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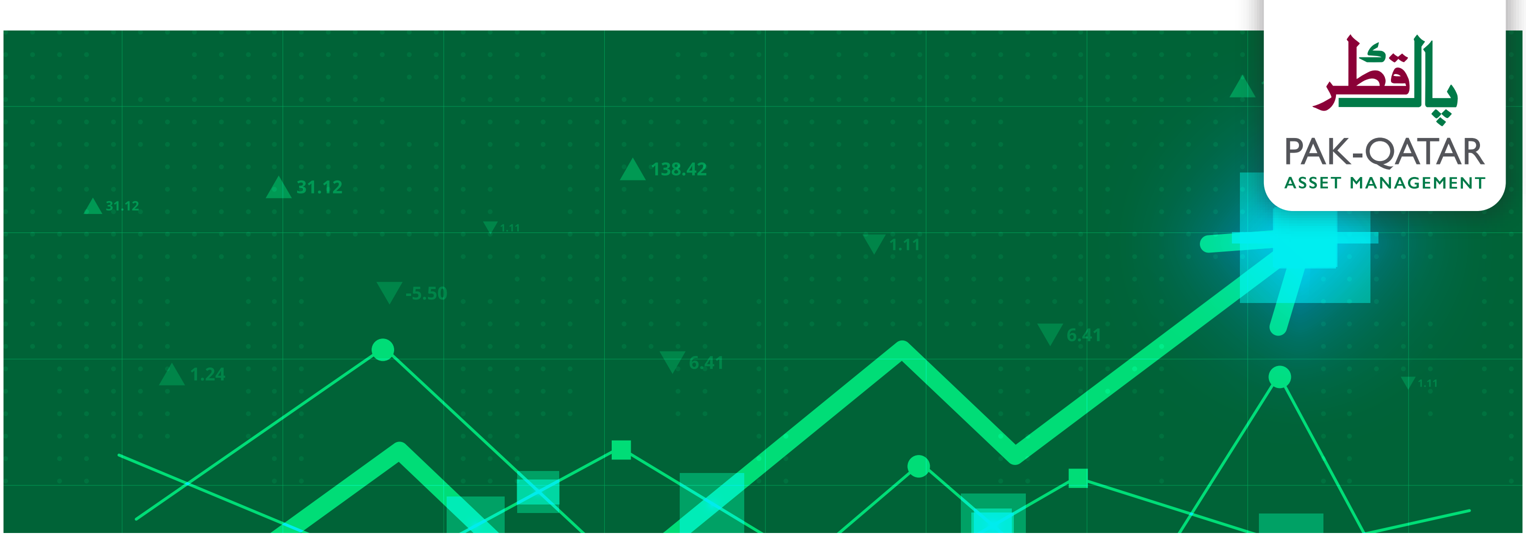
PAK-QATAR
ASSET MANAGEMENT

INVESTOR'S OUTLOOK

July 31, 2026

A Pak-Qatar Group Company: Pakistan's Premier and Pioneer Islamic Financial Services Group



Pak-Qatar Asset Management Company Limited

Keynote July 31, 2026

PAK-QATAR ASSET MANAGEMENT

Market Summary

	31-Jul-26	MTD	30days	90days	FYTD	CYTD
KSE100	176,094	-2.33%	-4.3%	8.0%	-2.3%	1.2%
KMI30	247,198	-3.94%	-5.2%	5.6%	-3.9%	-0.5%
KMIAll	68,179	-3.68%	-4.5%	7.7%	-3.7%	0.5%

Global Markets

	31-Jul-26	MTD	30days	90days	FYTD	CYTD
UK	10,868	3.5%	-3.6%	-4.6%	-3.4%	-8.6%
USA	25,374	-3.2%	2.6%	-1.0%	3.3%	-8.4%
China	3,832	-6.4%	7.3%	7.3%	6.8%	3.6%
Japan	64,362	-9.5%	9.5%	-7.5%	10.5%	-21.8%
India	78,095	2.1%	-1.5%	-1.5%	-2.1%	9.1%

Portfolio Investments (USD mn)
EQUITY

	15 days	30 days	90 days	365days	FYTD	CYTD
FIPI (net)	19	34	(165)	(782)	30	(563)
LIPI (net)	(19)	(34)	165	782	(30)	563
Ind.	3	24	(2)	313	23	130
Banks/DFIs	(17)	(1)	(8)	(119)	(0)	(55)
Companies	4	(14)	211	563	(12)	490
M.Funds	(15)	(30)	17	309	(28)	121
Brokers	1	(6)	8	(9)	(3)	(17)
Others	(0)	(6)	(18)	(39)	(7)	3
Ins.	4	(3)	(46)	(240)	(4)	(7)
NBFC	0	1	3	5	1	3

Key Economic Figures

		FY21	FY22	FY23	FY24	FY25	FY26	FY27
Policy Rate	31-Jul-26	7.0%	13.8%	22.0%	20.5%	11.0%	11.50%	11.50%
1yr KIBOR	31-Jul-26	8.1%	15.7%	23.3%	19.2%	11.3%	12.06%	12.10%
Inflation	May End	9.8%	21.3%	29.4%	12.6%	3.20%	11.10%	9.20%
PKR USD*	31-Jul-26	157.3	204.8	286.0	279.0	283.7	278.31	277.80

Key Economic Figures

		FY21	FY22	FY23	FY24	FY25	FY26-TD
Imports	USD'mn	56,380	72,048	51,979	48,402	59,076	76,391
Exports	USD'mn	25,304	32,450	27,903	28,678	32,296	40,877
Trade Deficit	USD'mn	(31,076)	(39,598)	(24,076)	(19,724)	(26,780)	(35,514)
Remittances	USD'mn	29,370	31,238	27,028	27,093	38,346	41,585
FX Reserves	USD'mn	24,398	15,742	9,181	14,207	18,091	22,442

PKRV Rates (change in bps)

	Rate %	15day ∆	1m ∆	3m ∆	6m ∆	12m ∆
PKRV 1Y	11.81	21	21	(23)	146	97
PKRV 3Y	11.56	(13)	(13)	(97)	128	44
PKRV 5Y	11.66	(14)	(14)	(119)	105	29
PKRV 10Y	11.99	(20)	(20)	(114)	89	(11)
PKRV 20Y	12.34	(18)	(18)	(94)	64	(16)

**Inter Bank Rate*

KSE100 Index Top Ten Sector Details (on Free Float Market Capitalization)

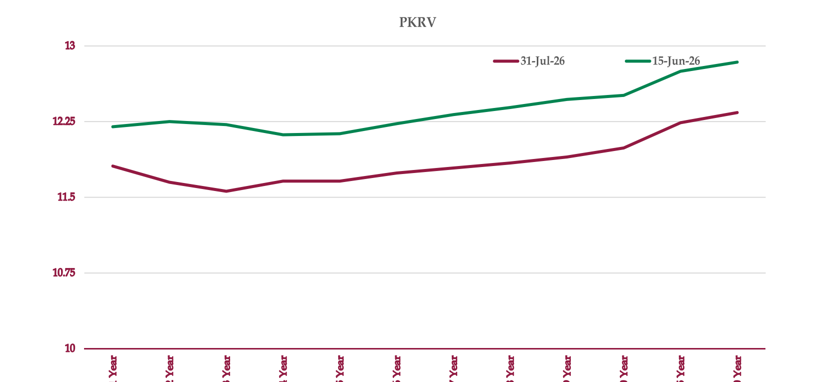
SECTORS	Index Weight (%)	Current Market Cap (PKR'Bn)	Previous Market Cap (PKR'Bn)	Change (%) in Market Cap
COMMERCIAL BANKS	25	1,566	1,517	3.24
FERTILIZER	7	609	626	(2.57)
OIL & GAS EXPLORATION COMPANIES	15	592	630 `	(6.02)
CEMENT	6	426	455	(6.38)
CHEMICAL	2	52	52	(0.83)
OIL & GAS MARKETING COMPANIES	2	128	134	(4.83)
PHARMACEUTICALS	2	105	111	(5.48)

Commentary

Economic Review: Pakistan's economy in the second half of July 2026 was shaped by easing inflation, volatile reserves, and persistent geopolitical uncertainty. Headline CPI inflation dropped to 9.2% year-on-year in July, down from 11.1% in June, though analysts cautioned this improvement was largely a statistical base effect rather than a genuine cooling of price pressures. Reflecting this, the State Bank of Pakistan's Monetary Policy Committee kept its policy rate unchanged at 11.5% for a third consecutive month, with the Governor expressing confidence that inflation would settle near the upper end of the 5–7% target band by fiscal year-end. On the external front, foreign exchange reserves showed marked volatility. After touching a record $18.47 billion on July 3, SBP-held reserves fell sharply by $1.245 billion to $17.226 billion by July 10 due to heavy debt repayments, before stabilizing around $17.26 billion by July 17, with total liquid reserves at $22.67 billion. The central bank disclosed that roughly $6 billion of FY27's external obligations, including $4 billion in principal and $1.4 billion in interest, had already been settled in July, out of a total FY27 debt-servicing bill projected at $21.5 billion, a notable improvement from the prior year.

The latest money market auctions reflected strong liquidity conditions and sustained investor demand for government securities. In the MTB auction, the government accepted PKR 729.0bn (including non-competitive bids), with cut-off yields ranging from 11.35% for the 1-month tenor to 11.99% for the 12-month tenor, while the majority of acceptances were concentrated in the 3-month and 12-month papers. Meanwhile, in the GoP Hybrid Sukuk (GHS) auction, the government raised PKR 239.3bn across fixed-rate and floating-rate instruments, with fixed-rate cut-off yields between 11.49% and 11.84%, while the 10-year VRR Sukuk cleared at 11.58%. Overall, the auction outcomes indicate ample market liquidity, stable interest rate expectations, and continued investor preference for sovereign debt instruments across both conventional and Shariah-compliant segments.

Stock Market Review: Equity markets remained choppy throughout the period, with the KSE-100 swinging between roughly 175,500 and 179,100 points as investors reacted to shifting Middle East tensions. The index ultimately closed July down 2.3%, or 4,208 points, at 176,094, though it staged a strong late-month rally of nearly 3% following signs of easing US-Iran hostilities. In a bright spot for sentiment, S&P Global upgraded Pakistan's sovereign credit rating to 'B' from 'B-' with a stable outlook, citing stronger institutions, continued IMF-backed reform, improved fiscal discipline, and reserve accumulation. On the fiscal and external balance side, Pakistan recorded a current account deficit of $139 million for FY26, a reversal from the previous year's surplus, while government borrowing continued to dominate the credit market at Rs37.2 trillion versus just Rs13.8 trillion in private-sector credit. Overall, the period was defined by cautious optimism tempered by geopolitical risk, with officials suggesting further rate cuts may not materialize until September given ongoing uncertainty over global oil prices.



31-Jul-26

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ASSET MANAGEMENT

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