



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
SPECIALIZED COMPANIES DIVISION
FUND MANAGEMENT DEPARTMENT

No. SCD/AMCW/RS/Circular/2008/168

December 18, 2024

Direction No. 24 of 2024

Subject: Performance Benchmarks for Collective Investment Schemes

In order to standardize the disclosures of performance and to bring coherence in the comparison of performance with respective benchmarks for Collective Investment Schemes (CIS), the Securities and Exchange Commission of Pakistan ("the Commission"), in exercise of its powers conferred under section 282 B (3) of the Companies Ordinance 1984 and in supersession of its earlier Direction No. 27 of 2016 dated August 25, 2016, hereby, directs Asset Management Companies (AMCs) to use the following performance benchmarks for CIS:

Sr #	Category of CIS	Benchmarks
1	Money Market	90% three (3) months PKRV rates + 10% three (3) months average of the highest rates on savings account of three (3) AA rated scheduled Banks as selected by MUFAP.
2	Shariah Compliant Money Market	90% three (3) months PKISRV rates + 10% three (3) months average of the highest rates on savings account of three (3) AA rated scheduled Islamic Banks or Islamic Windows of Conventional Banks as selected by MUFAP.
3	Sovereign Income	90% six (6) months PKRV rates + 10% six (6) months average of the highest rates on savings account of three (3) AA rated scheduled Banks as selected by MUFAP.
4	Shariah Compliant Sovereign Income	90% six (6) months PKISRV rates + 10% six (6) months average of the highest rates on savings account of three (3) AA rated scheduled Islamic Banks or Islamic Windows of Conventional Banks as selected by MUFAP.
5	Income	75% six (6) months KIBOR + 25% six (6) months average of the highest rates on savings account of three (3) AA rated scheduled Banks as selected by MUFAP.
6	Shariah Compliant Income	75% six (6) months PKISRV rates + 25% six (6) months average of the highest rates on savings account of three (3) AA rated scheduled Islamic Banks or Islamic Windows of Conventional Banks as selected by MUFAP.
7	Aggressive Income	90% twelve (12) months KIBOR + 10% twelve (12) months average of the highest rates on savings account of three (3) AA rated scheduled Banks as selected by MUFAP.
8	Shariah Compliant Aggressive Income	90% twelve (12) months PKISRV + 10% twelve (12) months average of the highest rates on savings account of three (3) AA rated scheduled Islamic Banks or Islamic Windows of Conventional Banks as selected by MUFAP.
9	Equity	KSE-100 Index Or KSE-30 Index (Total Return Index).
10	Shariah Compliant Equity	KMI-30 Index Or KMI All Share Index (Total Return Index)



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Sr #	Category of CIS	Benchmarks
11	Sector Specific Equity / Shariah Compliant Sector Specific Equity	A Total Return Index, reflective of the investment universe of the CIS as may be approved by SECP on a case to case basis.
12	Balanced	60% of benchmark for Equity CIS + 40% of benchmark for Income CIS.
13	Shariah Compliant Balanced	60% of benchmark for Shariah Compliant Equity CIS + 40% of benchmark for Shariah Compliant Income CIS.
14	Fund of Funds	Benchmark of the respective category of Fund of Funds.
15	Shariah Compliant Fund of Funds	Benchmark of the respective category of Shariah Compliant Fund of Funds.
16	Commodity	Combination of 70% of relevant commodity's future contract at PMEX and 30% average of the highest rates on savings account of three (3) AA rated scheduled banks as selected by MUFAP.
17	Shariah Compliant Commodity	Combination of 70% of relevant commodity's future contract at PMEX and 30% average of the highest rates on savings account of three (3) AA rated scheduled Islamic Banks or Islamic windows of Conventional Banks as selected by MUFAP.
18	Index Tracker	Benchmark shall be the return of the Index being tracked by the CIS (Total return based).
19	Shariah Compliant Index Tracker	Benchmark shall be the return of the Shariah Compliant Index being tracked by the CIS. (Total return based).
20	Asset Allocation	Combination of performance benchmarks for Equity, Fixed Income and Money Market CIS on the basis of actual proportion held by the CIS.
21	Shariah Compliant Asset Allocation	Combination of performance benchmarks for Shariah Compliant Equity, Shariah Compliant Fixed Income and Shariah Compliant Money Market CIS on the basis of actual proportion held by the CIS.
22	Capital Protected	A combination to be used incorporating a mix of PKRV rates for the period corresponding to the maturity of CIS and the Equity Index based upon the percentage allocation.
23	Shariah Compliant Capital Protected	A combination to be used incorporating a mix of PKISRV rates for the period corresponding to the maturity of CIS and the Shariah Compliant Equity Index based upon the percentage allocation.
24	Constant Proportion Portfolio Insurance based	Combination of performance benchmarks for Equity Index and PKRV rates for the period corresponding to the maturity of CIS, on the basis of actual proportion held by the CIS.
25	Shariah Compliant Constant Proportion Portfolio Insurance based	Combination of performance benchmarks for Shariah Compliant Equity Index and PKISRV rates for the period corresponding to the maturity of CIS, on the basis of actual proportion held by the CIS.



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26	Fixed Rate/Return	PKRV/PIB rates on the last date of IOP of the CIS with maturity period corresponding to the maturity of CIS.
27	Shariah Compliant Fixed Term	PKISRV rates on the last date of IOP of the CIS with maturity period corresponding to the maturity of CIS.

2. In addition to implementation of these prescribed performance benchmarks, the AMCs shall also adhere to the following.

A. Dissemination of Peer Group Average Returns

3. For effective implementation of enhanced performance disclosure, in addition to the prescribed performance benchmarks, MUFAP shall also disseminate the "Peer Group Average Return" for each category on a monthly basis so as to ensure that every CIS in any single category is using the uniform peer-group-averages. For construction of such peer groups; a distinct segment may be used in the same category by MUFAP, based upon the difference in investment avenues (e.g. Sovereign Income CIS and Sector Specific Income CIS within the Income Fund category), provided that there are at least three (03) participants in the peer group where each of them is operational for at least six months.

In case of any new fund, MUFAP shall publish its peer group comparison, but the fund itself shall become part of peer group only after completing a period of 6 months.

B. Dissemination of Performance Benchmarks

4. Mutual Fund Association of Pakistan (MUFAP) shall calculate benchmarks for each category of CIS both for, Conventional and Shariah Compliant. The performance benchmarks of the following categories of CIS both, Conventional and Shariah Compliant, shall be calculated by the respective AMCs and shared with MUFAP on monthly basis:

- a. Asset Allocation;
- b. Capital Protected;
- c. Constant Proportion Portfolio Insurance based Scheme;
- d. Fixed Return/Term; and
- e. Commodity.

The categories of CIS mentioned in para above, shall be excluded from the requirement of peer group return dissemination by MUFAP.

C. Performance Disclosure

1. All AMCs shall disclose comparison of their CIS performance with respective benchmark and the Industry Peer Group Average Return, where applicable, in the respective category for the past 5 years in the Fund Manager's Report.
2. The AMCs shall disclose committed rate in the monthly Fund Manager Report of Fixed rate CIS and Shariah Compliant Fixed Term CIS.
3. All CIS, with defined maturity, shall adapt the benchmark for the respective category (as per the category) according to the life/tenure of the CIS.
4. The disclosure of the benchmark performance and "Peer Group Average" shall also be applicable on distributors /Investment Advisors in terms of sharing the performance of a CIS with existing and prospective investors.



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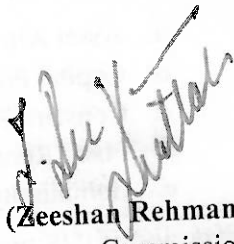
D. Other Requirements

1. MUFAP shall monitor performance disclosures of the respective CIS and ensure effective compliance with the same.
2. MUFAP shall announce 1-month, 3-months, 6-months, 9-months and 1-year PKISRV rates (yields) on daily basis. Yield may be shared directly or through interpolating from the nearest available tenors based upon the method as prescribed and disseminated by MUFAP.
3. For the purposes of ascertaining benchmark returns of Conventional and Shariah Compliant Fund of Funds CIS, placement in cash and/or near cash instruments shall be considered as investment in Money Market CIS.
4. For the purposes of calculating highest rates on savings account in a category, highest available rates among that category shall be used by the MUFAP.
5. MUFAP shall publish all the category wise benchmarks on monthly basis and use monthly weighted average rates to bring consistency.
6. MUFAP shall publish on its website, ranking of CIS on the basis of their last 365 days returns, on monthly basis.

E. Adoption of this Direction

1. The above-mentioned benchmarks shall be adopted by AMCs within 1 month from the issuance of this Direction.
2. The AMCs shall ensure to include in its monthly Fund Manager's Report both the old and new benchmarks in parallel for a period of 3 months from the first use of new benchmarks, after which it shall only disclose benchmarks prescribed under this direction.

Note: All AMCs shall make necessary amendments in the offering document and FMR of the CIS with in 1 month from the issuance of this direction.


(Zeeshan Rehman Khattak)
Commissioner (SCD)

Distribution:

1. Chief Executive Officers, All Asset Management Companies and Investment Advisors
2. Mutual Funds Association of Pakistan
3. Trustees of Collective Investment Schemes
4. All Distributors