Alfalah Investments

From Surge To Sustainability

Pakistan Strategy 2026

Executive Summary

Executive Summary

CY25 Market Breakout: PSX hit a record high of 174,472, driven by macroeconomic stabilization, easing inflation, aggressive 1,150bps rate cuts, and a strong recovery in corporate earnings, leading to a PE re-rating from 4.0x to 8.5x.

Inflation & Interest Rates: Inflation is expected to average 6–7% in FY26, barring any risks emanating from abnormal oil price spikes and PKR depreciation. The monetary easing cycle is nearing its end, with policy rates projected to bottom at ~9.0% in CY26.

External & Fiscal Balance: The external account is expected to remain stable under IMF discipline, and an outlook of stable oil prices. Brent oil prices fell 13% YoY to ~USD 71/bbl in CY25, cushioning Pakistan's external account despite higher import volumes, helping contain the current account deficit and inflation.

GDP Growth Outlook: GDP growth of ~3.2% is expected in the near term, improving to 3.5–4.0% over the medium term, led initially by agriculture and supported by continued recovery under the IMF program. Easing financial conditions and lower interest rates should benefit cyclical sectors, including construction, consumer discretionary, and industrials.

Policy & IMF Support: Return to the IMF program restored investor confidence through improved policy credibility, fiscal discipline, and stronger external buffers, with SBP FX reserves stabilizing above USD 15bn.

CY26 Outlook: Despite the market's strong performance over the past 2.5–3 years, we believe further upside remains. We project the **KSE-100 Index to reach 227,000!** by end of calendar year 2026, implying an **upside of 30%**. The upside is primarily driven by a re-rating of valuation multiples toward 10.4x earnings, in line with historical averages observed during periods of macro economic stability.

In conclusion, improving macro stability, lower interest rates, and continued reform momentum underpin a constructive outlook for Pakistani equities. Low valuation multiples and an attractive dividend yield continue to position the KSE-100 Index as a compelling opportunity for investors seeking both growth and dividend yields in a recovering macroeconomic environment.

2025 Macro & Market Re-cap

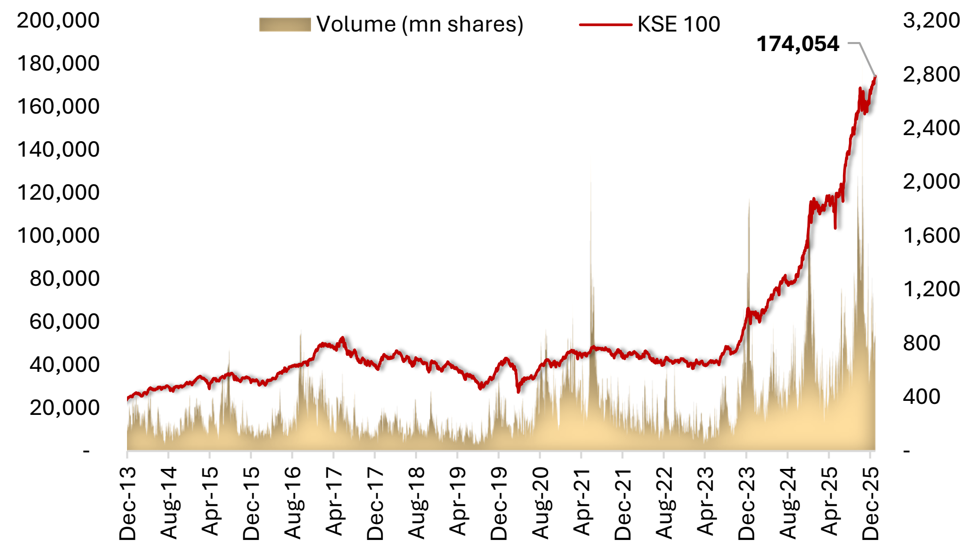
Pakistan: Sustaining growth momentum into CY2026

- CY25 proved to be a pivotal year for the Pakistan Stock Market, with the benchmark index reaching a new all-time high of 174,472 rejoicing a broad-based recovery across key macroeconomic indicators and corporate earnings growth. The rally was underpinned by improving macro stability, easing inflationary pressures, which resulted in SBP lowering they key rate by 1,150bps starting CY24, and renewed investor confidence following a prolonged period of volatility. Resultantly, the market saw the forward PE multiple re-rating from 4x to 8.5x at the end of 2025.

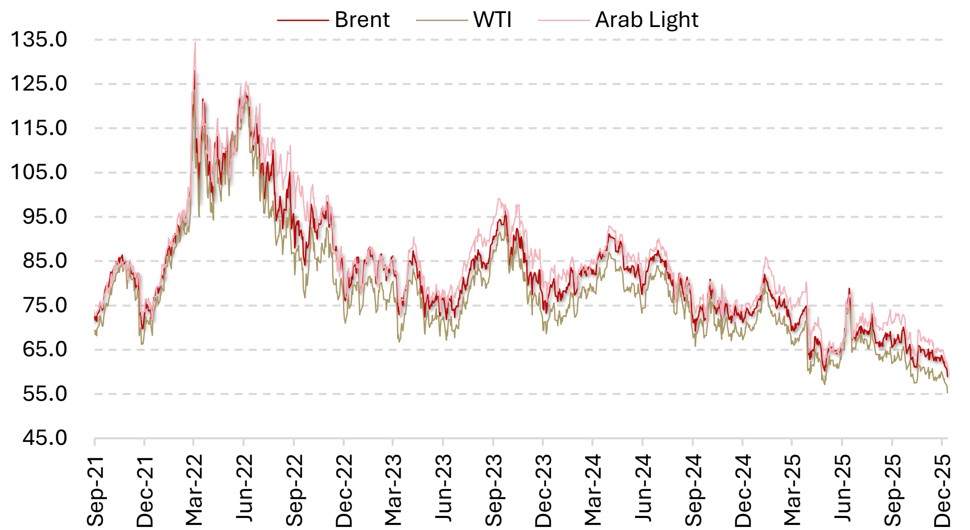
- A central driver of this turnaround apart from the rate cuts was return to the IMF program, which reinforced policy credibility, strengthened foreign exchange reserves, and imposed the much-needed fiscal discipline. The external position has been supported further from lower international oil prices, helping to narrow the current account deficit and anchor inflation within single digits for most of the year. As a result, SBP's FX reserves stabilized at levels of over USD15bn, providing a stronger buffer against external shocks and supporting overall market sentiment heading into CY26.

- Furthermore, International oil prices have been on a declining trend, with Brent averaging around USD 71/bbl in CY25, compared to USD 82/bbl in CY24, a YoY decline of 13%. This bodes well for Pakistan, as the country still imports about 2/3 of its domestic oil requirement. Despite higher oil imports in volumetric terms (+15% YoY), imports in value terms are stable , giving the much-needed buffer for CAD.

KSE-100 Index



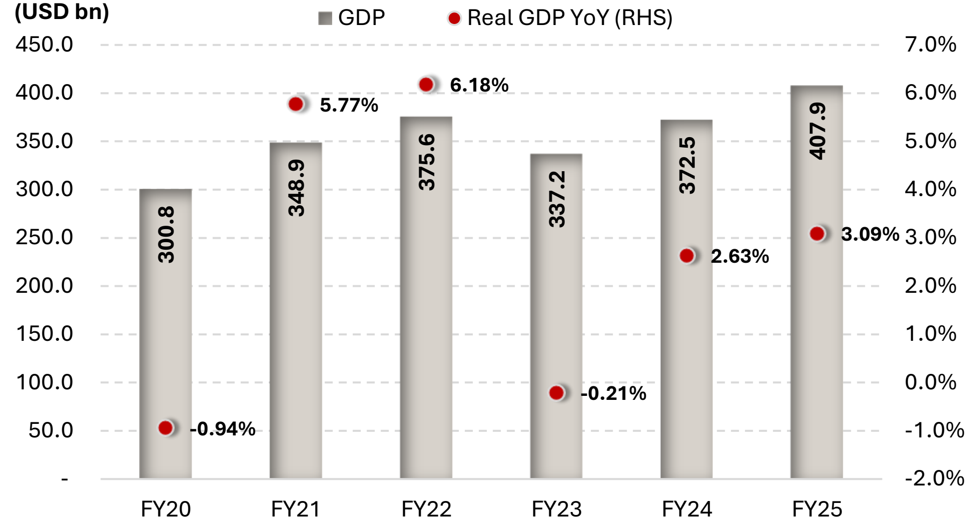
Oil Prices (USD/bbl)



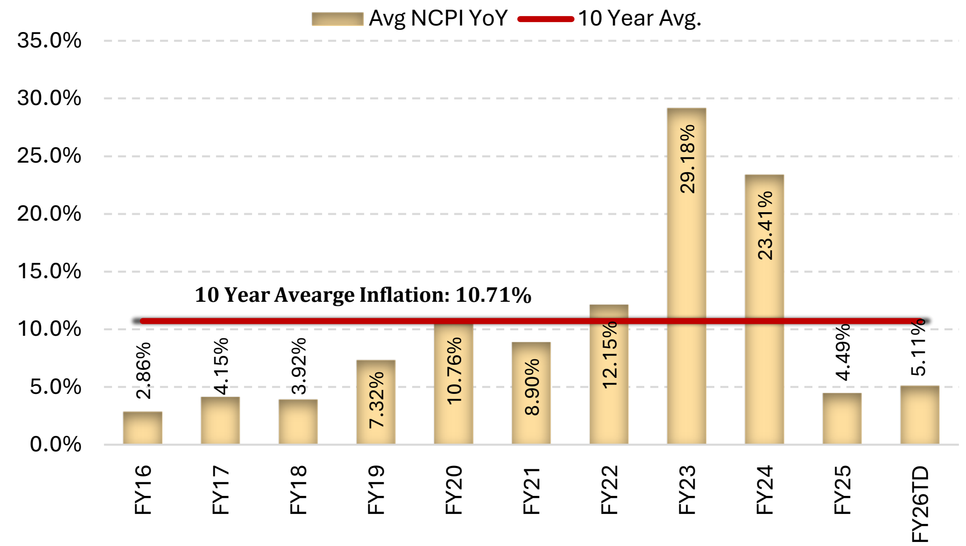
CY25: Pakistan Macro Recap

- Inflation is expected to average between 6-7% in FY26, factoring in a 1% spike due to Ramadan, as well as a monthly growth of 0.4% (MoM) in the remaining months. A spike in international oil prices and any unexpected devaluation of PKR are key risks to our projections.
- We expect the monetary easing cycle that began in CY24 to conclude following a cumulative 1,150 bps rate cut during the year. Policy rates are projected to trough at 9% in CY26. Our outlook is underpinned by expectations of subdued inflation, remaining comfortably within the SBP/IMF projections of 7–8% for FY26 and 6.5% for FY27, supported primarily by lower global commodity prices, particularly oil and food.
- GDP growth is projected at a modest 3.2% this year, with momentum expected to improve to around 3.5–4.0% over the medium term. Growth in the near term is likely to be led by the agriculture sector, supported by a rebound from last year's flood-related disruptions. The recovery observed in FY25 is expected to extend into FY26 and beyond under the new IMF program. Over this period, cyclical sectors—including construction and allied industries, consumer discretionary, and industrials—are well positioned to benefit from easing financial conditions and lower interest rates.
- Performance of the External account will continue to remain respectable, albeit at the expense of a fast recovery in economic activity as authorities will continue to target stable growth in GDP under the umbrella of IMF, keeping imports and CAD restricted.
- The persistent fiscal deficit is expected to keep public debt at elevated levels, already standing at 68% of GDP. Reforms on tax collection and the energy sector are imperative to mitigate the increase in debt.

Pakistan GDP and Real Growth Rate



National CPI YoY



Pakistan Macros – A Bird's Eye view

Pakistan Key Economic Indicators

Indicators		FY21	FY22	FY23	FY24	FY25
Current Account	USD mn	-2,820	-17,481	-3,275	-2,072	2,113
Inflation	%	8.9	12.15	29.18	23.41	4.49
Fiscal Deficit	PKR bn	3,403	5,260	6,521	7,207	6,168
Fiscal Deficit to GDP	%	7.1	7.9	7.7	6.8	5.4
Primary Balance	PKR bn	-654	-2,077	-826	953	2,719
Credit Rating	Moody's	B3 (Stable)	B3	CAA3 (Stable)	CAA2 (Positive)	CAA1 (Stable)
Interest Rate	%	7.0	9.7	17.5	21.8	14.3
GDP	USD bn	349	376	337	372	407
SBP Reserves	USD mn	17,298	9,814	4,445	9,390	14,506
Remittances	USD mn	29,450	31,279	27,333	30,251	38,299
PKR Parity	%	-1.2	-9.8	-28.3	-12.6	1.4
Tax to GDP	%	11.1	10.1	9.2	9.5	11.1
Investment to GDP	%	15.2	15.1	13.9	13.1	13.8
Foreign Direct Investment	USD mn	1,821	1,936	1,627	2,347	2,457

Source (s): SBP, AAML Research

Pakistan Credit Rating

Pakistan Credit Rating (Fitch)		
Date	**Rating**	**Outlook**
Sep-15	B	Stable
Jan-18	B	Negative
Dec-18	B-	Stable
Jul-22	B-	Negative
Oct-23	CCC+	NA
Feb-23	CCC-	NA
Jul-23	CCC	NA
Dec-23	CCC	NA
Jul-24	CCC+	NA
Apr-25	**B-**	**Stable**

Source (s): Bloomberg, AAML Research

Pakistan Credit Rating (Moody's)		
Date	**Rating**	**Outlook**
Jun-15	B3	Stable
Jun-18	B3	Negative
Dec-19	B3	Stable
May-20	B3	Under Review
Aug-20	B3	Stable
Jun-22	B3	Negative
Oct-22	Caa1	Negative
Feb-23	Caa3	Stable
Aug-24	Caa2	Positive
Aug-25	**Caa1**	**Stable**

Source (s): Bloomberg, AAML Research

Pakistan Credit Rating (S&P)		
Date	**Rating**	**Outlook**
Oct-08	CCC+	Negative
Nov-08	CCC	NA
Dec-08	CCC+	NA
Aug-09	B-	Stable
May-15	B-	Positive
Oct-16	B	Stable
Feb-19	B-	Stable
Jul-22	B-	Negative
Dec-22	CCC+	Stable
Jul-25	**B-**	**Stable**

Source (s): Bloomberg, AAML Research

Geopolitics, Protectionism, and the Shifting Economic Order

Global Reset: Geopolitics, Protectionism, and the Shifting Economic Order

The global landscape in 2025 was shaped by a shift toward “ego-politics,” renewed protectionism, and a reconfiguration of international alliances. The year saw heightened geopolitical tensions, evolving global trade dynamics, and persistent regional conflicts. Following Donald Trump’s inauguration as the 47th U.S. President in January 2025, the U.S. rapidly reinstated a transactional “America First” agenda, straining traditional alliances such as NATO and prompting Europe to strengthen its defense posture. Meanwhile, Russia and China continued to challenge the U.S.-led order, deepening ties with each other and with countries including North Korea and Iran.

Major Conflicts & Ceasefires

In Gaza, several fragile ceasefire arrangements temporarily paused the Israel–Hamas conflict, though hostilities persisted. The war in Ukraine entered its fourth year, and despite President Trump’s push for a peace deal, fighting initially intensified as both sides sought tactical advantage ahead of possible negotiations, deepening humanitarian crises and displacement. The Middle East remained highly volatile, culminating in an Israel–Iran confrontation in June 2025, marked by reciprocal airstrikes and attacks on nuclear facilities that brought the region close to wider escalation.

In Asia, a brief but intense four-day conventional conflict erupted between nuclear-armed India and Pakistan in May 2025 over Kashmir, following the Pulwama attack, underscoring the fragility of bilateral ties. Pakistan also faced heightened internal security challenges, with TTP-led attacks from Afghanistan prompting cross-border airstrikes and clashes with the Afghan Taliban. These security pressures were compounded by climate-related shocks, including floods and landslides, which exacerbated displacement and food insecurity.

Key Conflicts	
Israel–Palestine	The war in Gaza continued through 2025, with over 60,000 Palestinians killed by August. A brief ceasefire in early 2025 failed by Mar 2025
Russia–Ukraine	The war entered its fourth year in 2025. Largest drone attacks of the war occurred in early 2025.
Syria	Bashar al-Assad's regime fell in December 2024, followed by Israeli incursions to extend buffer zones in the Golan Heights.
India–Pakistan	A 4-day conflict occurred in May 2025 following a terror attack in Kashmir; both sides exchanged missile strikes before a May 10 ceasefire.
Afghan-Pak Border	A 10-day border conflict occurred from October 9–19, 2025, resulting in dozens of casualties before a ceasefire.

Source (s): AAML Research

Global Reset: Geopolitics, Protectionism, and the Shifting Economic Order

Global Trade Wars & Tariffs:

The U.S. implemented the most rigid tariff regime since the 1930s, imposing a 10% baseline tariff on most imports and up to 60% on Chinese goods. By July, the average effective U.S. tariff rate reached 18.2% and global trade began organizing into distinct geopolitical blocs. Mexico and Vietnam have become critical hubs, capturing market share as trade between China and U.S has contracted.

Inflation and Financial Markets:

The global economy experienced a general slowdown to an estimated 2.3%, with growth projections for the year downgraded in many regions due to rising trade barriers and policy uncertainty. As global inflation began to moderate, the stock markets in major economies like the US, Europe, and India reached near all-time highs, partly reflecting optimism about the potential of Artificial Intelligence (AI) and generally loose financial conditions. PSX also followed the larger economies by posting a return of 51.2% YoY (USD Terms: 50.3%)

Energy Transition & Technology

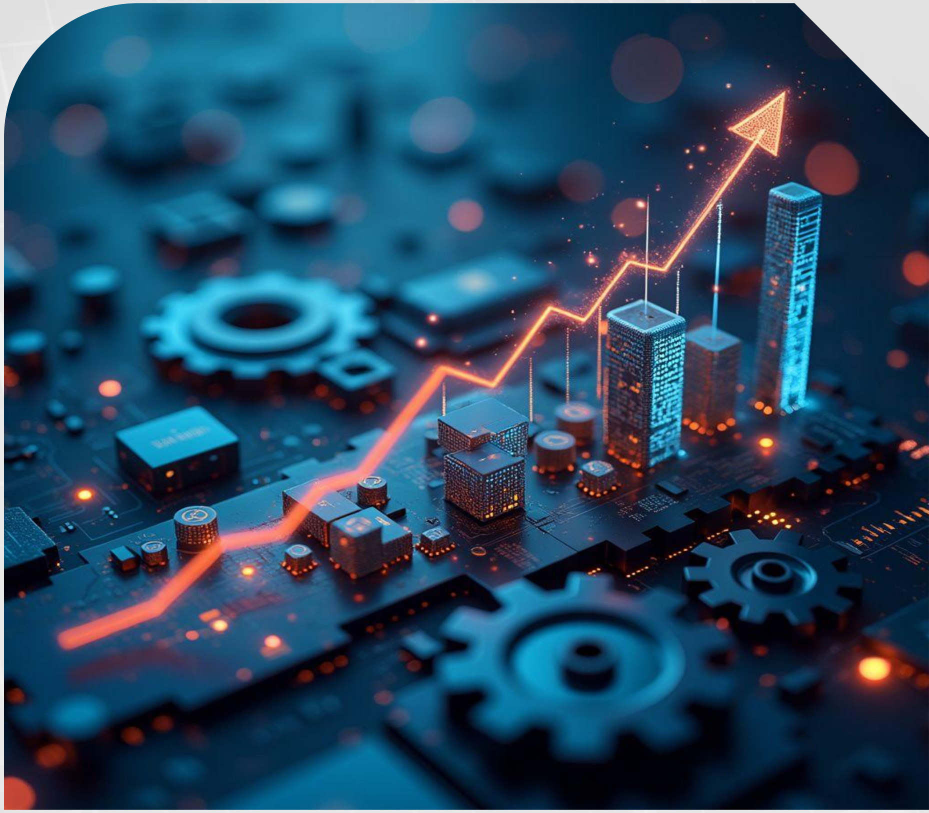
The clean energy transition gained momentum, with renewables becoming significantly cheaper than fossil fuels and accounting for the majority of new electricity capacity additions. The acceleration of AI adoption also began to transform industries, creating new job categories while displacing others, further embedding technology as a geopolitical frontier.

US Major Imports country wise and reciprocal Tariffs

Countries	Imports (USD bn)	% Share	Reciprocal Tariff Old	Reciprocal Tariff New
Mexico	510	15.2%	NA	NA
China	463	13.8%	34%	NA
Canada	422	12.6%	NA	NA
Germany	164	4.9%	20%	0-15%
Japan	152	4.5%	24%	15%
Vietnam	142	4.2%	46%	20%
Korea	135	4.0%	25%	15%
Taipie, Chinese	119	3.5%	NA	NA
Ireland	104	3.1%	NA	NA
India	91	2.7%	26%	25%
Italy	78	2.3%	NA	NA
UK	69	2.1%	10%	10%
Thailand	66	2.0%	36%	19%
Switzerland	64	1.9%	31%	39%
France	61	1.8%	NA	NA
Malaysia	54	1.6%	24%	19%
Brazil	44	1.3%	10%	10%
Singapore	44	1.3%	10%	NA
Indonesia	30	0.9%	32%	19%
Turkey	18	0.5%	10%	15%
Cambodia	13	0.4%	49%	19%
Bangladesh	9	0.3%	37%	20%
Pakistan	5	0.1%	29%	19%
Srilanka	3	0.1%	44%	20%
Jordan	3	0.1%	20%	15%
Subtotal	**2,863**	**15.2**		
Total Imports	**3,359**	**1,821**		

Source (s): SBP, AAML Research

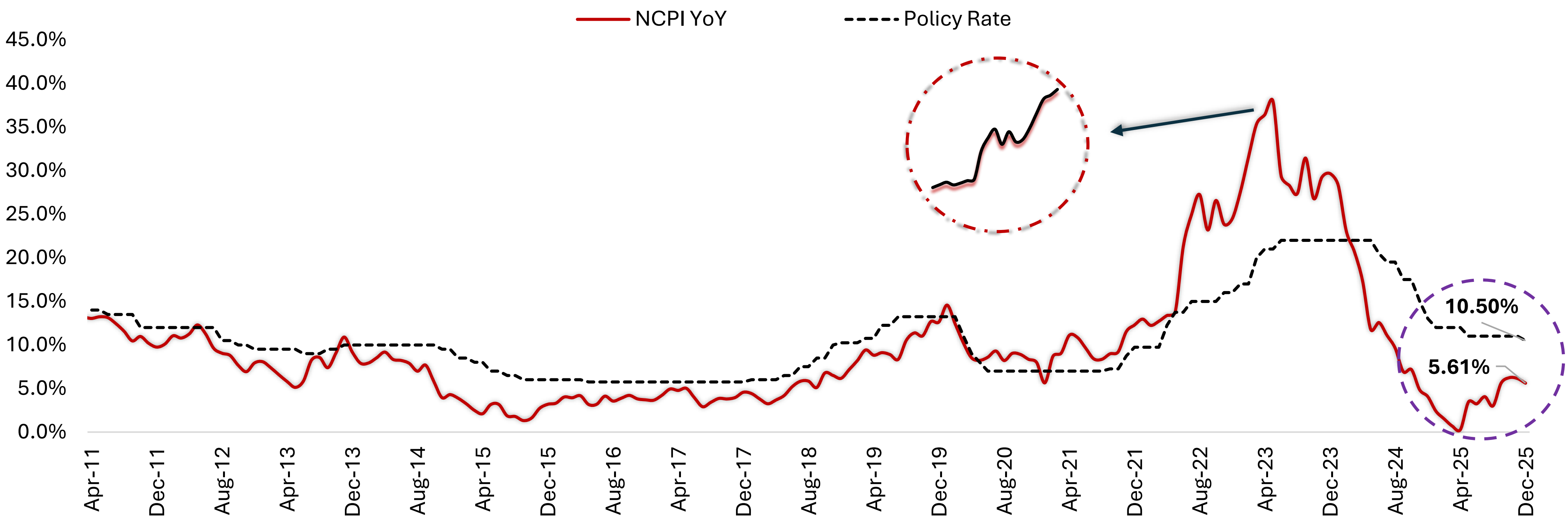
Inflation & Policy Rate



Pakistan Inflation Dynamics: Managed Yet Watchful

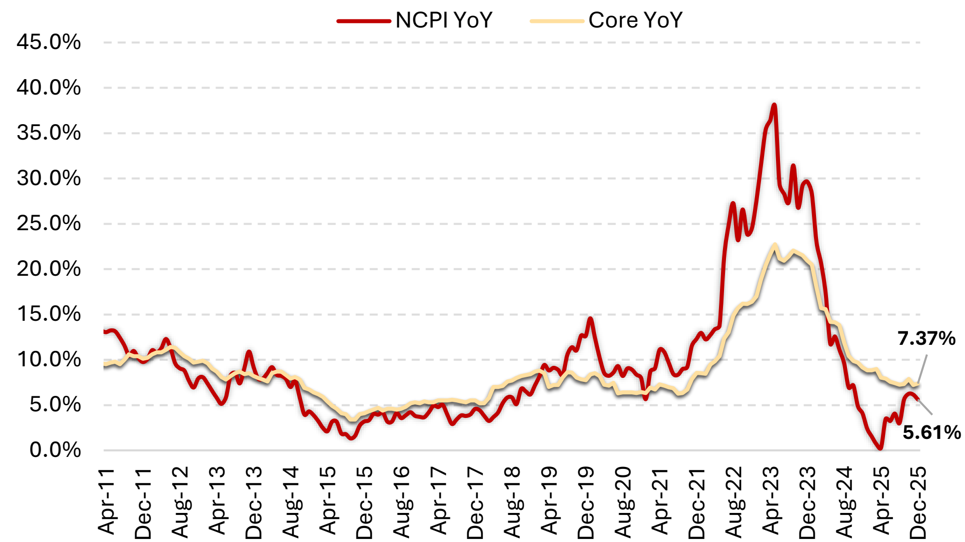
- In FY25, Pakistan's headline CPI inflation averaged 4.5% YoY, supported by a high base from FY24 and lower energy and food prices. Core inflation remained sticky at around 8.0%, reflecting stable currency conditions and limited demand growth. Real interest rates peaked at 11.7% in April 2025, declining to under 5% by October 2025, a trend expected to continue into FY26 as the low inflation base takes effect and food inflation remains elevated.
- Looking ahead to FY26, CPI inflation is projected to remain moderately elevated, with the central bank targeting 7–8%. However, due to the previous year's low base, inflation could edge closer to double digits in 2H CY26. Supportive factors include improved domestic food supply, moderated global commodity prices, and continued monetary discipline. Risks, however, remain from extreme weather events, global oil price volatility, and exchange rate fluctuations that could feed into imported inflation.
- Overall, headline inflation is expected to remain manageable, though careful monitoring of food and energy prices, alongside targeted fiscal and monetary interventions, will be crucial to sustaining macroeconomic stability.

National CPI YoY & Policy Rate

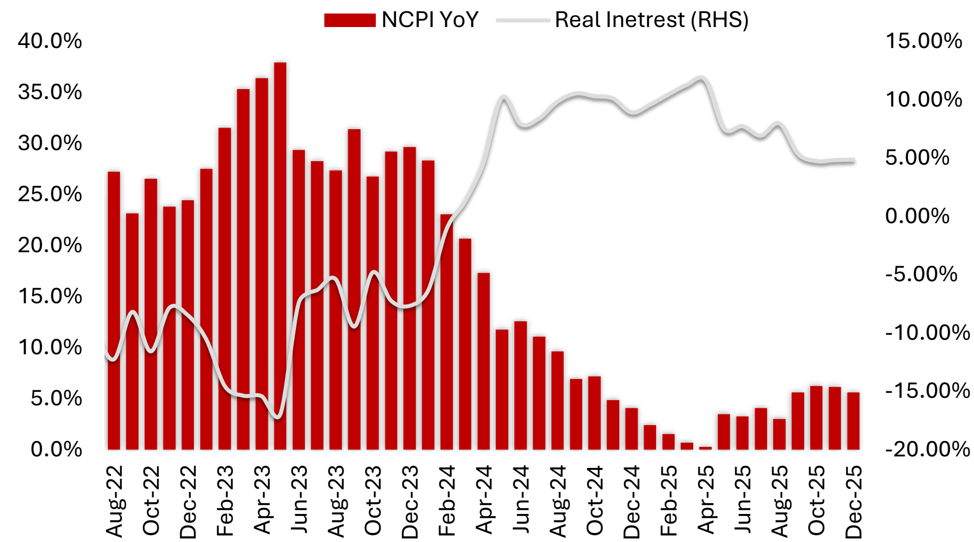


Pakistan Inflation Dynamics

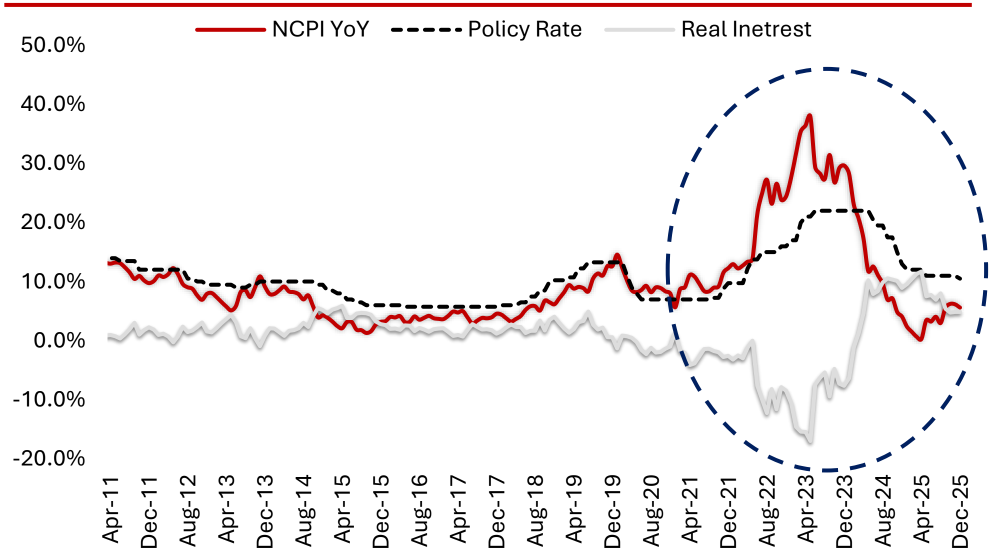
NCPI vs Core CPI (YoY)



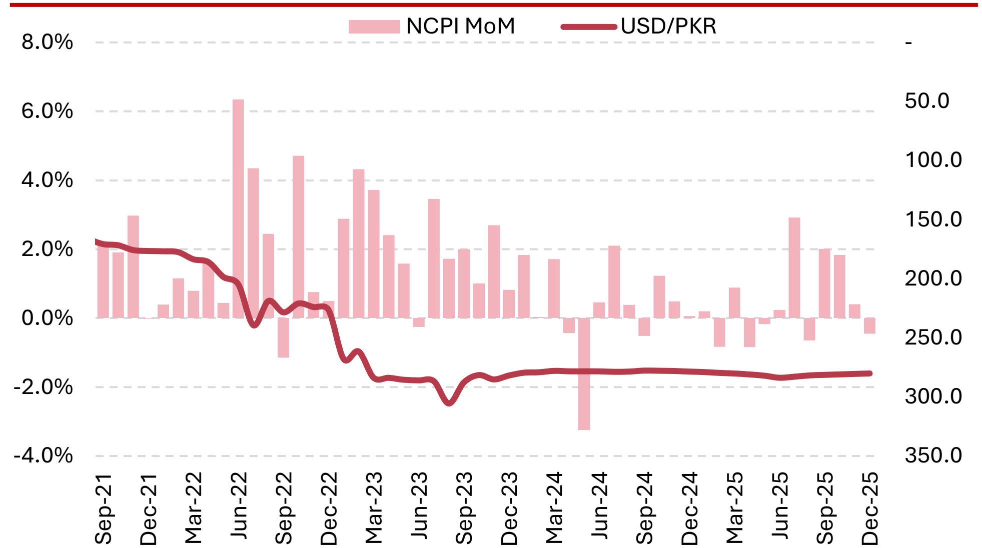
NCPI & Real Interest Rate



NCPI & Policy Rate



NCPI (MoM) & USD/PKR



Interest rates: The rates have reached a trough

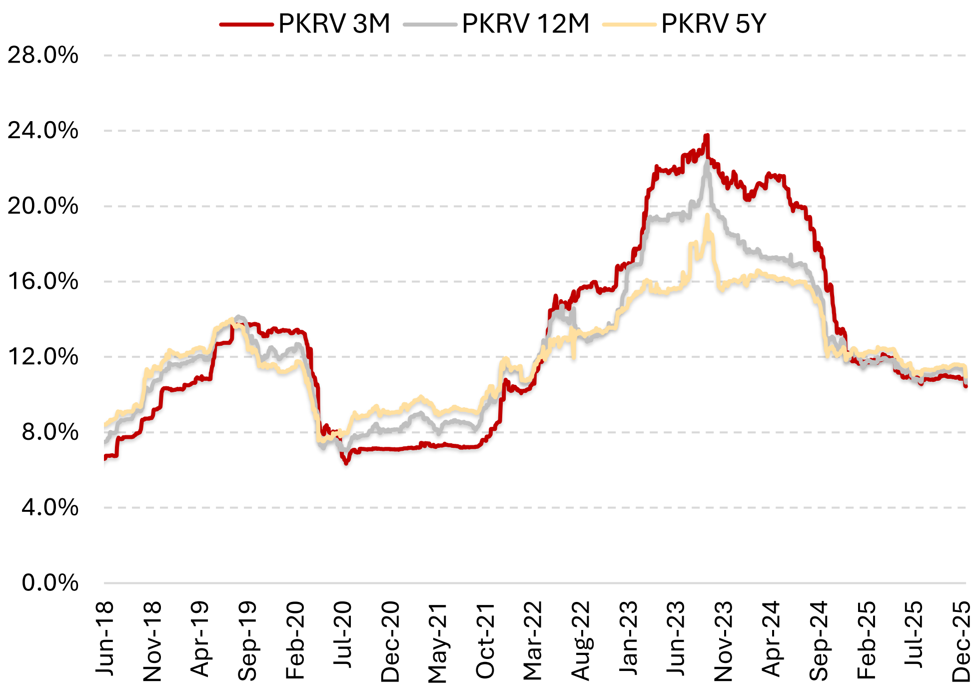
Policy rates near trough: The SBP cut the policy rate by 50bps to 10.50% after a nine-month pause in December 2025 MPC meeting. Considering potential CPI upticks, geopolitical risks, food price pressures, and upcoming energy tariff adjustments, we expect the central bank to maintain a Discount rate of ~9.0% by end of CY26.

Yield curve trends: Medium-term yields have risen ~30bps over the past three months. Following the SBP's December 2025 cut, the yield curve is expected to decline.

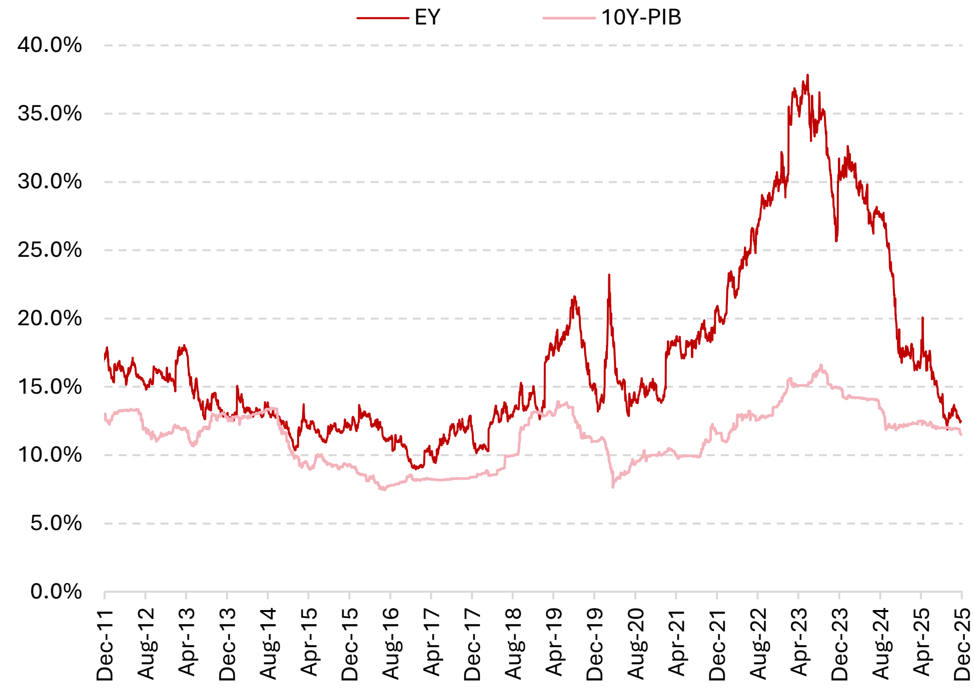
Lending rates: Domestic lending rates increased ~40bps in response to higher secondary market yields and rate expectations. Rates are likely to stabilize at current levels and decline once yields adjust.

Future easing potential: Easing inflation and a stable current account may allow the SBP to eventually lower the policy rate into single-digit territory.

Secondary Market Yields



Earning Yield vs 10Y PIB

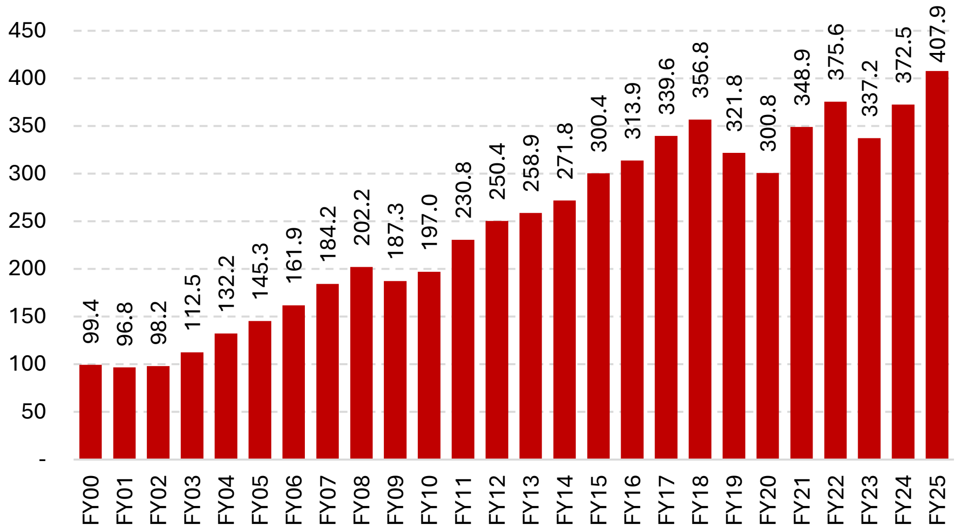


GDP: Growth Recovery and Sectoral Rebalancing

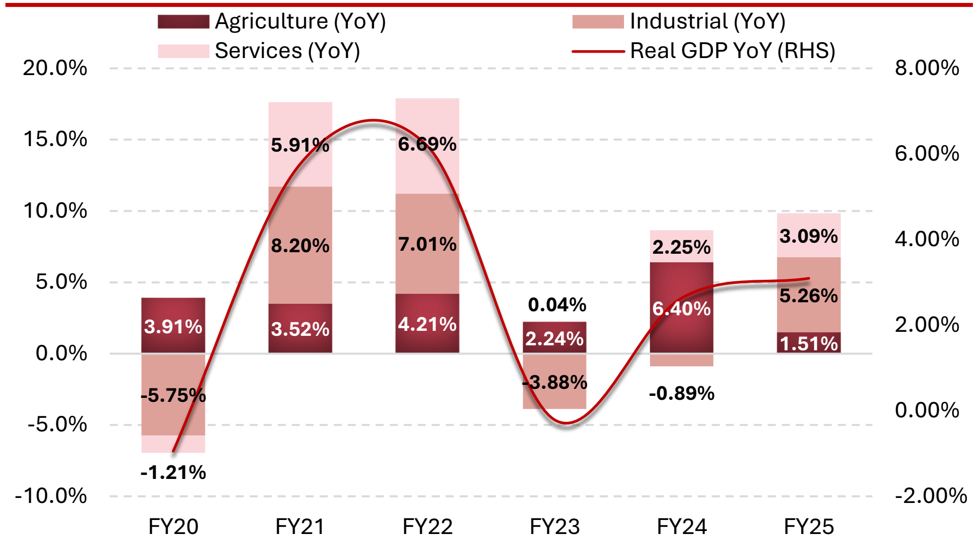
GDP: Growth Recovery and Sectoral Rebalancing

- In FY25, Pakistan posted GDP growth of 3.04%, primarily driven by the industrial sector, which expanded 5.26%, reflecting a revival of pent-up demand after two years of subdued activity. In contrast, the agriculture sector grew just 1.51%, constrained by adverse weather conditions, water shortages, and high input costs, while the services sector recorded growth of 3.00%.
- Looking ahead, Pakistan is projected to achieve overall GDP growth of 3.6% in FY26, slightly below the targeted 4.2%, mainly due to heavy flooding that caused significant agricultural losses and crop deficits, impacting overall growth.
- The agriculture sector is expected to rebound in FY26, supported by accommodative policies and recovery in domestic commodity prices, particularly wheat, which has surged from last year's lows. Additional government support, including discounted tractors and subsidized electricity, is anticipated to improve farm economics, reinforcing sector performance.
- The industrial sector is likely to maintain momentum similar to FY25, underpinned by improving demand from the rural economy. Early indicators of manufacturing activity remain robust, including automobile sales (+46% YoY), LSM index (+4.1% YoY), cement sales (+15% YoY), and oil sales (+3.09% YoY).
- The services sector is also expected to mirror FY25 trends, driven by wholesale & retail trade and transportation segments, supported by rising economic activity, higher rural incomes, and low inflation, contributing positively to overall sector performance.
- Finally, a stable Currency, Capital and Fiscal Accounts outlook further strengthens the investment environment, marking a substantial improvement compared to conditions in the previous year.

Pkistan Historic GDP Size Trend (USD bn)

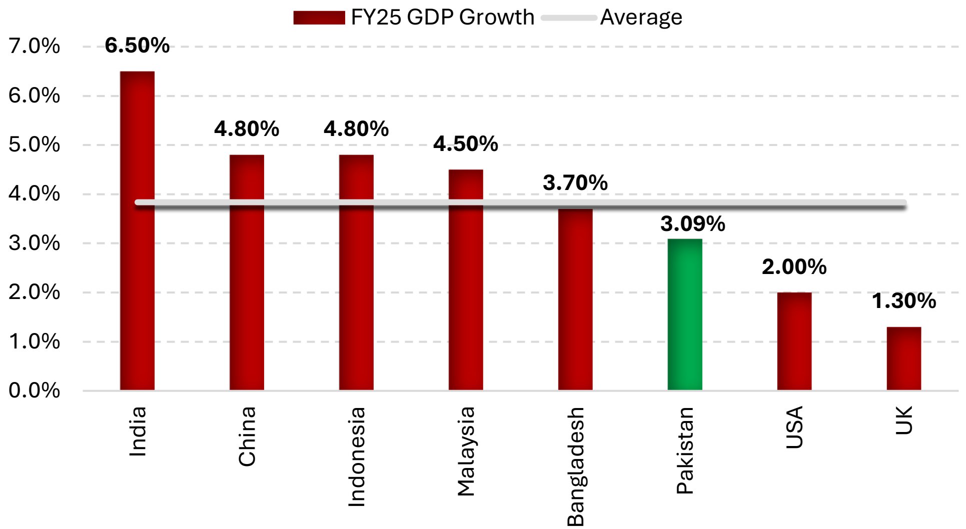


Real GDP & Sectoral Growth

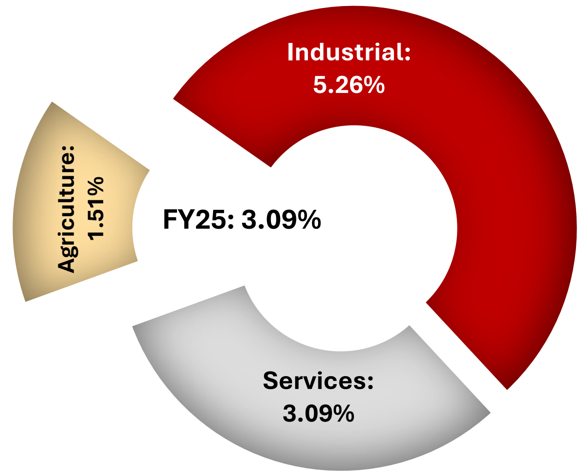


GDP: Growth Recovery and Sectoral Rebalancing

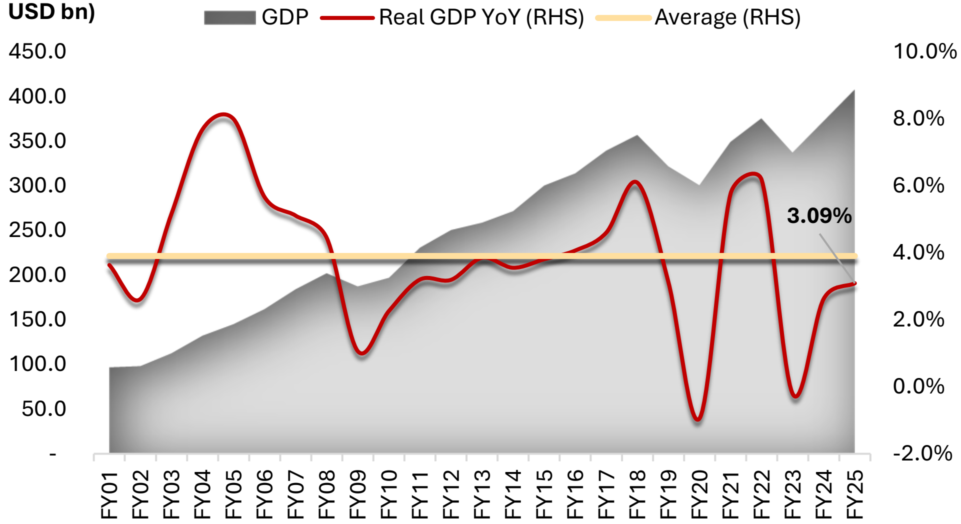
Key Countries GDP Growth



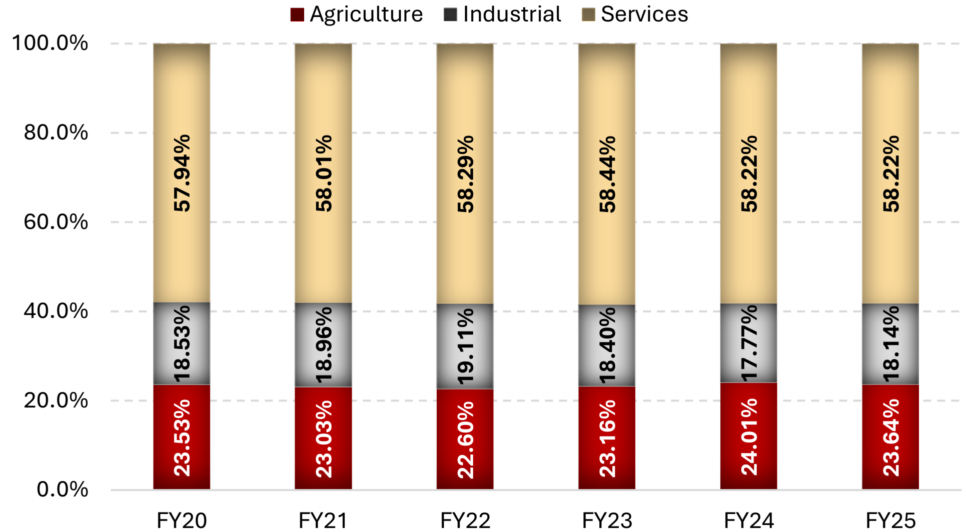
Sectoral GDP Growth FY25



GDP & YoY Growth



Sectoral Share in Pakistan GDP



External Account

External Account – In Pursuit of Stability

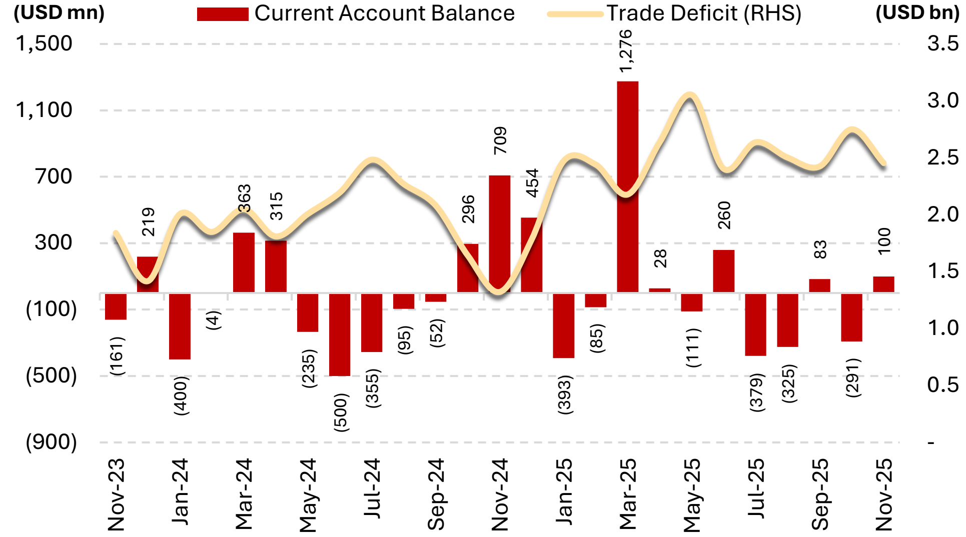
Imports still heavy; Exports failing to pick up

- During FY25, imports witnessed an uptick of 11%YoY as the economy started to show signs of recovery on the back of reduction in interest rates amidst economic stability. Exports declined by 4.8% in FY25, primarily attributed to the global demand downturn, however, we expect pickup from FY26 onwards driven by robust growth in agricultural crops including cotton and rice.
- The IT sector, which had stagnated in FY23 due to declining business confidence and exchange rate volatility, is showing strong growth and now contributes 10.8% to total exports from Pakistan. During 5M FY26, IT exports have risen by 18% YoY. However, a global economic growth slower than anticipated in FY26, could potentially dampen these positive trends for exports.

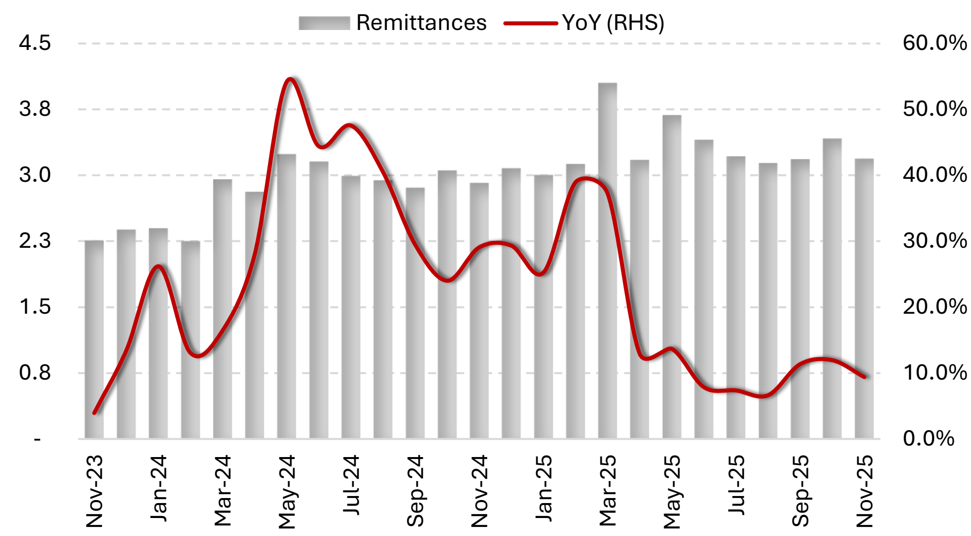
Remittances and Stable Currency lending some support

- As the gap between Inter-Bank and Open-Market rates narrowed during FY25, remittances also saw healthy uptick due to channeling through the formal channel. A stable currency outlook and extinction of gap between open-market and interbank rates, remittances are expected to show an uptrend going forward as well. In 5M FY26, remittances stood at USD 16.14bn, a monthly run rate of USD 3.2bn. Furthermore, the monthly average remittances are expected to surge further, especially considering Ramadan and both EIDs fall in the second half of the year.
- SBP's foreign exchange reserves have been on an upward trajectory, surpassing the December 2025 target of USD15.5bn. The central bank is targeting USD 17.8bn by June 2026, contingent on the timely realization of planned official inflows from multilateral and bilateral partners.

Current Account Balance and Trade Deficit



Remittances Trend (USD bn)



External Account – In Pursuit of Stability

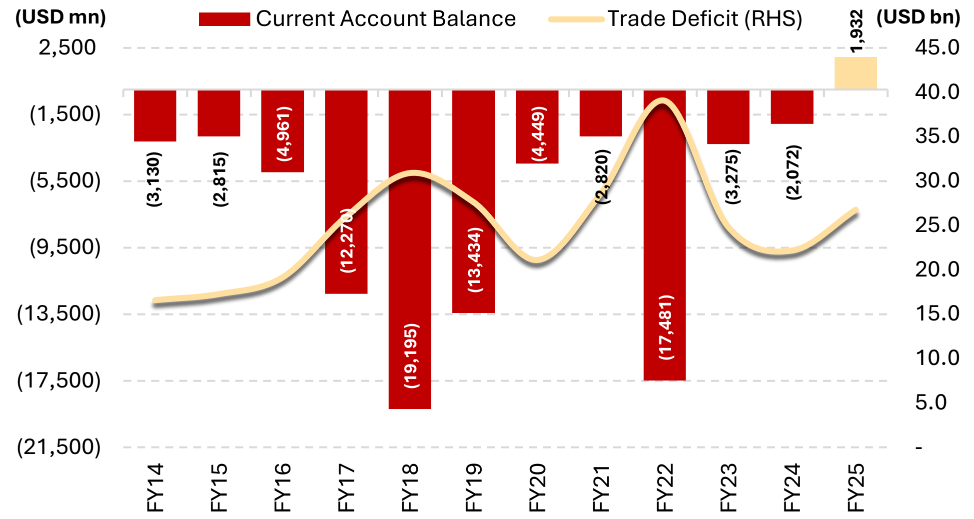
Growth and Economic recovery means higher imports

Pakistan being an import-based economy, higher GDP growth often leads to macro imbalances, including an increased CAD on the back of higher imports. This can and does exert pressure on FX reserves and in turn on PKR. This trend is evident in the graph which clearly shows significant deficits in the years with GDP growth surpassing 5%. Addressing this causality requires structural reforms to encourage investment and promoting local manufacturing, particularly for essential commodities like petroleum and edible oil, which constitute a substantial portion of the import bill.

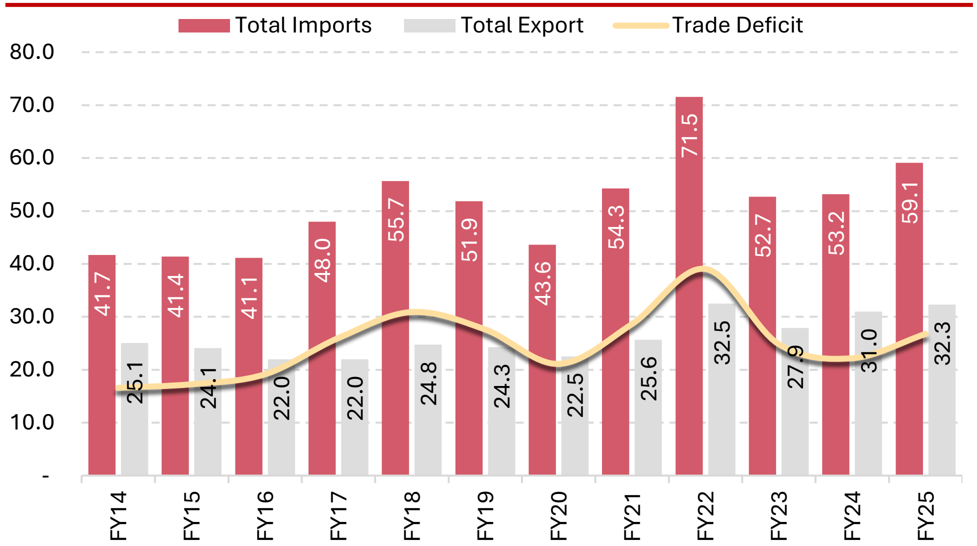
CAD to remain contained

- Pakistan's current account recorded a surplus of nearly USD 2.0bn in FY25. While the external accounts have started showing deficits in FY26, the overall magnitude—and expectation around 0.5-0.6% of GDP for FY26—remains manageable.
- Looking ahead, we expect a monthly CAD of approximately USD 200mn, resulting in a full-year deficit of about USD 2.0bn. External account buffers have strengthened considerably despite ongoing debt servicing pressures. SBP reserves have risen to over USD 15.90bn, providing an import cover of 3.1 months, supported by a controlled current account and targeted FX interventions.
- Relaxed imports, currency depreciation, and fluctuations in international commodity prices are an upside risk to these projections.

Current Account Balance and Trade Deficit

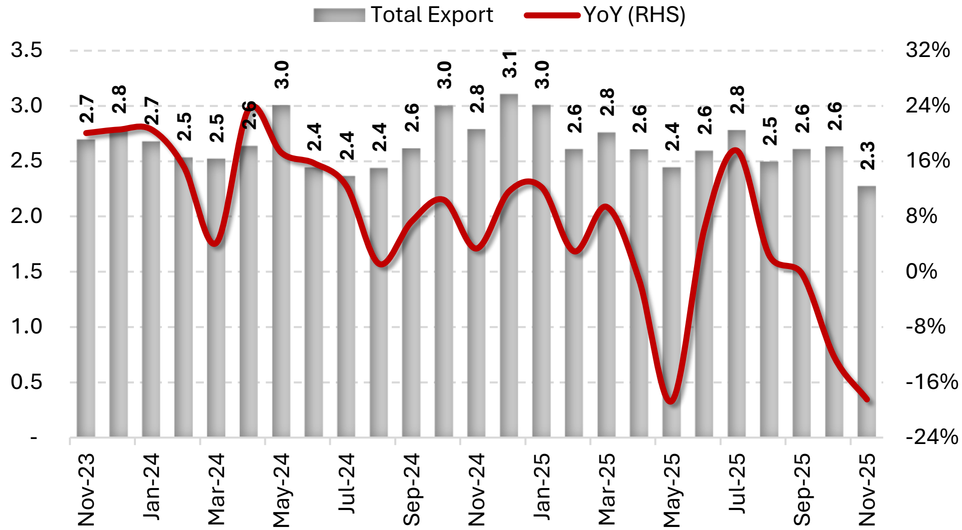


Trade Balance (USD bn)

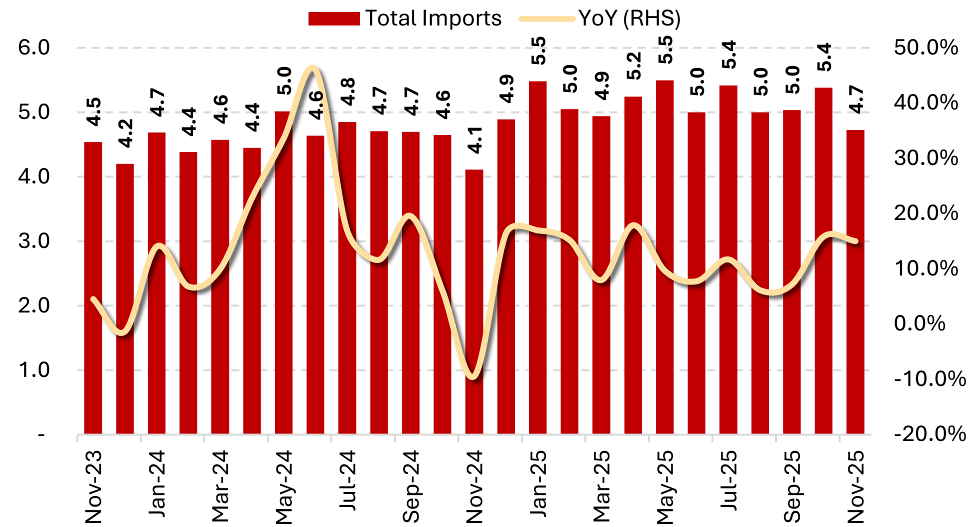


Import and Export

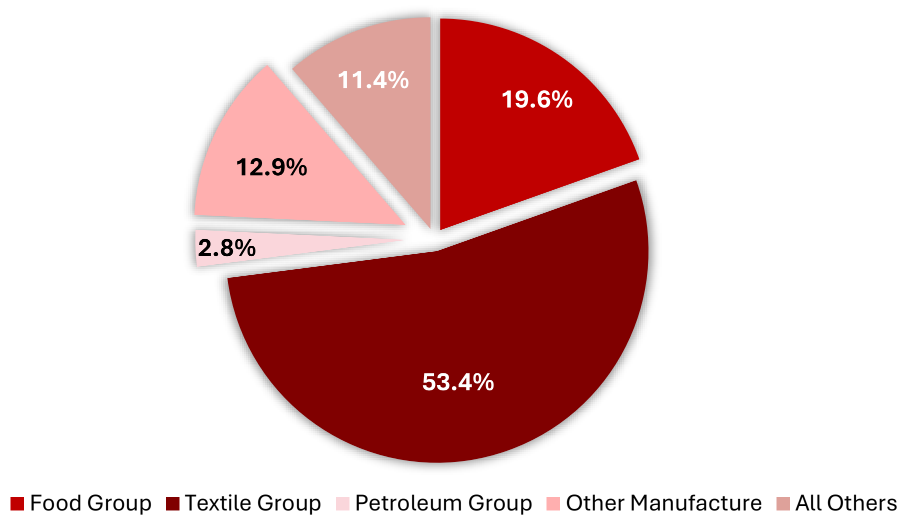
Pakistan Exports Trend (USD bn)



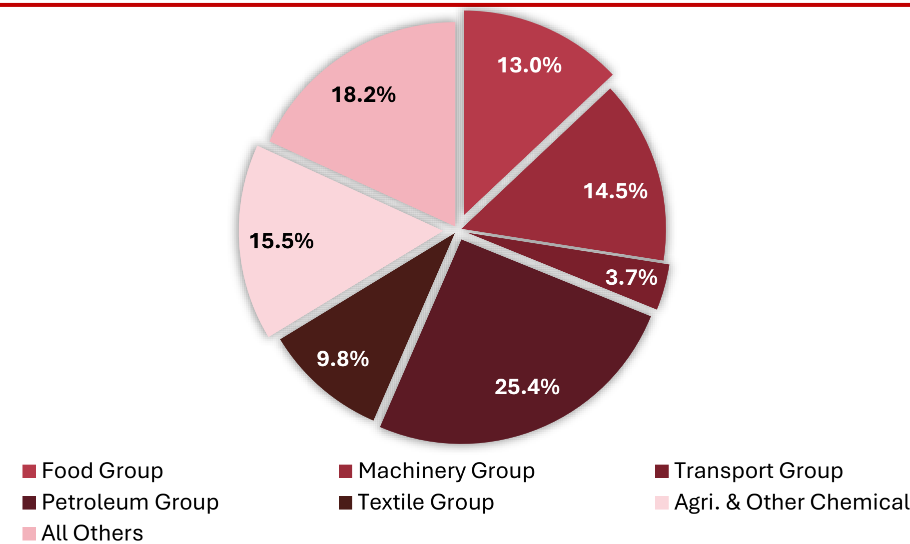
Pakistan Imports Trend (USD bn)



Commodities Wise Exports Share

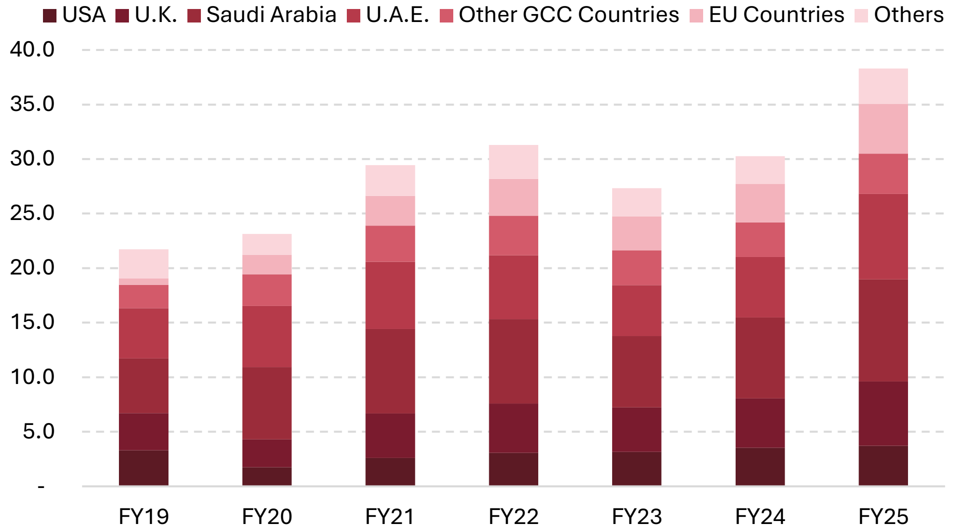


Commodities Wise Imports Share

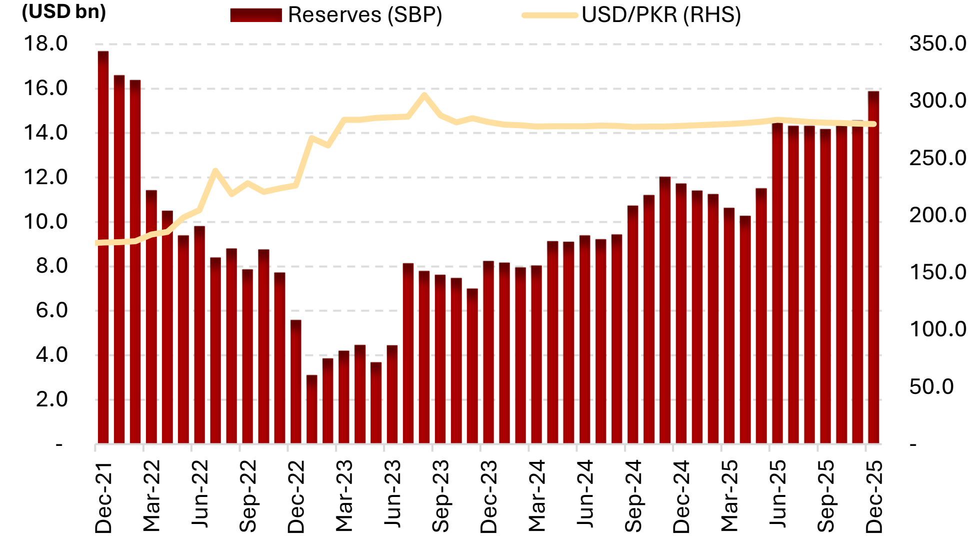


Remittances & Reserves

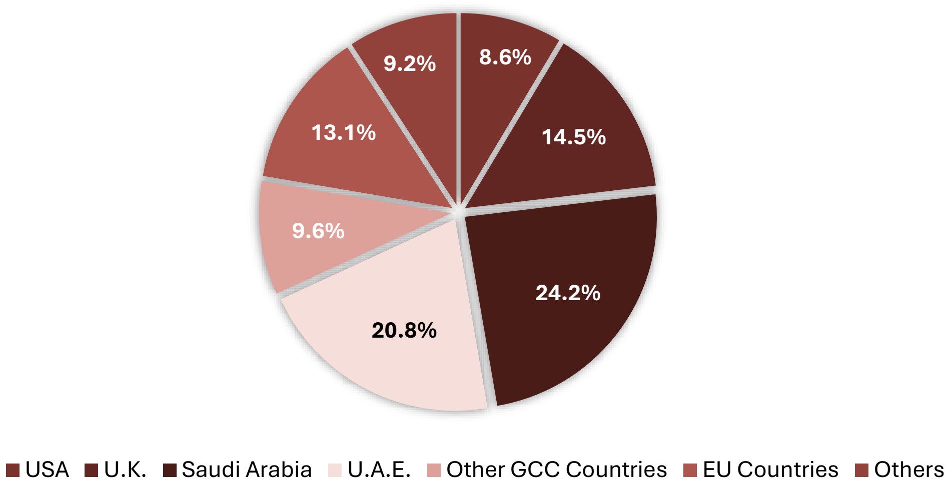
Country wise Historic Remittances



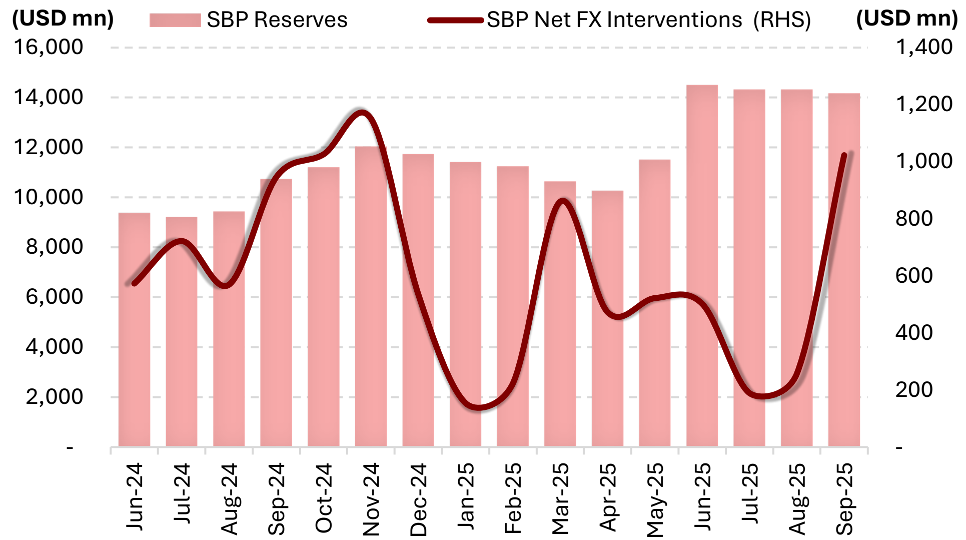
SBP Reserves and USD/PKR



Commodities Wise Remittances Share



Foreign FX Interventions



Pakistan: Turning lower oil prices into an opportunity

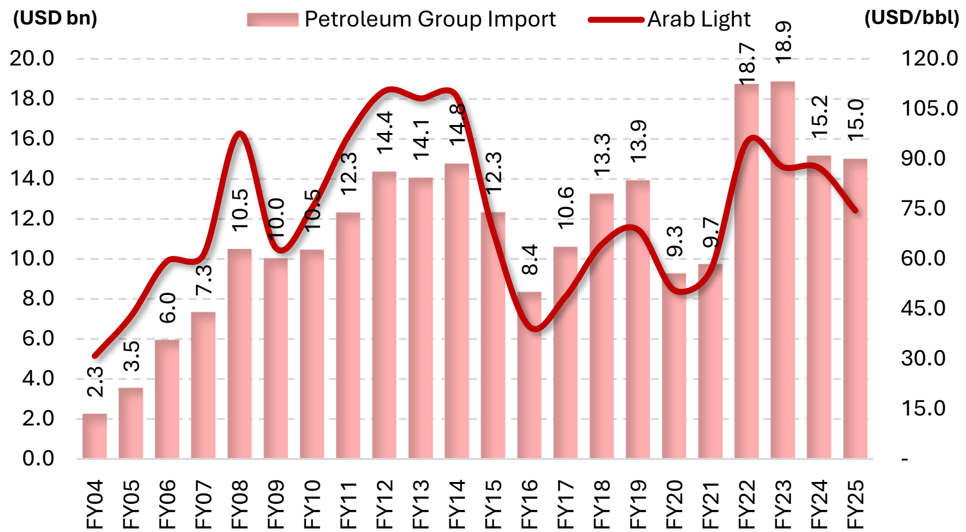
- Petroleum and fuel-related products account for approx. one-fourth of the country's total import bill, making oil prices a key determinant of external sector dynamics. A sustained period of lower average crude oil prices could therefore materially improve Pakistan's trade balance, providing much-needed support to the otherwise vulnerable CAD.
- In FY25, Pakistan imported 20.97 million metric tons (MT) of crude oil and petroleum products. According to SBP data, oil import volumes increased by 16% YoY; however, the overall oil import bill declined by 2% YoY, indicating that the demand uptick was absorbed without materially pressuring the external accounts, primarily due to lower average international crude prices compared to the previous year. Looking ahead, we expect continued softness in global oil prices to further ease Pakistan's oil import bill in 2H FY26 and beyond. This should create incremental headroom for growth-oriented imports, thereby supporting broader economic recovery and expansion.
- In FY26 and beyond, oil prices are expected to remain subdued, with several major international research houses projecting average crude prices of around USD 50/bbl. Under an assumption of 10% growth in oil import volumes and prices at USD50/bb in FY27, Pakistan's oil import bill is estimated to decline by 13%YoY (lower by USD 1.5bn), further strengthening the external account outlook.
- Lower international oil prices benefit Pakistan through multiple transmission channels beyond the external sector. Inflation dynamics, in particular, stand to improve, as NCPI is highly correlated with fuel costs. Both perishable and non-perishable food items—which together account for approximately 35%—are heavily reliant on fuel for transportation, production, and distribution. Sustained softness in oil prices could help contain inflationary pressures, improve real incomes, and create additional policy space for economic stabilization.

Oil Imports Value and Volumes over the years

	FY23	FY24	FY25	FY26E
Volumes (MT)				
Crude Oil	7,823,318	8,886,873	10,176,607	11,431,301
Petroleum Products	11,144,157	10,573,064	10,795,556	13,015,017
Value (USD mn)				
Crude Oil	4,947	5,468	5,446	5,147
Petroleum Products	7,628	6,794	5,958	6,278
Average Oil Price (USD/bbl)				
Crude Oil	88.47	86.09	74.88	63.0
Petroleum Products	95.77	89.91	77.22	67.49

Source: PBS, AAML Research

Petroleum Imports and Arab Light Trend



FDI: Strengthening Ties, Attracting Capital

KSA, USA, China & UAE remain key trade partners

The government has earmarked several investment avenues for potential investment from its bilateral allies. Sectors under consideration including energy, mining, technology, transport and agriculture.

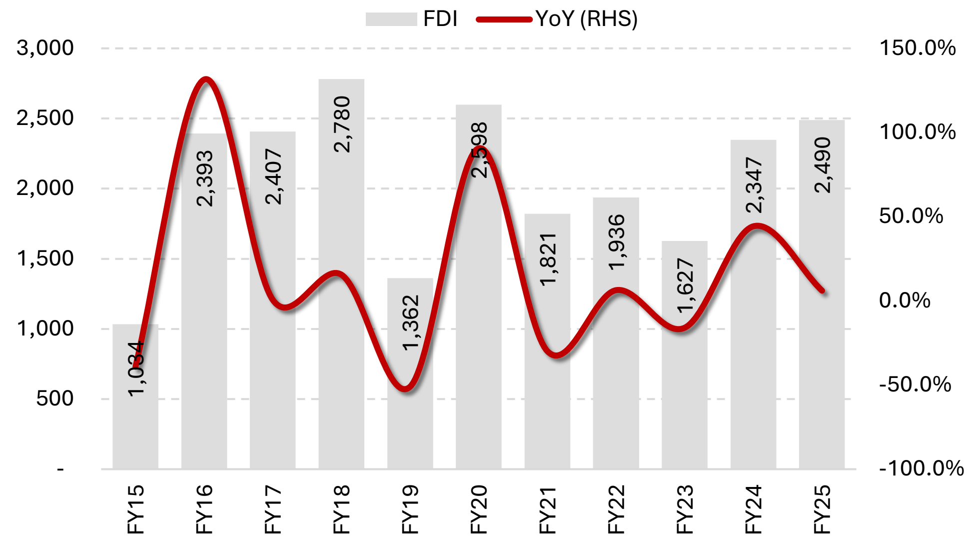
Improving relations with US unlocking potential investments: US President announced a potential energy to capitalize on Pakistan's underexplored onshore and offshore oil fields. Moreover, US companies also announced plans to invest USD 500mn in Pakistan's minerals sector.

Defense Pact with Saudi Arabia: Apart from the Defense Pact, KSA's Investment interests in Pakistan include energy, technology and mining. Pakistan has offered Saudi investors a stake in the Reko Diq Mining venture, with the stake likely valued over USD 1.0bn. Moreover, as per news reports, the Government unveiled around 40 investment projects worth over USD 28bn to a visiting Saudi delegation recently. These projects include a USD 10bn petrochemical facility including a Naphtha cracking plant.

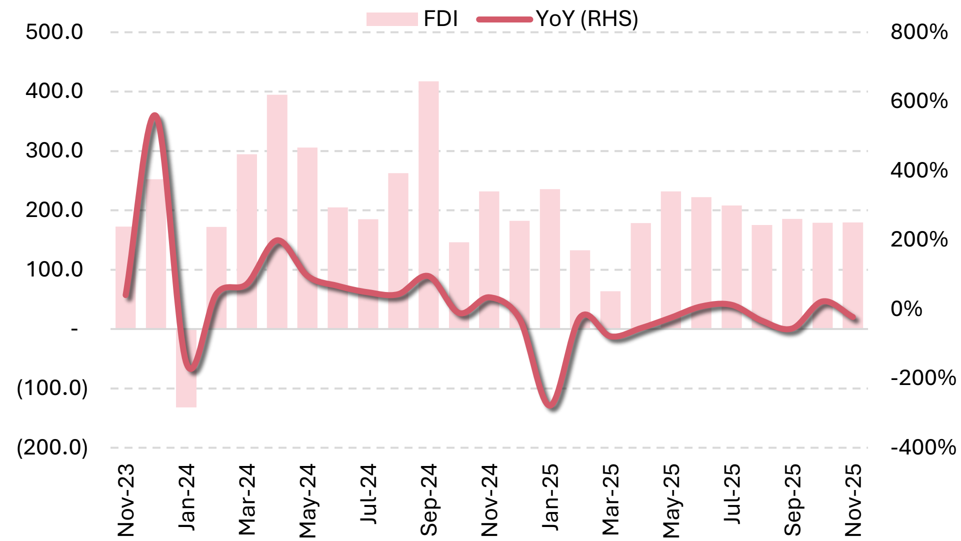
CPEC cements strong relationship with China: China remains at the forefront of Pakistan's economics through the CPEC. 2026 may see progress on the USD 7.0bn ML-1 railway project, connecting Karachi to Peshawar. Other key projects under the CPEC include further development at the Gwadar port.

UAE-based investors also increasing: The UAE has pledged investments worth USD 10bn. PTA global holdings purchased Lotte Chemical for around USD 70mn. Moreover, UAE-based IHC acquired a majority stake in Pakistan's First Women Bank for around USD 15mn.

Yearly Net Foreign Direct Investment Trend (USD mn)



Monthly Net Foreign Direct Investment Trend (USD mn)

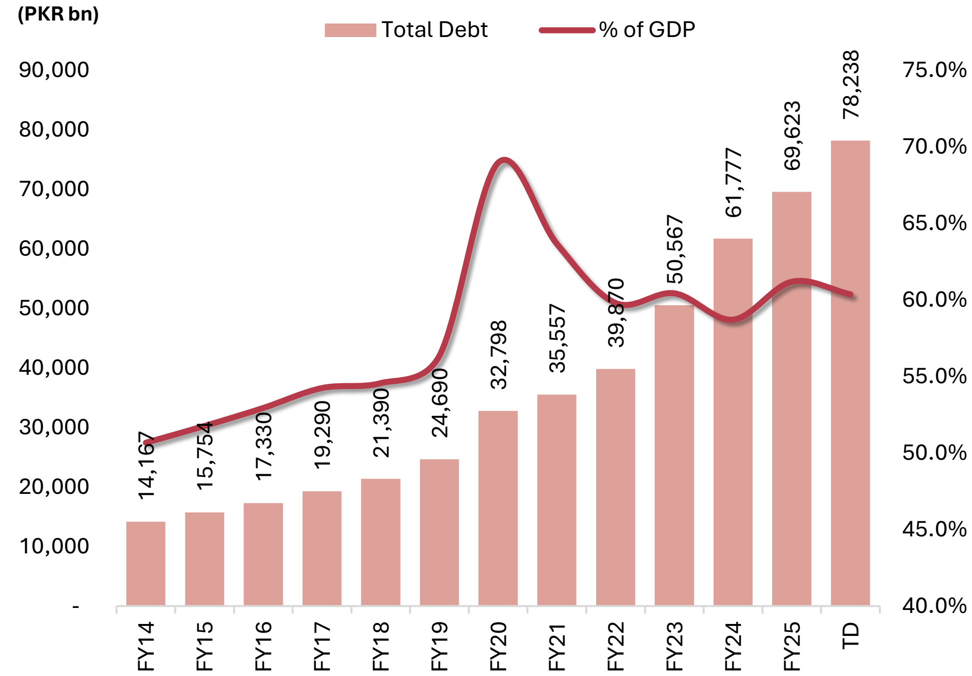


Debt Position – The Pressures Persist

Debt Overhang Persists Despite Budgetary Discipline

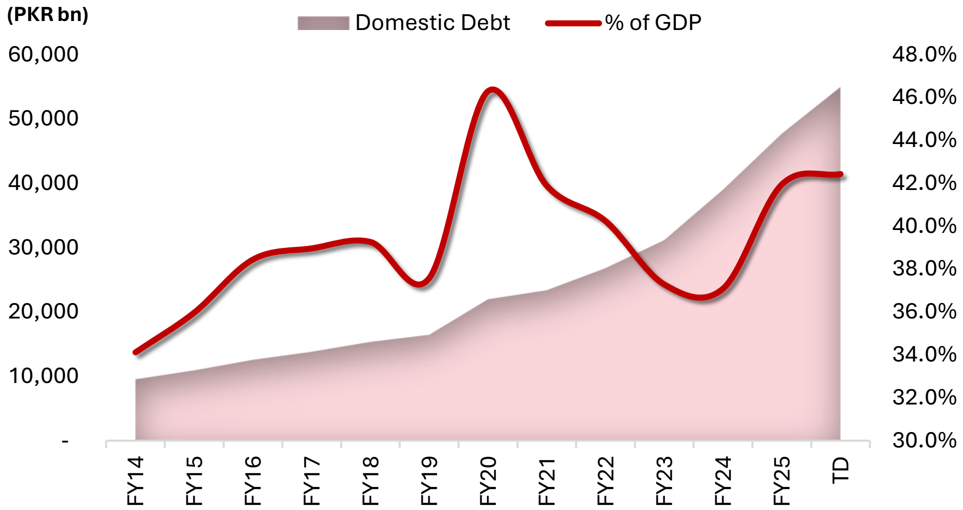
- As of October 2025, Pakistan's domestic debt stood at PKR 53.9tn, equivalent to 47.45% of GDP, while total public debt reached PKR 76.9tn, representing 67.6% of GDP. A review of historical trends highlights a persistent and concerning rise in the country's debt stock, underscoring the structural nature of Pakistan's debt challenge.
- As per IMF's projections Pakistan faces elevated gross external financing requirements for the next couple of years to be estimated at over USD 38.5bn. A large portion of these obligations is expected to be rolled over. This reinforces the urgency of addressing the twin deficits to curb future debt accumulation and mitigate the risk of a prolonged debt trap.
- In FY25, interest payments amounted to approximately PKR 8.94tn, equivalent to 7.80% of GDP. For FY26, the government has budgeted interest payments at PKR 8.2tn, translating to 6.33% of GDP, indicating some moderation in debt servicing costs.
- The continued rise in debt levels is driven by persistent borrowing to finance fiscal and current account deficits, limited progress on revenue-enhancing reforms, high import dependence, stagnant remittance growth, and subdued external inflows.
- Encouragingly, the fiscal outlook has improved, with the budgeted fiscal deficit projected at 3.89% of GDP in FY26, compared to a revised 5.61% in FY25, supported by stronger revenue mobilization and controlled expenditures. Overall, fiscal conditions are expected to remain broadly stable, reinforcing the importance of sustained reforms to ensure long-term macroeconomic stability.
- Going forward, sustained fiscal discipline, broad-based tax reforms, and export-led growth will be critical to placing public debt on a downward trajectory. Moreover, continued engagement with multilateral lenders and adherence to reform commitments will remain key to maintaining external liquidity buffers and investor confidence.

Central Government Debt

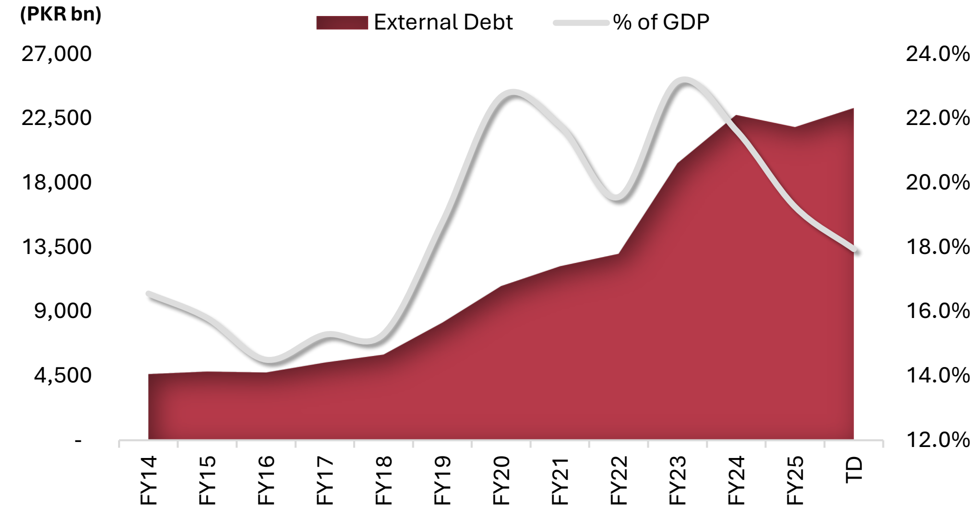


Pakistan Debt Position

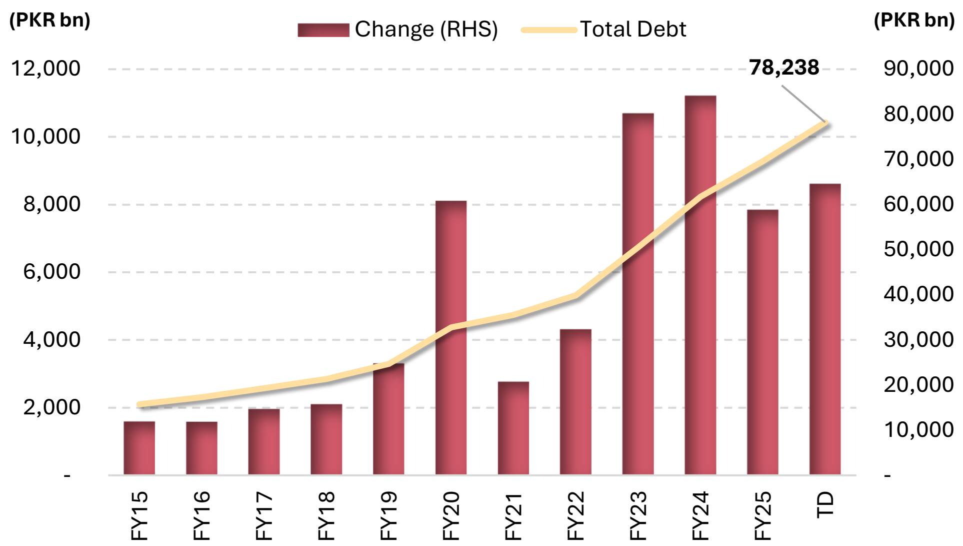
Domestic Debt as % of GDP



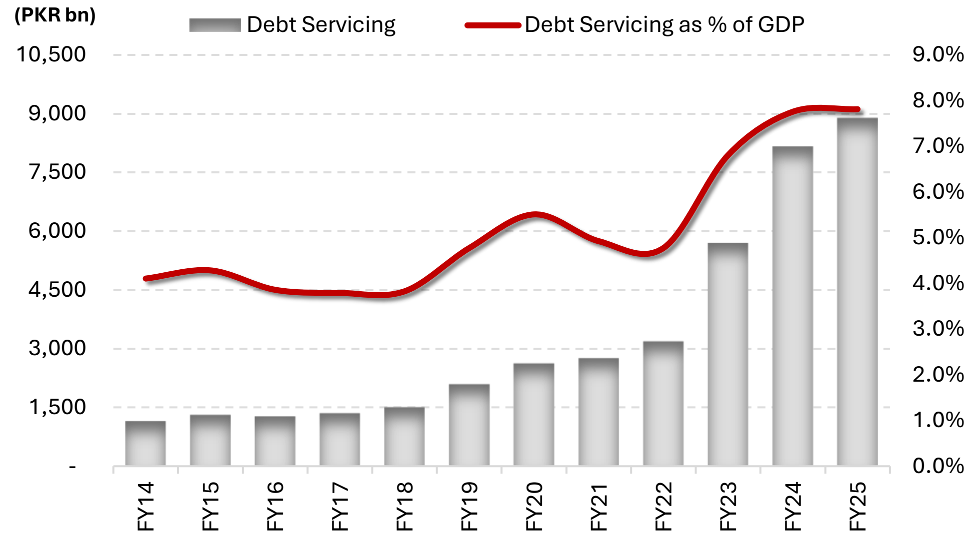
External Debt as % of GDP



Central Government Debt



Debt Servicing as % of GDP



Pakistan & IMF

Pakistan and IMF – Navigating the Reforms Process

- Pakistan's engagement with the IMF under the 37-month Extended Fund Facility (EFF) and the Resilience and Sustainability Facility (RSF) has delivered tangible progress, albeit amid persistent challenges. In December 2025, the IMF Executive Board completed the second review of the EFF and the first review of the RSF, unlocking approximately USD 1.2bn in combined disbursements and raising total disbursements under both programs to around USD 2.43bn.

- These approvals reflect solid program implementation across key macroeconomic benchmarks, including fiscal consolidation, reserve accumulation, and advancement of structural reforms, despite significant external shocks such as climate-related floods. Successive staff-level agreements reached during the year underscore progress in inflation containment, public financial management, and energy sector reforms. The inclusion of climate resilience financing under the RSF highlights the IMF's recognition of Pakistan's long-term vulnerabilities, while underscoring the need for sustained policy discipline and deeper institutional reforms to meet program objectives.

- Overall, the IMF program has helped stabilize key macroeconomic indicators and restore a degree of market confidence; nevertheless, Pakistan's medium-term growth prospects and debt sustainability remain contingent on consistent reform implementation and effective navigation of evolving domestic and external pressures.

11 New Structural Benchmarks	
Fiscal	Finalize a roadmap by end-December 2025 that includes at least: (i) prioritization of key reform areas; (ii) staffing requirements and roles; (iii) specific timelines and milestones; (iv) revenue impact estimates; and (v) key performance indicators (KPIs) to monitor progress and outcomes (e.g. the number of audits, number of transactions covered by digital invoicing, etc.). Based on the roadmap, complete all actions necessary to fully implement at least three priority areas agreed with IMF staff, including any required subordinate legislation, staff hiring and allocation, and initial KPI reporting
	Develop and publish a comprehensive medium-term (3 to 5 years) tax reform strategy that includes at least: (i) a sequenced roadmap of tax policy, administration, and legal reforms; (ii) clear governance arrangements; and (iii) a resource plan for implementation.
Governance	Publish in a government website the asset declarations of high-level federal civil servant in line with the June 2025 legislative amendments.
	Publish an action plan to mitigate corruption vulnerabilities in identified departments based on an institutional-level risk assessment.
Monetary and Financial	Complete a comprehensive assessment of remittance costs and structural impediments to cross-border payments, complemented by an action plan
	Publish an action plan to mitigate corruption vulnerabilities in identified departments based on an institutional-level risk assessment. Conduct a comprehensive study of the bottlenecks for local currency bond market development and publish a strategic action plan to address areas of improvement.
Energy Sector	Finalize preconditions for the private sector participation processes for HESCO and SEPCO
State-Owned Enterprises	The government will sign public service obligations (PSO) agreements with each of the 7 largest PSOs before submission to Parliament of the FY27 budget, in line with updated manuals and guidelines in accordance with the SOE Act and Policy.
Trade, Investment Policy, and Deregulation	Federal and provincial governments will agree and the federal cabinet will adopt a national policy for sugar market liberalization containing key recommendations on licensing, price controls, import/export permissions, and zoning, and clear timelines for implementation.
	Prepare and submit to parliament legislative amendments to the Companies Act, 2017 to strengthen compliance for unlisted firms, modernize corporate governance structures, and align corporate regulations with international best practices.
	Prepare and publish a concept note defining the scope, objectives, and expected outcomes of legislative amendments to the SEZ Act, including the rationale for reform, proposed KPIs, and the shift from profit to cost-based incentives.

Source (s): IMF, AAML Research

Pakistan and IMF – History

History of Lending Commitments				
Facility	**Date of Arrangement**	**Expiration Date**	**Amount Agreed (SDR mn)**	**Amount Drawn (SDR mn)**
Standby Arrangement	Dec-58	Sep-59	25	-
Standby Arrangement	Mar-65	Mar-66	38	38
Standby Arrangement	Oct-68	Oct-69	75	75
Standby Arrangement	May-72	May-73	100	84
Standby Arrangement	Aug-73	Aug-74	75	75
Standby Arrangement	Nov-74	Nov-75	75	75
Standby Arrangement	Mar-77	Mar-78	80	80
Extended Fund Facility	Nov-80	Dec-81	1,268	349
Extended Fund Facility	Dec-81	Nov-83	919	730
Structural Adjustment Facility Commitment	Dec-88	Dec-91	382	382
Standby Arrangement	Dec-88	Nov-90	273	194
Standby Arrangement	Sep-93	Feb-94	265	88
Extended Credit Facility	Feb-94	Dec-95	607	172
Extended Fund Facility	Feb-94	Dec-95	379	123
Standby Arrangement	Dec-95	Sep-97	563	295
Extended Fund Facility	Oct-97	Oct-00	455	114
Extended Credit Facility	Oct-97	Oct-00	682	265
Standby Arrangement	Nov-00	Sep-01	465	465
Extended Credit Facility	Dec-01	Dec-04	1,034	861
Standby Arrangement	Nov-08	Sep-11	7,236	4,936
Extended Fund Facility	Sep-13	Sep-16	4,393	4,393
Extended Fund Facility	Jul-19	Jun-23	4,988	2,144
Standby Arrangement	Jul-23	Apr-24	2,250	2,250
Extended Fund Facility	**Sep-24**	**Oct-27**	**5,320**	**2,280**
Resilience & Sustainability Facility	**Mar-25**	**Jun-27**	**1,000**	**154**

Source (s): SBP, AAML Research

Fiscal Account – Bridging the gaps

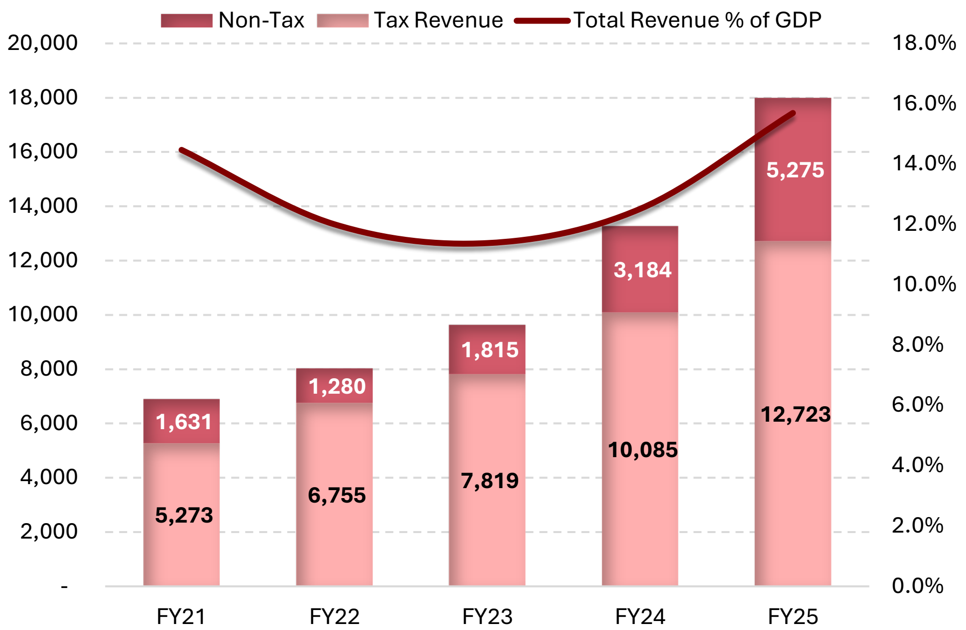
Fiscal Account – Bridging the gaps

- Pakistan's fiscal position continues to reflect a structural imbalance, with recurrent deficits arising from expenditure persistently outpacing revenue mobilization. This mismatch has necessitated ongoing reliance on government borrowing, resulting in a sustained increase in public debt. In FY25, the fiscal deficit stood at PKR 6.43 trillion (5.61% of GDP). For FY26, the deficit is budgeted to decline to PKR 5.0 trillion (3.89% of GDP), signaling a measured fiscal consolidation effort.

- On the revenue side, the government has set a net revenue target of PKR 11.07 trillion for FY26, implying 12.9% YoY growth, supported by both direct and indirect tax collections. During 1QFY26, net tax collection amounted to PKR 5.86 trillion, reflecting 5.55% YoY growth on a same-period-last-year basis. This pace remains below the budgeted trajectory, implying the need for a material acceleration in collections in subsequent quarters to avoid downside risk to the annual target.

- Nonetheless, recent collection trends indicate gradual improvement, underpinned by enhanced compliance measures, ongoing documentation efforts, and relatively stable macroeconomic activity. These dynamics support expectations that revenue performance may remain broadly aligned with near-term fiscal objectives, subject to execution.

Total Revenue as % of GDP



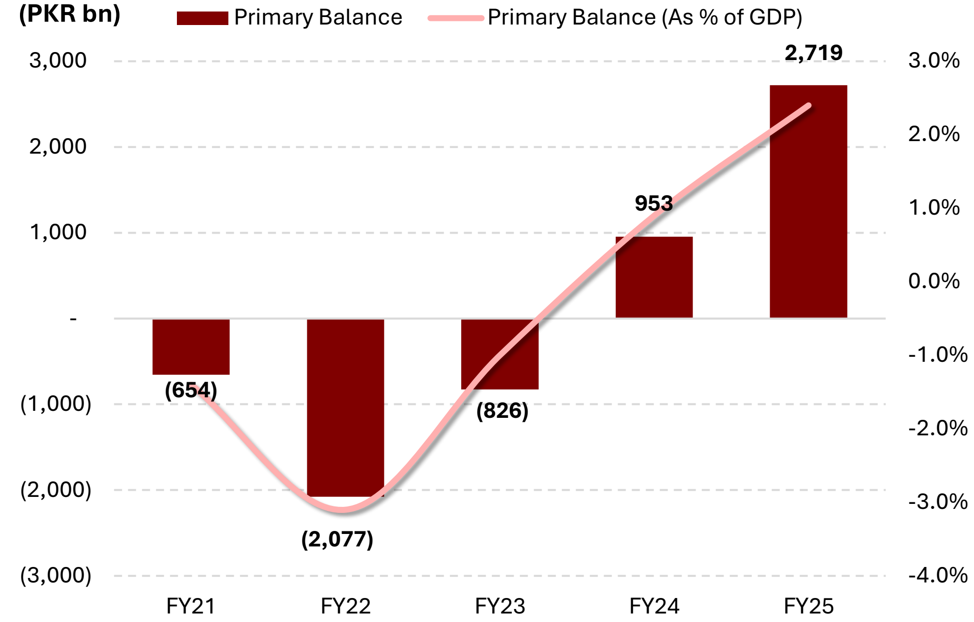
Fiscal Account – Bridging the gaps

- However, progress on structural tax reforms remains limited, with no significant expansion or rationalization of tax brackets. The continued under-taxation of key sectors, particularly agriculture and real estate, constrains tax base broadening and poses challenges to meeting rising fiscal requirements on a sustainable basis.

- On the expenditure front, total outlays for FY26 are budgeted at PKR 16.2 trillion, largely unchanged from PKR 16.3 trillion in FY25. This relatively flat expenditure profile is primarily driven by lower interest (markup) costs, reflecting an easing interest rate environment, alongside a moderation in subsidies. These factors are expected to support fiscal consolidation and limit deficit expansion.

- Looking ahead, monetary easing has provided additional fiscal space through reduced debt-servicing costs. However, potential upward pressures from increased allocations to the Public Sector Development Program (PSDP) and defense spending present execution risks and could challenge fiscal discipline if not carefully managed.

Primary Balane as % of GDP



Fiscal Account Snapshot– Historic & Budgeted

Pakistan Fiscal Balance Snapshot						
Indicators (PKR bn)	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26B**
Gross Revenue Receipts	**6,270**	**7,328**	**8,880**	**12,361**	**16,801**	**19,278**
FBR Revenue	4,764	6,143	7,169	9,311	11,744	14,131
Direct Taxes	1,732	2,280	3,272	4,531	5,792	6,902
Indirect Taxes	3,032	3,862	3,897	4,780	5,953	7,229
Customs Duties	765	1,009	935	1,104	1,285	1,588
Sales Tax	1,990	2,532	2,592	3,099	3,901	4,753
Federal Excise	277	321	370	577	767	888
Non-Tax Revenue	1,505	1,185	1,711	3,050	5,056	5,147
Less: Provincial Share	**2,742**	**3,589**	**4,223**	**5,264**	**6,854**	**8,206**
Net Revenue Receipts	**3,528**	**3,739**	**4,656**	**7,098**	**9,947**	**11,072**
Total Expenditure	**7,245**	**9,350**	**11,332**	**14,823**	**17,036**	**17,573**
Current Expenditure	6,349	8,452	10,732	14,073	15,815	16,286
Mark-up Payments	2,750	3,182	5,696	8,160	8,887	8,207
Defence	1,316	1,412	1,586	1,859	2,194	2,550
Grants	912	1,239	1,070	1,395	1,633	1,928
Subsidies	425	1,530	1,080	1,067	1,298	1,186
Pension	440	542	666	808	911	1,055
Running of Civil Govt and Others	506	547	634	784	892	971
Federal PSDP	667	558	743	732	1,049	1,000
Federal Budget Balance	**(3,717)**	**(5,611)**	**(6,676)**	**(7,725)**	**(7,089)**	**(6,500)**
Provincial Surplus	**314**	**351**	**155**	**518**	**921**	**1,464**
Overall Budget Balance	**(3,403)**	**(5,260)**	**(6,521)**	**(7,207)**	**(6,168)**	**(5,036)**
Primary Balance	**(654)**	**(2,077)**	**(826)**	**953**	**2,719**	**3,170**

Source (s): MOF, AAML Research

Equity Market – Re-rating to the previous bull-run multiples

Equity Market –2025 Bull Run Recap

- KSE-100 Index extended its stellar performance, delivering a return of 51.2% in CY25. The rally has been underpinned by macroeconomic stability, successful implementation of the IMF program and associated reforms, easing monetary conditions, and renewed momentum on privatization initiatives undertaken by the government. Pakistani equities have ranked among the top-performing asset classes globally, delivering a cumulative return of 330.61% over the past three years and outperforming all major global markets. This outsized performance reflects a marked turnaround in Pakistan's macroeconomic fundamentals after a period of severe economic stress, when the economy was close to default (import cover of just 0.6 months) and equity valuations had fallen to distressed levels (forward P/E of 3.5x). The recovery was driven by the successful execution of an IMF program, continued bilateral financing support, easing inflation and interest rates, relative currency stability, a return to positive GDP growth, and a significantly improved external account position.

- CY25 began against a backdrop of challenging economic conditions. Elevated interest rates, sticky inflation, political uncertainty, and subdued consumer demand weighed on investor sentiment and market performance. These domestic pressures were exacerbated by unfavorable global developments—including ongoing geopolitical conflicts, trade disruptions, and tariff-related uncertainties—which heightened risk aversion across emerging markets. Market sentiment improved materially following the approval of the IMF Stand-By Arrangement, successful program reviews, and continued financial support from bilateral partners. Investor confidence rebounded, leading to broader market participation, as reflected in a rise in new Unique Investor Numbers (UNIs) and stronger mutual fund inflows. Concurrently, supportive government measures—such as curbing illegal foreign currency transactions, progress on SOE privatization, higher remittance inflows, and consolidation in the current and fiscal accounts—helped rebuild macroeconomic buffers and reinforced confidence.

Historic KSE-100 Returns

Year	KSE-100	YoY (%)
CY06	10,041	5.1%
CY07	14,077	40.2%
CY08	5,865	-58.3%
CY09	9,387	60.0%
CY10	12,022	28.1%
CY11	11,348	-5.6%
CY12	16,905	49.0%
CY13	25,261	49.4%
CY14	32,131	27.2%
CY15	32,816	2.1%
CY16	47,807	45.7%
CY17	40,471	-15.3%
CY18	37,067	-8.4%
CY19	40,735	9.9%
CY20	43,755	7.4%
CY21	44,596	1.9%
CY22	40,420	-9.4%
CY23	62,451	54.5%
CY24	115,127	84.3%
CY25	**174,054**	**51.2%**
Average		**20.9%**

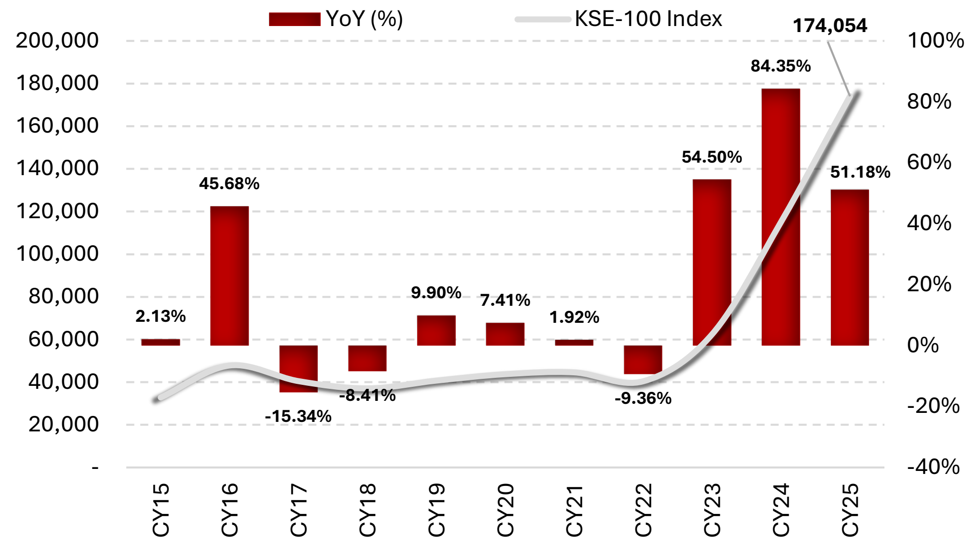
Source (s): PSX, AAML Research

Equity Market – 2025 Bull Run Recap

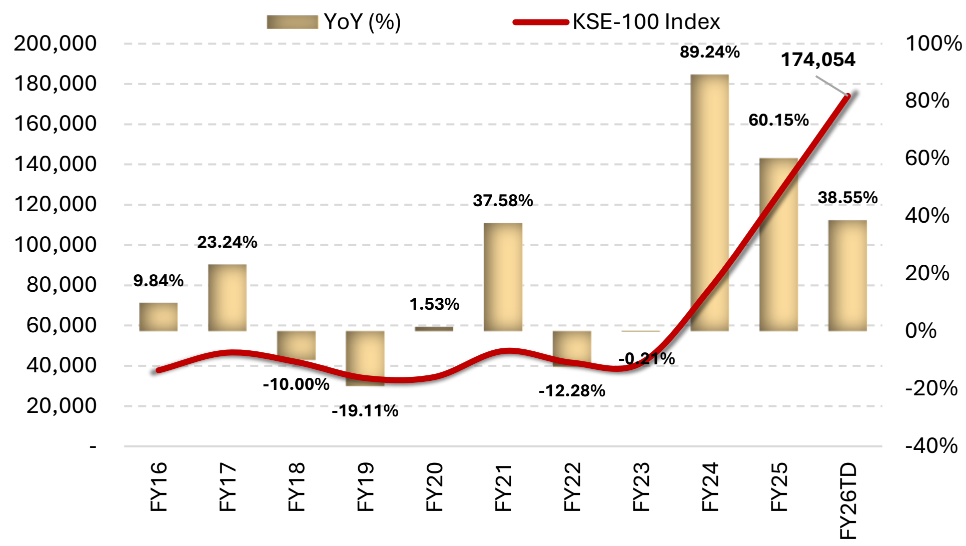
- Despite the market's strong performance over the past 2.5–3 years, we believe further upside remains. We project the KSE-100 Index to reach **227,000!** by end of calendar year 2026, implying an upside of 30%. The upside is primarily driven by a re-rating of valuation multiples toward **10.4x earnings**, in line with historical averages observed during periods of macroeconomic stability.

- In conclusion, improving macro stability, lower interest rates, and continued reform momentum underpin a constructive outlook for Pakistani equities. Low valuation multiples and an attractive dividend yield continue to position the KSE-100 Index as a compelling opportunity for investors seeking both growth and dividend yields in a recovering macroeconomic environment.

KSE-100 Historic Return Trend



KSE-100 Historic Return Trend



KSE-100: 30% Upside on the cards

Setting The Stage For Next Re-Rating

CY26 Index Target: 227,000!

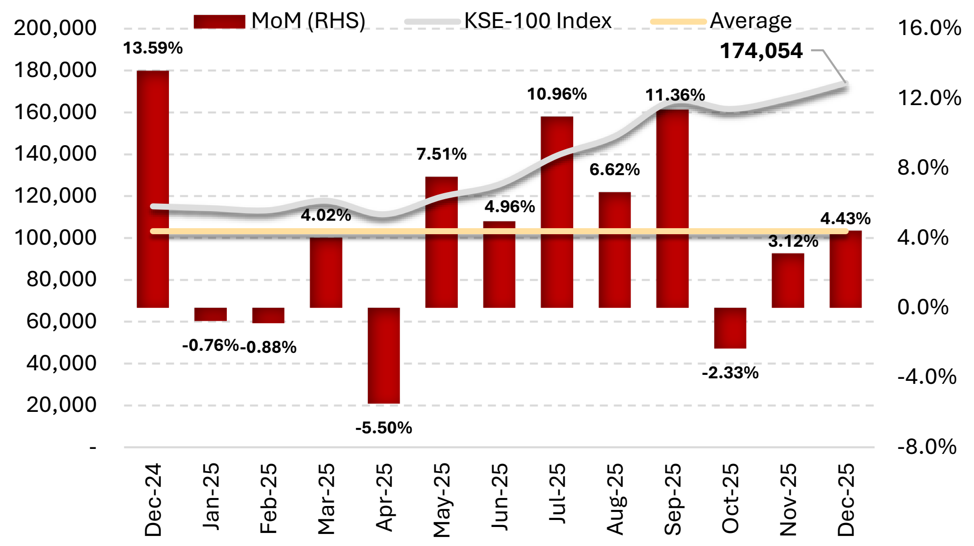
Pakistan's equity market appears to be entering a phase characterized by greater stability, depth, and sustainable growth. After delivering exceptional returns of 51% in CY25, 84% in CY24, and a robust 55% in CY23, the market is now shifting from a sharp rally toward a more measured and normalized growth trajectory. Historically, periods of macroeconomic stability and policy continuity have led to valuation re-rating in Pakistan's equity market. Such phases have pushed the KSE-100 Index to trade at higher P/E multiples.

Historical Anchor: The 2012–2018 Bull Market

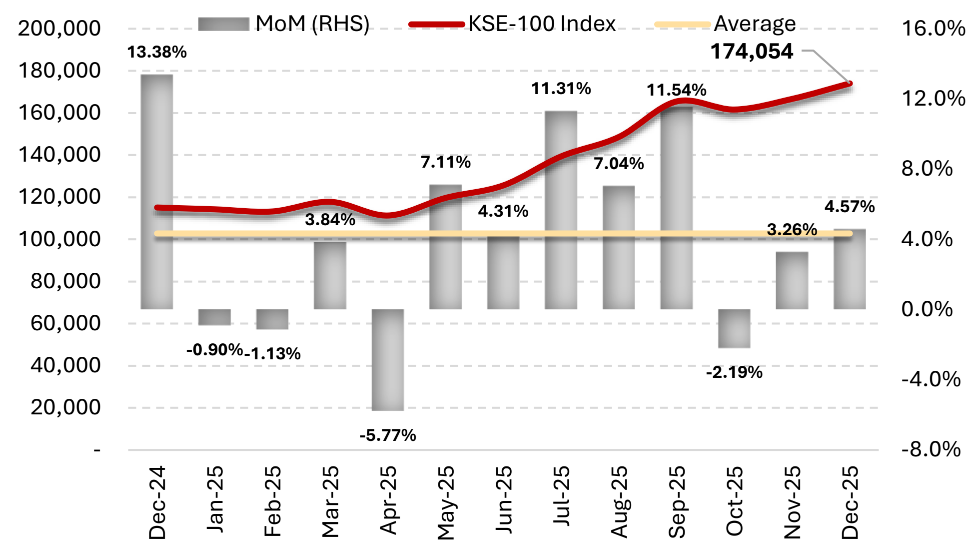
- Between 2012 and 2018, Pakistan experienced a prolonged equity bull run supported by improved GDP growth, lower interest rates, relative currency stability, and rising foreign participation. During this last bull-run, the KSE-100 Index traded at a P/E of ~10.4x, materially above current levels. During that period, Pakistan's P/E discount to MSCI Frontier and Emerging Market Indices had narrowed down to an average of 10%. (MSCI FM P/E: 11.48; MSCI EM P/E: 11.67x).

- Pakistan's macro-indicators at present are very similar to what the economy was experienced during the last bull run (2012-2018), and hence we believe that we could see a further re-rating of ~30% from current levels of 174,000 taking the P/E to levels of 10.5x forward earnings from 7.9x currently. This gives us a **CY2026 KSE-100 Index target of 227,000!.**

KSE-100 Monthly Return (PKR Based)



KSE-100 Monthly Return (USD Based)



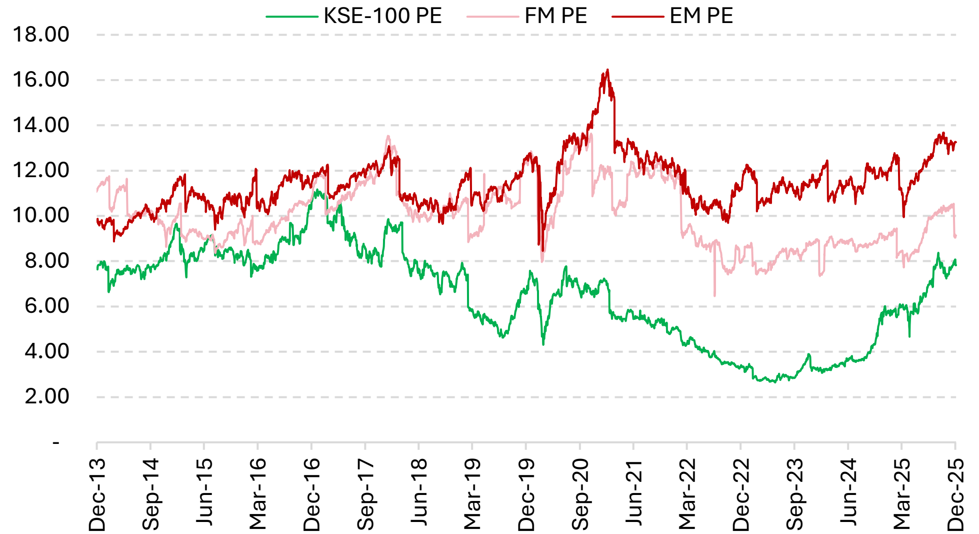
Setting The Stage For Next Re-Rating

- From a regional perspective, Pakistan's valuation gap is even wider. The MSCI Frontier Markets/ Emerging Markets Indices trades at a forward P/E of 10.58x/ 13.47x respectively. On a blended basis, this places the PSX at a ~30% discount to peers, compared to a ~10% discount during past bull phase for Pakistan Market. This cements our conviction that with the IMF program progressing well, SBP reserves at a comfortable level (2.6 months import cover), policy rate at 10%, inflation expectations in check resulting from lower international oil prices and resultantly a manageable CAD, we believe conditions are gradually aligning for valuation normalization and re-rating of our equity market to narrow this valuation gap compared to the regional indices.

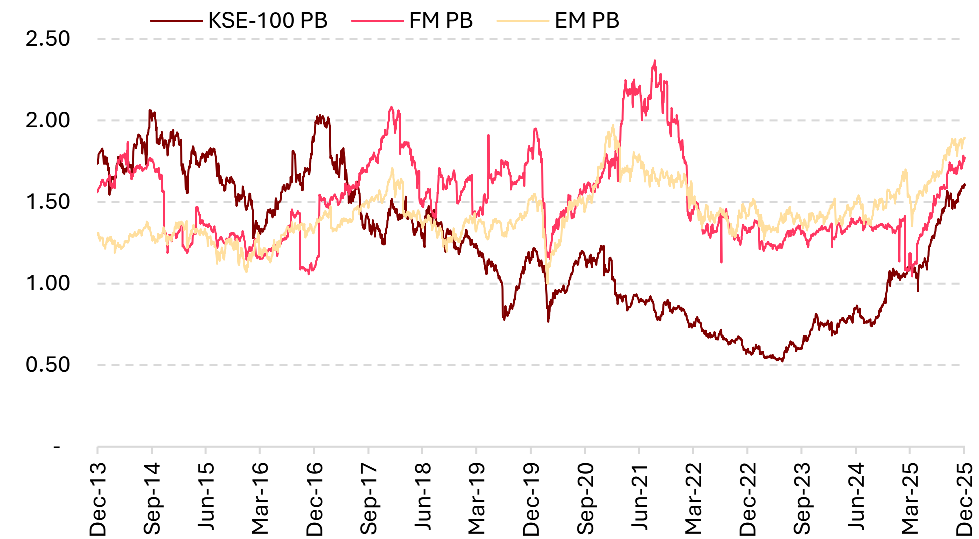
Re-Rating Toward Historical Bull-Market Levels

- KSE-100 Index re-rates to its historical bull-cycle forward P/E of 10.5x, reflecting improving macro stability and a decline in the equity risk premium—without assuming aggressive earnings upgrades. This implies ~23% price upside from current levels. This combined with the market's ~6.5-7% dividend yield, total returns for CY2026 could approach 30%. Our CY2026 KSE-100 target of 227,000 is firmly grounded in Pakistan's own market history, positioning the PSX to benefit from valuation expansion as confidence gradually returns.

KSE-100 VS FM & EM PE(f)

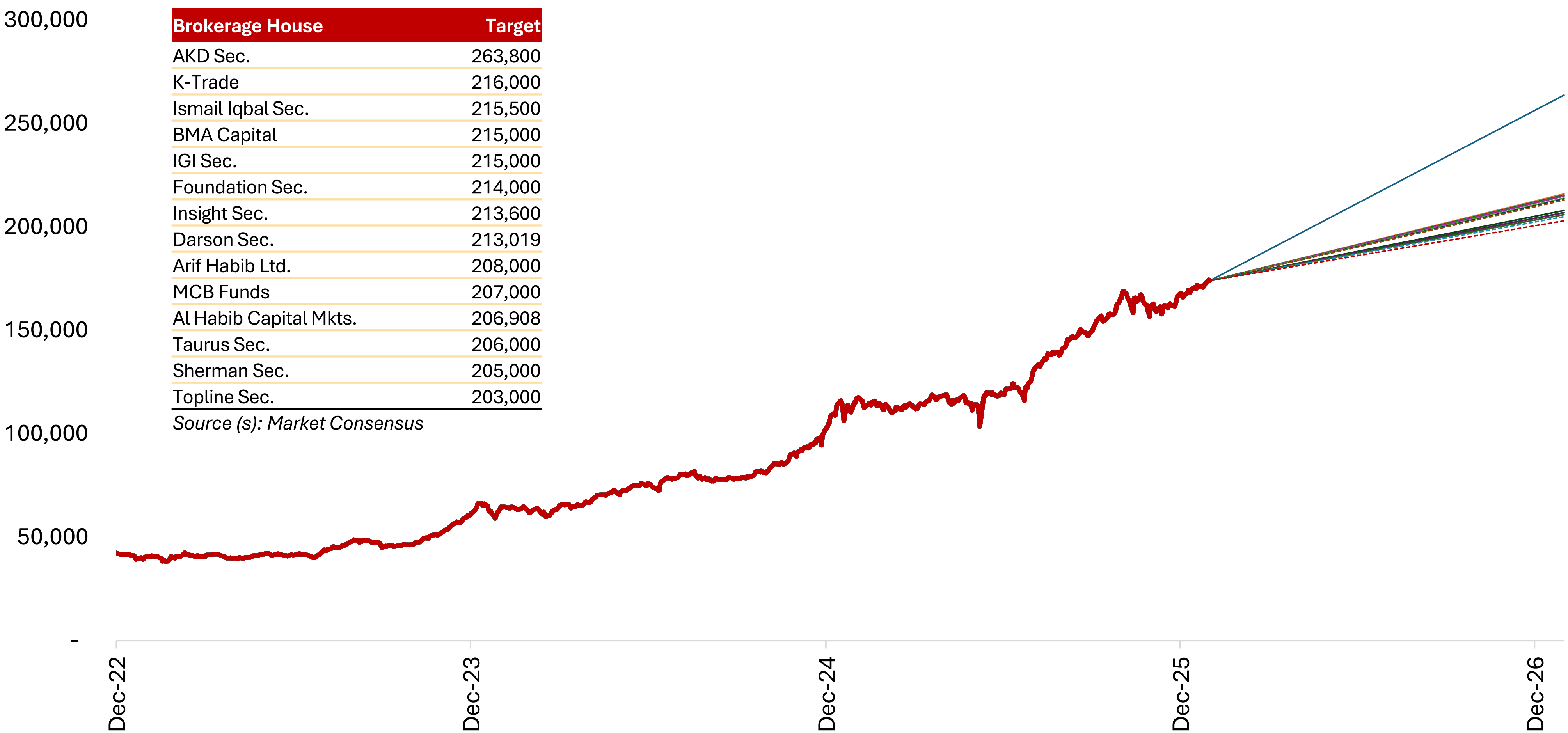


KSE-100 VS FM & EM PB(f)



Equity Market Bull Run to Continue in CY26

Market Consensus Index Target



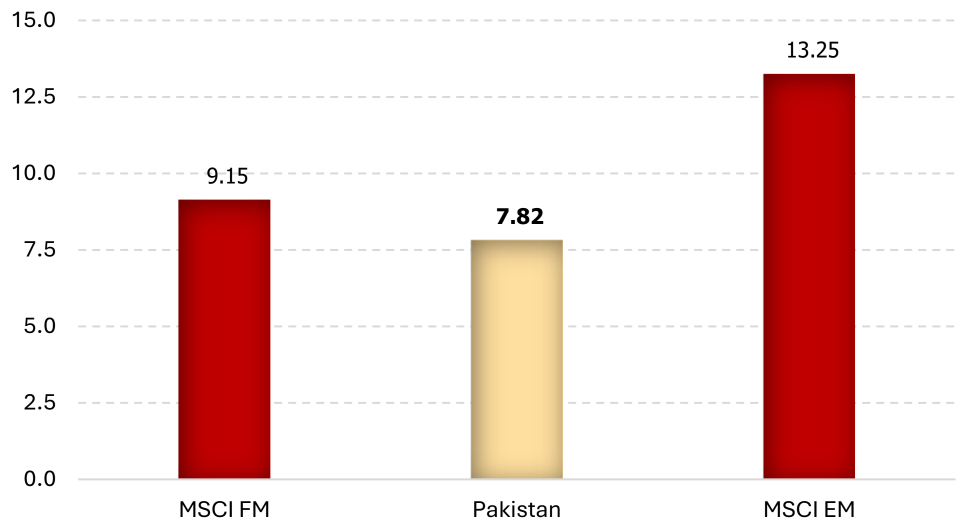
Brokerage House	Target
AKD Sec.	263,800
K-Trade	216,000
Ismail Iqbal Sec.	215,500
BMA Capital	215,000
IGI Sec.	215,000
Foundation Sec.	214,000
Insight Sec.	213,600
Darson Sec.	213,019
Arif Habib Ltd.	208,000
MCB Funds	207,000
Al Habib Capital Mkts.	206,908
Taurus Sec.	206,000
Sherman Sec.	205,000
Topline Sec.	203,000

Source (s): Market Consensus

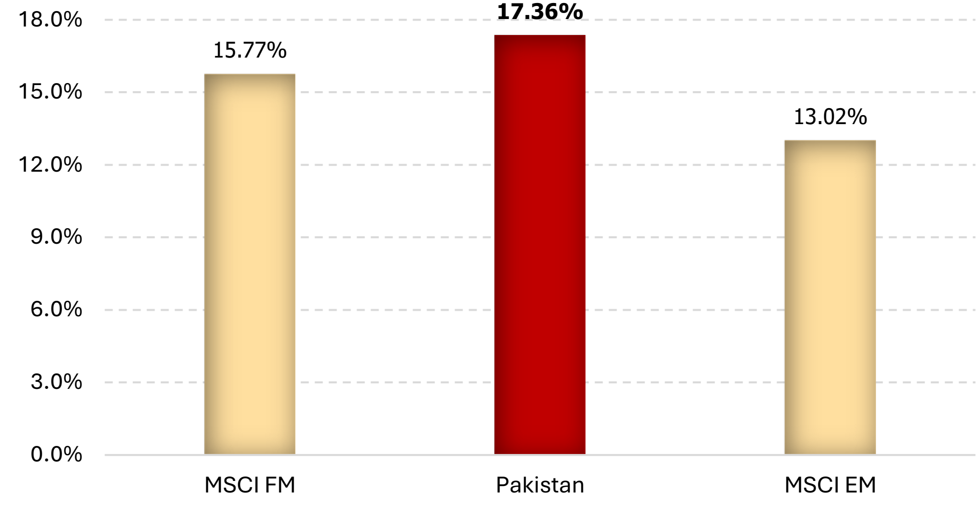
Based on market consensus index targets, the PSX has the potential to re-rate to 214,000 points in CY26, underpinned by strong earnings growth, improving macroeconomic stability, and a valuation re-rating toward the bull-cycle average P/E multiple of 10.0x.

KSE vs MSCI FM/EM Index

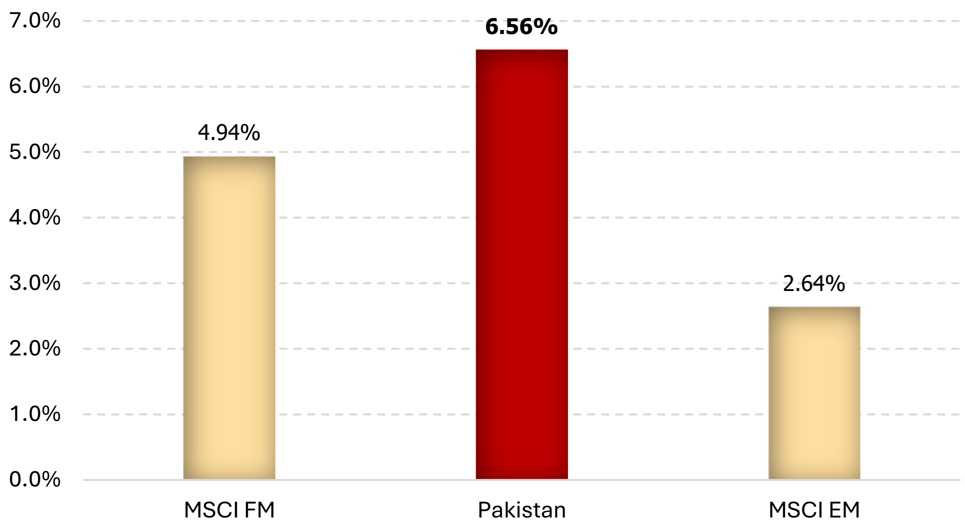
Price to Earning - Forward



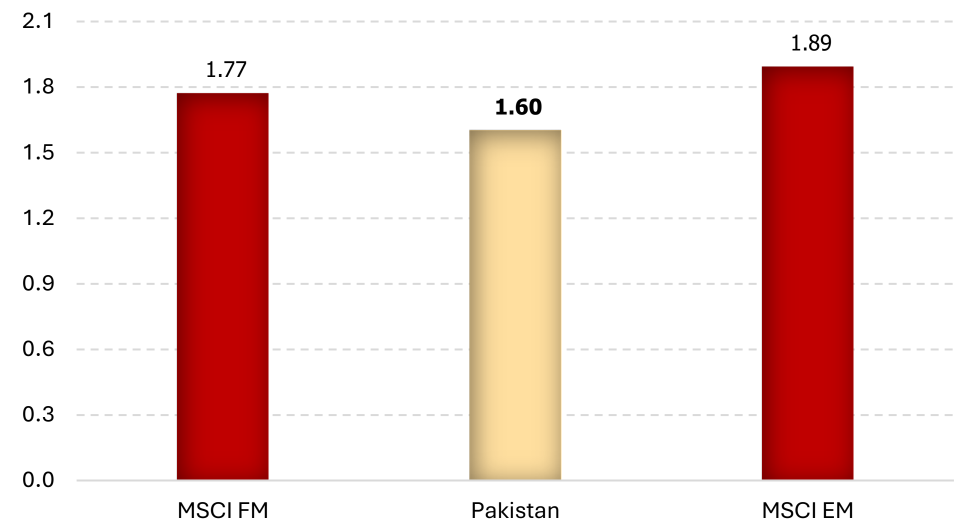
Return on Equity - Forward



Dividend Yield - Forward



Price to Book - Forward



Still Awaiting the entry of major players

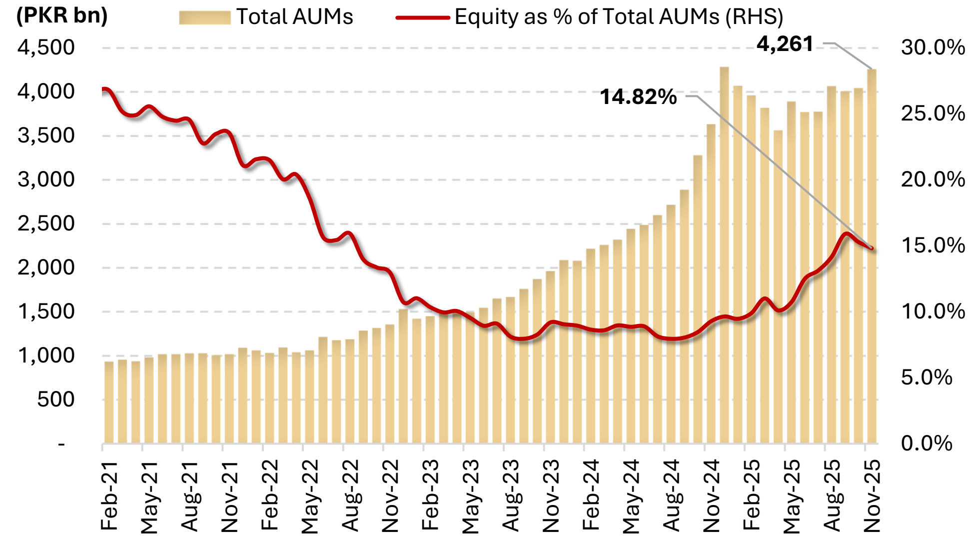
- The local mutual fund industry has witnessed steady expansion over the past decade, growing at a CAGR of 28% over the last 10 years. Within this, equity AUM allocations increasing at a CAGR of 15.69% during the same period, reflecting gradual deepening of capital market participation despite periods of macroeconomic stress.

- Currently, equity AUMs account for 14.82% of total mutual fund AUMs, which remains well below the long-term average of 24.94% and significantly lower than the historical peak of 48.05% recorded in 2017. Notably, during comparable macroeconomic environments in the past, the equity allocation ratio averaged 34.3%, highlighting a meaningful gap versus historical norms and suggesting room for reallocation toward equities.

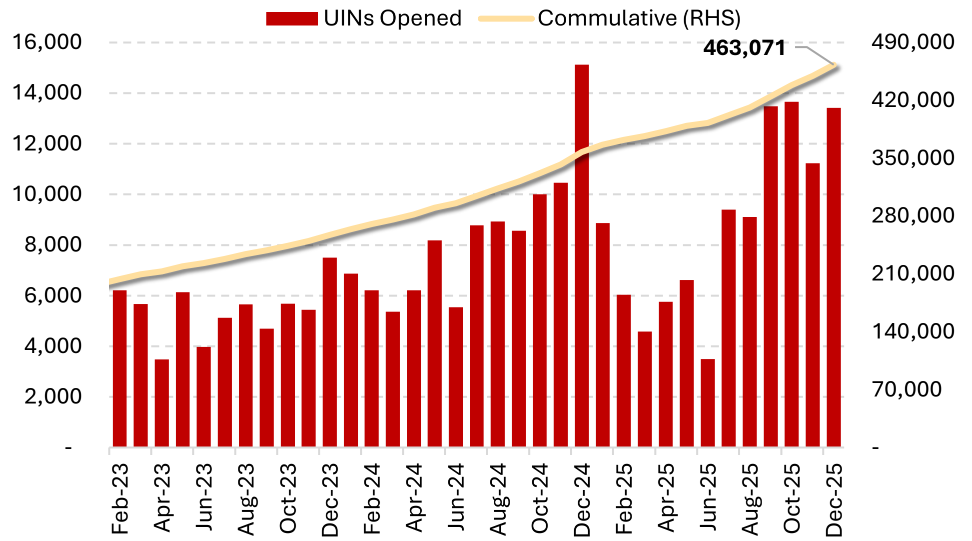
- A similar under-allocation trend is evident across other major institutional investors. The insurance sector—one of the largest domestic institutional players—has materially reduced its exposure to equities. During the CY15–CY18 period, equity investments by major insurance companies averaged around 40% of total investments, compared to approximately 17% as of September 2025. This sharp contraction underscores the defensive positioning adopted during recent macro stress and signals potential upside as confidence improves.

- The banking sector exhibits a comparable pattern. While bank balance sheets have expanded significantly in recent years, equity investments have not kept pace. In CY15, major banks held approximately PKR 107 billion in equities, representing about 13.2% of total book value. Based on the latest available data, this ratio has declined to roughly 10.2%, indicating surplus liquidity that could potentially be redeployed into equities, particularly in a declining interest rate environment.

Equity as % of Total AUMs



Number of UINs Opened Trend



Still Awaiting the entry of major players

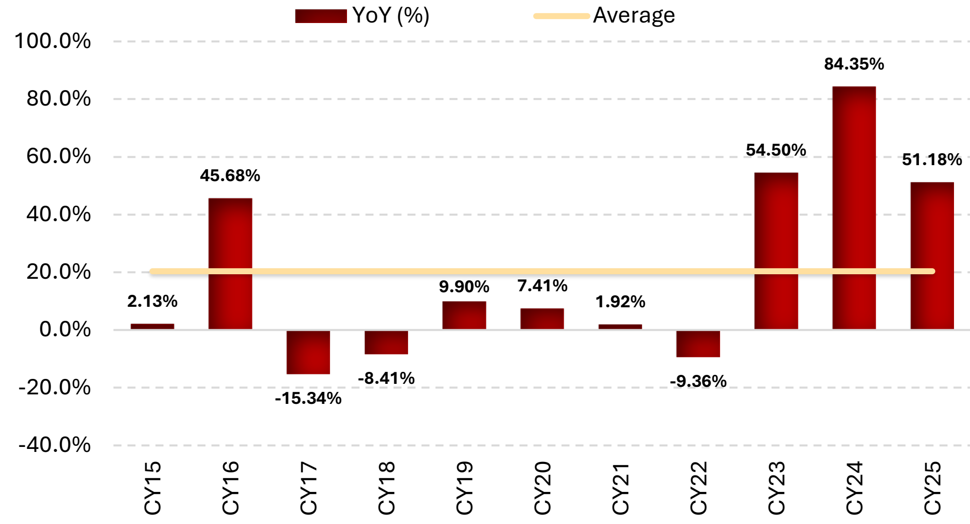
- Given the limited number of regulated and authorized investment avenues available to institutional investors, coupled with easing interest rates, equities present a compelling case for capital reallocation. Strong historical market performance, attractive forward return expectations, ongoing economic consolidation, a stable currency, moderating inflation, lower interest rates, and stronger external buffers collectively reinforce the investment thesis for equities.

- Foreign participation in the equity market also remains subdued. Foreign ownership currently stands at approximately 12.6% of total free float market capitalization, well below the long-term average of 21.5%. This underrepresentation persists despite improving macroeconomic indicators and attractive valuation multiples.

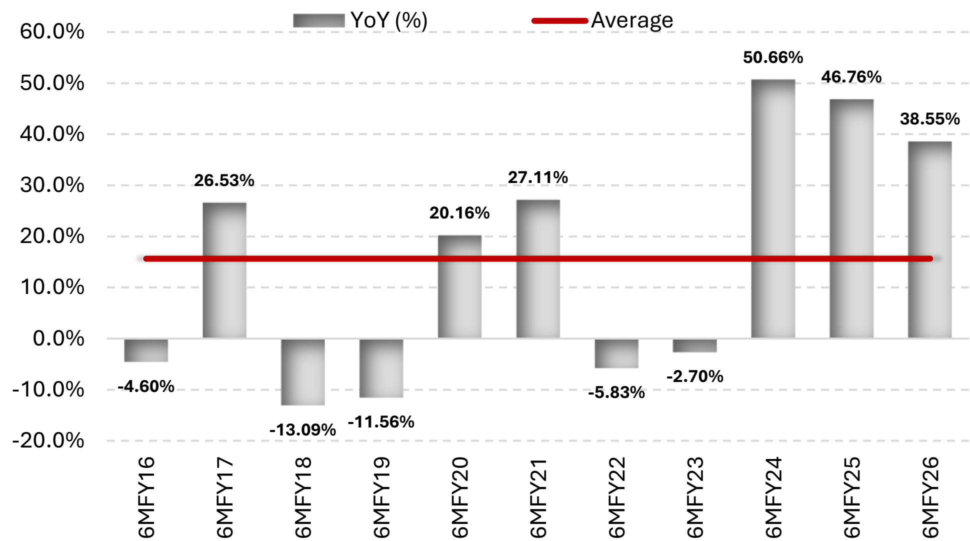
- Historically, during similar macroeconomic conditions, foreign ownership in Pakistani equities reached levels of up to 10.0% of market capitalization. Compared to current levels, a substantial gap remains, suggesting meaningful upside potential—particularly as macro fundamentals continue to improve under IMF oversight and currency stability enhances the visibility of foreign investors' USD returns.

- In summary, subdued domestic institutional allocations and low foreign ownership, combined with improving macroeconomic stability and compelling valuations, create a strong foundation for incremental capital inflows into equities. These dynamics have the potential to further fuel the ongoing market rally over the medium term.

KSE-100 Historic Returns

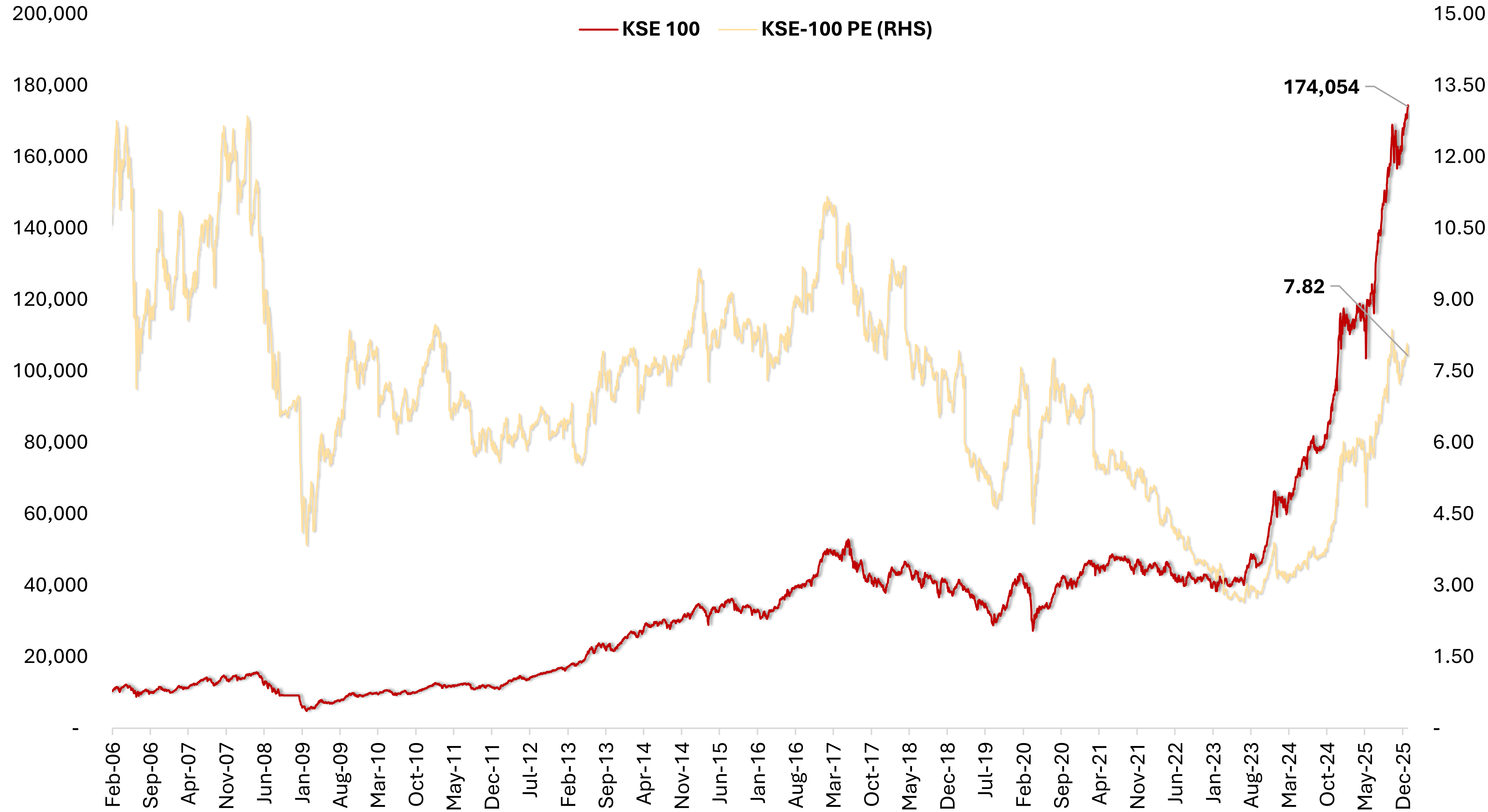


KSE-100 Historic Returns



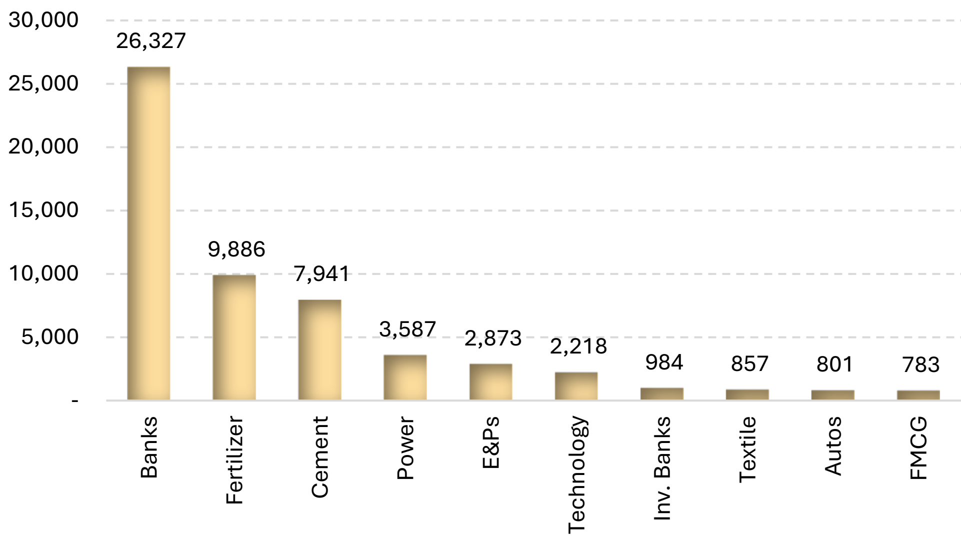
Equity Market

KSE-100 Index vs Forward PE

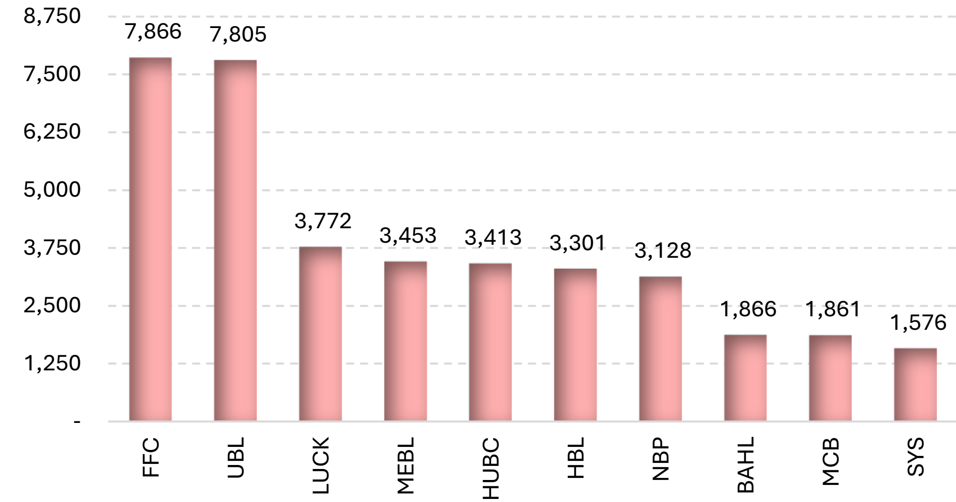


KSE-100 Top Contributors and Gainers

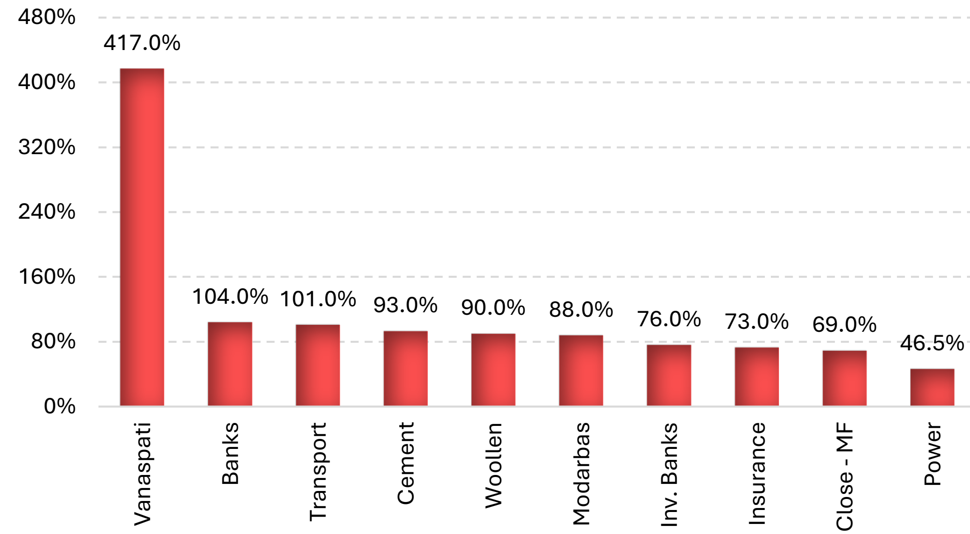
Top Sector wise KSE-100 Index Contribuiton



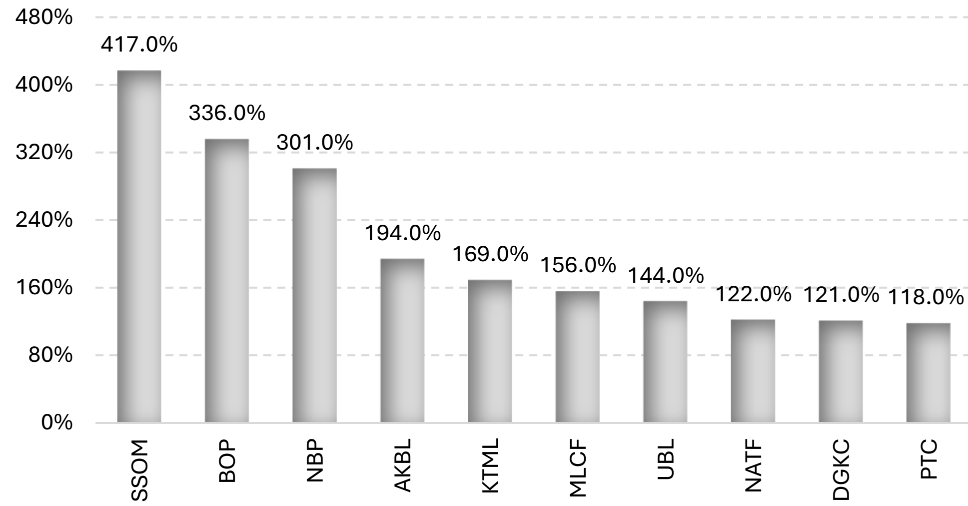
Top Company wise KSE-100 Index Contribuiton



Top KSE-100 Index Sector Gainers

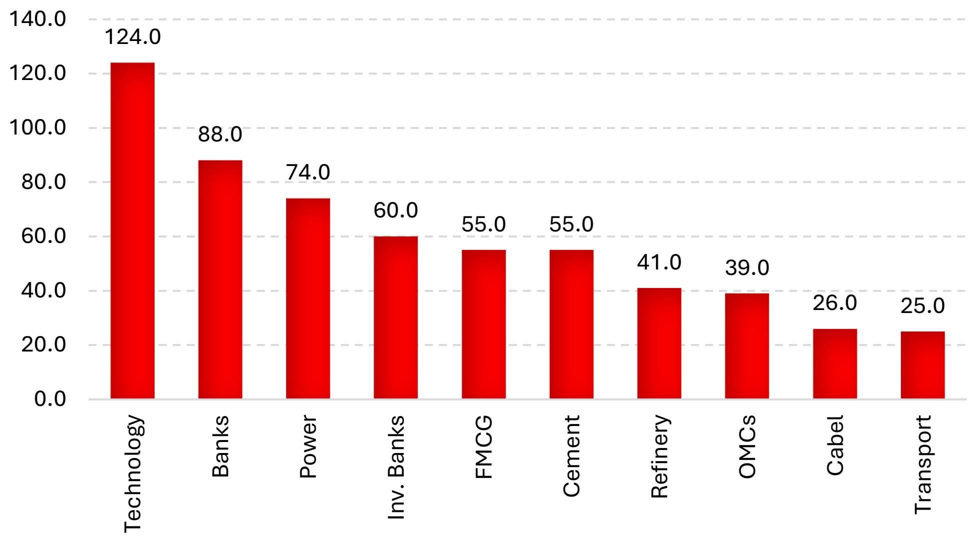


Top KSE-100 Index Scrip Gainers

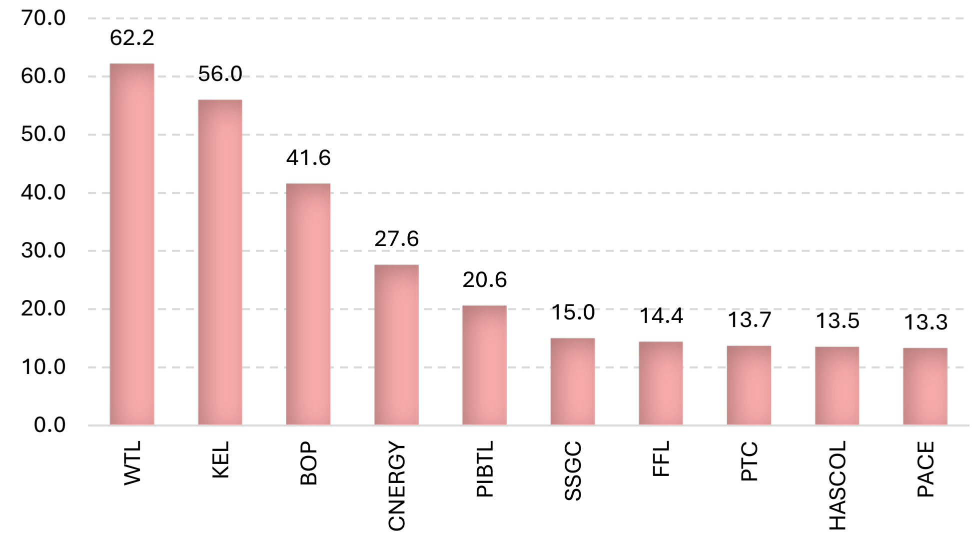


Liquidity

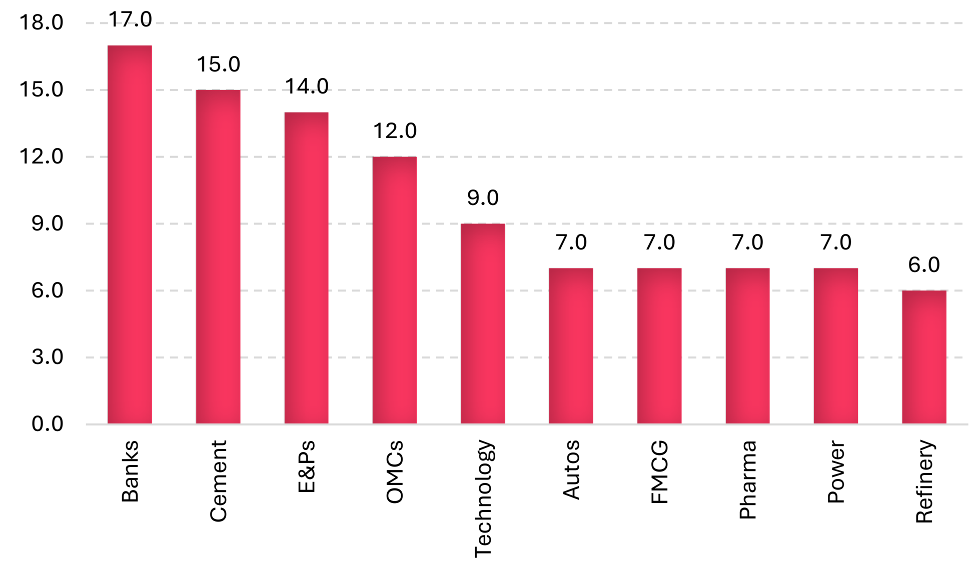
Top Sector wise Volume Traded Stocks (mn shares)



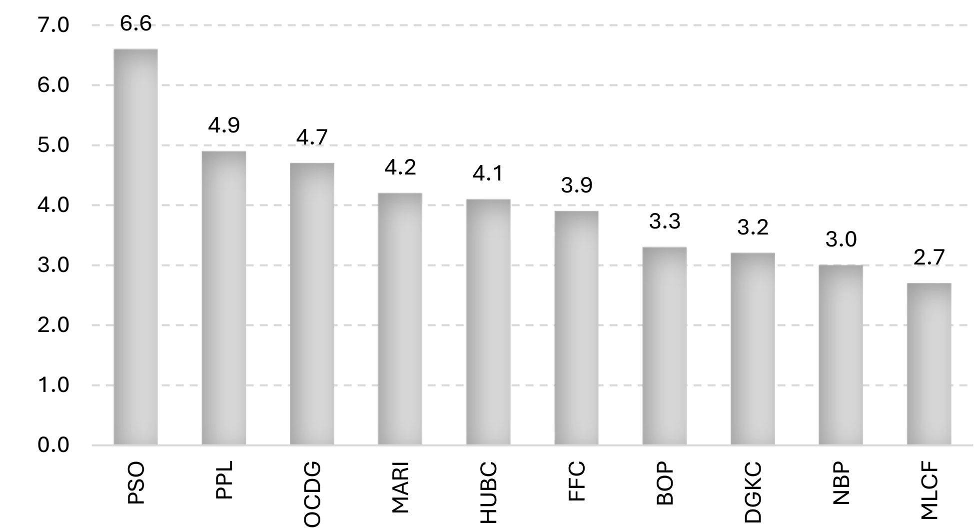
Top Company wise Volume Traded Stocks (mn shares)



Top Sector wise Value Traded Stocks (USD mn)

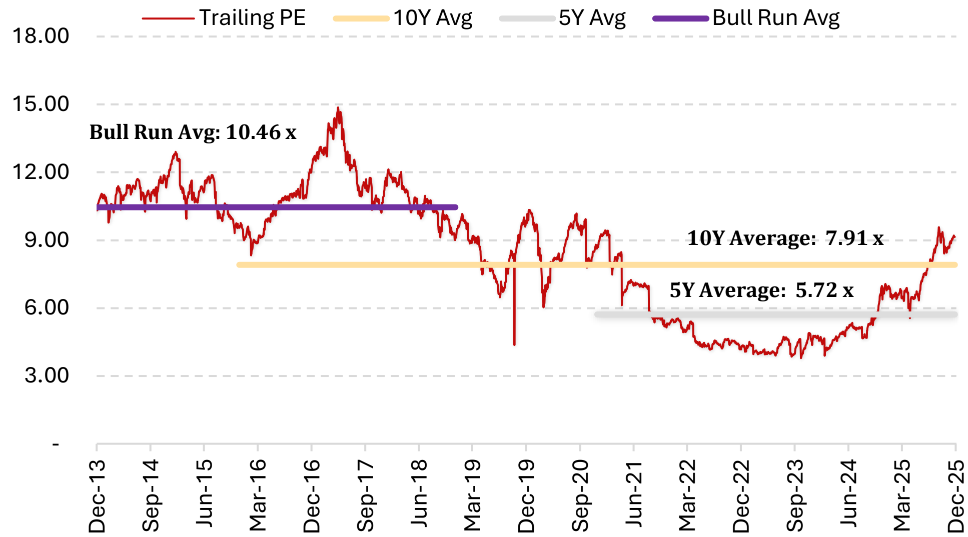


Top Company wise Value Traded Stocks (USD mn)

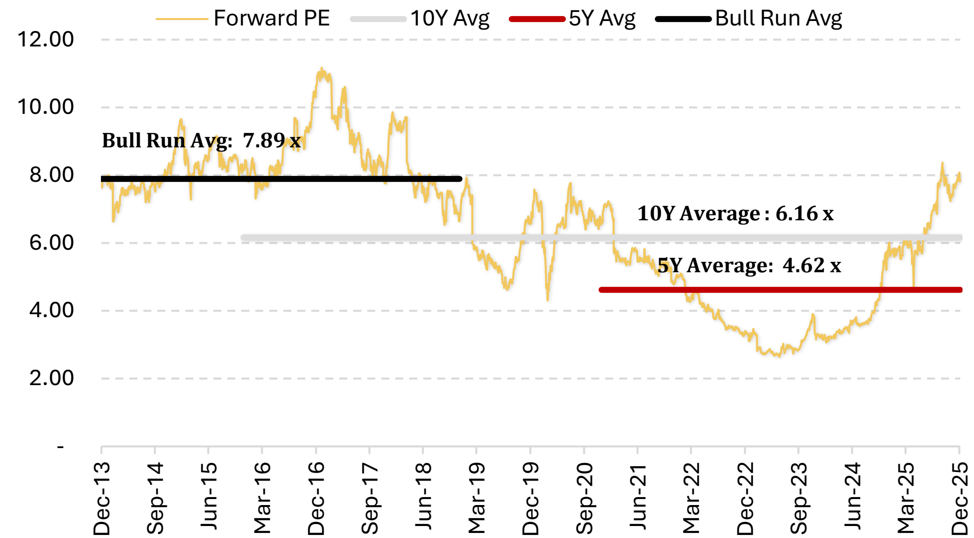


KSE-100 Index Multiples

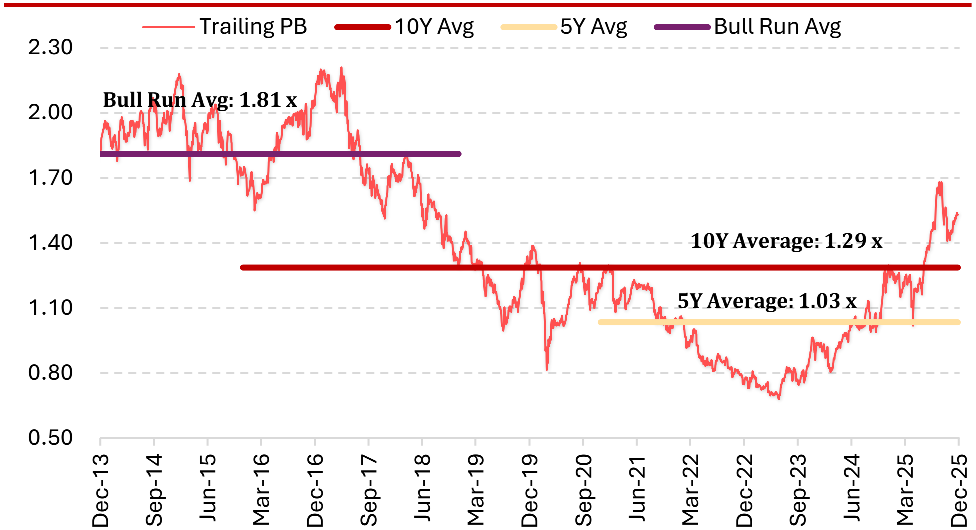
Price to Earning - Trailing



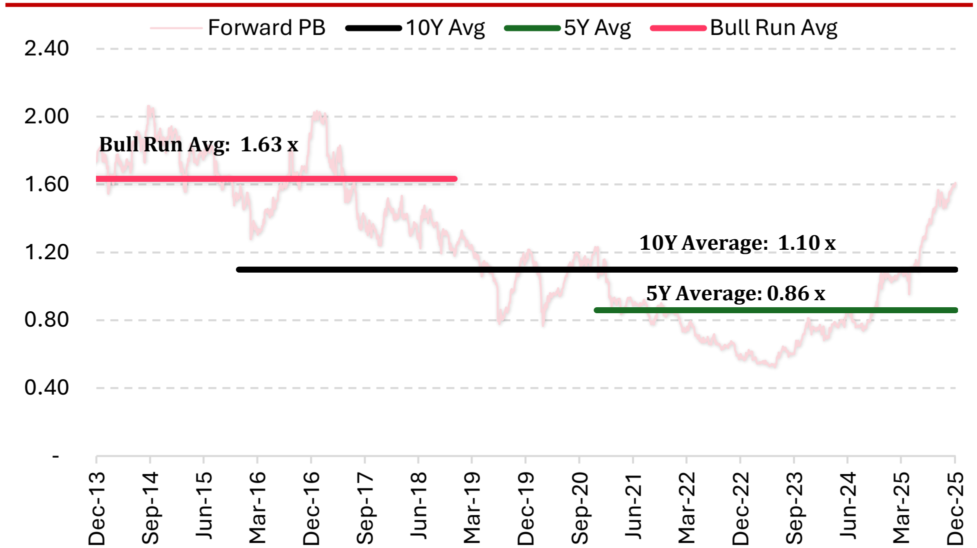
Price to Earning - Forward



Pric to Book - Trailing

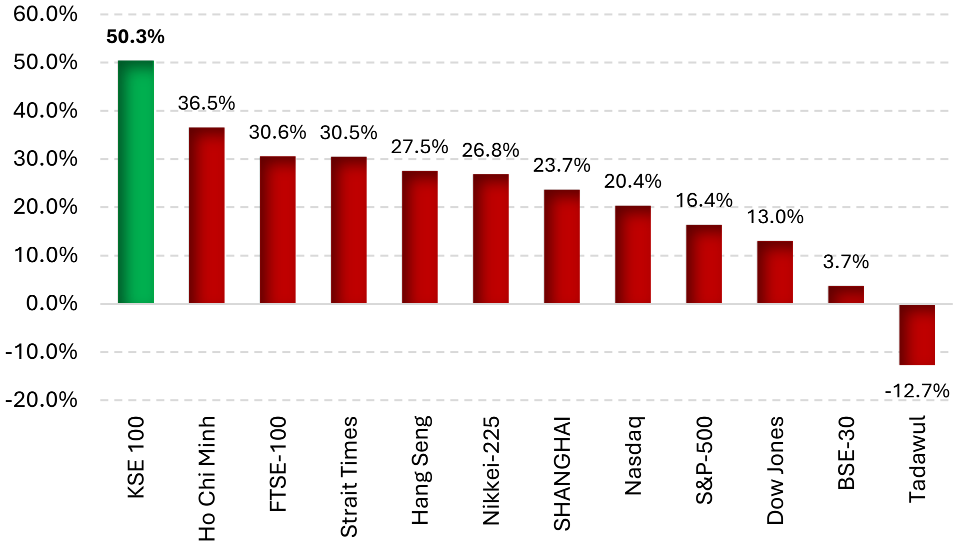


Price to Book - Forward

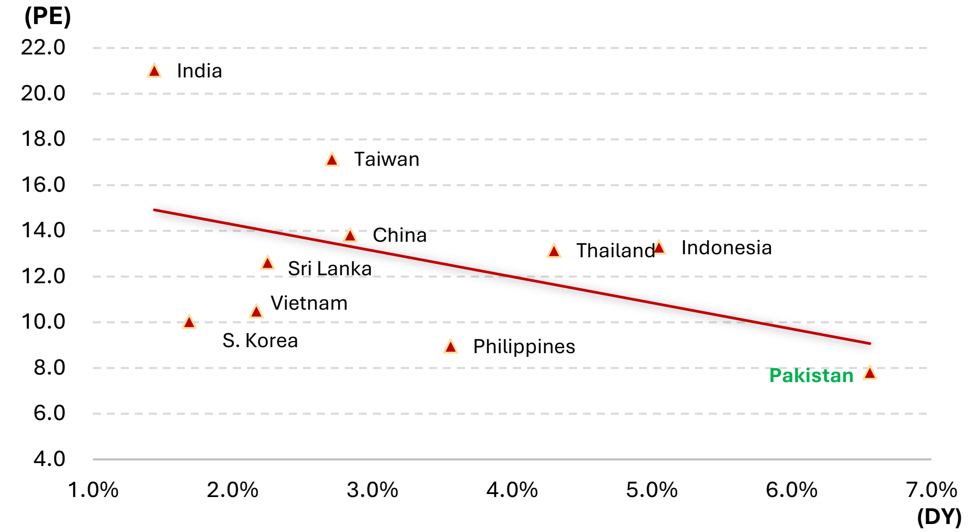


KSE-100 & Region

CY25 World Market Returns (USD Based)



Regional Markets PE & DY

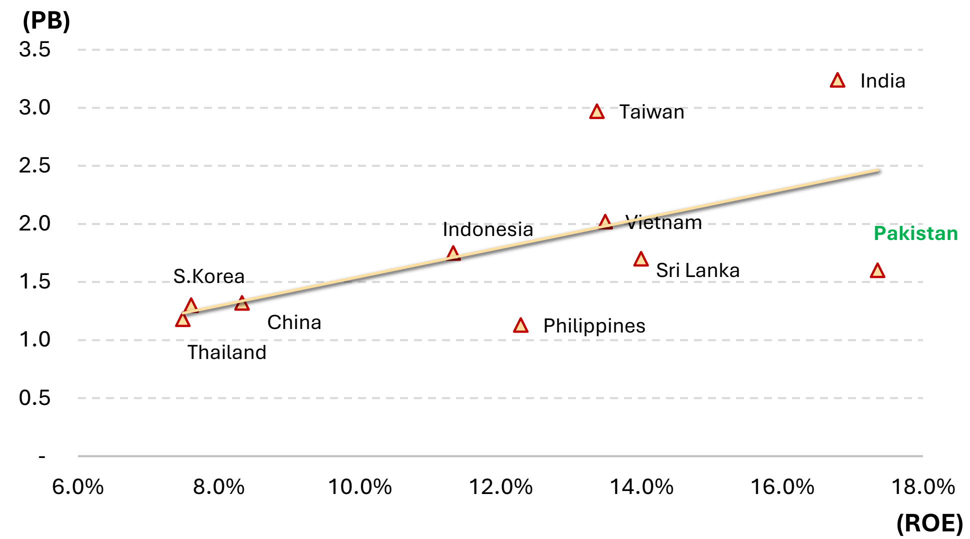


World Market Returns

Countries	Pakistan	India	London	USA	China	KSA
Indices (USD Based)	**KSE-100**	**BSE-30**	**FTSE-100**	**S&P 500**	**SHANGHAI**	**Tadawul**
CY25	50.34%	3.66%	30.57%	16.39%	23.70%	-12.70%
3Y CAGR	51.55%	8.76%	14.01%	21.26%	8.25%	0.12%
5Y CAGR	17.81%	7.68%	8.66%	12.75%	1.32%	3.85%
10Y CAGR	7.09%	9.15%	3.80%	12.85%	0.42%	4.27%
15Y CAGR	10.42%	4.95%	2.52%	11.96%	1.94%	3.12%
20Y CAGR	7.03%	7.85%	1.64%	8.88%	7.09%	-2.31%

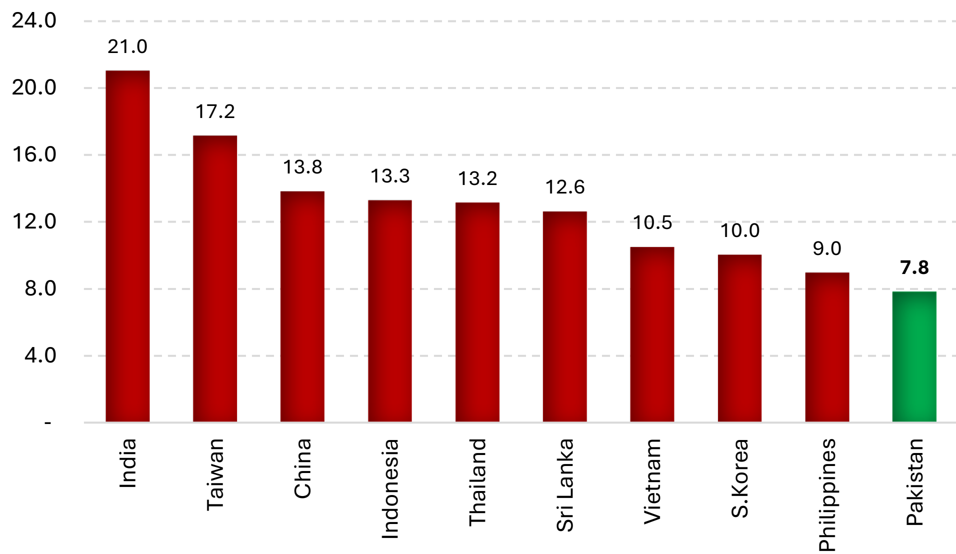
Source (s): Bloomberg, AAML Research

Regional Markets PB & ROE

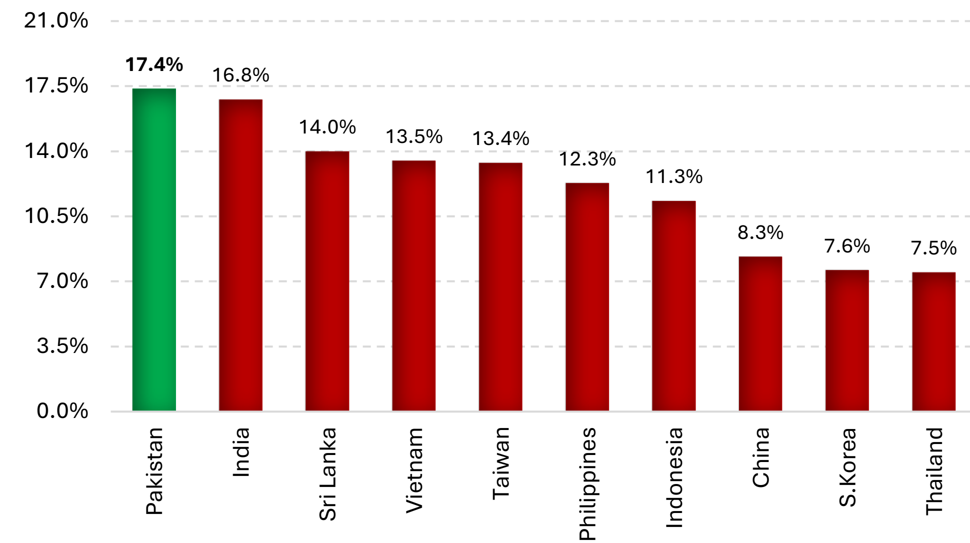


Regional Market Multiples

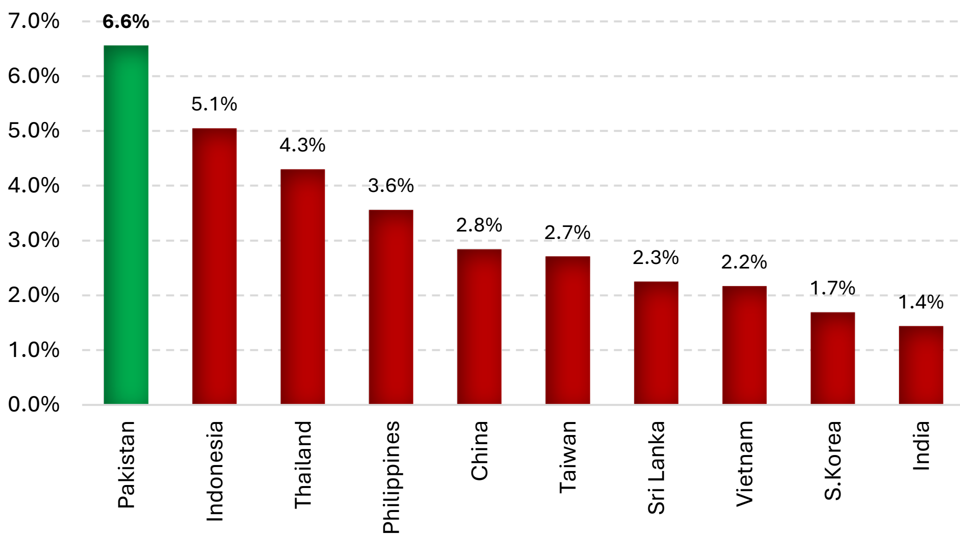
Price to Earning - Forward



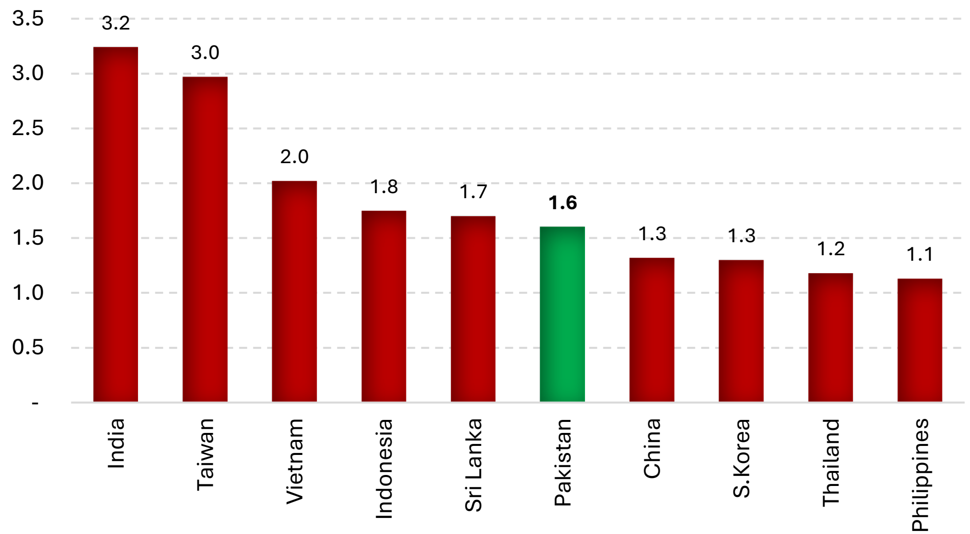
Return on Equity - Forward



Dividend Yield - Forward



Price to Book - Forward



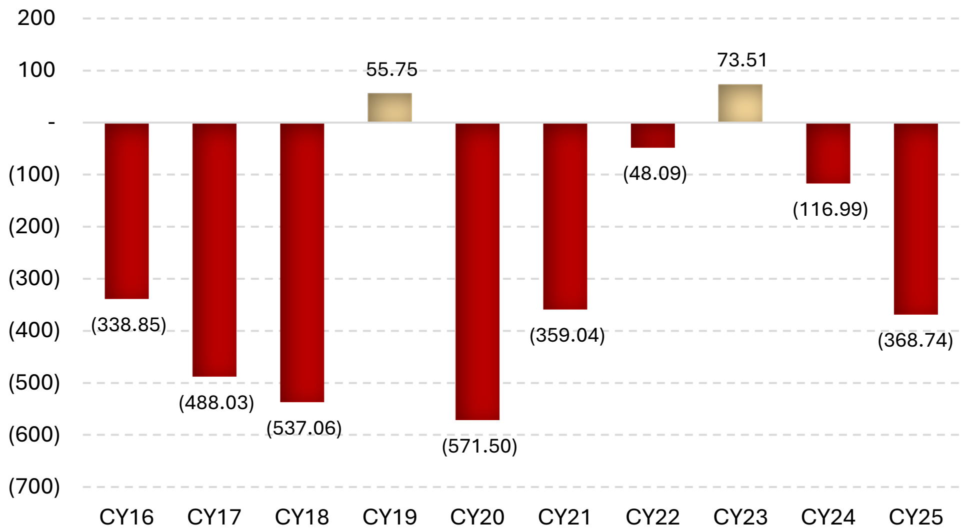
Foreign & Local Portfolio Investment (CY25)

Category Wise	Foreign Individual	Foreign Corporates	Overseas Pakistani	Total FIPI	Individuals	Companies	Banks	NBFC	Mutual Funds	Other Org.	Broker	Insurance	Total LIPI
Gross Buy	35.6	299.0	2,546.9	**2,881.5**	31,325.7	3,425.5	2,910.0	23.7	3,705.5	368.7	5,302.3	560.4	**47,621.7**
Gross Sell	(39.2)	(685.3)	(2,525.7)	**(3,250.3)**	(31,060.9)	(1,839.2)	(3,506.3)	(18.0)	(4,418.4)	(404.6)	(5,305.3)	(700.2)	**(47,253.0)**
Net Position	**(3.6)**	**(386.3)**	**21.2**	**(368.7)**	**264.8**	**1,586.3**	**(596.3)**	**5.7**	**(712.9)**	**(36.0)**	**(3.1)**	**(139.8)**	**368.7**
Sector Wise Net Position													
Cement	(0.2)	(1.7)	(5.7)	**(7.6)**	19.0	49.8	(40.6)	(0.4)	(2.9)	(9.9)	(1.0)	(6.5)	**7.6**
Fertilizer	(0.8)	(38.5)	0.7	**(38.6)**	21.1	(38.9)	(46.0)	2.4	76.9	(1.3)	4.1	20.3	**38.6**
FMCG	(0.2)	(30.4)	(2.3)	**(32.9)**	10.6	11.2	8.9	0.8	5.3	(2.4)	(2.2)	0.7	**32.9**
E&Ps	(0.1)	(71.8)	3.5	**(68.4)**	29.5	1.9	16.4	0.5	49.1	(9.8)	6.0	(25.2)	**68.4**
OMCs	(0.1)	(6.5)	5.5	**(1.0)**	8.5	15.1	28.1	(0.1)	(1.9)	(8.6)	(4.3)	(35.8)	**1.0**
Power	(0.2)	(15.2)	(15.1)	**(30.5)**	21.4	23.7	(3.8)	(0.1)	16.5	(2.1)	1.5	(26.5)	**30.5**
Banks	(1.8)	(137.4)	21.5	**(117.6)**	99.4	76.2	(44.4)	1.1	60.6	(15.4)	2.4	(62.2)	**117.6**
Technology	0.4	(15.2)	4.5	**(10.3)**	17.9	(7.4)	(4.8)	(0.0)	19.1	(3.2)	(2.2)	(9.0)	**10.3**
Textile	(0.0)	(1.3)	(3.8)	**(5.1)**	(4.5)	5.8	(4.3)	0.0	11.5	(0.5)	0.1	(3.0)	**5.1**
Others	(0.6)	(68.5)	12.7	**(56.5)**	39.3	10.1	(63.7)	1.5	62.3	13.0	(7.9)	2.1	**56.5**
Net Position	**(3.6)**	**(386.5)**	**21.4**	**(368.7)**	**262.0**	**147.4**	**(154.2)**	**5.7**	**296.5**	**(40.2)**	**(3.3)**	**(145.1)**	**368.7**
Debt	0.0	0.0	(0.0)	**(0.0)**	2.2	1,436.2	(434.9)	(0.0)	(1,013.6)	4.8	0.0	5.3	**0.0**
Net Position (Inc. Debt)	**(3.6)**	**(386.5)**	**21.4**	**(368.7)**	**264.3**	**1,583.5**	**(589.2)**	**5.7**	**(717.1)**	**(35.4)**	**(3.3)**	**(139.8)**	**368.7**

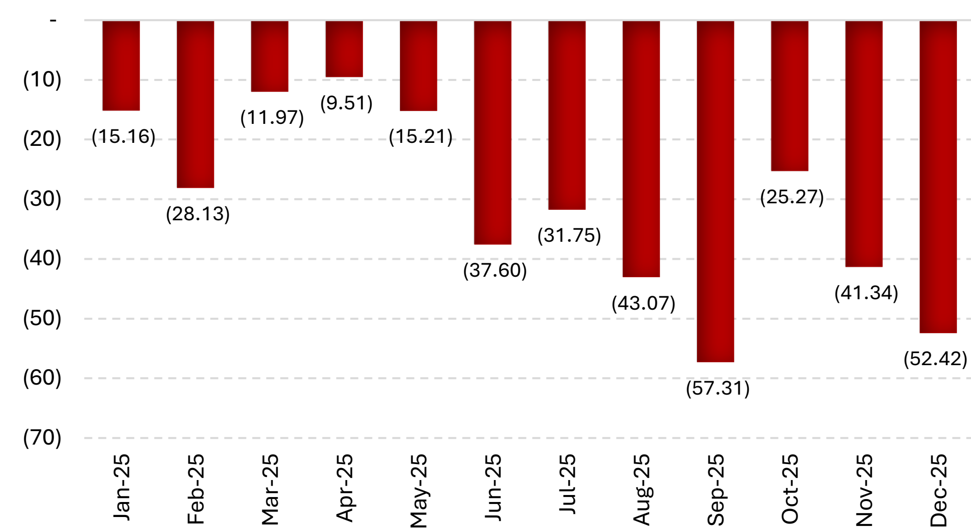
Source (s): NCCPL, AAML Research

Foreign & Local Portfolio Investment (CY25)

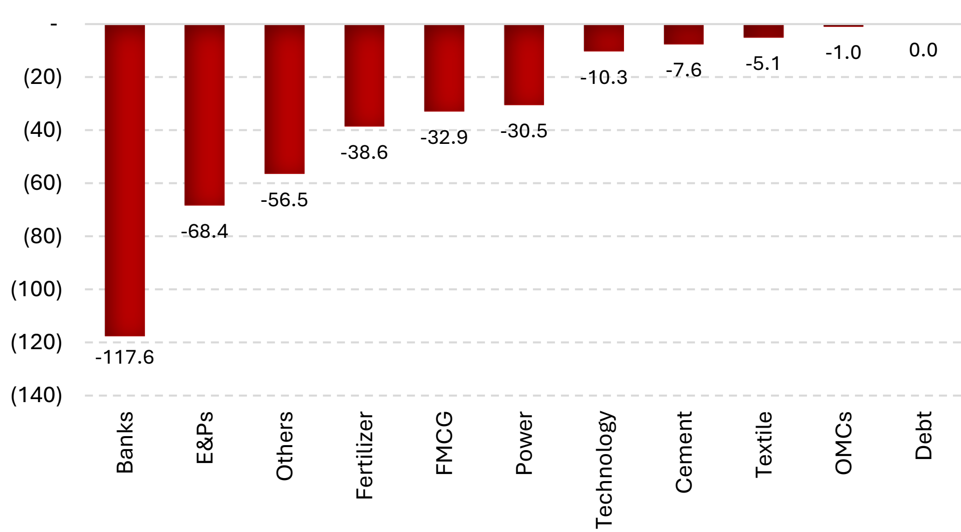
Yearly Foreign Net Buy/(Sell) Trend (USD mn)



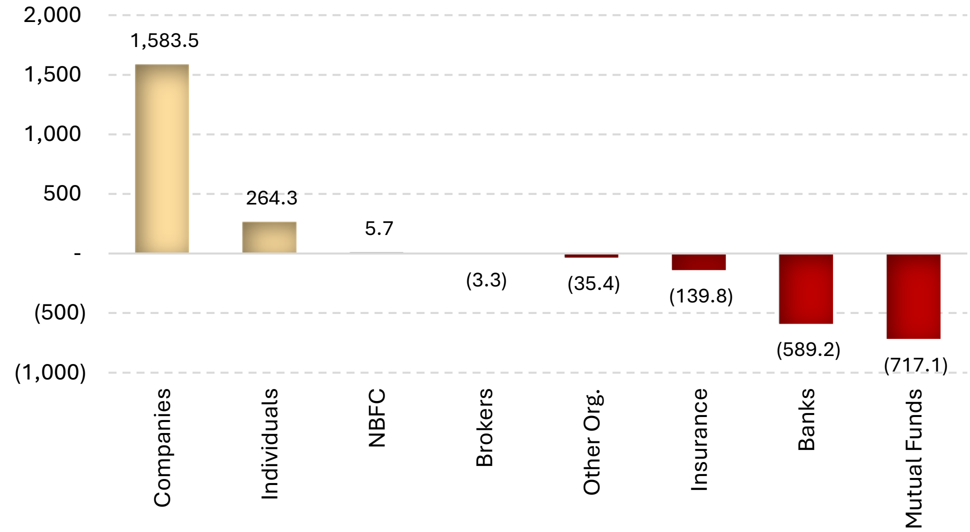
Monthly Foreign Net Buy/(Sell) Trend (USD mn)



CY25 Sector wise Foreign Net Buy/(Sell) (USD mn)

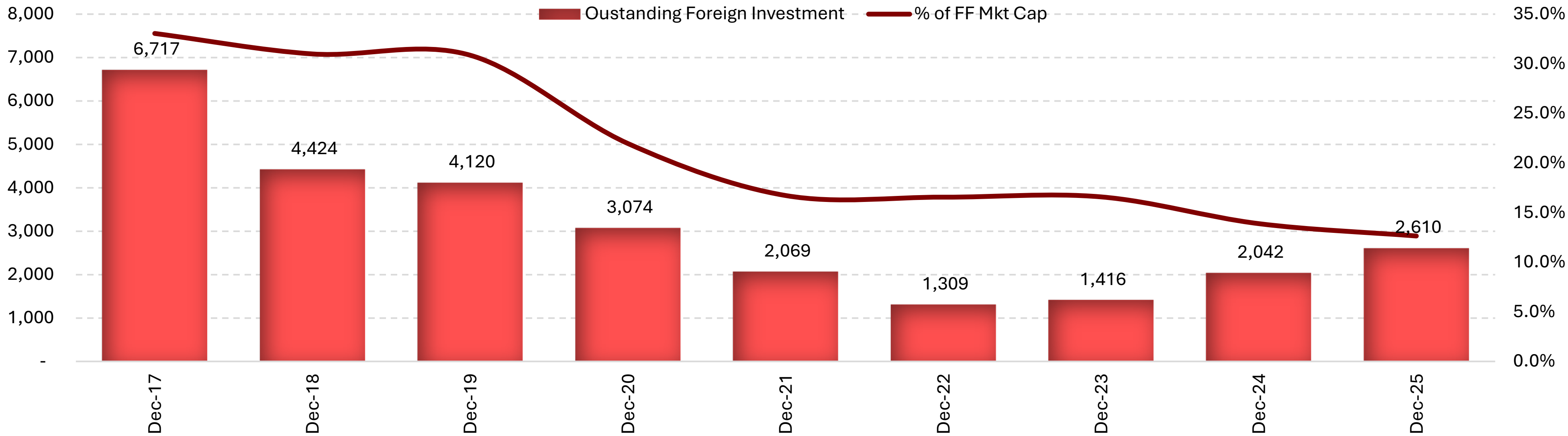


CY25 Category wise Local Net Buy/(Sell) (USD mn)



Equity Market

Outstanding Foreign Investment (USD mn)



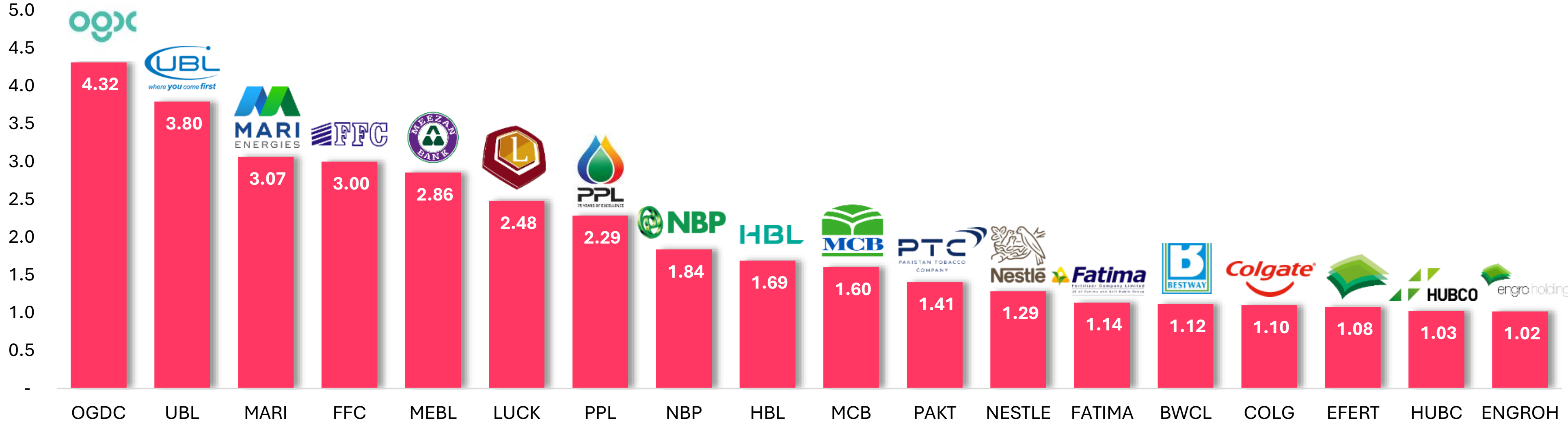
KSE ALL Ownership

Entity (PKR bn)		AUM / Investment	Equity Exposure	% of Total AUMs/Investment	KSE ALL Ownership
Mutual Funds	Nov-25	4,235	628	14.8%	11.0%
Banks^	Sep-25	34,893	373	1.1%	6.5%
State life Insurance (SLIC)^	Sep-24	1,325	210	15.8%	3.7%
Insurance (ex. SLIC)	May-25	420	70	16.6%	1.2%
Foreign	Jul-25	NA	135	NA	2.4%
Other*		NA	4,286	NA	75.2%
Total		**40,874**	**5,701****		

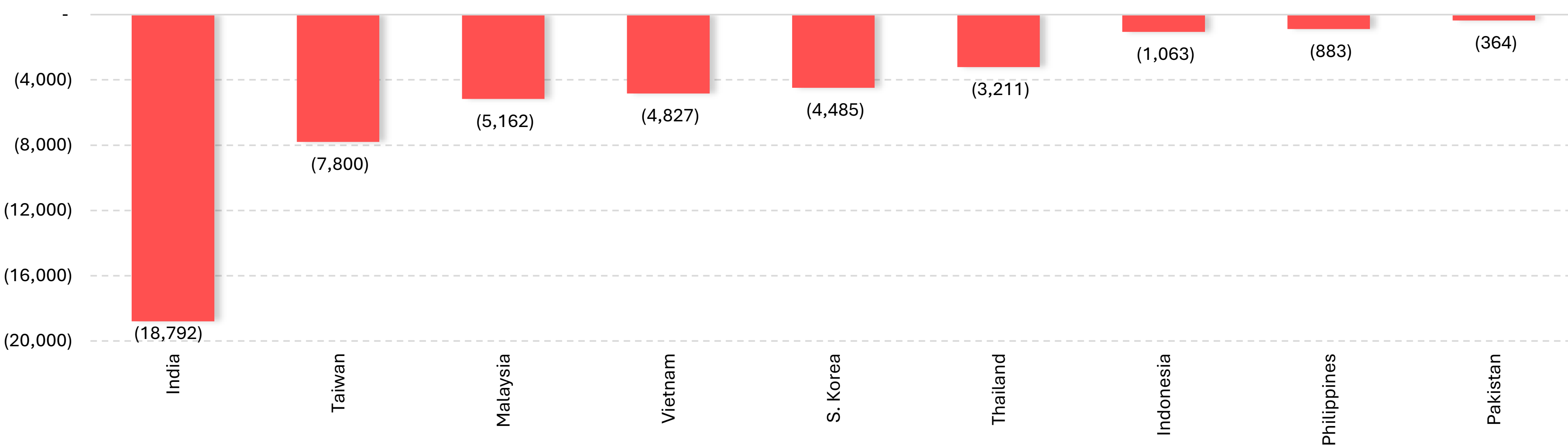
Source (s): MUFAP, Company Financials, AAML Research, *Others include; Individuals, Companies, NBFCs, Other Organizations, and Brokers, **KSE ALL Free Float Market Cap

Equity Market

Billion Dollar Club

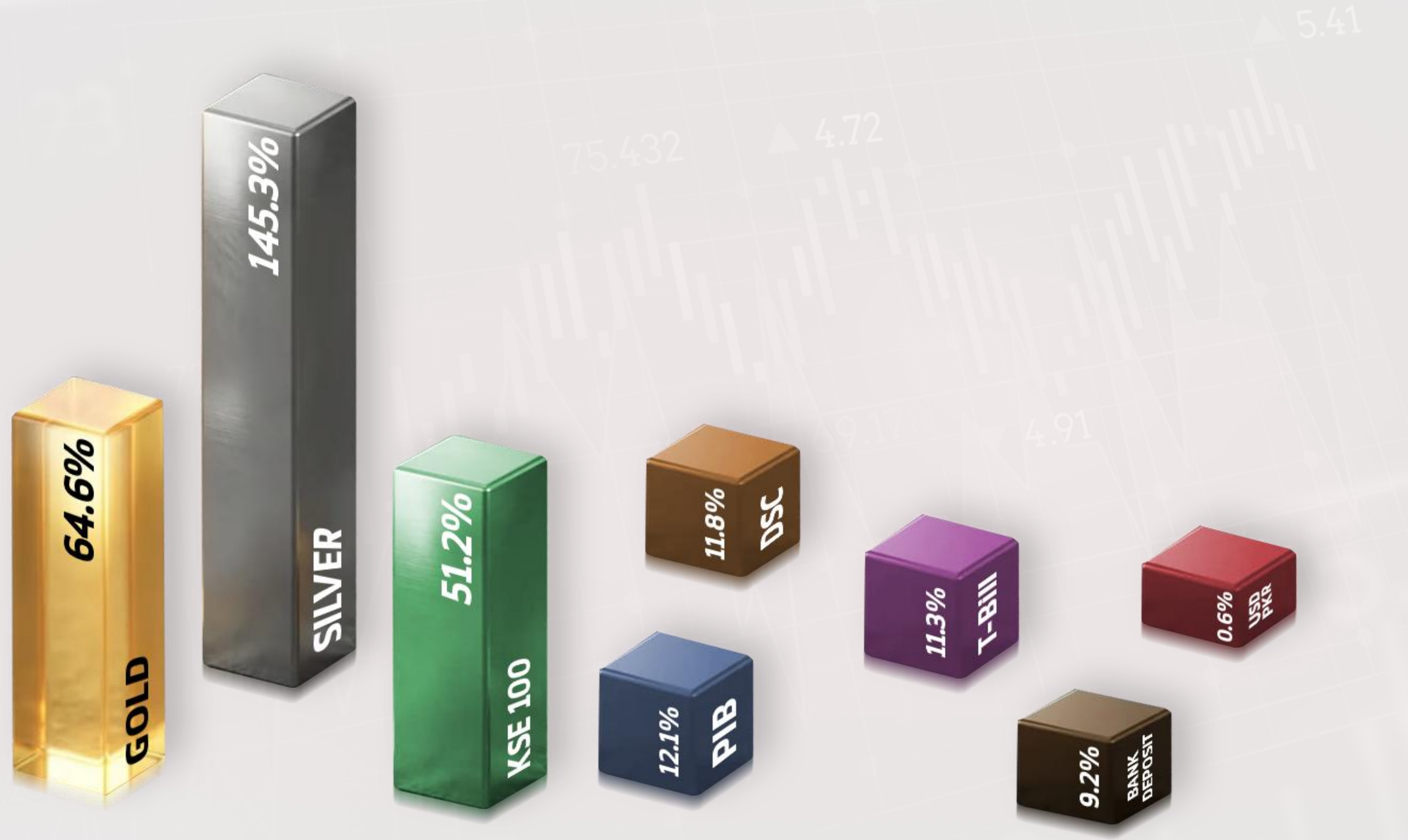


Foreign Portfolio Investment Region wise (USD mn)



Asset Class Returns

CY25 KSE-100 and Other Asset Class Returns



Our Funds

Alfalah GHP Alpha Fund

Elevate your wealth to new heights

51.06%*

KSE-100: 51.18%*

Risk Profile: High

Dec'25:
AGAF : 7.5%
KSE-100: 4.4%

3-Year:**
AGAF : 66.3%
KSE-100: 62.6%

5-Year:**
AGAF : 31.8%
KSE-100: 31.7%

*CY25, **CAGR

Our Funds

Alfalah GHP Stock Fund

Elevate your wealth to new heights

46.44%*

KSE-100: 51.18%*

Risk Profile: High

Dec'25:
AGSF : 7.4%
KSE-100: 4.4%

3-Year:**
AGSF : 65.9%
KSE-100: 62.6%

5-Year:**
AGSF : 30.9%
KSE-100: 31.7%

*CY25, **CAGR

Our Funds

Alfalah GHP Islamic Stock Fund

Elevate your wealth to new heights

29.42%*

KMI-30: 39.13%*

Risk Profile: High

Dec'25:
AGISF : 3.9%
KMI-30: 3.8%

3-Year:**
AGISF : 56.3%
KMI-30: 53.7%

5-Year:**
AGISF : 26.8%
KMI-30: 28.4%

*CY25, **CAGR

Alfalah Investments

www.alfalahamc.com | 021-111-090-090 | aaml.is@alfalahamc.com

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