

New Business Initiative

Discretionary Portfolio

By:

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Manager - Trustee &
Custodial Services



A Nation on the Road to Progress & Advancement

- **Pakistan** - Land of the Pure

- 6th most populous country in the world, with 120 million under the age of 30.
- Asia's top performing index in year 2016.
- One of the Next Eleven (N11) Markets named by Goldman Sachs in 2013. The N11 are seen as having the highest growth potential.

- **China-Pakistan Economic Corridor (CPEC)**

- The Game Changer

“With **faith**, **discipline** and **selfless devotion** to duty, there is nothing worthwhile that you cannot achieve.”

*by: Muhammad Ali Jinnah
(The Founder of Pakistan)*

Central Depository Company of Pakistan Limited

Central Depository Company of Pakistan Limited

20
YEARS



CDC TIMELINE

1993

Experts from PriceWaterhouseCoopers conducted a study to develop a conceptual framework for the depository. The United States Agency for International Development (USAID) sponsors the study and the report lays the foundation for depository design.

1994

The Board of Directors at CDC award a turnkey contract to an IBM consortium for the implementation of the depository system in Pakistan. The IBM consortium proposes a comprehensive Master Implementation Plan to the CDC Board after a detailed analysis of National requirements, Company & Banking laws, Regulations & Procedures and Financial Organizational aspects of the project.

1995

Master Implementation Plan approved.

1997

- Promulgation of Central Depositories Ordinance & Central Depositories Act.
- Central Depository Company of Pakistan Limited Regulations developed and approved by the Corporate Law Authority (Securities and Exchange Commission of Pakistan).
- September 3 - Central Depository System launched.

1999

- Launches Investor Account Services for individual and corporate investors enabling them to directly open and maintain accounts with CDC in Central Depository System for electronic settlement of securities.
- Induction of Term Finance Certificates (TFCs) into CDS.

2000

- Development of CDC Contingency Site.
- Introduction of Electronic Merger of Securities Facility in CDS.

2002

- Launches Trustee & Custodial Services for Mutual Funds, initially with two open-ended mutual funds with net assets value of Rs. 500 million.
- Introduction of Consolidation / Sub-division of Securities.

2008

- Launches Share Registrar Services for issuers and their shareholders.
- Introduces Fund Management System.
- CDC conducts Customer Satisfaction & Brand Awareness Survey through Gallop. According to survey results, CDC is rated Pakistan's most recognized and prominent financial brand.

2007

- Completed a decade of CDS operations.
- Holds 'Capital Market Days' in London and New York.
- Introduces Secure ID Token for further security of CDS Terminals.
- Development of UIN (Universal Identification Number) for Corporate.

2006

- Hosts 10th Annual General Meeting of Asia-Pacific Central Securities Depositories Group (ACG) in Karachi.
- Holds 'Investment Road Shows' in Dubai and Abu Dhabi.
- An independent brand-recall survey published in 'Money' magazine rates CDC as one of the top four brands in the country's Investment Sector.
- Launches CDC access IVR and Web.
- Inauguration of Lahore Office.

2005

- Series of Investment Road Shows in major cities of Pakistan.
- Deployment of Re-engineered Central Depository System.
- Inducts Open-end Mutual Funds in CDS.

2004

Implementation of National Clearing & Settlement System (NCSS).

2003

- Introduction of Element Training Program for CDS users.
- Inducts WAPDA bonds into CDS.



Central Depository Company of Pakistan Limited

Central Depository Company of Pakistan Limited



CDC TIMELINE

2009

- Becomes ISO/IEC 27001:2005 certified for overall depository operations including functional, technical and legal aspects.
- Implements Induction of Unpaid Rights in Central Depository System.
- CDC's Trustee & Custodial Services (T&C) acquires 100 funds.

2017

- Launches CDC Access Mobile App.
- Launches Centralized eIPO System (CES).
- Acquires ISO 22301 certification for Business Continuity Management Program.

2010

- Exponentially reduces Services Tariff.
- Inducts National Savings Bonds in CDS.
- Holds 3rd Pakistan Day Conference in New York.
- Becomes ACCA Approved Employer.
- ITMinds Limited becomes Microsoft Gold Certified Partner and IBM Premier Business Partner.
- Elected as Executive Committee Member of Asia Pacific Depositories Group.
- Introduces new Automated Mechanism of Securities Transfer in CDS.

2011

- Integration of Standard Chartered (Pakistan) Bank's Straight 2 Bank with CDC's Fund Management System.
- Government of Punjab appoints CDC as trustee for Punjab Pension Fund.
- Co-hosts First Pakistan IPO Summit with LSE.
- ITMinds becomes a subsidiary of CDC (IT Consultancy & Implementation Services).
- Introduces Free of Cost eStatement and eAlert facilities for CDS Account Holders.
- Receives CPD Approved Employer status from ACCA Pakistan.

2012

- Becomes Custodian of over One Hundred Billion Securities worth over 21 billion dollars.
- Becomes First Company in Pakistan to get BS 25999 certification - the British Standard for Business Continuity Management.
- Completes 15 years of successful operations.

2016

- Acquires International Standards for Assurance Engagement (ISAE) Certification.
- Launches Urdu Website.
- Organizes Pakistan Investor Days in Dubai.
- Organizes Investor Awareness Seminar at Abbottabad Expo.
- Discretionary / Non-Discretionary Portfolios under custody hit the 100 mark.

2015

- Launches Online Transactions service through Web.
- CDC becomes Trustee of Dolmen City REIT.
- CDC Trusteeship exceeds Rs. 500 Billion.
- Launches Abbottabad Sarmayakari Markaz.
- Acquires ISO/IEC 27001:2013 Certification.
- Introduces Direct Settlement Services.

2014

- Initiates settlement services for Government Securities traded on PSX.
- Conducts Investor Road Shows in 6 major cities of Punjab.
- CDC Employees conduct Disaster Relief activities for Thar Drought affectees.

2013

- Celebrates 15 years of successful operations through a series of events.
- Teams up with CFA Institute for Employee Development.
- Extends scope of ISO 27001 Certification.
- Signs MoU with Life Insurance companies for Centralized Information Sharing Solution.
- CDC becomes Secretariat of Asia-Pacific Central Securities Depositories Group (ACG) for 2014-16.
- Mr. Muhammad Hanif Jakhura, CEO-CDC elected as the Executive Committee Chairman of ACG.



International Memberships

1. Asia-Pacific Central Securities Depository Group (ACG)

2. World Forum of CSDs (WFC)

3. International Securities Services Association (ISSA)

4. Association of National Numbering Agencies (ANNA)



Accreditations

ISO/IEC 27001:2013 certified for overall depository operations.



First ISO 22301 Certified Company



ACCA, ICAEW and CIMA
Approved Employer.



Partnership with CFA Institute for Employee Development.



CDC Business Diversification that ensured Sustainability

Retail Investor Account Services

ITMINDS Limited (subsidiary of CDC)
Back Office Accounting of Mutual Funds

Share Registrar Services for Issuer
Companies

Centralized Information Sharing
Solution for Insurance Industry (CISSII)

Custody service to Retail Investor for Government Securities.



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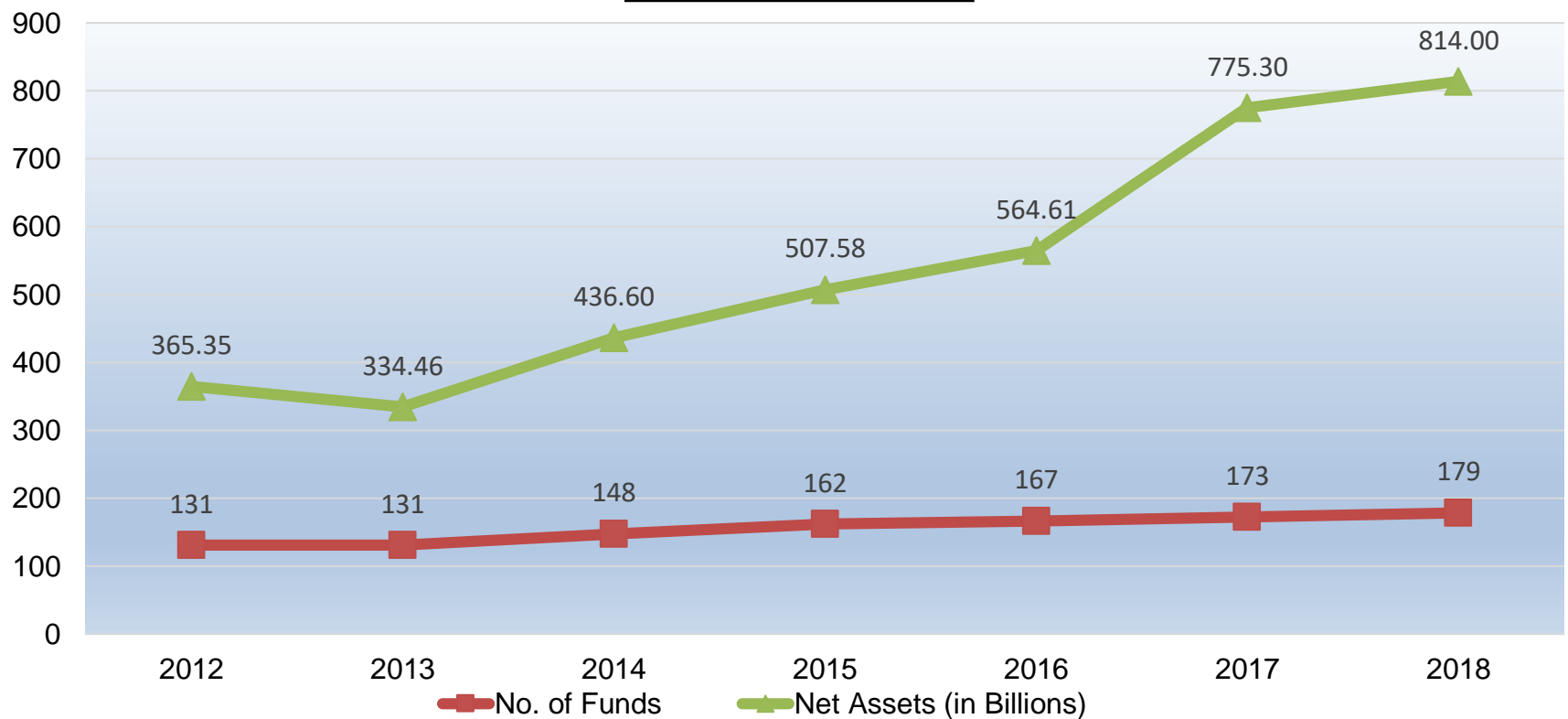
Trustee & Custodial Operations

- **STARTED BUSINESS IN YEAR 2002 WITH TWO MUTUAL FUND WITH AUM OF PKR 500 MILLION**
- **PRIMARY RESPONSIBILITIES INCLUDE:**
 - SETTLEMENT OF INVESTMENTS
 - TAKING NOMINAL OWNERSHIP OF THE ASSETS OF THE MUTUAL FUNDS
 - COMPLIANCE WITH REGULATORY REQUIREMENTS
 - ISSUANCE OF TRUSTEE REPORT TO UNIT HOLDERS

Key Statistics & Historical Patterns

| Information | Facts (as of March 2018) |
|---------------------------|--|
| Value of Net Assets (PKR) | PKR 814 Billion (Approx. USD 7.00 Billion) |
| Number of Funds | 179 |

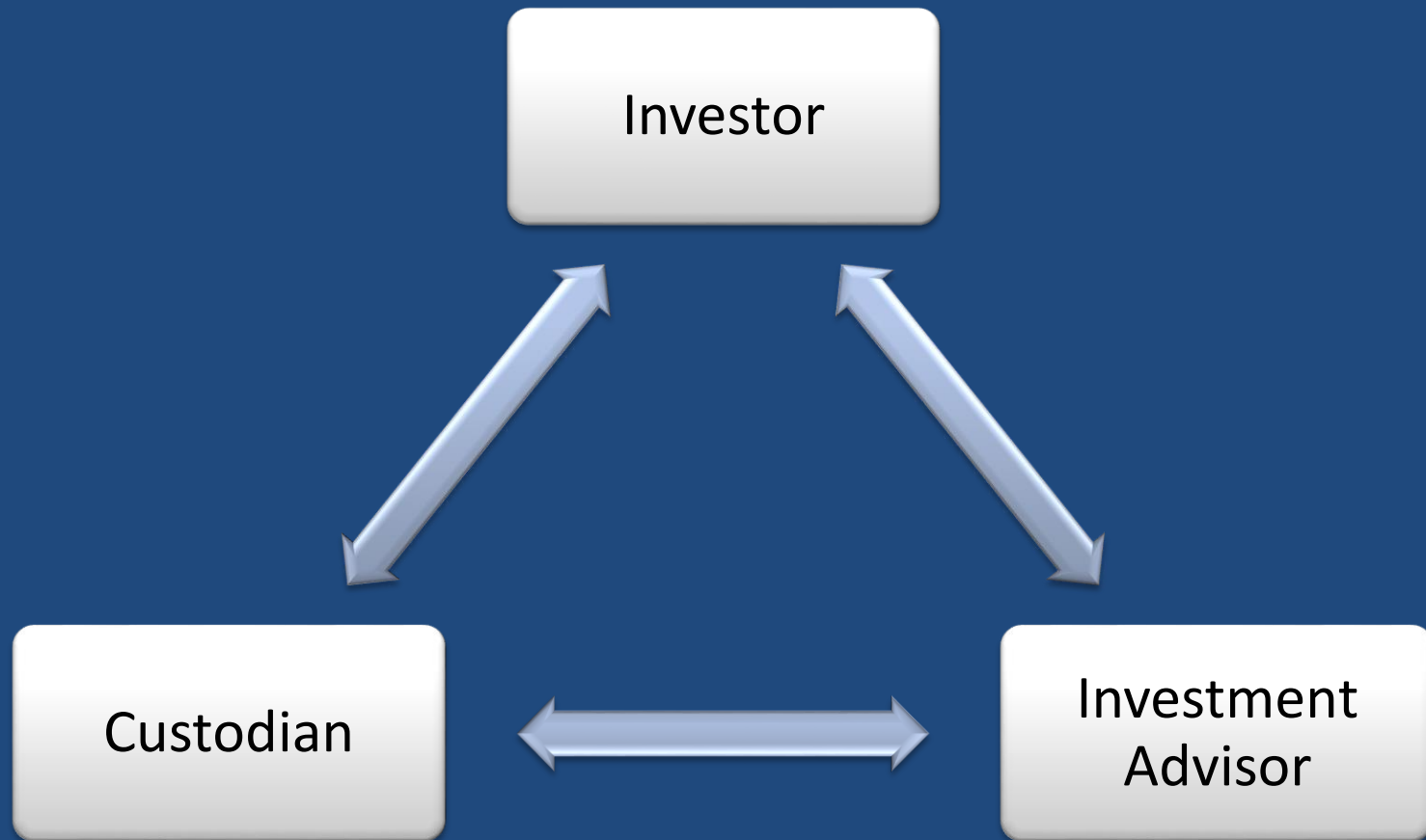
Historical Pattern



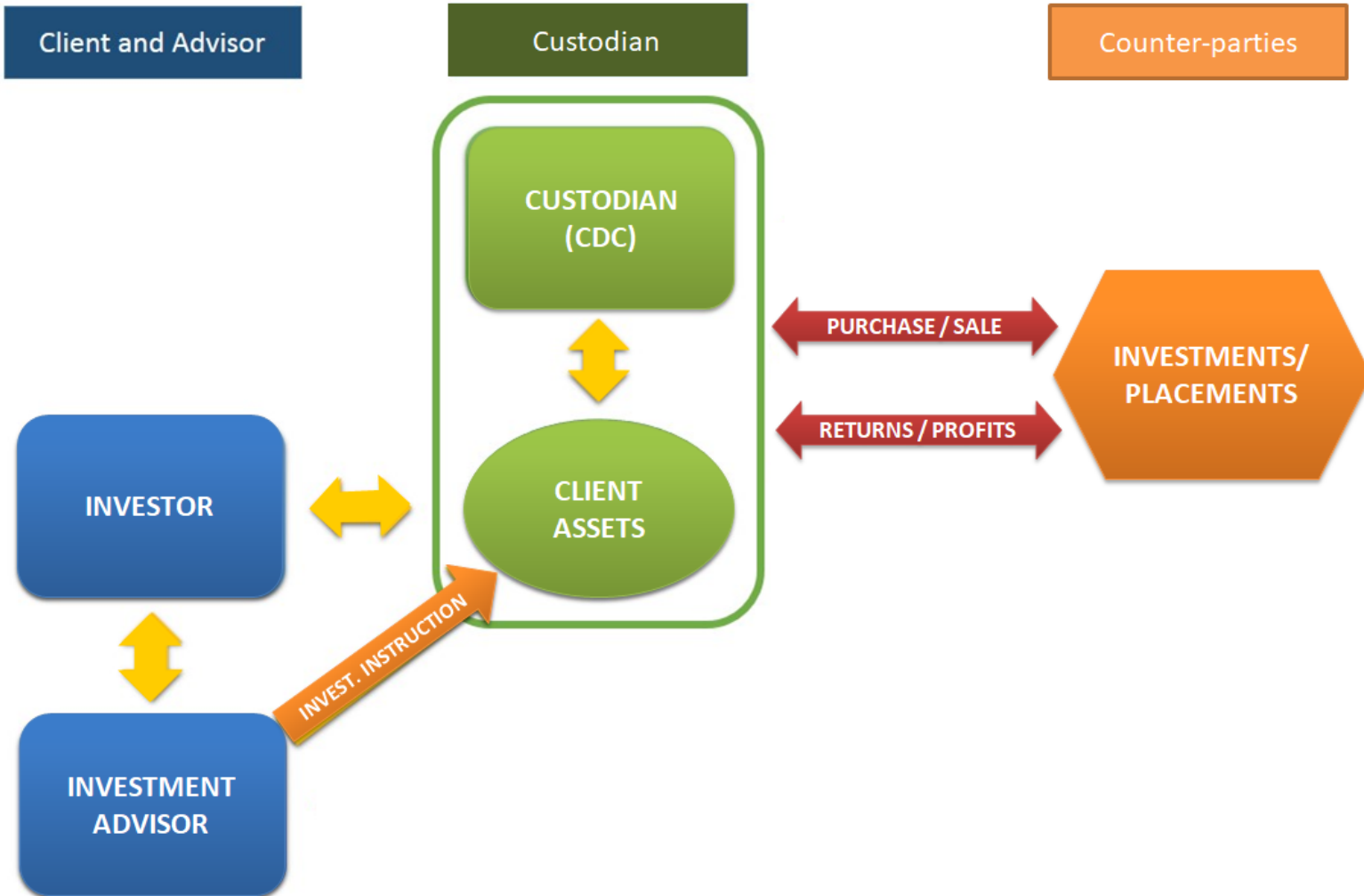
Content

- **OVERVIEW OF DISCRETIONARY PORTFOLIO ARRANGEMENT**
- **BENEFITS TO INVESTOR**
- **ROLE OF INVESTMENT ADVISORY**
- **ROLES & RESPONSIBILITIES OF CUSTODIAN**
- **FINANCIAL FACTS**

Overview of Discretionary Portfolio Arrangement



Overview of Discretionary Portfolio Arrangement



Benefits to Investor

- BETTER FOCUS ON CORE BUSINESS OPERATIONS
- SEPARATELY MANAGED PORTFOLIO
- CUSTOMIZED INVESTMENT POLICY
- LESS LEGAL REQUIREMENTS
- COST EFFECTIVE
- GREATER CONTROL BY THE INVESTOR

Role of Investment Advisor

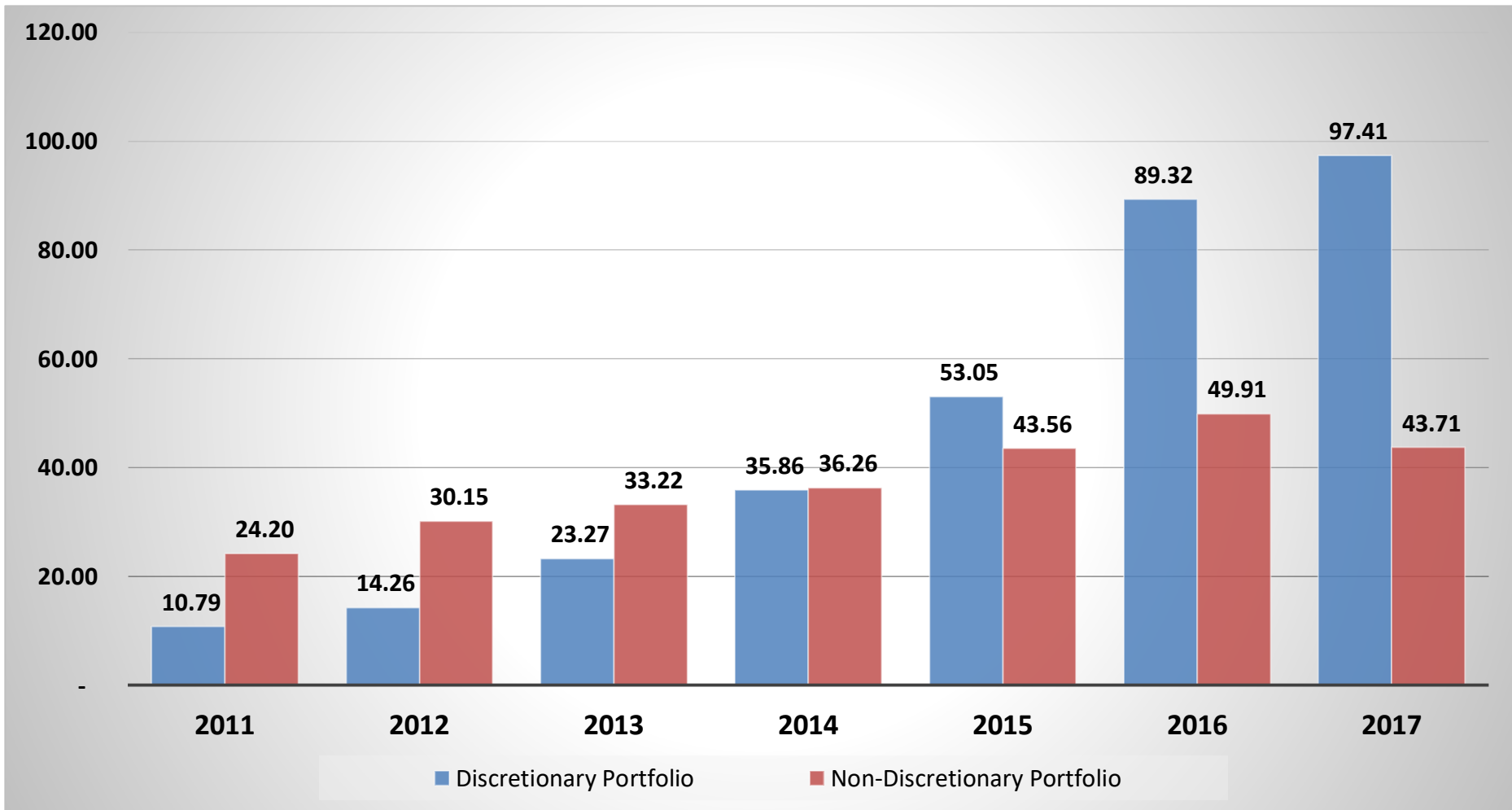
- **INSTRUCTS THE CUSTODIAN FOR INVESTMENT DECISION**
- **REPORTING TO CLIENT**
- **PERFORMANCE BASED REMUNERATION**
- **INVESTMENT ADVISOR MUST**
 - MAXIMIZE THE RETURN OF THE CLIENT
 - BE EQUIPPED WITH EXPERTISE & KNOWLEDGE
 - BE INDEPENDENT
 - PROTECT THE INTEREST OF THE CLIENT

Role & Responsibilities of Custodian

- **SETTLEMENT OF INVESTMENTS ON THE ADVICE OF INVESTMENT ADVISOR**
- **SAFEKEEPING OF SECURITIES**
- **REPORTING TO CLIENTS DEPICTING THE PICTURE OF INVESTOR'S PORTFOLIO**
- **CASH MANAGEMENT AND TREASURY FUNCTIONS**

Trend of Total Assets of Discretionary vs Non-Discretionary Portfolio in Pakistan

(PKR in Billions)



CDC Custodial Operations

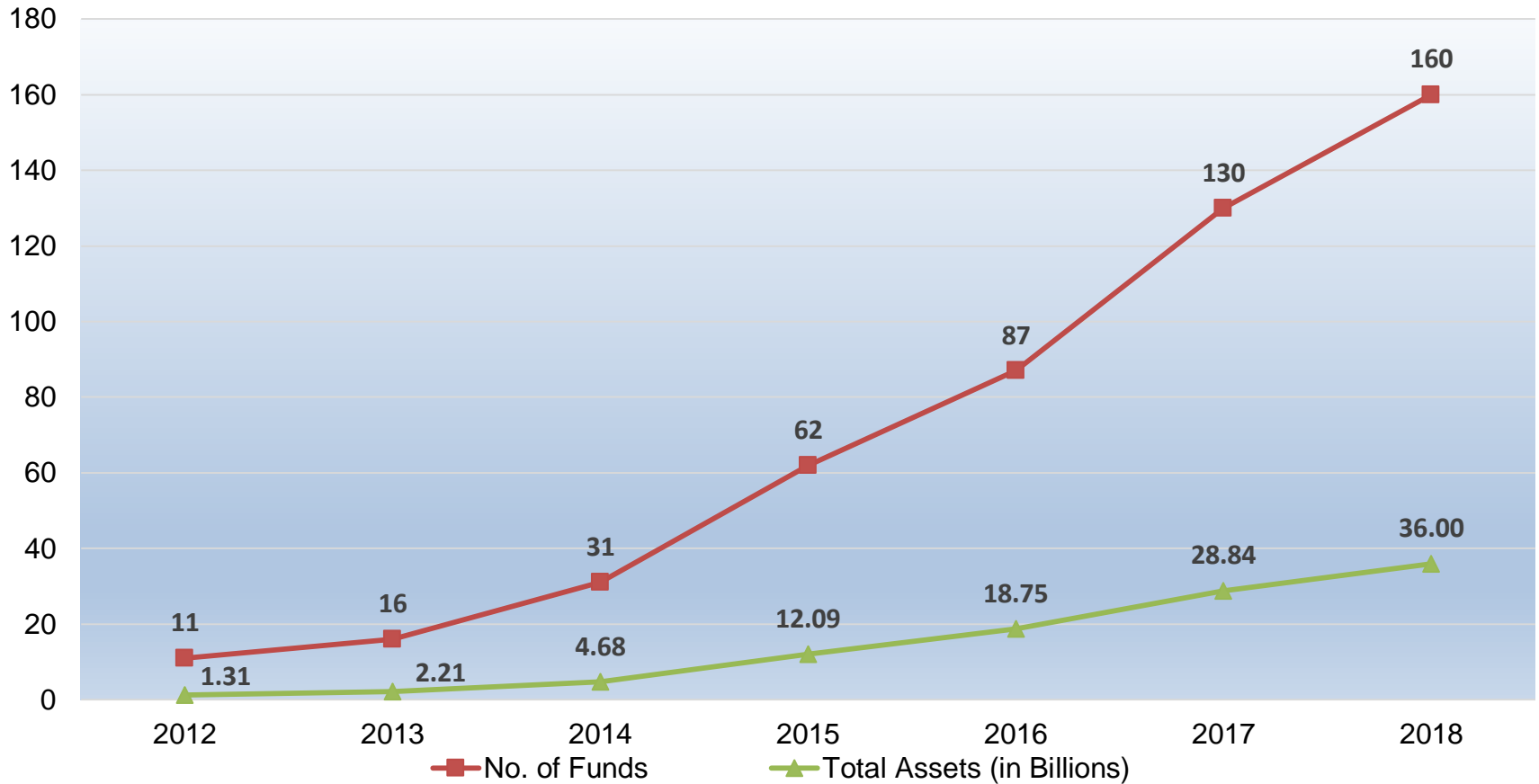
- **STARTED BUSINESS IN YEAR 2010 WITH TWO OCCUPATIONAL SAVING SCHEMES**
- **CURRENTLY CDC IS PROVIDING CUSTODIAL SERVICES TO 160 CLIENTS WHICH INCLUDE:**
 - OCCUPATIONAL SAVING SCHEMES
 - RETIREMENT FUNDS
 - CORPORATE TREASURIES
 - HIGH NET WORTH INDIVIDUALS



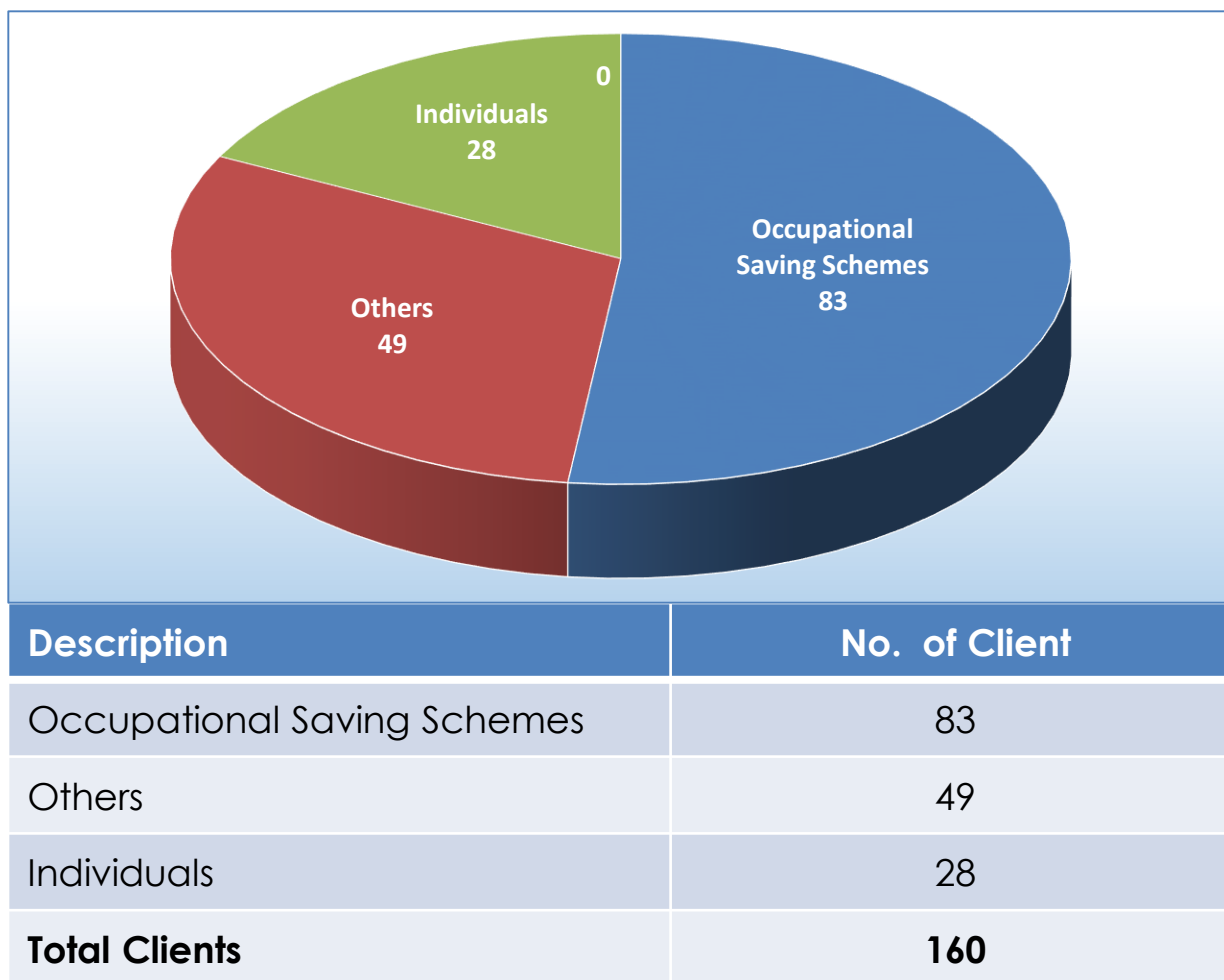
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Historical Patterns of CDC Custodial Operations of DPs

| Information | Facts <i>(as of March 2018)</i> |
|-----------------------------|---------------------------------|
| Value of Total Assets (PKR) | PKR 36 Billion |
| Number of Funds | 160 |



Composition of CDC's Discretionary Portfolio Clients



Clientele



Top Investment Advisors of Pakistan



Thank You!

To learn more about CDC Pakistan, please visit:
www.cdcpakistan.com



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