



#### IFMP ACTIVITIES



#### INVESTORS' TERMS OF THE MONTH



#### BUSINESS AND ECONOMIC NEWSFLASH



#### QUOTES AND JOKES



#### MARKETS IN REVIEW

#### PERFORMANCE OF LISTED SHARIAH COMPLIANT REAL ESTATE INVESTMENT TRUSTS



The name of the institute has been changed from Institute of Capital Markets (ICM) to Institute of Financial Markets of Pakistan (IFMP).

IFMP's New Address and Telephone Number:

Park Avenue Building, Suite No. 1009, 10th Floor,  
P.E.C.H.S Block No. 6, Shahrah-e-Faisal, Karachi.

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DETAILS:

● [www.ifmp.org.pk](http://www.ifmp.org.pk)



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The last few years have seen a rapid growth in size, quality and sophistication of financial markets, because of changes in the policy and regulatory environment, the entrepreneurial initiatives of individuals and institutions, and the availability of trained manpower. The continuing growth of financial markets is further adding to the demand for well-trained professionals.



Mr. Muhammad Ali Khan

Institute of Financial Markets of Pakistan is dedicated to the professional development of financial markets and research on financial markets as well as the well being of financial markets by educating the professionals about the norms and ethics being practiced in the markets. IFMP has had a pioneering role in meeting the demand for educated manpower. It is Pakistan's first specialized institution devoted to the education and updating of knowledge of manpower for financial markets. It will provide high-quality educational standards for all types of financial market participants; investors, brokers, mutual funds, investment banks and policy makers.

The Institute's main activities are (1) Licensing the professionals working in the financial markets by certifications. The institute's key responsibility is to educate the professionals working in different financial markets of Pakistan through examining their knowledge in their relevant field of work; (2) Studying the latest developments in the financial markets in order to discover whether there is such a thing as an ideal market economy; and (3) Contributing to the development of financial markets in Pakistan. By means of these three activities the Institute seeks to communicate its ideas to the audience both at home and overseas. The Institute's research is intended, first and foremost, to be neutral, professional and practical. Rooted in practice, it aims to contribute to the healthy development of Pakistani financial markets as well as to related policies by conducting neutral and professional studies of how these markets and the financial system are regulated and organized and how they perform.

The economy is changing all the time. The Institute hopes that, by responding to these changes positively, it can contribute to the dynamic development of the country's financial markets as well as of the economy itself.

The Institute of Financial Markets of Pakistan (IFMP) (Formerly Institute of Capital Markets), Pakistan's first securities market institute, has been established as a permanent platform to develop quality human capital, meet the emerging professional knowledge needs of financial markets and create standards among market professionals. The Institute has been envisioned to conduct various licensing examinations leading to certifications for different segments of the financial markets. IFMP develops a pool of trained and certified professionals, skilled not only to deal in conventional instruments but also to trade in new and complex financial market products.

### **-EXAMINATION SCHEDULE- (2016-2017)**

- Sunday, 26 March, 2017
- Sunday, 28 May, 2017



### **PROGRAMMES**

- #### LICENSING CERTIFICATIONS
- ⇒ Fundamentals of Capital Markets
  - ⇒ Pakistan's Market Regulations
  - ⇒ Stock Brokers Certification
  - ⇒ Mutual Funds Distributors
  - ⇒ Commodity Brokers Certification

### **INSURANCE CERTIFICATIONS**

- ⇒ General Takaful Training
- ⇒ Family Takaful Training
- ⇒ Life Insurance Agent
- ⇒ Non-Life Insurance Agent

### **-FEE STRUCTURE-**

Candidate Registration Fee (One-Time)	Rs.10,000
Examination Registration Fee	Rs.7,000
Membership Fee (Annual)	Rs.5,000
Study Guide (Hard Copy)	Rs.800

### **OTHER CERTIFICATIONS**

- ⇒ Financial Advisors Certification
- ⇒ Financial Derivative Traders Certification
- ⇒ Compliance Officers Certification
- ⇒ Clearing and Settlement Operations Certification
- ⇒ Risk Management Certification
- ⇒ Capital Budgeting and Corporate Finance Certification
- ⇒ Investment Banking and Analysis Certification
- ⇒ Islamic Finance Certification
- ⇒ Research Analysts Certification

For more information, please visit our website: [www.ifmp.org.pk](http://www.ifmp.org.pk)

## IFMP ACTIVITIES

The training sessions on the “**Fixed Income Investment and Trading Certification Course**” were jointly organized by the Institute of Financial Markets of Pakistan and USAID Financial Market Development. Speakers for the sessions were:

-John Crowley

-Werner Riecke

-Abdul Qayyum

-Amir Khan



**Venue: IBA, Main Campus**



**Venue: CECOS University**

*Financial Advisor & Funds Distribution Course was also launched.  
Mr. Muhammad Ali Khan, CEO IFMP presented the course book to Dr. Riaz Ahmed Khattak, Vice Chancellor CECOS.*



**Venue: PSX Auditorium**

IBA Centre for Excellence in Islamic Finance in collaboration with the Institute of Financial Markets of Pakistan conducted an introductory session on the **“Islamic Capital Markets”** on the 8th of February, 2017 at the Pakistan Stock Exchange (PSX) Auditorium. The session was attended by over 60 practitioners from securities and trading organizations. Mr. Haroon Askari, Deputy Managing Director of the PSX was also present for the program.



The **Institute of Financial Markets of Pakistan (IFMP)** and **Virtual University of Pakistan** have signed a memorandum of understanding (MoU) for mutual cooperation for capacity-building and training programmes. The deal was signed by the Virtual University Rector Dr. Naveed A. Malik and IFMP CEO Muhammad Ali Khan on February 17, 2017 at VU’s MA Jinnah Campus, Lahore. The pact envisages collaboration between the two institutions to develop management skills through training sessions, professional certifications, consultancy and research across the country.

## PERFORMANCE OF LISTED SHARIAH COMPLIANT REAL ESTATE INVESTMENT TRUSTS

This article will provide an overview of the performance of public listed Shariah-compliant Real Estate Investment Trusts (S-REITs).

As of December 2016, there are five public listed S-REITs in the world. Table 1 provides an overview of the public listed S-REITs.

**Table 1: Shariah Compliant REITS**

Country	Name	Year of Inception	Listed on	Underlying Property	Market Value (27 Dec 2016)
Malaysia	Al'Aqar KPJ REIT	2006	Bursa Malaysia	Healthcare	RM1.09 billion
Malaysia	Al-Hadharah Boustead REIT <sup>1</sup>	2007	Bursa Malaysia	Palm Plantations	N/A
Malaysia	Axis REIT <sup>2</sup>	2008	Bursa Malaysia	Commercial and Industrial Properties	RM1.77 billion
Singapore	Sabana Industrial S-REIT	2010	Singapore Exchange Securities	Industrial Properties	SGD 332.91M
UAE	Emirates REIT	2014	Nasdaq Dubai	Diverse	USD 344.6 million
Pakistan	Dolmen City REIT	2015	Pakistan Stock Exchange	Commercial Rental Properties	PKR 24.26 billion

Source: Hwa and Noor (2007); Razali and Sing (2015); Bursa Malaysia (2016), Emirates REIT (2016); Standard Capital Securities (2016); Sabana Sha'riah Compliant REIT. (2017)

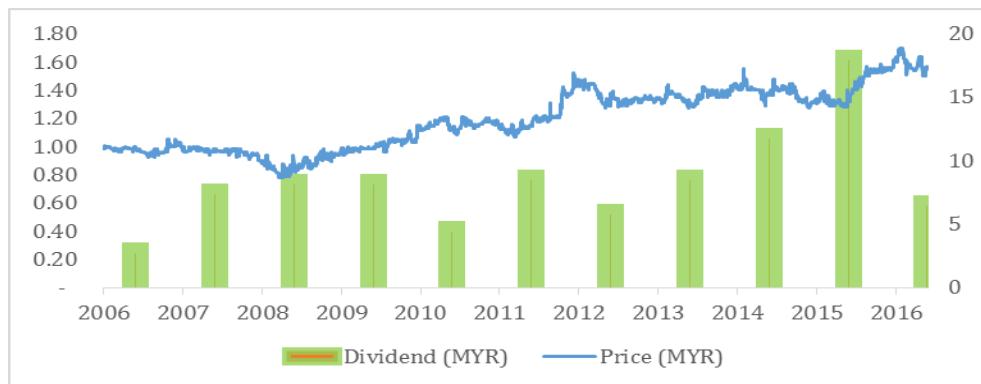
Notes: <sup>1</sup> The S-REIT was privatized and delisted from Bursa Malaysia on 16 July 2013

<sup>2</sup>Converted from conventional REIT to S-REIT in 2008

Figures 1a to 1e provide an insight to the prices and dividends paid on S-REITs in various countries. These S-REITs trade on the exchange with sufficient volumes providing investors with viable option to invest in liquid securities that are aligned with their religious beliefs and offer them both capital gains and stable income.

**Figure 1: Performance of S-REITs and Distributions History**

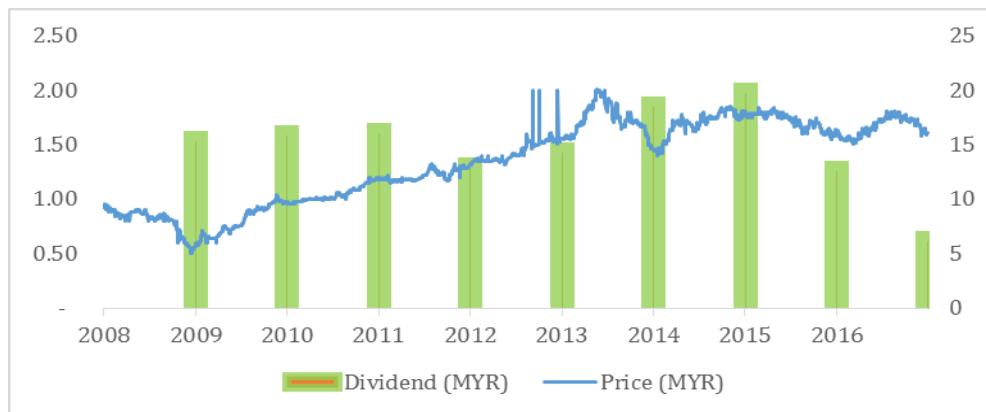
**1a: Al'Aqar KPJ REIT (Malaysia)**



Source: Google Finance (2016); Malaysia Stock Biz (2017)

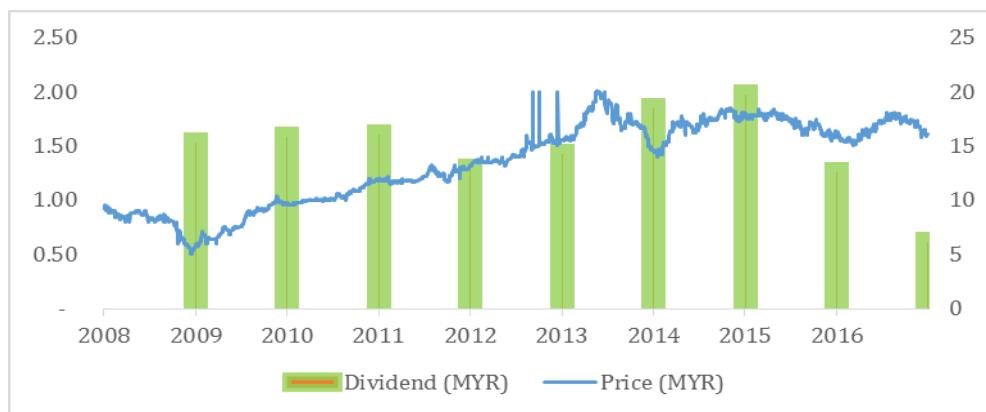
## PERFORMANCE OF LISTED SHARIAH COMPLIANT REAL ESTATE INVESTMENT TRUSTS

### 1b: Axis REIT (Malaysia)



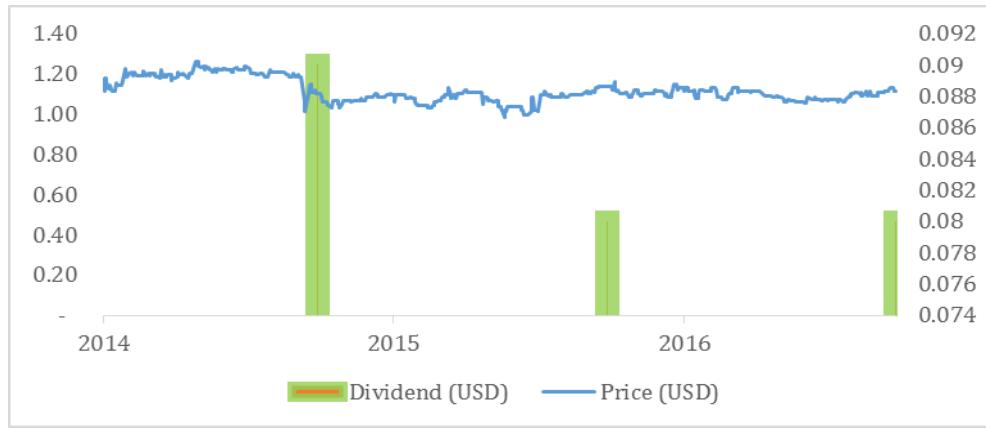
Source: Google Finance (2016); Malaysia Stock Biz (2017)

### 1c: Sabana REIT (Singapore)



Source: Google Finance (2016); Sabana Sha'riah Compliant REIT (2017)

### 1d: Emirates REIT (UAE)



Source: Bloomberg (2016); Emirates REIT (2016)

### 1e: Dolmen City REIT (Pakistan)



*Source: PSX (2016); Arif Habib Dolmen REIT (2016)*

Since the number of S-REITs and the availability of historical data is limited, the research on the risk and return profiles of S-REITs is also sparse. Some research is available on Malaysian S-REITs, findings of which may not be generalized to the S-REITs in other countries. The studies available on S-REITs highlight the diversification benefits of S-REITs. For example, a study by Razali and Sing (2015) documented that the Malaysian S-REITs provided abnormal returns during 2005 and 2014 as compared to their conventional counterparts. The authors also found that S-REITs also exhibited some countercyclical attributes during the crises. Newell and Osmadi (2009) found that S-REITs exhibited high degree of robustness and low correlation with the stock markets during the GFC and as a result their inclusion in a portfolio can potentially lead to greater diversification benefits. Contrary to the findings of these studies, Mohamad and Mohd Saad, (2012) found conventional REIT outperformed the I-REIT during the GFC.

While research on Islamic finance highlights that religious beliefs largely determine the interest in Shariah compliant investment products (For example, Metawa and Almossawi, 1998; Naser et al., 1999; Othman and Owen, 2001), further research related to the risk and return profiles, and diversification benefits of these investment products will provide other investors an incentive to consider them as potential avenues for investment.



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### Agent

An insurance agent appointed by an insurer in accordance with the provisions of the Ordinance and these rules.

-**Insurance Rules, 2017**



### Company

A life insurance company or an asset management company registered as a Pension Fund Manager.

-**Voluntary Pension Rules, Amended 2012**

### Issue

It includes issue of securities through-

- (i) Public offering by an issuer;
- (ii) An offer for sale of security to the general public by an offeror; and
- (iii) An offer of securities to the existing shareholders by a company or a body corporate.

-**Underwriters Rules, 2015**

### Offeror

A person who directly or indirectly holds ten percent or more securities of a public limited company or a body corporate and offers for sale such securities, in full or in part, to the general public.

-**Balloters And Transfer Agent Rules, 2015**

### Participant

Where Takaful policy has been assigned, the assignee for the time being and, where he is entitled as against to participant Takaful Fund to the benefits of the policy, the legal heirs of a deceased participant.

-**Takaful Rules, 2005**

### Regulations

Regulations made by

- (i) A stock exchange, under the Ordinance; or

(ii) A central depository, under the Central Depositories Act, 1997; or

(iii) A clearing company, under its bye-laws, for the respective leveraged market contracts with the previous approval of the Commission.

-**Securities (Leveraged Markets and Pledging) Rules, 2011**

### Strategic Investment

An investment which an NBFC makes with the intention to hold it for a period of minimum 5 years and is more than 10% of its equity.

-**NBFC Rules, 2003**

### Trader

An employee of a member who is authorized by such member to execute trade of the investors through the automated trading system in such exchange.

-**Members' Agents and Traders (Eligibility Standards) Rules, 2001**

## Increase in Financing for Fixed Investment

Financing for fixed investment in almost all sectors of the economy has swelled after a decade of stagnation. According to the statistical bulletin, financing for fixed investment rose each month during the first half of 2016-17.

Banks were unwilling to finance fixed investment because of higher risks involved. The change in investment was due to the low interest rate scenario, which was hurting banks' income. A SBP report said that banks' advances went up by 144% in 2016, which shows higher growth in the economy.

Higher fixed investment is a sign of growing economic activities that also create greater demand for liquidity.

Chinese investors have started showing interest in the property and construction industry in Pakistan, which may motivate local players to increase investments in this sector.

## Framework to Streamline Islamic Banking

The International Monetary Fund called for establishing a policy framework that boost financial stability and sound development of Islamic banking. The guidelines, released by the IMF headquarters in Washington, pointed that it was particularly to develop such an environment in the countries where Islamic banking has become completely important.

The IMF welcomed the progress that has been made in developing legal and governance frameworks, and reg-

ulatory and supervisory standards for Islamic banking, to complement the international norms and standards that apply beyond Islamic banks. The IMF called for full implementation and consistent application of the standards, and for strengthening supervisory capacity with respect to Islamic banking.

## PSX to be Listed by June

The Pakistan Stock Exchange would stand listed on the bourse by the end of June. The stock market signed a sale and purchase agreement in January with a Chinese consortium that won the bid for a 40% stake in the PSX by putting \$85 million (or Rs28 per share) on the table. The stake on sale translates into 320 million shares.

With 40% shares of the PSX already distributed to the original owners the 200-strong stockbroker fraternity and another 40% sold to the Chinese consortium, the remaining 20% shares of the bourse are to be offered to the public in an initial public offering (IPO). The restructured 10-member BoD of the PSX would comprise four nominations each by the Chinese partners. The remaining two members on the board would be nominated by the SECP. This means the apex regulator would concede four of its seats to the Chinese investors. But the newly drafted articles of association of the PSX specify that the number of elected directors and those nominated by the SECP would stand on a par with each other.

## Companies Regularization Scheme Launched

The Securities and Exchange Commission of Pakistan has launched a Companies Regularization Scheme for Gilgit-Baltistan. CRS intends to give relief to companies registered in GB which were not consistent in filing of statutory returns.

Under the scheme, companies registered in GB can file their overdue returns on payment of normal fee as prescribed under the sixth schedule of Companies Ordinance, 1984. All the companies registered in GB are advised in their own interest to benefit from this golden opportunity to regularize their statutory record by filing overdue returns/annual accounts with normal filing fee.

The scheme shall be applicable to all companies and would remain operative for a period of three months from Feb 1, 2017 to April 30, 2017. After the closure of the scheme, necessary legal action shall be initiated against the non-compliant companies.

## Facilitation for Small Insurance Policy Holders

The SECP has notified amendments to facilitate small insurance policy holders by increasing the minimum limit of disputes that can be challenged for arbitration.

The limits of pecuniary value of claims have been increased to Rs.2.5 million for motor and life insurance policies and Rs.5 million for domestic insurance policies under Rule 6 of the Small Dispute Resolution Committees (Constitution and Procedure) Rules, 2015. There was a need to raise the pecuniary limits of the claims to be arbitrated by these commit-

tees. The SECP constituted three committees in Islamabad, Lahore and Karachi in 2015 for resolution of disputes between the insurers and the policyholders which were named as Small Dispute Resolution Committees. The idea behind the constitution of these committees was to provide expeditious resolution to the insurance policyholders in case of dispute between the policyholder and insurance company.

## URDU GLOSSARY

Acquisition

حصول

Board of Directors

مجلس نظماء، بورڈ آف ڈائریکٹرز

Debtor

مقرض

Group Insurance

اجتماعی بیمه

Human Resources

انسانی وسائل

Market Contract

کاروباری معاهدہ

Ordinary Shares

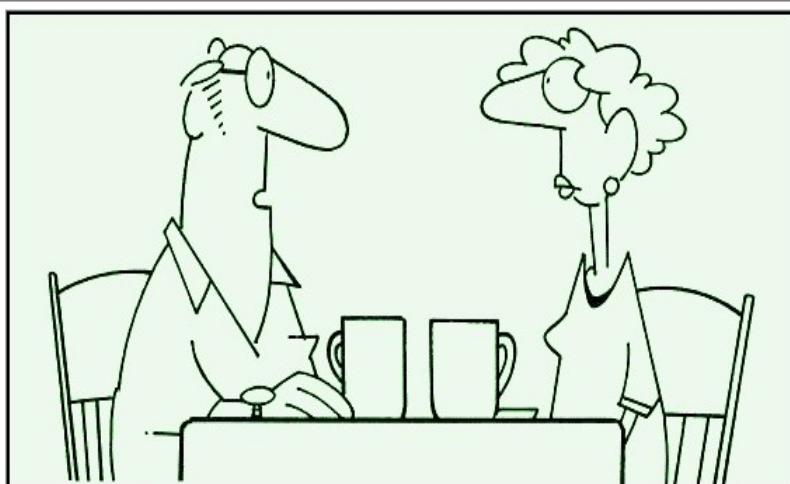
عام حصہ

Pro Rata

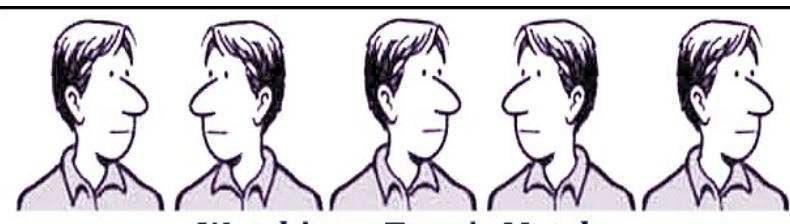
متعدد شرح کے مطابق

Statement of Accounts

کھاتے کا گوشوارہ، فرد حسابات



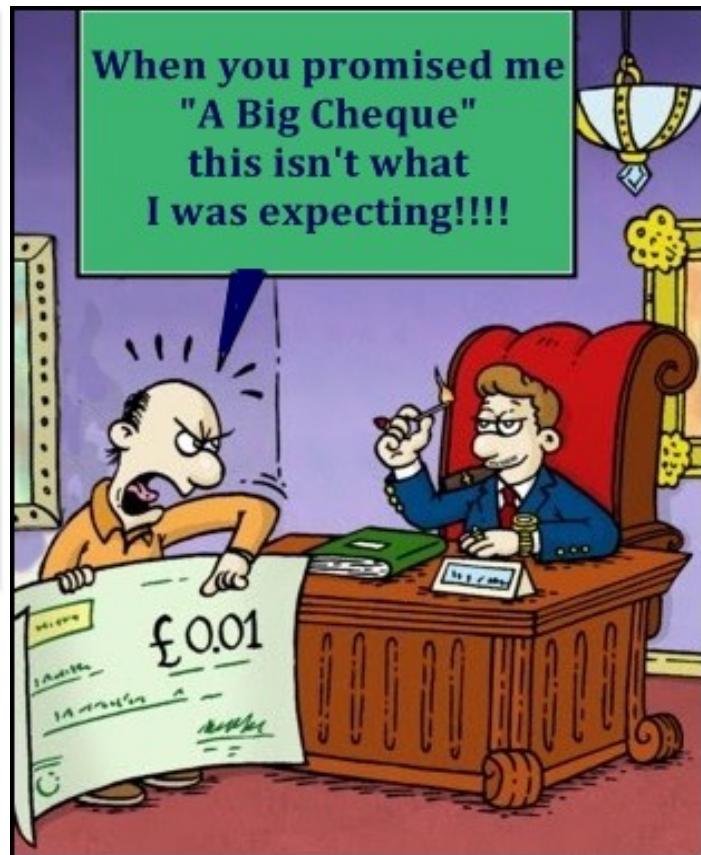
I finally put something aside for my retirement.  
I put aside my plans to retire.



**Watching a Tennis Match**



**Watching the Stock Markets**



The markets generally are unpredictable, so that one has to have different scenarios. The idea that you can actually predict what's going to happen contradicts my way of looking at the market.  
- George Soros

I think you have to learn that there's a company behind every stock and there's only one real reason why stocks go up. Companies go from doing poorly to doing well or small companies grow to large companies.  
- Peter Lynch

The price of a commodity will never go to zero. When you invest in commodities futures, you are not buying a piece of paper that says you own an intangible of company that can go bankrupt.  
- Jim Rogers

To be a successful business owner and investor, you have to be emotionally neutral to winning and losing. Winning and losing are just part of the game.

- Rich Dad

## Monthly Review

	Crude Oil (WTI)
Beginning	<b>53.44</b>
Ending	<b>53.26</b>
Change	<b>-0.18</b>

<b>KIBOR (6 Months)</b>		
	Bid %	Offer %
<b>Beginning</b>	<b>5.87</b>	<b>6.12</b>
<b>Ending</b>	<b>5.87</b>	<b>6.12</b>
<b>Change</b>	<b>0</b>	<b>0</b>

 Gold	
Beginning	Rs.42,771
Ending	Rs.43,842
Change	+1071

		Silver
Beginning		10 Grams
Ending		Rs.651.42
Change		Rs.660.00 +8.58

Source:  
[forex.com.pk](http://forex.com.pk)  
[sbp.org.pk](http://sbp.org.pk)



## Foreign Exchange Rates

## Interbank Market

	GBP (£)		EURO (€)		USD (\$)	
	Buying	Selling	Buying	Selling	Buying	Selling
<b>Beginning</b>	<b>Rs.131.03</b>	<b>Rs.131.28</b>	<b>Rs.112.05</b>	<b>Rs.112.26</b>	<b>Rs.104.70</b>	<b>Rs.104.90</b>
<b>Ending</b>	<b>Rs.129.77</b>	<b>Rs.130.02</b>	<b>Rs.110.54</b>	<b>Rs.110.75</b>	<b>Rs.104.40</b>	<b>Rs.104.60</b>
<b>Change</b>	<b>-1.26</b>	<b>-1.26</b>	<b>-1.51</b>	<b>-1.51</b>	<b>-0.3</b>	<b>-0.3</b>

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