PSX Launches its First Ever ETFs

Karachi, March 24, 2020: In a first, Pakistan Stock Exchange (PSX) has launched a new product, the Exchange Traded Fund (ETF). With this product, PSX has joined the list of stock exchanges in the world offering ETFs which are investment products combining the returns offered by the stock market with the diversity offered by a mutual fund. PSX has launched two ETFs, namely the UBL Pakistan Enterprise ETF offered by UBL Funds and NIT Pakistan Gateway ETF offered by NIT.

Given the current circumstances and in the interest of safety, a first of its kind virtual launch was organized by PSX for the landmark launch of the ETFs. This virtual launch is a step taken to make sure that the message of availability of ETFs in the Pakistani Capital Market goes across to all investors and market participants while ensuring their safety in the wake of the current threat of the potential spread of the Covid-19 virus.

In his address at the virtual launch, the SECP Chairman, Mr. Aamir Khan said, "the introduction of ETFs is a big leap for asset management industry and stock market in Pakistan as this product offers significant growth potential due to its transparent nature, low costs and embedded ability to track the index by following a passive investment strategy. I am confident that the launch of UBL Pakistan Enterprise ETF and NIT Pakistan Gateway ETF will fill the void for a low cost exchange traded product and would be instrumental in enhancing the market depth and liquidity". He further urged upon the SROs and industry players to focus on three key areas going forward namely: 1) Innovation and New Product Development, 2) Proactive Use of Technology for Expanding Market Outreach and 3) Governance and Prudence.

The MD PSX, Mr. Farrukh Khan said, "It is an exciting development and a new chapter has been added after a very long time to the narrative of the Pakistani stock market in the form of ETFs. The reason that it all took time was the challenge in finding optimal solutions acceptable to all stakeholders and which were also in the best interest of investors. Now that the ETFs have been introduced, we are hopeful that it will make the market more attractive to all investors, especially retail investors". He further stated, "Globally ETFs are an integral part of product offerings in the capital markets. It is a product with significant presence in over 47 countries. Internationally, there are over 8,000 ETFs with aggregate Assets Under Management of about USD 6.5 trillion by the end of 2019 and estimated to grow to around USD 7.6 trillion by the end of 2020. Looking at the growth trends of ETFs globally, I am confident that there is great potential for ETFs in the Pakistan market as they are an ideal, cost effective instrument for investors who wish to take advantage of the attractive valuations in the Pakistan market". The MD PSX congratulated the market participants, all stakeholders, the Asset Management Companies and the TREC holders for bringing ETFs to the investors. Mr. Khan expressed his indebtedness to CDC & NCCPL for playing their instrumental role in making the ETF a reality. He also thanked the SECP for all their support and guidance for the successful design and launch of ETFs in Pakistan. He hoped that this product would prove to be an attractive avenue of investment, especially for the small investors, given the current economic situation prevailing at home and around the world.

The CEO of UBL Funds, Mr Yasir Qadri stated, "It is humbling that this launch is another first for UBL Funds, jointly the best rated asset manager of Pakistan with a tradition of launching new products. With valuations

where they are, UBL Pakistan Enterprise Exchange Traded Fund may be a suitable product for investors who wish to enter the market without having to worry about stock picking. The fund invests in a basket of blue chip stocks which are largely not sensitive to oil prices. Appreciation is due for SECP who were extremely forthcoming and supporting. The PSX's product team anchored the launch effectively. JS Global has played a pivotal role by offering to provide market making services. It also feels great to launch alongside a worthy peer like NIT".

The MD of NIT, Mr. Adnan Afridi, said, "It is a proud moment for NIT to have launched the first ETF in the Country. NIT being the oldest Asset Management Company in the country, has always taken the lead in terms of launching new funds and has played a key role in the development of the capital markets of the country". He further stated, "NIT's Pakistan Gateway ETF will provide an attractive investment avenue for both large and small investors. Given the current downturn in the market, the NIT Gateway ETF presents a value opportunity for investors to take a diversified exposure to the Pakistan market".

A major but less visible role played in introducing the Exchange Traded Funds in the market is the role of the Market Maker which provides liquidity for the investment product. JS Global is the Market Maker behind the first ETFs launched at Pakistan Stock Exchange. Its CEO, Mr. Kamran Nasir said, "It gives me great pleasure to announce that JS Global (JSGCL) is playing a leading role in the launch of Pakistan's first ever Exchange Traded Funds (ETFs) by UBL Funds and National Investment Trust (NIT). Over the past few decades, JSGCL has been credited for the development of new products and services for investors in Pakistan's capital market and this launch represents another milestone of JSGCL's success as a pioneer. With the launch of these ETFs, we are now entering a new phase of derivatives products and services of which I am proud that JSGCL has been an integral part of". He further added, "JSGCL has always raised the bar when it comes to governance and this is shown by our entity rating of AA (long term) and A1+ (short term) together with BMR1 (broker rating) by PACRA, which are the highest in our industry. These accolades further endorse our leadership position in the industry in terms of our size, market share, local and foreign clientele and our national footprint. JSGCL has also always believed that technology will play a defining role in the future and this launch is a testament to that effect. It provides investors with an opportunity to invest in ETFs with seamless ease and without human intervention in a totally automated environment". The CEO of JSGCL said, "I would like to appreciate the role played by SECP and PSX in creating an enabling environment for the development of such new products. I would also like to acknowledge the untiring efforts of the management of UBL Funds and NIT without which this would not have been possible. We commit to SECP, PSX and investors that we will continue to strive to serve the interest of capital markets of Pakistan to the best of our capabilities in the days to come".

The virtual launch took place amid high hopes and optimism in that the first two ETFs introduced at the Pakistan Stock Exchange will prove to be a harbinger of success and prosperity for all the stakeholders and investors of the Capital Market of Pakistan.