



THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED

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NOTICE FOR ALL MEMBERS

Dated: MAY 23, 2012

INVESTOR AWARENESS PROGRAM—VISION 2014:500K INVESTOR BASE

Pakistan's overall investor base in capital markets is significantly lower than regional countries. A small investor base not only means that market volatility is elevated but also that a very large number of savers in Pakistan are not participating in an asset class that has provided real positive returns (after accounting for inflation) over the last two decades whereas, traditional financial asset classes such as National Savings Schemes and 10- years Government Bonds have barely kept up with inflation while bank deposits have actually provided negative real return thus causing loss of savers' purchasing power.

A major reason for such a small investor base is clearly insufficient attention to marketing and investor awareness generation by capital market institutions and participants. Furthermore, whatever marketing has traditionally been done, it has focused on specific shares and has had a trading orientation. The fact of the matter is that most investors are generally risk averse. Therefore, they tend to stay away from investments perceived as having high risk of volatility and loss. Unfortunately, this means that they also miss the opportunity to obtain above inflation return on the investments which could protect the purchasing power of their savings.

In the above context, and under the guidance and active participation of the SECP, Capital Market Institutions i.e. all stock exchanges, CDC, NCCPL, MUFAP and Institute of Capital Markets (ICM) are in the final stages of commencing a nationwide, comprehensive and sustained investor awareness program in the second half of calendar year 2012.

The key characteristic of this program is to focus on personal financial planning (for individual investors) and show how a systematic and dedicated financial planning process can help investors achieve their long term goals whether it be financial independence upon retirement, specific objectives such as children's higher education, marriage, etc., or saving enough equity for house purchase. Equities (shares) play an important but partial role in this scheme of things and the marketing and selling approach needs to focus on the overall savings plan for investors.