

Market Strategy

MSCI Quarterly Review; Addition of New Stocks Lift Pakistan's Weight in FM Index to 2.7%

- In the Quarterly Index Review, MSCI has announced changes in the constituents of Frontier Market (FM) Index. For Pakistan 41 new companies have been added to FM Small Cap Index while 14 companies have been moved from Small Cap Index to FM Standard Index.
- This brings total number of companies for Pakistan in FM Standard Index to 17 companies. As a result, Pakistan's total weightage based on FIF market capitalization in FM Index has risen to 2.7% from 0.6% previously.
- As Pakistan's overall weightage in both FM Index and FM Small Cap Index has increased significantly with inclusion of number of companies, anticipated foreign inflows may improve overall liquidity in the market.

Pakistan's weightage rise to 2.7% in MSCI FM Index

In the Quarterly Index Review, MSCI has announced changes in the constituents of Frontier Market (FM) Index. For Pakistan 41 new companies have been added to FM Small Cap Index while 14 companies have been moved from Small Cap Index to FM Standard Index alongside inclusion of one more company. This brings total number of companies for Pakistan in FM Standard Index to 17 companies. As a result, Pakistan's total weightage based on free float market capitalization in FM Index has risen to 2.7% from 0.6% previously. The new changes in constituents will be effective from 01st-Sep-2023.

| Exhibit: MSCI Country-wise additions and deletions | | |
|--|-----------|-----------|
| Country | Additions | Deletions |
| Vietnam | 32 | 2 |
| Pakistan | 15 | 0 |
| Iceland | 11 | 0 |
| Morocco | 8 | 0 |
| Romania | 7 | 0 |
| Tunisia | 6 | 0 |
| Croatia | 5 | 0 |
| Jordan | 4 | 0 |
| Oman | 4 | 0 |
| Slovenia | 4 | 0 |
| Estonia | 3 | 0 |
| Bahrain | 2 | 0 |
| Ivory Coast | 1 | 0 |
| Lithuania | 1 | 1 |
| Total | 103 | 3 |

Analyst

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Source: MSCI, PSX, IGI Research

MSCI Frontier Market Index Constituents

Among the companies included in the MSCI FM Standard Index, BAFL has been added while 14 companies (HUBC, UBL, LUCK, SYS, MCB, HBL, FFC, MTL, POL, EFERT, MARI, TRG, PPL and PSO) have been moved from MSCI FM Small Cap Index. OGDC and ENGRO remain in the FM Index. Pakistan's total weightage has risen to 2.7%, which is the highest among all countries while Morocco, Kazakhstan and Romania witnessed the most decline in weightage.

| Exhibit: MSCI Frontier Market Index | | | | |
|-------------------------------------|---------|-----------|-------------------------------|------------|
| # | Company | Status | Free Float Mkt Cap (USDmn) | Weight (%) |
| 1 | HUBC | Addition | 310 | 0.30% |
| 2 | UBL | Addition | 259 | 0.20% |
| 3 | LUCK | Addition | 257 | 0.20% |
| 4 | ENGRO | No Change | 255 | 0.20% |
| 5 | SYS | Addition | 225 | 0.20% |
| 6 | MCB | Addition | 213 | 0.20% |
| 7 | OGDC | No Change | 207 | 0.20% |
| 8 | HBL | Addition | 199 | 0.20% |
| 9 | FFC | Addition | 179 | 0.20% |
| 10 | MTL | Addition | 159 | 0.10% |
| 11 | POL | Addition | 153 | 0.10% |
| 12 | EFERT | Addition | 153 | 0.10% |
| 13 | MARI | Addition | 150 | 0.10% |
| 14 | TRG | Addition | 150 | 0.10% |
| 15 | PPL | Addition | 147 | 0.10% |
| 16 | PSO | Addition | 101 | 0.10% |
| 17 | BAFL | Addition | 90 | 0.10% |

Source: MSCI, PSX, IGI Research

Total of 41 companies included in FM Small Cap Index

A total of 41 new companies have been added in the FM Small Cap Index. This is likely to bring Pakistan's weightage in FM Small Cap Index to 2.6%. The MSCI FM Small Cap Index includes MLCF, FCCL, KOHC, DGKC, ACPL, PIOC, CHCC, FFBL, ATRL, NRL, PRL, CENERGY, FABL, BIPL, AVN, BOP, EPQL, GATM, NML, AIRLINK, HCAR, HUMNL, INIL, ISL, JSCL, NATF, NETSOL, NCPL, NPL, KAPCO, LPL, PABC, PAEL, MUGHAL, PIBTL, SEARL, SHEL, SNGP, TGL, TPLP and UNITY.

| Exhibit: MSCI FM Small Cap Index | | | | | |
|----------------------------------|---------|---------------------|----|---------|----------------------------|
| # | Company | FIF Mkt Cap (USDmn) | # | Company | free float Mkt Cap (USDmn) |
| 1 | MLCF | 55.0 | 22 | NRL | 20.9 |
| 2 | CHCC | 53.2 | 23 | TGL | 20.6 |
| 3 | SNGP | 47.2 | 24 | CENERGY | 20.0 |
| 4 | DGKC | 42.5 | 25 | PAEL | 17.1 |
| 5 | UNITY | 38.4 | 26 | MUGHAL | 16.8 |
| 6 | KOHC | 38.1 | 27 | PABC | 15.7 |
| 7 | KAPCO | 37.9 | 28 | NCPL | 15.5 |
| 8 | FCCL | 37.4 | 29 | PRL | 13.5 |
| 9 | PIOC | 37.2 | 30 | LPL | 12.8 |
| 10 | ATRL | 34.9 | 31 | GATM | 12.4 |
| 11 | FABL | 34.5 | 32 | NPL | 12.3 |
| 12 | NML | 33.3 | 33 | ATLH | 12.2 |
| 13 | SHEL | 27.8 | 34 | PIBTL | 12.0 |
| 14 | NATF | 27.3 | 35 | HUMNL | 11.9 |
| 15 | ISL | 25.8 | 36 | TPLP | 10.5 |
| 16 | SEARL | 25.3 | 37 | EPQL | 8.9 |
| 17 | AVN | 22.5 | 38 | JSCL | 8.9 |
| 18 | FFBL | 21.7 | 39 | NETSOL | 8.8 |
| 19 | INIL | 21.6 | 40 | ARILINK | 8.7 |
| 20 | BIPL | 21.5 | 41 | ACPL | 8.6 |
| 21 | BOP | 20.9 | | | |

Source: MSCI, PSX, IGI Research

Potential foreign inflows could have positive impact for market

As Pakistan's overall weightage in both FM Index and FM Small Cap Index has increased significantly with inclusion of number of companies, anticipated foreign inflows may improve overall liquidity in the market.

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