

# Market Strategy: MSCI May'25 Index review

## Pakistan's MSCI FM Index weight ~6.1%

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REP-300

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## Pakistan's MSCI FM Index weight ~6.1%

In its latest index review, the MSCI announced changes in its global indices constituents, effective after the market close on 30<sup>th</sup> May'25.

- *Pakistan's market has outperformed the MSCI FM index by 40.0% in FY25TD.*
- *Pakistan's weight in the FM standard index is expected to be around 6.09%.*

### Changes in MSCI FM Standard Index:

- Fauji Cement Company Limited (FCCL), Maple Leaf Cement Factory Limited (MLCF) and D.G. Khan Cement Company Limited (DGKC) has been added in MSCI FM Standard Pakistan Index.
- Meanwhile no deletion has been observed in MSCI FM index.
- After this review, there would be total 26 constituents in MSCI standard index including UBL, FFC, LUCK, MARI, HUBC, OGDC, MCB, BAHL, ENGROH, EFERT, HBL, PPL, PSO, SYS, MTL, POL, BAFL, NBP, FCCL, MLCF, SNGP, DGKC, SAZEW, ABOT, SEARL and ILP.

### Changes in MSCI small cap index:

- Archroma Pakistan Limited (ARPL), At-Tahur Limited (PREMA), Engro Polymer & Chemicals Limited (EPCL) and Pakistan Reinsurance Company Limited (PAKRI) have been added in the MSCI small cap index.
- Meanwhile, AGP Limited (AGP) and Agritech Limited (AGL) have been deleted from the MSCI small cap index.
- Moreover D.G. Khan Cement Company Limited (DGKC) has been upgraded from the MSCI small cap index to MSCI FM.
- The MSCI Small Cap Index includes a total of 410 constituents, out of which 67 (~16% of the total) constituents are from Pakistan with a weight of 10.7% in the small cap index.
- **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**

Symbol	Full M.Cap (USD mn)	FIF M.Cap (USD mn)	FIF adjusted FF weight in MSCI Index
UBL	2,202	881	0.66%
FFC	1,863	745	0.56%
LUCK	1,827	731	0.54%
MARI	2,783	557	0.41%
HUBC	639	511	0.38%
OGDC	3,339	467	0.35%
MCB	1,205	422	0.31%
BAHL	552	359	0.27%
ENGROH	703	352	0.26%
EFERT	849	340	0.25%
HBL	823	329	0.25%
PPL	1,623	325	0.24%
PSO	644	290	0.22%
SYS	559	279	0.21%
MTL	401	240	0.18%
POL	545	191	0.14%
BAFL	418	188	0.14%
NBP	665	159	0.12%
<b>FCCL</b>	<b>414</b>	<b>145</b>	<b>0.11%</b>
<b>MLCF</b>	<b>282</b>	<b>127</b>	<b>0.09%</b>
SNGP	277	125	0.09%
<b>DGKC</b>	<b>234</b>	<b>117</b>	<b>0.09%</b>
SAZEW	283	99	0.07%
ABOT	330	71	0.05%
SEARL	150	60	0.04%
ILP	284	57	0.04%
<b>Total</b>	<b>23,895</b>	<b>8,166</b>	<b>6.09%</b>

Source: MSCI, PSX, Bloomberg, AHL Research

# MSCI Index Review

## Pakistan's MSCI FM Index weight ~6.1%

Exhibit: MSCI FM Small Cap Index

Company	FIF M.Cap (USD mn)	FIF	FIF adjusted FF weight in MSCI Index	Company	FIF M.Cap (USD mn)	FIF	FIF adjusted FF weight in MSCI Index
CHCC	113.49	0.60	0.65%	NPL	20.66	0.45	0.12%
TRG	91.91	0.75	0.53%	MUGHAL	19.65	0.25	0.11%
PIOC	87.88	0.50	0.50%	NCPL	18.82	0.60	0.11%
PAEL	74.27	0.50	0.43%	SNBL	18.68	0.30	0.11%
NATF	62.37	0.30	0.36%	NRL	18.07	0.33	0.10%
NML	56.82	0.40	0.33%	FEROZ	18.00	0.40	0.10%
KAPCO	50.99	0.52	0.29%	IGIHL	17.64	0.20	0.10%
TGL	50.43	0.40	0.29%	LOTCHEM	14.83	0.15	0.08%
BOP	48.85	0.42	0.28%	GATM	14.80	0.25	0.08%
SHFA	45.57	0.45	0.26%	BFBIO	14.53	0.30	0.08%
PSX	43.74	0.60	0.25%	WTL	14.49	0.65	0.08%
CENERGY	42.89	0.30	0.25%	CSAP	14.43	0.45	0.08%
ISL	40.64	0.35	0.23%	JSCL	13.45	0.25	0.08%
FLYNG	40.33	0.40	0.23%	LPL	12.96	0.40	0.07%
SSGC	39.17	0.38	0.22%	NETSOL	12.83	0.30	0.07%
UNITY	38.77	0.35	0.22%	ARPL	12.82	0.25	0.07%
AICL	37.97	0.65	0.22%	NCL	12.43	0.40	0.07%
PABC	34.71	0.25	0.20%	HABSM	12.20	0.35	0.07%
GHGL	34.03	0.30	0.19%	JSBL	11.93	0.20	0.07%
GAL	33.90	0.35	0.19%	ASL	11.91	0.35	0.07%
EPCL	33.86	0.35	0.19%	TREET	11.40	0.45	0.07%
INIL	33.45	0.50	0.19%	CEPB	11.34	0.35	0.06%
MUREB	32.81	0.40	0.19%	SGF	11.13	0.20	0.06%
GHNI	32.10	0.30	0.18%	EPQL	9.68	0.30	0.06%
THCCL	31.81	0.50	0.18%	PAKRI	9.67	0.25	0.06%
HCAR	28.83	0.20	0.17%	PCAL	8.94	0.30	0.05%
ACPL	27.20	0.20	0.16%	PREMA	7.91	0.25	0.05%
HUMNL	26.03	0.50	0.15%	OCTOPUS	7.86	0.30	0.05%
PIBTL	24.65	0.45	0.14%	FCL	7.21	0.15	0.04%
PRL	23.50	0.36	0.13%	TPLP	6.58	0.40	0.04%
POWER	22.43	0.35	0.13%	AGHA	6.48	0.40	0.04%
CPHL	22.21	0.35	0.13%	ATBA	6.39	0.20	0.04%
PAKOXY	21.76	0.45	0.12%	BIFO	5.76	0.20	0.03%
AVN	20.99	0.30	0.12%				
<b>Total</b>							<b>10.7%</b>

Source (s): MSCI, AHL Research

# MSCI Index Review

## Pakistan's MSCI FM Index weight ~6.1%

**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%
FY24	94.4%	7.8%
<b>FY25TD</b>	<b>49.4%</b>	<b>9.3%</b>
<b>Average</b>	<b>19.2%</b>	<b>6.7%</b>

Source (s): Bloomberg, AHL Research

**Exhibit:** Performance of MSCI Countries

Country	\$ based return Last review to date (%)
Kenya	72.9
Sri Lanka	57.5
Croatia	31.9
Lithuania	29.7
Mauritius	16.4
Estonia	16.1
Kazakhstan	12.3
Romania	6.3
<b>Pakistan</b>	<b>4.1</b>
Jordan	3.5
Vietnam	1.5
Nigeria	(0.9)
Iceland	(3.1)
Oman	(4.4)
Bahrain	(7.7)
Bangladesh	(31.5)

Source (s): Bloomberg, AHL Research

**Exhibit:** Liquidity Profile of MSCI FM Space

Country	Average Traded Value* USD 000
Vietnam	629,393
<b>Pakistan</b>	<b>102,719</b>
Morocco	41,764
Bangladesh	33,754
Iceland	33,064
Bahrain	15,618
Sri Lanka	12,608
Romania	9,866
Jordan	8,200
Nigeria	7,288
Oman	6,341
Kenya	3,153
Croatia	1,597
Estonia	1,591
Kazakhstan	1,398
Lithuania	1,308
Mauritius	804

Source (s): Bloomberg, AHL Research, \*CY25TD

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SELL	Upside* of subject security(ies) is less than 0% from last closing of market price(s)

## Equity Valuation Methodology

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);

- Market risk
- Interest Rate Risk
- Exchange Rate (Currency) Risk

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