VOLATILITY CHAOS?

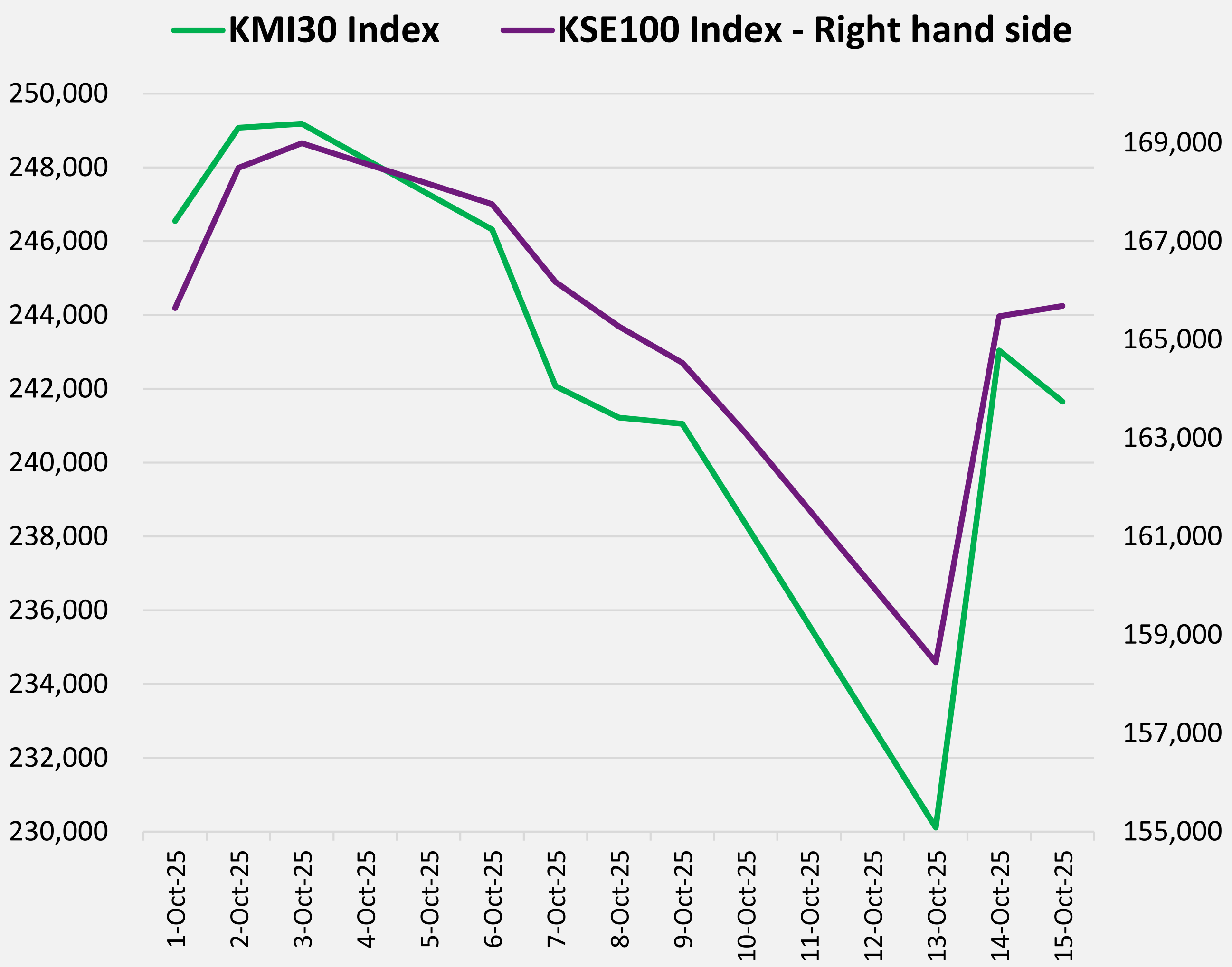
THIS IS WHY LONG-TERM INVESTORS WIN

On Sep 30th 2025, KSE-100 was ~165,000 and on Oct 14th 2025, it was again ~165,000. Sounds uneventful but nerves were tested as index touched ~170,000 (intraday high) and low of 158,000 before rebounding to 165,000.

This volatility reminds us of a core investing principle:

'Time in the market' beats 'timing the market.'

Successful investors consistently follow this rule, and do not frequently buy and sell, in an attempt to predict market swings.



‘TIME IN THE MARKET’

BEATS ‘TIMING THE MARKET’

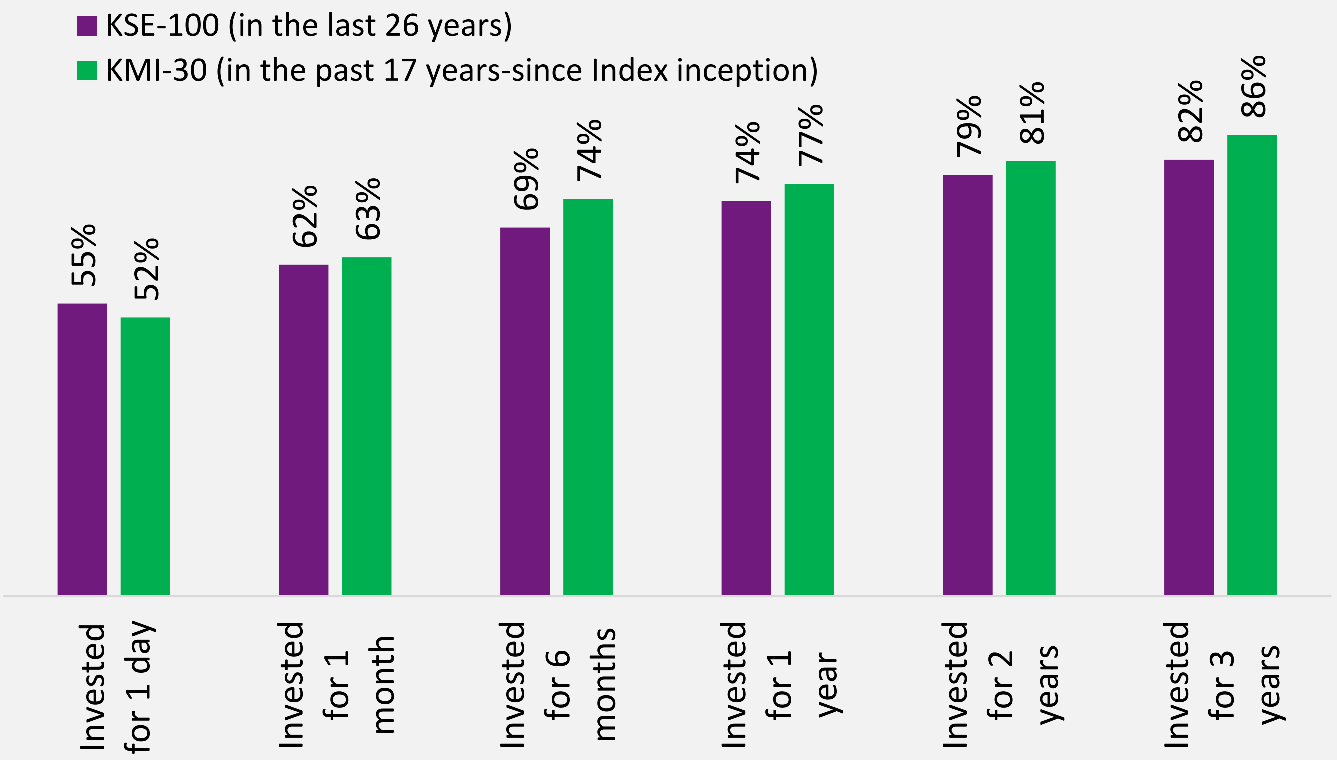
We analyze probability of success of both approaches. We chart data for a trade initiated at any day in the last 26 years to eliminate any bias of timing the market and results validate success of “time in market”:

- A 1-day trade is as good as a coin toss (~50% probability of profitable trade).

- Longer holding periods dramatically increase success:
  - 6-month hold: 69% probability of profitable trade
  - 3-year hold: 82% probability of profitable trade

- KMI-30 fares even better, regardless of start date:
  - 6-month hold: 74% probability of profitable trade
  - 3-year hold: 86% probability of profitable trade

Probability of positive returns if one had been invested in equity markets in any given point



The data confirms that prioritizing **time in the market** significantly improves the probability and size of profits.

STAYING INVESTED

ALSO MAXIMIZES LONG-TERM RETURNS

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Rolling returns methodology:

We calculate return for different holding periods, for a trade initiated on any possible day i.e. since 1999 for KSE100 and since inception for KMI30, depicting what an investor would have actually made / lost over different holding periods.

The results illustrate the trade-off between patience and panic:

- **Shorter Horizons (1 & 6 months):** Short term volatility not only causes frequent slippages into loss territory for the trade; the instances of higher returns are also lower.
- **Longer Horizons (1 to 3 years):** Charts become noticeably smoother & consistent – Frequency of dipping into losses decreases, while increasing probability of higher return.

By remaining invested through the inevitable market corrections and recoveries, the **short-term negative volatility** is **averaged out by the long-term, upward-trending momentum of the index**, resulting in compounding of returns.

ROLLING RETURNS FOR KMI30 INDEX

SINCE INCEPTION (17 YEARS)

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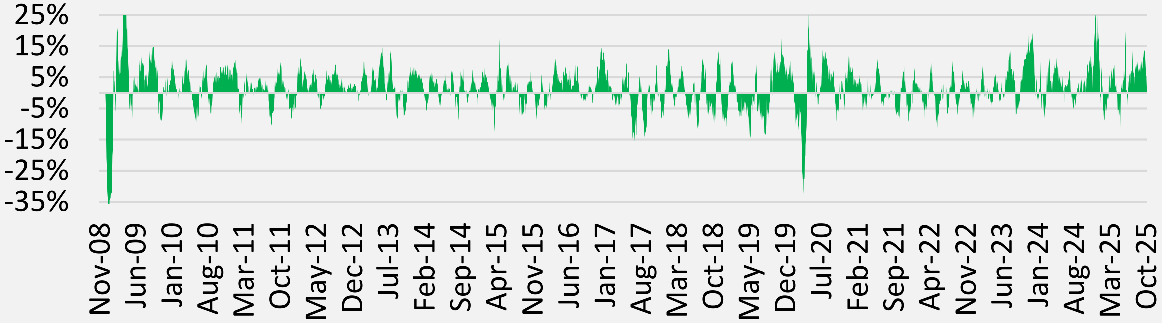
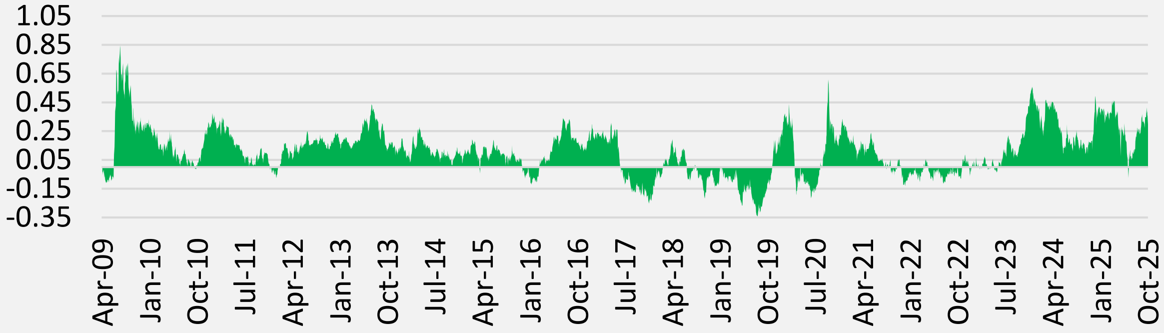
1 month & 6 months: The perils of the short haul

Invested for 1 month at any given point

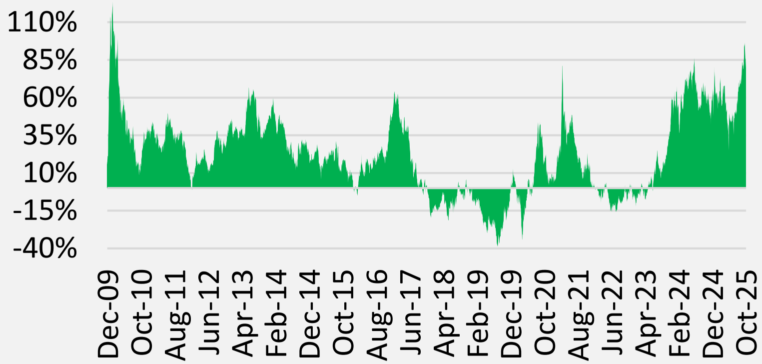


Invested for 6 months at any given point

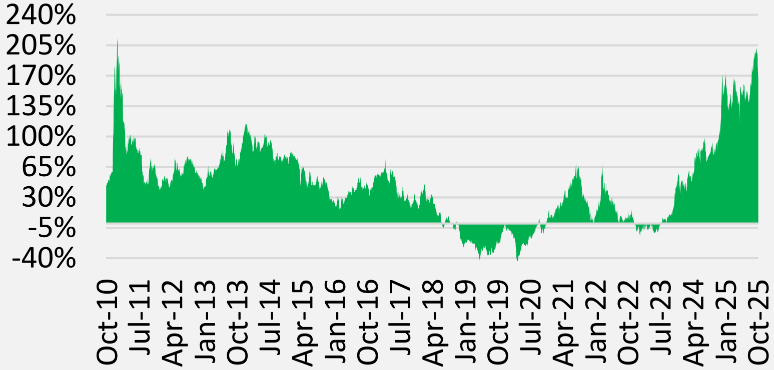


1 year, 2 years & 3 years: The shield of stability

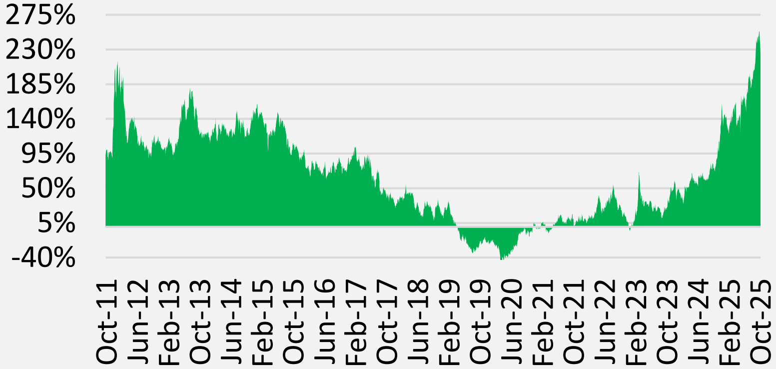
Invested for 1 year at any given point



Invested for 2 years at any given point



Invested for 3 years at any given point



The smoothness in returns and reduction in erratic movement is evident as investment horizon increases.

ROLLING RETURNS FOR KSE100 INDEX

SINCE LAST 26 YEARS

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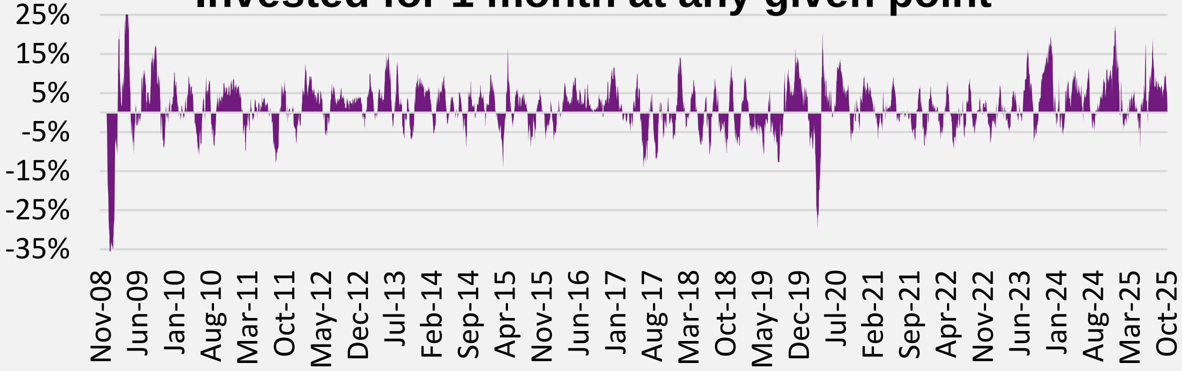
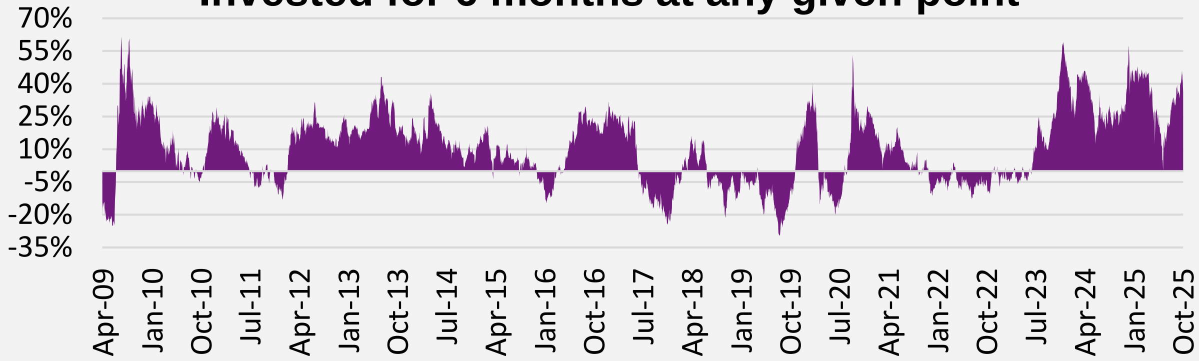
1 month & 6 months: The perils of the short haul

Invested for 1 month at any given point

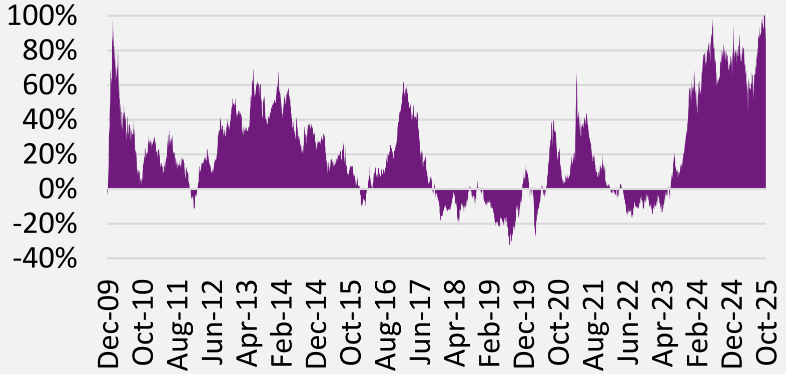


Invested for 6 months at any given point

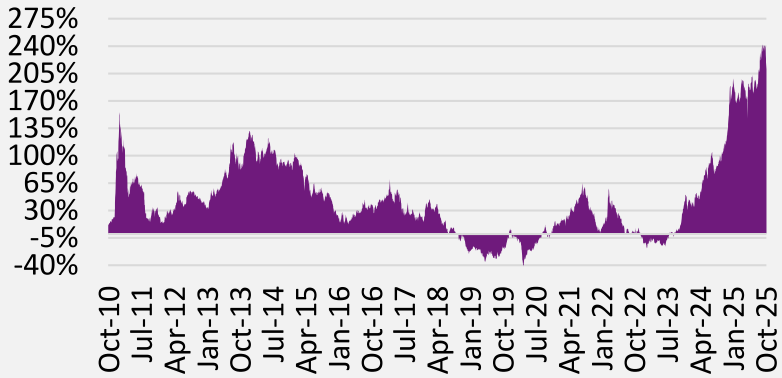


1 year, 2 years & 3 years: The shield of stability

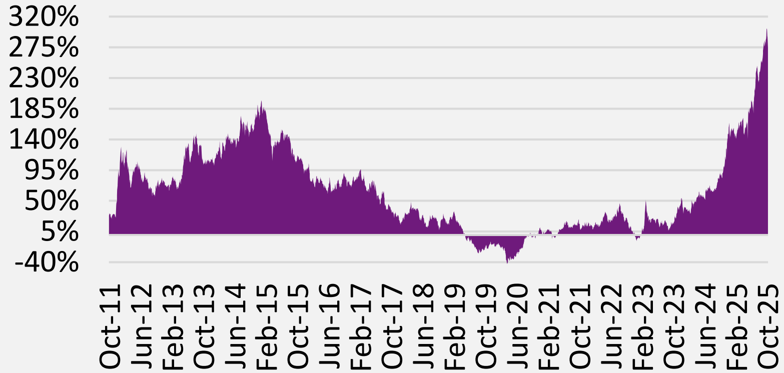
Invested for 1 year at any given point



Invested for 2 years at any given point



Invested for 3 years at any given point



In equity markets, while volatility is guaranteed, permanent loss is not. Grow your wealth by staying long.

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*As of 30th September 2025

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