

MCB Bank AMC, Arif Habib Investment to merge

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LAHORE - The MCB Asset Management and Arif Habib Investments would be merged subject to all regulatory approvals and compliances. A Memorandum of

Understanding (MoU) in this regard has been signed by MCB Bank and Arif Habib Securities.

According to a press release, the merger is likely to provide the new entity the requisite critical mass to broaden the reach, which may serve as an agent of positive change and a much-awaited good omen for the industry. It will bring together rich experience and skill of the two groups in the financial sector. MCB Bank's 1100 branches network in the country would provide wider reach to the various products being offered by the two asset management companies.

The joint entity is expected to become the largest private sector asset management company. NIT, which is in public sector, will however remain the largest asset management company of the country. Both companies are working on valuations and due-diligence to take the deal further. They are also going to seek necessary legal approvals as they move forward. As independent entities MCB AMC and Arif Habib Investments manage approximately Rs31 billion (approximately \$370 million) between them. Both companies are rated amongst the best managed companies in the country, and demonstrated visible strength during the severe liquidity crunch and credit crunch of 2008.

MCB AMC is a wholly owned subsidiary of MCB Bank Ltd and manages approximately Rs15 billion in five different funds. With a track record of over three years it is rated amongst the best and the largest AMCs of the country. Arif Habib Investments is a listed company and a subsidiary of Arif Habib Securities. The company made its first public offer of funds in 2002 and is recognized for its pioneering role in the industry. Arif Habib Investments has recently also sought legal approval for conversion of their closed end funds to open-end.

The sponsors of both companies feel that the merger will strengthen business and benefit investing public. With shared resources, the merged entity shall be able to offer better services and a wider range of products catering to needs of different profiles of people. The Asset Management industry after its rapid growth between 2002 and 2008, has had a couple of lacklustre years. The industry has, however, fought back and kept innovating with new products. AMCs largest investment is now in money market funds, which were launched a couple of years ago.