

RIGHT TIME TO INVEST IN PAKISTAN EQUITY MARKET



Overview

1: Market potential

2: Robust Economic Growth

3: Inevitable advancement

4: Increasing investor confidence

5: Immense market liquidity

6: PSX: resilient to jolts

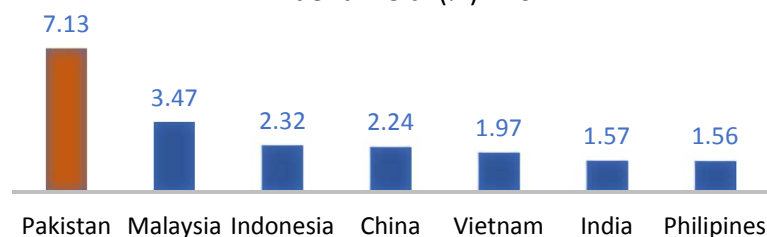
PSX at attractive levels vs regional markets.....

- Pakistan Equities trading at almost **50%** discount to regional peers.
- Pakistan equities provide **highest dividend yield** among the regional peers.
- **ROEs** of the Pakistani Companies highest among the regional companies.
- EPS growth of 19% for Pakistan Equities in 2017 only behind India but ahead of all other regional peers.

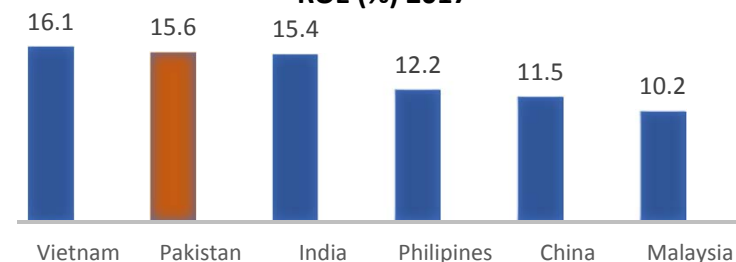
P/E Multiple – 2017



Dividend Yield (%) - 2017



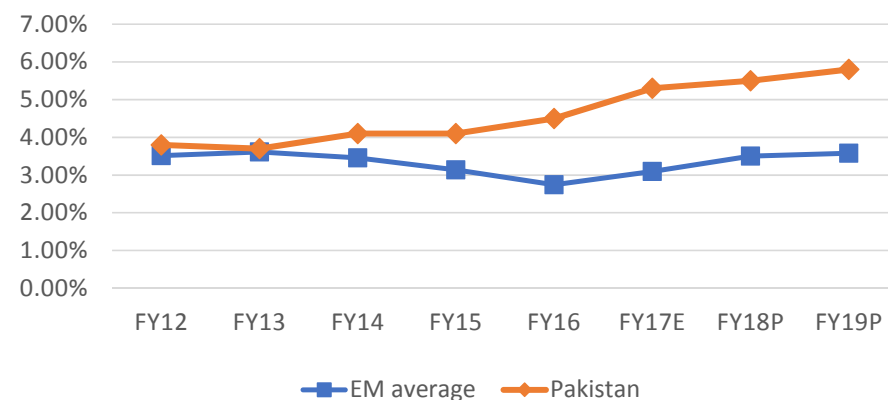
ROE (%) 2017



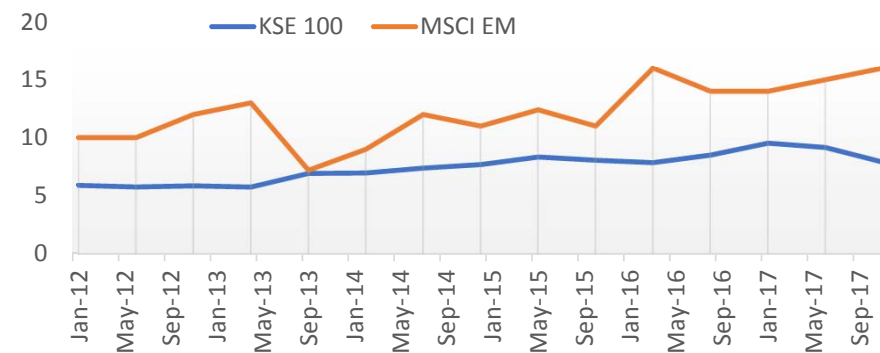
Robust economic growth...

- GDP growth will continue to remain a key investment theme for the country.
- Average GDP growth is expected to be at **5.8% over next 5 years.**
- GDP growth is expected to continue to outperform the Emerging Market Average.
- Despite our GDP growth being superior to the EM average, our PE multiple is consistently lower than the latter by 40%

GDP growth comparison



KSE 100 vs. Emerging Markets: P/E

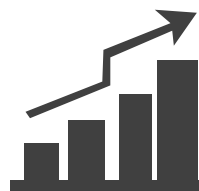


Inevitable advancement...



**USD 62 Billion of Investment
in Infrastructure**

**USD 10 Billion
Infrastructure Projects**



**24 Energy Projects worth
USD 34.4 Billion**

**Increased Foreign Collaboration
and Investment Confidence**



Increasing investor confidence....

- Overwhelming response in case of issue of Rs. 2.5B worth of Eurobonds and Sukuks.
- Yields relating to bond issue have decreased over the years.
- Increased interest by Countries to become part of CPEC.
- Credit rating improved from Caa1 to **B3 with stable outlook**, by Moody's

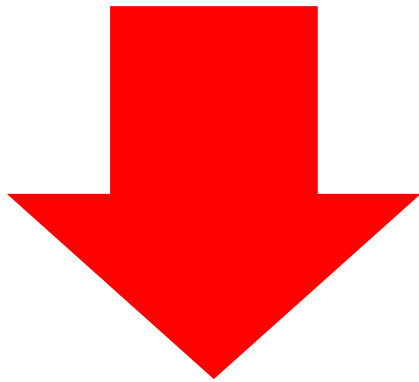
EUROBOND ISSUES

	2014	2015	2017
Amount raised (PKRbn)	2.00	0.5	1.50
Yield (%)	7.75	8.25	6.88

SUKUK ISSUE YIELDS

	2014	2016	2017
Amount raised (PKR bn)	1.00	1.00	1.00
Yield (%)	6.75	5.50	5.63

Immense market liquidity....



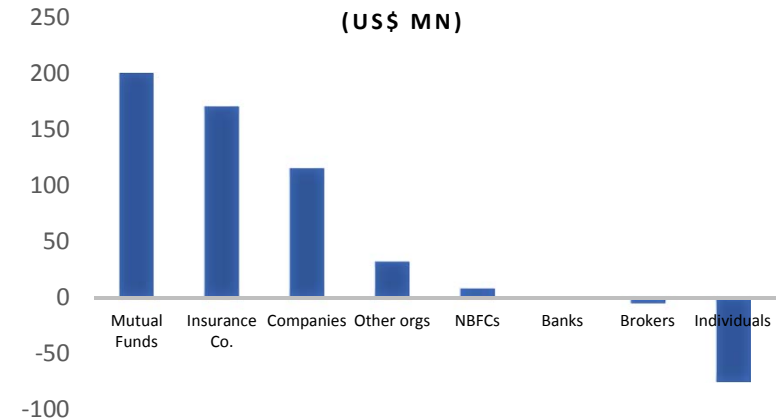
-Foreign are net sellers of **USD 490 million** YTD 2017.



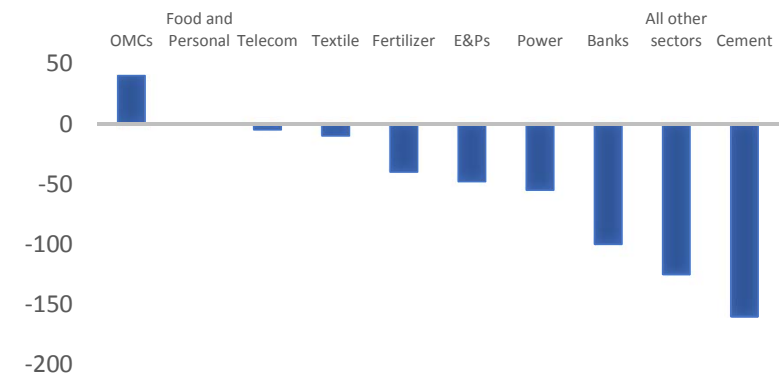
-Absorbed by Local participants mainly Mutual Funds and Insurance Companies



LOCAL PORTFOLIO INVESTMENT IN 2017
(US\$ MN)



FOREIGN PORTFOLIO INVESTMENT - SECTOR WISE (US\$ MN)



PSX resilient to jolts.....

Elections date	KSE-100 performance after			
	<u>1 W</u>	<u>1 M</u>	<u>6 M</u>	<u>1 Y</u>
October 1993	1%	15%	78%	70%
February 1997	3%	2%	21%	4%
October 2002	-1%	6%	36%	97%
February 2008	4%	3%	-25%	-59%
May 2013	3%	12%	17%	43%

Historically, the KSE-100 index has witnessed an average increase of 7.5%, 25.3% and 31.0% after 1-month, 6-month and 1-year of the general elections, respectively.



RISE OF PAKISTAN

JUST A MATTER

OF TIME

MORGAN STANLEY

