




KSE-100 soars 3.5x — yet valuations stay undervalued

Khalil Ahmed (July 28, 2025)

MUHAMMAD FARID ALAM
CEO of AKD Securities Limited

- Dividend yields near 8% make equities far more attractive than regional or historical averages

A portrait of Muhammad Farid Alam, CEO of AKD Securities Limited. He is a middle-aged man with grey hair and a beard, wearing a blue suit, white shirt, and a blue and white striped tie. He is standing in front of a dark, textured background.

- *Dividend yields near 8% make equities far more attractive than regional or historical averages*

Interview with Muhammad Farid Alam, CEO of AKD Securities Limited

PAGE: Tell me something about yourself, please:

Muhammad Farid Alam: With over 28 years of experience in Pakistan's financial sector, I have pursued my career advancing capital markets and investment banking in the country. As the CEO of AKD Securities Limited, Pakistan's premier brokerage house, I take pride in driving growth and excellence in the industry. My journey began as the youngest Chief Financial Officer (CFO) at Cresbank, Pakistan's first investment bank, before taking on key roles such as Chief Internal Auditor (CIA), Equity Strategist, and Treasurer at the bank. Later, I led PICIC's mutual fund division, managing 14 closed-ended funds acquired from the Investment Corporation of Pakistan. I've represented Pakistan

globally, sharing insights on capital markets, economic policy, and financial development. As a Fellow Chartered Accountant, I serve on various committees of the Institute of Chartered Accountants and contribute as a board member of Bahria Foundation, Hamdard University, and the Board of Advanced Studies & Research at the Institute of Business Management (IoBM), where I act as an MPhil/PhD assessor.

PAGE: KSE-100 index crossed 136,000 points which is unprecedented. What is your standpoint in this regard?

Muhammad Farid Alam: The KSE-100 index has posted a remarkable 3.5x increase since mid-2023, driven by aggressive monetary easing (from 22% to 11% currently, more to come), fiscal discipline, and a significantly improved external account position, evidenced by a positive current account of US\$2.1bn in FY25 after 14 years. However, despite this sharp rally, valuations still remain compelling, with the index trading at a P/E of 6.7x—less than half average of regional peers and below the historical averages of 9.0x— alongside offering a dividend yield of 8.0%, nearly double the regional average. Key sectors which contributed to this rally include commercial banks, fertilizers, oil & gas, and cement, all of which have benefitted from the improving macroeconomic environment. Notably, AKD Securities was among the first to project this strength early on, having set a KSE-100 index target of 165,215 points by end-Dec'25 back in CY24

PAGE: What is your take on expectations of robust financial results and dividend payouts during the ongoing earnings season?

Muhammad Farid Alam: We anticipate strong corporate profitability this earnings season, supported by a rebound in economic activity, currency stability, healthy deposit growth, improved working capital availability, declining financing costs, and more affordable energy inputs. Based on our research, we expect strong cash payouts from Commercial Banks, Fertilizer producers, and Oil & Gas companies (due to improving liquidity position). Companies that should be under investor focus this result season: FFC, EFERT, FATIMA, MCB, HBL, MEBL, OGDC, PPL and PSO.

PAGE: What is the role of falling inflation, monetary easing, a stable rupee, reserves exceeding \$14 billion, and improved remittances and exports in the performance of PSX?

Muhammad Farid Alam: Improving macroeconomic indicators have boosted investor confidence in equities, while declining returns on fixed income

securities have further increased the appeal of the index. The sustained improvement in macroeconomic indicators has played an important role in driving the recent performance of the PSX. Falling inflation and back to back rounds of monetary easing cycle have led to meaningful reduction in yields on fixed-income instruments, prompting a rotation of capital into equities. Furthermore, a stable currency parity, coupled with rising foreign exchange reserves — now above \$14.5 billion (3 year highs) — has further strengthened investor sentiment by reducing external account concerns, which was also helped by uptick in remittances by 27%YoY in FY25.

PAGE: Some analysts are anticipating index's further upward movement. What is your perspective?

Muhammad Farid Alam: We believe equity markets are well-positioned for further upside, supported by the continuation of monetary easing amid falling inflation and an increased focus on structural reforms (particularly related to the energy sector). With fixed income yields on a declining trajectory, equities will stand out as an increasingly attractive asset class, with the market trading at a forward P/E of just 6.7x.

<https://www.pakistangulfeconomist.com/2025/07/28/kse-100-soars-3-5x-yet-valuations-stay-undervalued/amp/>