

## Sixth Sense Update

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### INDUSTRY UPDATE: FLIGHT TO SAFETY

The mutual fund industry for the month of April witnessed a 5% increase in AUM from PKR177bn to PKR186bn. This increase is almost entirely attributed to the growth in the Money Market Fund category. In this category, Cash Funds increased by 23% from PKR21.6bn to 26.7bn over the month. Government Security Cash Funds had the largest increase in AUM, of 38% from PKR7.7bn to PKR10.7%.

Changes in the AUM this month gives us an insight into investor preferences, with a shift away from risky instruments to safer asset classes. Thus, we observe a flight to safety; as investors prefer minimal risk and consistent returns. Perhaps TFC/Sukuk price fluctuations and the uncertainty of equity markets have made investors wary of taking on such risks. This leads us to believe that investors are willing to trade off some of the upside offered by Income and Equity Funds for more stable returns of money markets funds.

Another reason for the large increase in the AUM of the money market fund category is the increase in the number of funds. For CY10, three new funds have been introduced. The most recent of these is the JS Cash Fund, leading to a total of nine money market funds and three government security money market funds. Falling PKRV rates can be another reason why there has been such a substantial increase in funds with large allocations to T-bills.

ABL Asset Management Company had the largest MoM increase in AUM of 28% from PKR10.0bn to PKR12.8bn. This increase was mostly due to increases in the ABL IF of 29%. Other AMCs to increase their AUM over the month were MCB, Meezan and BMA, all of which increased by 13%.

#### AMC AUM Analysis

S.#	Fund Manager	AUM (PKR mn)			
		Apr-10	Mar-10	MoM %	YTD %
1	NIT	44,355	43,521	2%	-12%
2	UBL Funds	18,844	19,157	-2%	-11%
3	MCB	15,270	13,456	13%	41%
5	Meezan	15,080	13,343	13%	75%
4	NAFA	14,349	13,080	10%	1%
6	ABL	12,798	10,003	28%	86%
7	JS	12,312	12,638	-3%	-1%
8	AHI	11,695	10,950	7%	34%
9	FAYSAL	7,914	7,968	-1%	2%
10	ATLAS	4,423	4,216	5%	31%
11	Others	28,705	28,260	2%	14%
<b>Total</b>		<b>185,745</b>	<b>176,592</b>	<b>5%</b>	<b>10%</b>

AUM do not include Close End and Pension Funds  
 Source: Sixth Sense Research, Fund Manager Reports

**Equity Funds** AUM witnessed a 1% increase to PKR47.4bn in April. Following a 10% fall over the previous month, Equity Funds AUM is still far below their historic

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levels. A large part of this decrease can be attributed to the redistribution of the NIT(LOC) Fund. However, excluding NIT, remaining Equity Fund AUM has decreased by 8% from PKR11.3bn in Jan10 to PKR10.4bn in Apr10.

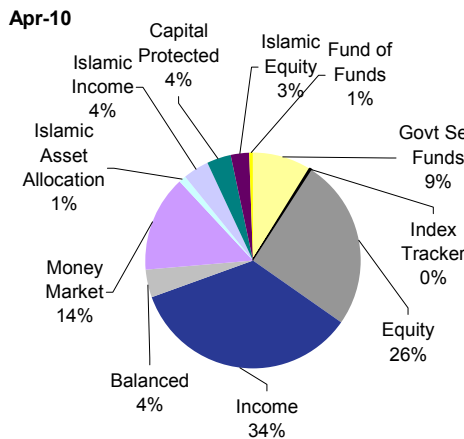
Following an 8% decrease in AUM over the previous month, **Income Funds** increased in AUM by 1% in Apr10 to PKR64.5bn. Change in AUM of Income Funds over the month of April is largely skewed. ABL IF witnessed the largest increase in AUM in the income fund category of 29% while JS AIF witnessed the largest decrease in AUM of 38%.

**Islamic Income Funds** AUM decreased 2% MoM from PKR6.9bn to PKR6.8bn in Apr10. NAFA IIF suffered the largest decrease in AUM of 24% while ATLAS IIF benefitted from the largest increase of 9%.

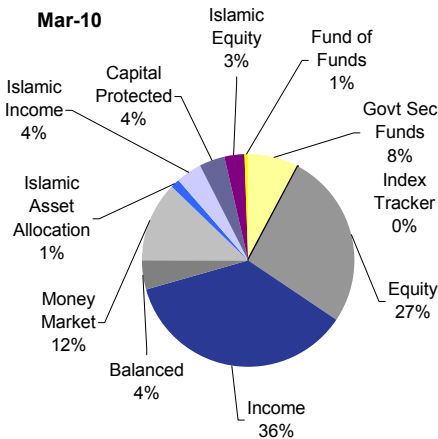
As mentioned above, **Cash Funds** witnessed from a large increase in AUM this month of 23% from PKR21.6bn to 26.7bn. All funds in this category benefitted from an increase in AUM. New fund introduced this month was the JS Cash Fund.

**Government Securities Funds** also reported a 23% increase in AUM from PKR13.6bn to PKR16.7bn MoM. This category can be divided into government security cash and government security income funds. Cash funds in this category increased by 38%, and government security income funds increased by 3%. The NAFA GSLF, AHI PCF and Askari CF increased by 44%, 31% and 29% respectively.

Mar10 AUM by Category



Feb10 AUM by Category



Number of Funds

Fund Category	Apr10	Mar10
Govt Sec Funds	5	5
Index Tracker	2	2
Equity	15	15
Income	26	26
Balanced & Asset Allocation	12	12
Money Market	9	8
Islamic Asset Allocation	7	7
Islamic Income	9	9
Capital Protected	8	8
Islamic Equity	3	3
Fund of Funds	1	1
<b>Total</b>	<b>97</b>	<b>96</b>

Source: Sixth Sense Research

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