia	1,031
Kazakhstan	1,026
Lithuania	684
Mauritius	678

Source (s): Bloomberg, AHL Research, *FY24TD

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Rating	Description
BUY	Upside* of subject security(ies) is more than +15% from last closing of market price(s)
HOLD	Upside* of subject security(ies) is between -15% and +15% from last closing of market price(s)
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AHL Research uses the following valuation technique(s) to arrive at the period end target prices;

- Discounted Cash Flow (DCF)
- Dividend Discount Model (DDM)
- Sum of the Parts (SoTP)
- Justified Price to Book (JPTB)
- Reserved Base Valuation (RBV)

Risks: The following risks may potentially impact our valuations of subject security (ies);

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- Interest Rate Risk
- Exchange Rate (Currency) Risk

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 Arif Habib Limited (AHL) has a shareholding in NBP, BOP, MLCF and FCCL.