

INVESTORS' OUTLOOK

FOR THE MONTH OF DECEMBER 2017

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ECONOMY AND CAPITAL MARKETS UPDATE

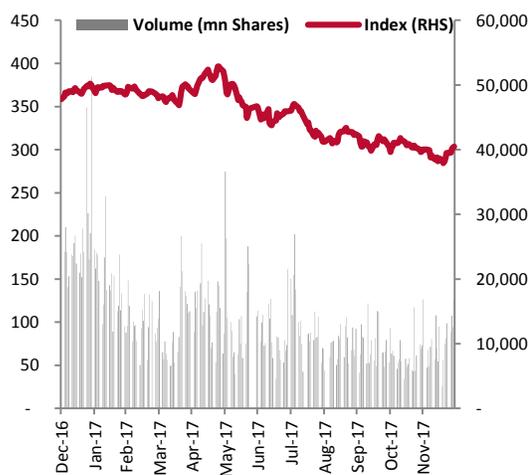
Economic Summary

Key Indicators	Reported Month	Current	Previous	YTD
CPI Inflation	Dec	4.57%	3.97%	3.75%
Trade Deficit (USD mn)	Nov	-2,924	-3,041	-15,031
Remittances (USD mn)	Nov	1,577	1,654	8,021
Current A/C (USD mn)	Nov	-1,477	-1,315	-6,490
FDI (USD mn)	Nov	207	278	1,146
Tax Collection ** (PKR bn)	Dec	417	270	1,722
M2 Growth*	Dec			2.68%
FX Reserves* (USD bn)	Dec			20.15

Source SBP, FBS

* Latest monthly figures **provisional figures

KSE-100 one year performance



Secondary market PKRVs

Tenor	Dec-17	Nov-17	Change (bps)
30 Days	6.03	5.94	9
60 Days	6.00	5.97	3
3 Months	6.01	5.99	2
6 Months	6.02	6.01	1
1 Year	6.04	6.03	1
3 Year	7.29	6.93	36
5 Year	7.88	7.54	34
10 Year	8.39	8.29	10

Source: MUFAP

Economic Review

CPI Inflation for the month of December climbed to 7-month high of 4.57%YoY compared to 3.70%YoY in December-16 and 3.97% in November-17. On a sequential basis, CPI is down by 0.10% MoM mainly contributed by food & beverages (-0.24% MoM). Overall, average 1HFY18 inflation now stands at 3.75% compared to 3.89% in 1HFY17. On the external front, with the imposition of Regulatory duties on different non-essential items, goods import during the month posted muted growth of 0.87% MoM while goods exports registered a growth of 8.6% MoM. Resultantly, trade deficit eased off by 3.84% MoM, taking 5MFY18 trade deficit to USD15,030 mn (+29.44% YoY). Furthermore, workers' remittances also remained flat at USD 8,022 mn (+1.3% YoY) during 5MFY18. Overall, current account deficit swelled by 90.7%YoY to USD 6,430 mn in 5MFY18 compared to USD 3,371 mn corresponding year last year. On fiscal front, FBR has provisionally collected PKR 1,722 bn during the 6MFY18 as compared to PKR 1,466 bn SPLY, up +17.4% YoY. Moving ahead, we feel government is well on track with successful issuance of Eurobond & Sukuk worth USD 2.5bn in the international markets coupled with an extension of export package in order to address external account position. Moreover, recent policy moves by newly appointed advisor to prime minister on economic affairs for industries (expected subsidy on input cost and refund disbursement) is expected to boost overall domestic output.

Equity Market Review

Equities once again posted a decent performance in December where its benchmark KSE-100 index was up by 1.15% MoM (+461pts) to close at 40,471 points, sealing one of the dismal year with cumulative negative return of 15.3%. Investors rejoiced some of the political events such as appointment of Miftah Ismail as advisor to PM on finance, passing of Delimitation Bill by Senate and policy statements by PM to address external account and curb power crisis. Average volumes during the month improved by 34% MoM to stand at 154mn shares while in CY17 clocked-in at 237mn shares, deteriorating 15.6% YoY (CY16: 282mn shares). During CY17 benchmark KSE-100 index declined by 15.3% while touching an all-time high level of 52,876pts, before Pakistan's reclassification to MSCI EM index where subsequent to reclassification from FM to EM, KSE100 index dwindled by 23.5% from its all-time high level to date. The market's tragic performance during the year can be attributed to i) political uncertainty in the wake of ex-Prime Minister Nawaz Sharif's disqualification, ii) deteriorating macroeconomic indicators (ballooning CAD stressing the FX reserves) and iii) rigorous foreign outflow.

Foreigners continued to remain net seller of US\$3.5mn in December taking CY17 outflow of USD488mn. During the year, major outflow was witnessed in sectors i) Cements (USD 169mn) ii) Banks (USD 101mn) iii) Power (USD 51mn), and iv) E&Ps (USD 44mn). On the other hand, domestic liquidity led by Mutual Funds (+USD 216.8mn), Insurance (+USD 171.9mn) and Companies (+USD 136.5 mn) comfortably absorbed all the foreign selling. Pakistan with forward P/E of 7.9x is trading at a steep discount of 48% as compared to MSCI EM P/E of 15.2 and offers an attractive dividend yield of 6.1% vs 2.2% in the Asia-Pacific Region. Thus, we feel this undemanding valuations together with subsiding political situation with smooth transition of democratic structures is expected to attract foreign investors.

Debt Market Review

During the month of December, SBP held T-Bill auctions with a cumulative target of PKR1,100 bn against maturity of PKR976 bn whereas central bank accepted bids worth PKR686 bn mainly in lower tenor. Cut-off yields for 03 and 06 month tenors were maintained at 5.991% and 6.0109% respectively whereas no bids were received for 12-month tenor. On the other hand, interest in PIBs remained extremely lack-luster as the SBP received bids of only PKR6.4 bn against target of PKR50 bn. Subsequently, central bank rejected all bids and scrapped the auction. Overall activity remained modest as secondary market yields in the shorter tenors gained slightly while trades were witnessed within a wide band as the market expects rise in interest rates subsequently yields in longer tenors of 2Y and above were adjusted by 25-35 basis points while shorter tenure yields improved within a range of 7-9 bps. Going forward, we expect secondary market yields will remain on higher side due expected uptick in inflation amid low base impact and recovery in commodity prices.

Fund Objective

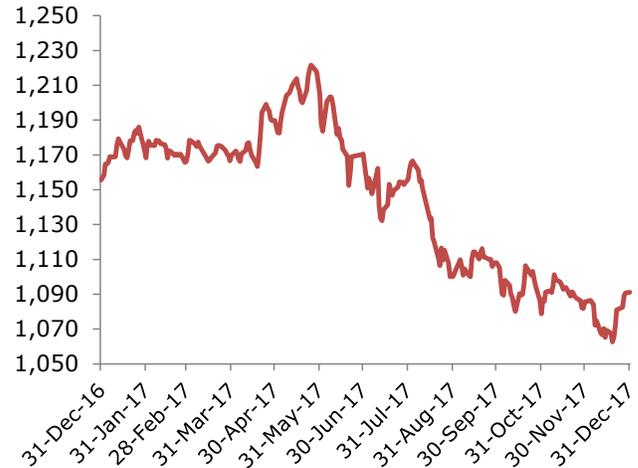
To maximize capital appreciation by investing in a balanced portfolio of wide range of shares, Government and other fixed income securities and bank deposits.

Fund Information

Description	Information
Fund Name	Managed Fund
Fund Size	PKR 70,583 Million
Launch Date	31.12.1996
Bid Price (31.12.1996)	PKR 99.50
Bid Price (31.12.2017)	PKR 1,091.09
Category	Balanced Fund
Pricing Mechanism	Forward on daily basis
Management Fee	1.50% p.a.
Pricing Days	Monday to Friday
Auditors	KPMG
Appointed Actuary	Nauman Cheema, Nauman Associates, Lahore

Fund Returns

During the month of December 2017 Managed Fund's (MF) Unit Price increased by PKR 5.53 (0.51%) net of fund management fee.



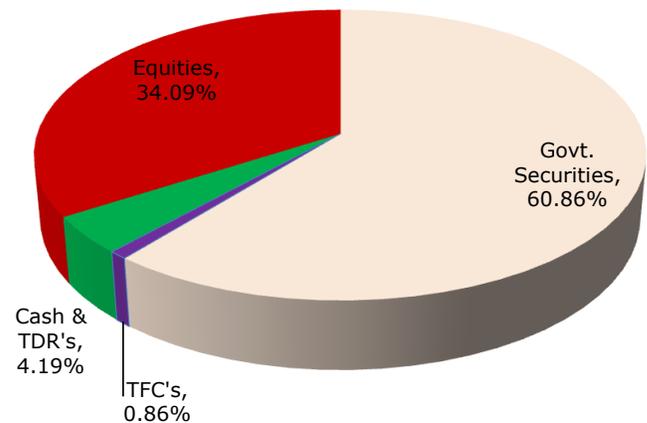
Investment Committee Members

Ayaz Ahmed	Chairman
Javed Ahmed	Member / CEO
Rafiuddin Zakir Mahmood	Member
John Joseph Metcalf	Member
Lilly R. Dossabhoy	Member
Shan Rabbani	Member

Assets	December-17	November-17
Government Securities	60.86%	60.94%
Term Finance Securities	0.86%	0.88%
Cash and Short Term Deposits	4.19%	3.81%
Stocks & Mutual Funds	34.09%	34.36%

Fund Returns

Period	Rate of Return
1 month	0.51%
3 months	-1.55%
12 months	-5.58%
Calendar YTD	-5.58%
Since Inception	996.57%
Since Inception (annualized)	12.07%
5 Years	62.19%
10 Years	148.10%



Fund Objective

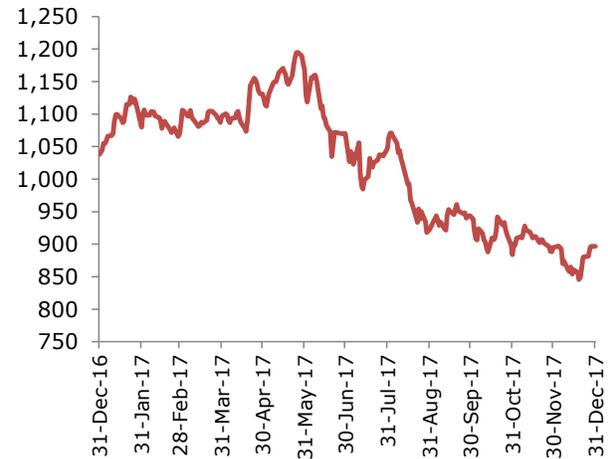
The objective of the fund is to maximize returns to policyholders by investing mainly in equity portfolio and partly in Government securities, Term Finance Certificates and bank deposits.

Fund Information

Description	Information
Fund Name	Capital Growth Fund
Fund Size	PKR 14,715 Million
Launch Date	28.07.2004
Bid Price (28.07.2004)	PKR 100.00
Bid Price (31.12.2017)	PKR 896.88
Category	Equity Fund
Pricing Mechanism	Forward on daily basis
Management Fee	1.50% p.a.
Pricing Days	Monday to Friday
Auditors	KPMG
Appointed Actuary	Nauman Cheema, Nauman Associates, Lahore

Fund Returns

During the month of December 2017 Capital Growth Fund's (CGF) Unit Price increased by PKR 2.15 (0.24%) net of fund management fee.



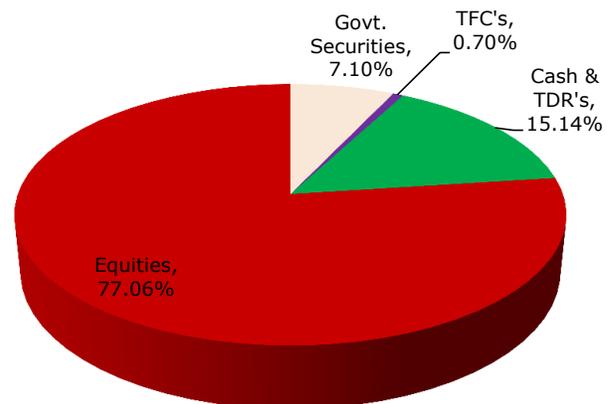
Investment Committee Members

Ayaz Ahmed	Chairman
Javed Ahmed	Member / CEO
Rafiuddin Zakir Mahmood	Member
John Joseph Metcalf	Member
Lilly R. Dossabhoy	Member
Shan Rabbani	Member

Assets	December-17	November-17
Government Securities	7.10%	7.50%
Term Finance Securities	0.70%	0.76%
Cash and Short Term Deposits	15.14%	13.31%
Stocks & Mutual Funds	77.06%	78.43%

Fund Returns

Period	Rate of Return
1 month	0.24%
3 months	-4.97%
12 months	-13.61%
Calendar YTD	-13.61%
Since Inception	796.88%
Since Inception (annualized)	17.74%
5 Years	170.66%
10 Years	318.83%



Fund Objective

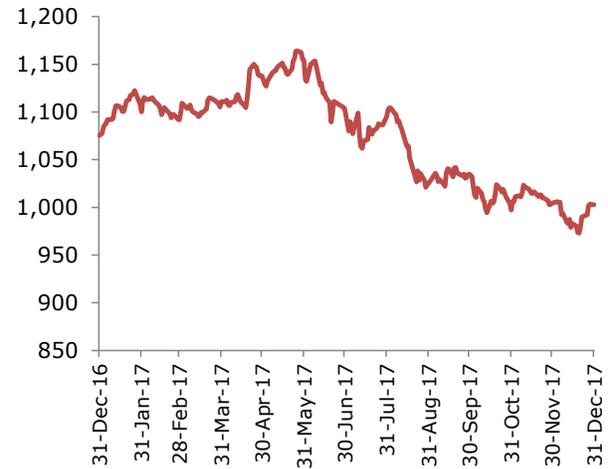
The objective of the Meesaq fund is to provide an opportunity to investors who want interest free returns. The instruments in which the Meesaq fund invests are selective stocks, sukuk, short term deposits in Islamic banks / Islamic bank branches, Islamic mutual funds and other valid interest-free investments.

Fund Information

Description	Information
Fund Name	Meesaq Fund
Fund Size	PKR 9,009 Million
Launch Date	27.03.2008
Bid Price (27.03.2008)	PKR 475.00
Bid Price (31.12.2017)	PKR 1,003.01
Category	Non-interest bearing Investment portfolio
Pricing Mechanism	Forward on daily basis
Management Fee	1.50% p.a.
Pricing Days	Monday to Friday
Auditors	KPMG
Appointed Actuary	Nauman Cheema, Nauman Associates, Lahore

Fund Returns

During the month of December 2017 Meesaq Fund's (MEF) Unit Price decreased by PKR 1.61 (-0.16%) net of fund management fee.



Investment Committee Members

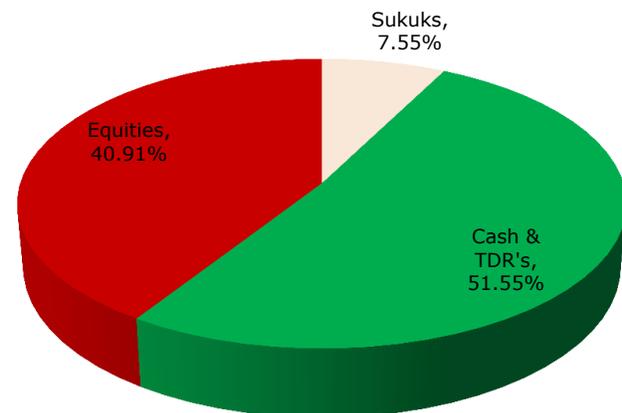
Ayaz Ahmed	Chairman
Javed Ahmed	Member / CEO
Rafiuddin Zakir Mahmood	Member
John Joseph Metcalf	Member
Lilly R. Dossabhoy	Member
Shan Rabbani	Member

Assets

	December-17	November-17
Sukuks	7.55%	7.65%
Cash and Short Term Deposits	51.55%	50.92%
Stocks & Mutual Funds	40.91%	41.44%

Fund Returns

Period	Rate of Return
1 month	-0.16%
3 months	-3.07%
12 months	-6.72%
Calendar YTD	-6.72%
Since Inception	111.16%
Since Inception (annualized)	7.95%
5 Years	59.48%



Fund Objective

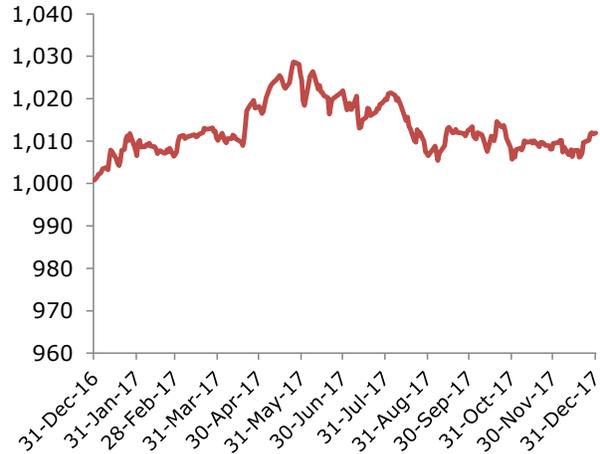
This fund has been formed to enable Jubilee Life's policyholders to participate in a diversified portfolio of Fixed Income Securities with minimal exposure to equity. Yaqeen Growth fund is suitable for those who wish to earn steady returns on investments through full exposure to debt securities and minimum risk of capital erosion.

Fund Information

Description	Information
Fund Name	Yaqeen Growth Fund
Fund Size	PKR 1,697 Million
Launch Date	01.06.2009
Bid Price (01.06.2009)	PKR 475.00
Bid Price (31.12.2017)	PKR 1,011.95
Category	Capital Protected Fund
Pricing Mechanism	Forward on daily basis
Management Fee	1.50% p.a.
Pricing Days	Monday to Friday
Auditors	KPMG
Appointed Actuary	Nauman Cheema, Nauman Associates, Lahore

Fund Returns

During the month of December 2017 Yaqeen Growth Fund's (YGF) Unit Price increased by PKR 2.46 (0.24%) net of fund management fee.



Investment Committee Members

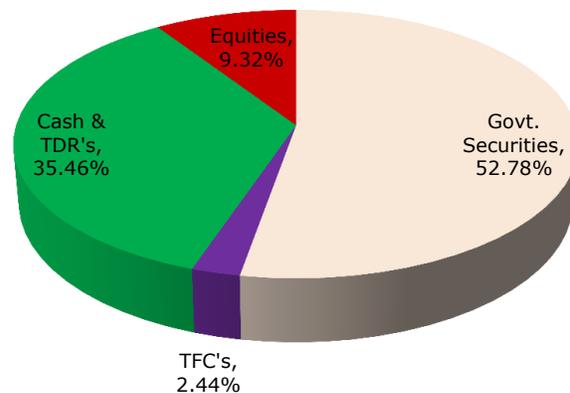
Ayaz Ahmed	Chairman
Javed Ahmed	Member / CEO
Rafiuddin Zakir Mahmood	Member
John Joseph Metcalf	Member
Lilly R. Dossabhoy	Member
Shan Rabbani	Member

Assets

	December-17	November-17
Government Securities	52.78%	54.76%
Term Finance Securities	2.44%	2.59%
Cash and Short Term Deposits	35.46%	32.90%
Stocks & Mutual Funds	9.32%	9.74%

Fund Returns

Period	Rate of Return
1 month	0.24%
3 months	-0.07%
12 months	1.11%
Calendar YTD	1.11%
Calendar YTD (annualized)	1.11%
Since Inception	113.04%
Since Inception (annualized)	9.20%
5 Years	51.01%



Fund Objective

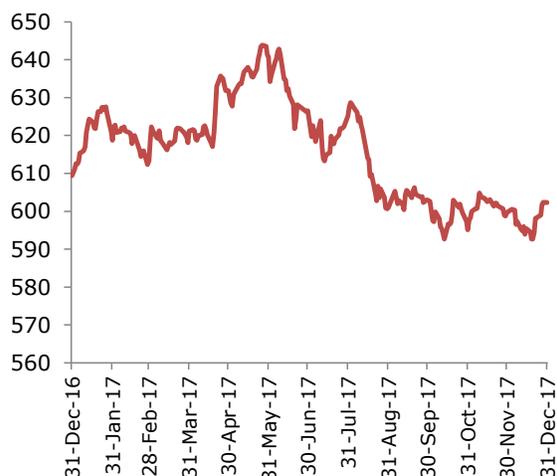
To optimize aggregate long term risk adjusted return through capital appreciation, dividend and profit income by investing in a Balanced Portfolio comprising of Shariah compliant equities, equity mutual funds, Sukuks (Government and Corporate), deposits with Islamic Banks and Windows or any other approved Shariah compliant avenues. The Fund was launched on July 7, 2015.

Fund Information

Description	Information
Fund Name	Managed Takaful Fund
Fund Size	PKR 1,756 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.12.2017)	PKR 602.30
Category	Shariah Compliant Balanced Fund
Pricing Mechanism	Forward on daily basis
Management Fee	1.50% p.a.
Pricing Days	Monday to Friday
Auditors	KPMG
Appointed Actuary	Nauman Cheema, Nauman Associates, Lahore

Fund Returns

During the month of December 2017 Managed Takaful Fund's (MTF) Unit Price increased by PKR 2.61 (0.44%) net of fund management fee.



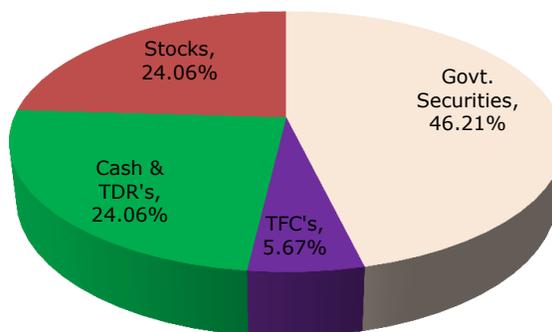
Investment Committee Members

Ayaz Ahmed	Chairman
Javed Ahmed	Member / CEO
Rafiuddin Zakir Mahmood	Member
John Joseph Metcalf	Member
Lilly R. Dossabhoy	Member
Shan Rabbani	Member

Assets	December-17	November-17
Government Securities	46.21%	34.19%
Term Finance Certificates	5.67%	6.70%
Cash and Short Term Deposits	24.06%	38.17%
Stocks	24.06%	20.94%

Fund Returns

Period	Rate of Return
1 month	0.44%
3 months	-0.11%
12 months	-1.16%
Calendar YTD	-1.16%
Since Inception	20.46%



Fund Objective

To optimize aggregate long term risk adjusted return through capital appreciation, dividend and profit income by investing in an Aggressive Portfolio primarily comprising of Shariah compliant equities and equity mutual funds with any excess liquidity being invested in Sukuks (Government and Corporate) or deposits with Islamic Banks and Islamic Windows of Conventional Banks.

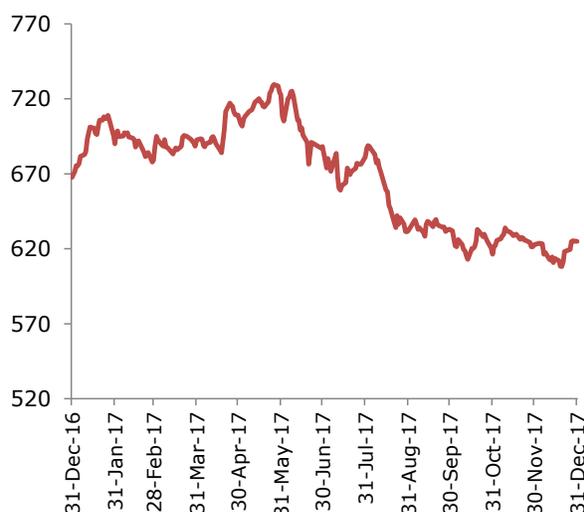
The Fund was launched on July 7, 2015.

Fund Information

Description	Information
Fund Name	Capital Growth Takaful Fund
Fund Size	PKR 2,858 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.12.2017)	PKR 625.04
Category	Shariah Compliant Equity Fund
Pricing Mechanism	Forward on daily basis
Management Fee	1.50% p.a.
Pricing Days	Monday to Friday
Auditors	KPMG
Appointed Actuary	Nauman Cheema, Nauman Associates, Lahore

Fund Returns

During the month of December 2017 Capital Growth Takaful Fund's (CGTF) Unit Price increased by PKR 2.35 (0.38%) net of fund management fee.



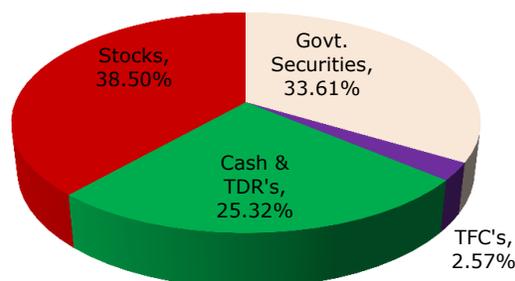
Investment Committee Members

Ayaz Ahmed	Chairman
Javed Ahmed	Member / CEO
Rafiuddin Zakir Mahmood	Member
John Joseph Metcalf	Member
Lilly R. Dossabhoy	Member
Shan Rabbani	Member

Assets	December-17	November-17
Government Securities	33.61%	30.81%
Term Finance Certificates	2.57%	2.90%
Cash and Short Term Deposits	25.32%	30.41%
Stocks	38.50%	35.88%

Fund Returns

Period	Rate of Return
1 month	0.38%
3 months	-1.26%
12 months	-6.38%
Calendar YTD	-6.38%
Since Inception	25.01%



EQUITY PORTFOLIO DETAILS

MANAGED FUND

Sector Allocation	Percentage
Commercial Banks	24.16%
Oil & Gas Exploration	13.62%
Cement	9.19%
Oil & Gas Marketing	8.95%
Engineering	8.04%
Pharmaceuticals	8.01%

Top Ten Holdings
BAFL
HBL
HUBC
LUCK
MTL
NML
OGDC
PPL
THALL
UBL

CAPITAL GROWTH FUND

Sector Allocation	Percentage
Commercial Banks	19.68%
Oil & Gas Exploration	16.59%
Cement	10.82%
Engineering	8.70%
Oil & Gas Marketing	8.50%
Textile Composite	7.13%

Top Ten Holdings
BAFL
ENGRO
LUCK
MTL
NML
OGDC
PPL
SNGP
THALL
UBL

MEESAQ FUND

Sector Allocation	Percentage
Oil & Gas Exploration	17.59%
Cement	12.50%
Oil & Gas Marketing	12.32%
Commercial Banks	9.93%
Pharmaceuticals	8.75%
Fertilizers	7.84%

Top Ten Holdings
APL
ASTL
HINOON
HUBC
LUCK
MEBL
MTL
NML
OGDC
PPL



YAQEN GROWTH FUND

Sector Allocation	Percentage
Commercial Banks	24.70%
Textile Composite	21.42%
Auto Assembler & Parts	17.54%
Pharmaceuticals	12.93%
Cement	7.70%
Power Generation & Dist.	7.19%

Top Ten Holdings
BAHL
HBL
HINOON
HUBC
KOHC
LUCK
NCL
NML
PAEL
THALL

MANAGED TAKAFUL FUND

Sector Allocation	Percentage
Oil & Gas Exploration	30.65%
Cement	15.68%
Textile Composite	9.70%
Fertilizers	7.26%
Engineering	6.07%
Oil & Gas Marketing	5.77%

Top Ten Holdings
EFERT
HUBC
LUCK
MARI
MTL
NML
OGDC
POL
PPL
THALL

CAPITAL GROWTH TAKAFUL FUND

Sector Allocation	Percentage
Oil & Gas Exploration	26.67%
Cement	12.91%
Fertilizers	10.67%
Textile Composite	8.97%
Engineering	7.72%
Oil & Gas Marketing	6.92%

Top Ten Holdings
EFERT
ENGRO
HASCOL
HUBC
LUCK
MARI
MTL
NML
OGDC
PPL