

INVESTORS' OUTLOOK

FOR THE MONTH OF JANUARY 2018

INVESTORS' OUTLOOK

ECONOMY AND CAPITAL MARKETS UPDATE

Economic Summary

Key Indicators	Reported Month	Current	Previous	YTD
CPI Inflation	Jan	4.42%	4.57%	3.85%
Trade Deficit (USD mn)	Dec	-2,933	-2,924	-17,964
Remittances (USD mn)	Dec	1,724	1,577	9,745
Current A/C (USD mn)	Dec	-1,187	-1,477	-7,413
FDI (USD mn)	Dec	207	207	1,146
Tax Collection ** (PKR bn)	Jan	272	417	1,994
M2 Growth*	Jan		4.57%	3.21%
FX Reserves* (USD bn)	Jan			19.35

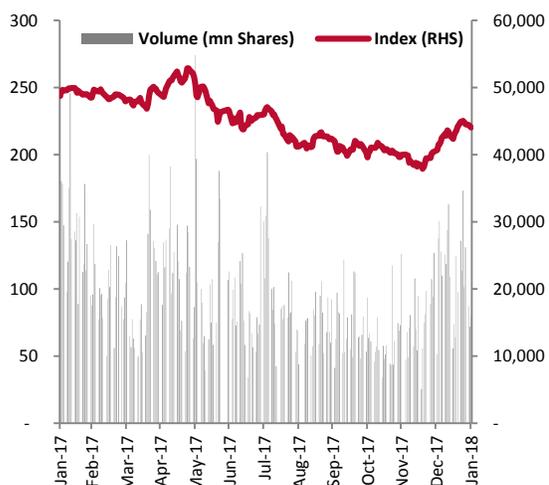
Source SBP, FBS

* Latest monthly figures **provisional figures

Economic Review

CPI Inflation for the month of January clocked at 4.42%YoY compared to 3.66%YoY/4.57%YoY in January-17 and December-17 respectively. Overall, average 7MFY18 inflation now stands at 3.85% compared to 3.89% during SPLY. On sequential basis, external account position has improved as current account deficit for Dec'17 clocked in at US\$1.13bn, down by 21.6%MoM compared to US\$1.41 for Nov'17 on the back of: 1) healthy remittances flow for the month (US\$1.723bn in Dec'17, up 9.3%MoM) and 2) improvement in trade deficit (US\$2.2bn, down 4.0%MoM). However, deficit for 1HFY18 widened by 59.1%YoY to US\$7.41bn mainly due to expansion in trade deficit (+24.2%YoY) where higher imports (particularly oil and machinery) outpaced relatively lower recovery in exports. As a result, FX reserves held by central banks dropped to US\$19.18 bn from peak level of US\$23.2 bn. On the fiscal front, FBR provisionally collected around PKR 2 trn during the 7MFY18 as compared to PKR 1.6 trn SPLY, posting a solid growth of 25% YoY. Key event during the month was surprise hike of 25bps in policy rate by SBP which signalled towards start of monetary tightening phase for the economy. Furthermore, SBP also marginally revised down its FY18F GDP growth target to 5.8% (6.0% previously). Moving ahead, we feel vulnerable external account due to expected increase in import bill amid recovery in commodity prices and uptick in machinery imports is expected to remain key challenge to address.

KSE-100 one year performance



Equity Market Review

Equities started off the year with a skyrocket performance as KSE 100 posted a solid return of 8.84% MoM (+3,578pts) to close at 44,049 points. This rally can be attributed to strong foreign inflows, discounted valuations and certainty on political landscape. Commercial banks and cement sector were key contributors adding 996 & 640 points respectively as start of monetary tightening and temporary ban on new cement expansion in Punjab improved sentiments on the sectors. Moreover, overall market liquidity also improved where average daily volumes traded was up by 55% MoM to stand at 239mn shares while daily value turnover rose to USD94.7 mn, highest since Aug-17. Other major news during the month include strong growth of 23%YoY in cement dispatches to 3.1mn tons in Jan'18, ECC approval for third LNG pipeline worth PKR 175bn, and rise in cotton production (+7%YoY).

Foreign inflows in Pakistan equities stand at USD85.7mn (after 3 months' consecutive outflows) where major interest was witnessed in Cements and commercial banks with net buying of USD 28mn and USD 25mn respectively. On the domestic front, banks emerged as largest sellers (-USD 49.9mn) followed by Companies (-USD 26.2mn), Insurance (-USD -17mn) and Mutual Funds (-USD 11.9mn). Pakistan with forward P/E of 9.6x is trading at a steep discount of 33% as compared to MSCI EM P/E of 14.7 and offers an attractive dividend yield of 5.0% vs 2.3% in the Asia-Pacific Region.

Secondary market PKRVs

Tenor	Jan-18	Dec-17	Change (bps)
30 Days	6.09	6.03	6
60 Days	6.10	6.00	10
3 Months	6.14	6.01	13
6 Months	6.22	6.02	20
1 Year	6.30	6.04	26
3 Year	7.60	7.29	31
5 Year	8.16	7.88	28
10 Year	8.59	8.39	20

Source: MUFAP

Debt Market Review

During the month of January, SBP held two T-Bill auctions with a combined target of PKR1,875 bn where central bank accepted bids worth PKR2,189 bn mainly in lower tenor. SBP increased cut off for 3 months from 5.9910% previously to 6.2144% in last T-bill auction which was held after MPS announcement whereas bids in 6months and 12months papers were rejected due to no participation. However, due to excess liquidity, secondary market yields were up by only 10 - 12 bps post MPS announcement. On the other hand, PIB auction witnessed a subdued participation of PKR 31 bn in 3-yr tenor only. Though, SBP scrapped the auction owing to insignificant participation at higher yields. Overall activity remained healthy as secondary market yields in the shorter tenors gained within a range of 20-25 bps. Going forward, market is expected to remain volatile amid surprise hike in policy rate.

Fund Objective

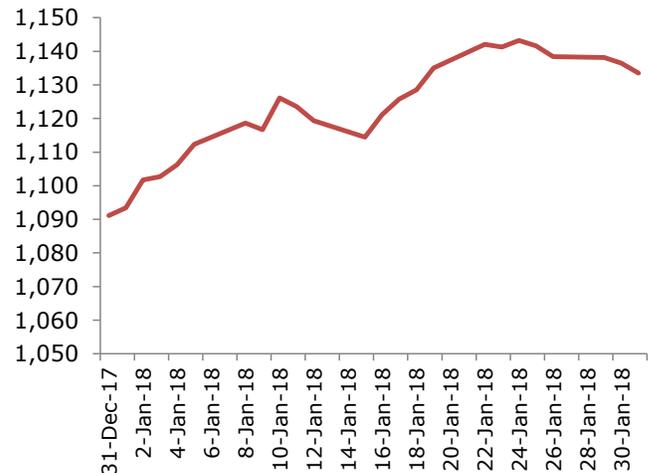
To maximize capital appreciation by investing in a balanced portfolio of wide range of shares, Government and other fixed income securities and bank deposits.

Fund Information

Description	Information
Fund Name	Managed Fund
Fund Size	PKR 73,973 Million
Launch Date	31.12.1996
Bid Price (31.12.1996)	PKR 99.50
Bid Price (31.01.2018)	PKR 1,133.47
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 January 2018 Managed Fund's (MF) Unit Price increased by PKR 42.38 (3.88%) net of fund management fee.



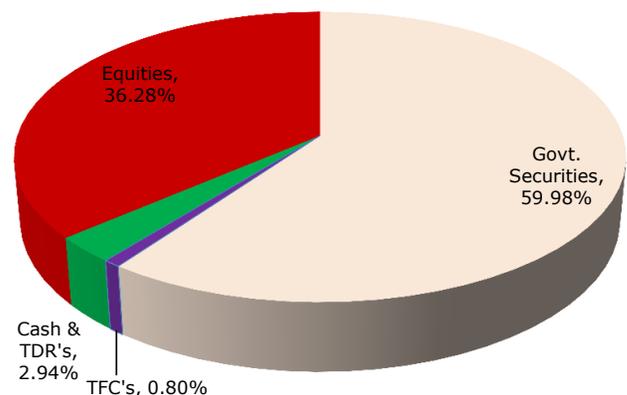
Investment Committee Members

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

Assets	January-18	December-17
Government Securities	59.98%	60.86%
Term Finance Securities	0.80%	0.86%
Cash and Short Term Deposits	2.94%	4.19%
Stocks & Mutual Funds	36.28%	34.09%

Fund Returns

Period	Rate of Return
1 month	3.88%
3 months	5.06%
12 months	-2.98%
Calendar YTD	3.88%
Since Inception	1039.16%
Since Inception (annualized)	12.22%
5 Years	66.54%
10 Years	162.15%



Fund Objective

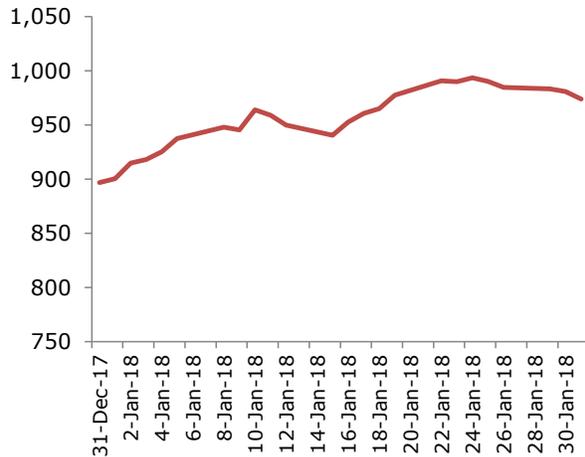
The objective of the fund is to maximize returns to policyholders by investing mainly in equity portfolio and partly in Government securities, Term Finance Certificates and bank deposits.

Fund Information

Description	Information
Fund Name	Capital Growth Fund
Fund Size	PKR 16,620 Million
Launch Date	28.07.2004
Bid Price (28.07.2004)	PKR 100.00
Bid Price (31.01.2018)	PKR 973.93
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 January 2018 Capital Growth Fund's (CGF) Unit Price increased by PKR 77.05 (8.59%) net of fund management fee.



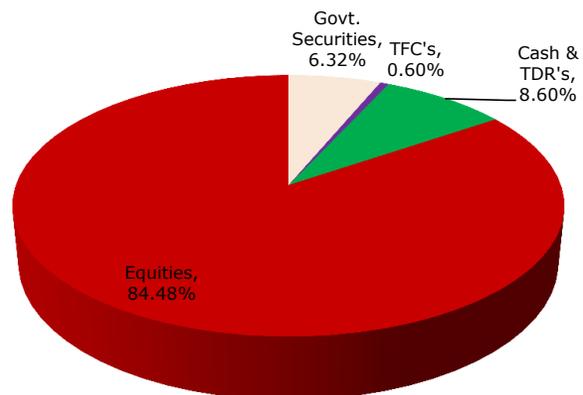
Investment Committee Members

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

Assets	January-18	December-17
Government Securities	6.32%	7.10%
Term Finance Securities	0.60%	0.70%
Cash and Short Term Deposits	8.60%	15.14%
Stocks & Mutual Funds	84.48%	77.06%

Fund Returns

Period	Rate of Return
1 month	8.59%
3 months	10.20%
12 months	-9.79%
Calendar YTD	8.59%
Since Inception	873.93%
Since Inception (annualized)	18.33%
5 Years	186.39%
10 Years	361.58%



Fund Objective

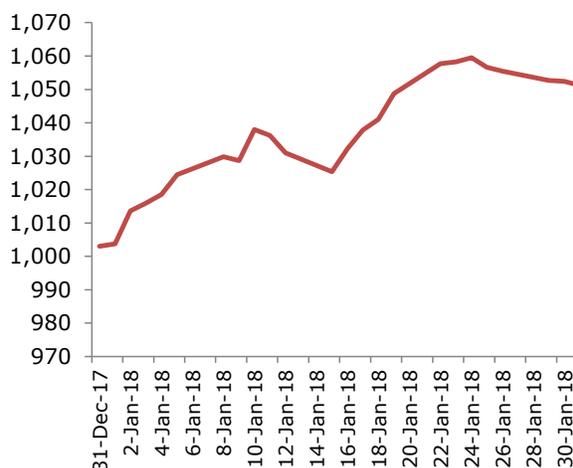
The objective of the Meesaq fund is to provide an opportunity to investors who want interest free returns. The instruments in which the Meesaq fund invests are selective stocks, sukuk, short term deposits in Islamic banks / Islamic bank branches, Islamic mutual funds and other valid interest-free investments.

Fund Information

Description	Information
Fund Name	Meesaq Fund
Fund Size	PKR 9,455 Million
Launch Date	27.03.2008
Bid Price (27.03.2008)	PKR 475.00
Bid Price (31.01.2018)	PKR 1,051.18
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 January 2018 Meesaq Fund's (MEF) Unit Price increased by PKR 48.17 (4.8%) net of fund management fee.



Investment Committee Members

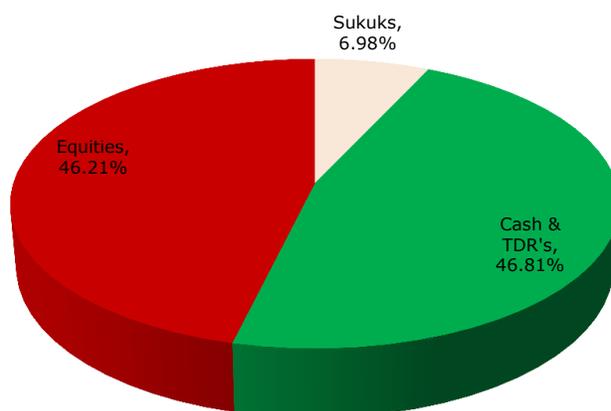
Shahid Ghaffar	Chairman
Javed Ahmed	Member / CEO
Rafiuddin Zakir Mahmood	Member
John Joseph Metcalf	Member
Lilly R. Dossabhoy	Member
Shan Rabbani	Member

Assets

	January-18	December-17
Sukuks	6.98%	7.55%
Cash and Short Term Deposits	46.81%	51.55%
Stocks & Mutual Funds	46.21%	40.91%

Fund Returns

Period	Rate of Return
1 month	4.80%
3 months	5.40%
12 months	-4.46%
Calendar YTD	4.80%
Since Inception	121.30%
Since Inception (annualized)	8.39%
5 Years	65.03%



YAQEEN GROWTH FUND

Fund Objective

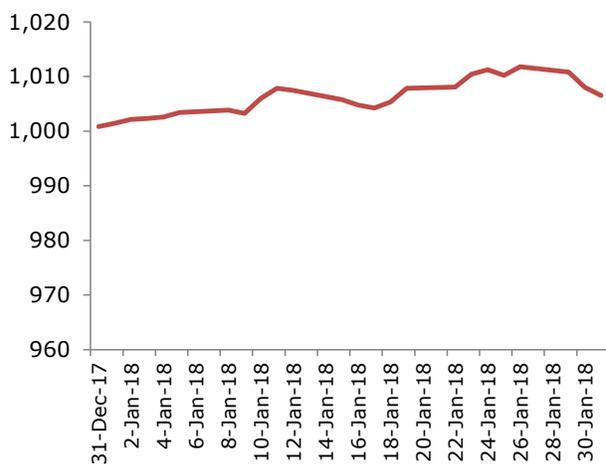
This fund has been formed to enable Jubilee Life's policyholders to participate in a diversified portfolio of Fixed Income Securities with minimal exposure to equity. Yaqeen Growth fund is suitable for those who wish to earn steady returns on investments through full exposure to debt securities and minimum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

Fund Information

Description	Information
Fund Name	Yaqeen Growth Fund
Fund Size	PKR 1,728 Million
Launch Date	01.06.2009
Bid Price (01.06.2009)	PKR 475.00
Bid Price (31.01.2018)	PKR 1,029.39
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 January 2018 Yaqeen Growth Fund's (YGF) Unit Price increased by PKR 17.44 (1.72%) net of fund management fee.



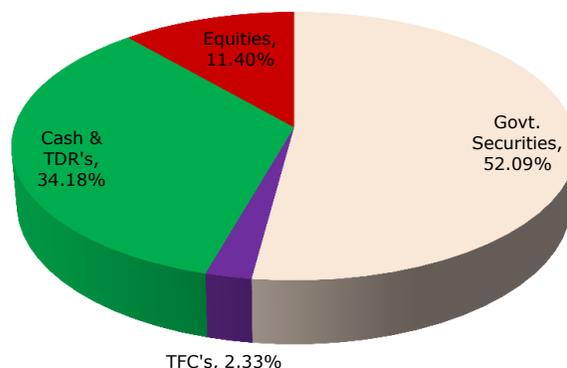
Investment Committee Members

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

Assets	January-18	December-17
Government Securities	52.09%	52.78%
Term Finance Securities	2.33%	2.44%
Cash and Short Term Deposits	34.18%	35.46%
Stocks & Mutual Funds	11.40%	9.32%

Fund Returns

Period	Rate of Return
1 month	1.72%
3 months	2.35%
12 months	2.27%
Calendar YTD	1.72%
Calendar YTD (annualized)	22.29%
Since Inception	116.71%
Since Inception (annualized)	9.33%
5 Years	52.63%



Fund Objective

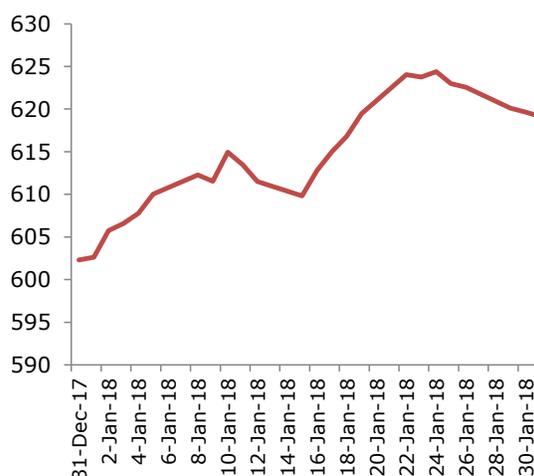
To optimize aggregate long term risk adjusted return through capital appreciation, dividend and profit income by investing in a Balanced Portfolio comprising of Shariah compliant equities, equity mutual funds, Sukuks (Government and Corporate), deposits with Islamic Banks and Windows or any other approved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

Fund Information

Description	Information
Fund Name	Managed Takaful Fund
Fund Size	PKR 1,962 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.01.2018)	PKR 619.10
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 January 2018 Managed Takaful Fund's (MTF) Unit Price increased by PKR 16.8 (2.79%) net of fund management fee.



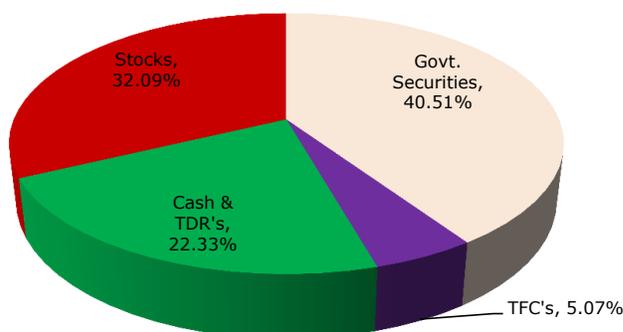
Investment Committee Members

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

Assets	January-18	December-17
Government Securities	40.51%	46.21%
Term Finance Certificates	5.07%	5.67%
Cash and Short Term Deposits	22.33%	24.06%
Stocks	32.09%	24.06%

Fund Returns

Period	Rate of Return
1 month	2.79%
3 months	4.03%
12 months	0.06%
Calendar YTD	2.79%
Since Inception	23.82%



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.

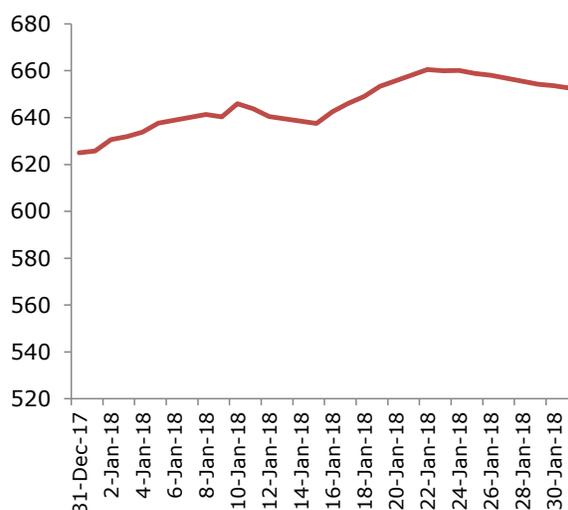
The Fund was launched on July 7, 2015.

Fund Information

Description	Information
Fund Name	Capital Growth Takaful Fund
Fund Size	PKR 3,197 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.01.2018)	PKR 652.60
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 January 2018 Capital Growth Takaful Fund's (CGTF) Unit Price increased by PKR 27.56 (4.41%) net of fund management fee.



Investment Committee Members

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

Fund Returns

Period	Rate of Return
1 month	4.41%
3 months	5.86%
12 months	-5.41%
Calendar YTD	4.41%
Since Inception	30.52%

Assets	January-18	December-17
Government Securities	29.56%	33.61%
Term Finance Certificates	2.04%	2.57%
Cash and Short Term Deposits	15.47%	25.32%
Stocks	52.92%	38.50%

