

Market Strategy

MSCI Feb'25 Preview: Pakistan's weight likely to reach at ~7%

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MSCI Index Preview

Pakistan's weight likely to reach at ~7%

In the upcoming MSCI review scheduled for 11th Feb'25 some key changes are anticipated for Pakistan's representation in the MSCI Frontier Markets (FM) Index. According to the latest criteria outlined in the MSCI report from Aug'24, a company with an ordinary share market capitalization of USD 168mn and a free float market capitalization of USD 69mn will be included in the MSCI Frontier Markets Index. These changes are expected to take effect on 3rd Mar'25.

Expected additions:

We anticipate that six stocks will be added to the MSCI FM Index, which are:

- Cherat Cement Company Limited (CHCC)
- Attock Refinery Limited (ATRL)
- D.G. Khan Cement Company Limited (DGKC)
- The Searle Company Limited (SEARL)
- Pioneer Cement Limited (PIOC)
- Air Link Communication Limited (AIRLINK)

Expected deletions: We do not expect any deletion in the upcoming MSCI Frontier Markets (FM) Index review.

After these adjustments, the total number of Pakistani constituents in the MSCI FM Index is expected to increase to 27 from 21 in the upcoming MSCI review. Consequently, we anticipate that Pakistan's weight in the MSCI FM Index will rise from 4.4% to ~ 6.9%.

The table provided on the right contains the detailed weights of the MSCI FM Pakistan Index constituents, reflecting the expected changes post-review.

Exhibit: MSCI FM Standard Index

Symbol	Full M.Cap (USD mn)	FIF M.Cap (USD mn)	FIF adjusted FF weight in MSCI Index
FFC	1,997	1,198	0.94%
ENGROH	947	758	0.60%
UBL	1,800	720	0.57%
HUBC	606	485	0.38%
LUCK	1,240	496	0.39%
MARI	2,550	510	0.40%
OGDC	3,184	446	0.35%
EFERT	1,066	426	0.34%
MCB	1,205	422	0.33%
HBL	925	370	0.29%
BAHL	570	371	0.29%
PPL	1,745	349	0.27%
SYS	623	312	0.25%
MTL	473	284	0.22%
PSO	621	279	0.22%
POL	656	230	0.18%
BAFL	459	206	0.16%
NBP	540	129	0.10%
SNGP	211	95	0.07%
SAZEW	222	78	0.06%
ILP	320	64	0.05%
CHCC	179	107	0.08%
ATRL	233	93	0.07%
DGKC	169	84	0.07%
SEARL	200	80	0.06%
PIOC	145	73	0.06%
AIRLINK	278	70	0.05%
Total	23,165	8,734	6.87%

Source: MSCI, PSX, Bloomberg, AHL Research

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Arif Habib Limited (AHL) uses three rating categories, depending upon return form current market price, with Target period as Dec 2025 for Target Price. In addition, return excludes all type of taxes. For more details, kindly refer the following table;

Rating	Description
BUY	Upside* of subject security(ies) is more than +15% from last closing of market price(s)
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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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