

Pakistan Market

Pak weight in EM to slightly fall Post China A Shares Inclusion

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PAEL, NRL & IGIHL removed from MSCI Small Cap

- Morgan Stanley Capital International (MSCI) earlier today announced the results of the May 2018 Semi-Annual Index Review for the MSCI Equity Indexes.
- While there was no change in the MSCI Global Standard Indexes, MSCI has removed Pak Elektron (PAEL), National Refinery (NRL) and IGI Holdings Limited (IGIHL) from the MSCI Global Small Cap Indexes. All changes will be implemented from the close of May 31, 2018.
- Other development coinciding with the index review is the partial inclusion of China A shares in the MSCI China Index as well as relevant global and regional composite indexes, such as the MSCI Emerging Markets Index.
- China A-shares (234 stocks), will represent an aggregate weight of 0.39% in the MSCI Emerging Markets Index at a 2.5% partial inclusion factor during the first step. The second phase of the entry will take place in Sep 2018.
- Consequently, we estimate Pakistan's weight in MSCI Emerging Market Index to slightly fall after partial inclusion of China A shares.

MSCI Pak Investible Market Index (IMI)		
Symbol	Index Family	Status
HBL	Mid Cap	No Change
OGDC	Large Cap	No Change
UBL	Mid Cap	No Change
MCB	Mid Cap	No Change
LUCK	Mid Cap	No Change
ENGRO	Small Cap	No Change
POL	Small Cap	No Change
FFC	Small Cap	No Change
HUBC	Small Cap	No Change
PSO	Small Cap	No Change
EFERT	Small Cap	No Change
DGKC	Small Cap	No Change
BAFL	Small Cap	No Change
SNGP	Small Cap	No Change
MTL	Small Cap	No Change
KAPCO	Small Cap	No Change
NBP	Small Cap	No Change
SEARL	Small Cap	No Change
INDU	Small Cap	No Change
NML	Small Cap	No Change
FCCL	Small Cap	No Change
ISL	Small Cap	No Change
MLCF	Small Cap	No Change
THALL	Small Cap	No Change
PKGS	Small Cap	No Change
FFBL	Small Cap	No Change
HCAR	Small Cap	No Change
PAEL	Small Cap	Removed
NRL	Small Cap	Removed
IGIHL	Small Cap	Removed

Source: MSCI

PAEL, NRL & IGIHL removed from MSCI Small Cap

- While there were rumors pertaining to addition of Pakistan Petroleum (PPL) to MSCI EM index before the announcement, the standard MSCI EM index remain unchanged with existing 5 stocks (large & midcap) – Habib Bank (HBL), Oil & Gas Development Company (OGDC), United Bank (UBL), MCB Bank (MCB) and Lucky Cement (LUCK) – which was in-line with our expectations.

Pakistan MSCI EM Weights

Symbol	Expected Weight in MSCI EM Before China A Shares inclusion	Expected Weight in MSCI EM Post China A Shares inclusion
HBL	0.02%	0.02%
OGDC	0.02%	0.02%
UBL	0.01%	0.01%
MCB	0.01%	0.01%
LUCK	0.01%	0.01%
Total	0.075%	0.074%

Source: MSCI, Topline Research

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