

INVESTMENT FACT SHEET

FOR THE MONTH OF JULY 2020

FROM INVESTMENT DESK

ECONOMY AND CAPITAL MARKETS UPDATE

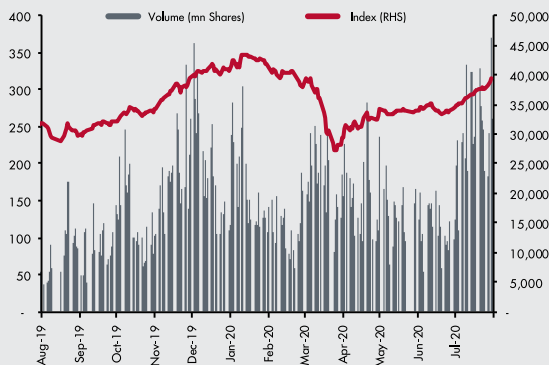
ECONOMIC SUMMARY

KEY INDICATORS	REPORTED MONTH	CURRENT	PREVIOUS	YTD
CPI Inflation	Jul	9.30%	8.59%	9.30%
Trade Deficit (USD mn)	Jun	(1,981)	(1,541)	(19,914)
Remittances (USD mn)	Jun	2,466	1,866	23,120
Current A/C (USD mn)	Jun	(96)	344	(2,966)
FDI (USD mn)	Jun	175	120	2,561
Tax Collection ** (PKR bn)	Jul	300	411	300
M2 Growth*				-1.67%
FX Reserves* (USD bn)	Jul			18.91

Source SBP, FBS

* Latest monthly figures **provisional figures

KSE-100 ONE YEAR PERFORMANCE



SECONDARY MARKET PKRVs

TENOR	JUL-20	JUN-20	CHANGE (bps)
30 Days	7.01	7.09	(8)
60 Days	6.97	7.10	(13)
3 Months	6.95	7.09	(14)
6 Months	6.98	7.05	(7)
1 Year	7.02	7.05	(3)
3 Year	7.96	7.53	43
5 Year	8.60	8.11	49
10 Year	9.19	8.69	50

Source: MUFAP

ECONOMIC REVIEW

CPI rose by 9.30% YoY in Jul'20, beating market expectations. Monthly headline inflation clocked in at 2.50%, led by surge in Food index (+3.86% MoM) and Transport index (+9.60% MoM). On the external side our Current Account slipped back into deficit of USD 96 mn in Jun'20 after the previous month's surplus of USD 344 mn. This can be attributed to a worsening of the trade deficit in goods and services by USD 660 mn while remittances grew by USD 600 mn from the previous month. Our Current Account Deficit (CAD) improved significantly in FY20; Import curtailment led to trade deficit shrinking by 28% YoY to USD 19.9 bn while remittances rose 6% YoY to USD 23.1 bn, which reduced CAD by USD 10.4 bn (78% YoY) to USD 2.9 bn. Our foreign exchange reserves continue to steadily climb, closing Jul'20 with USD 18.91 bn (+USD 0.94 bn MoM) on the back of inflows from multilateral institutions including USD 505 mn from World Bank. On the fiscal side FBR collected PKR 300 bn in July'20 (+8% YoY), exceeding the month's tax revenue target by PKR 57 bn, owing to gradual resuming of economic activities.

EQUITY MARKET REVIEW

The stock market rallied in Jul'20 after two months of stability, with KSE 100 surging by 14.1% to 39,258 points, making this month the best performing July in seventeen years, while average daily trading volumes shot up 94% to 380 mn shares. Likewise, KMI 30 rose 14.8% to 63,108 points. Primary factors behind this robust performance are improvement in the domestic COVID-19 infection and recovery rates, stability in the PKR-USD parity amid monetary support from multilateral institutions, end of corona induced lockdown as well as reinstatement of pre-corona market hours which aided volumes and attracted investment in the market. Investors' sentiments were also boosted by the cumulative interest rate cuts (625 bps) this year which have pushed equities to become the preferred asset class. However, foreigners continue to sell equities with USD 68 mn outflow in Jul'20 which was absorbed mostly by local Insurance (USD 34 mn) and Companies (USD 20 mn) while Banks were the chief seller with USD 14 mn. Sectors posted positive returns across the board with Cement (+24.9%) leading the index followed by Banks (+16.9%) and E&Ps (+11.2%). Going forward, Pakistan with forward P/E of 7.3x is trading at 48% discount compared to Asia Pacific regional average of 14.1x along with a dividend yield of ~6.2% versus ~2.4% offered by the region.

DEBT MARKET REVIEW

Investors continued to flock towards government papers in Jul'20; T-bill auctions witnessed PKR 1,650 bn worth of bids received against target of PKR 400 bn while the central bank accepted PKR 417 bn. Latest cut-off rates decreased to 6.95% for 3 month tenor (-85 bps MoM), 7.10% for 6 month tenor (-39 bps MoM), and 7.14% for 12 month tenor (-22 bps MoM). Abundant interest was also recorded in PIB auctions with floaters receiving PKR 1,164 bn worth of bids against target of PKR 360 bn while SBP accepted PKR 472 bn at 27-68 bps over benchmark. Fixed PIBs saw less enthusiasm with PKR 275 bn worth of bids received against target of PKR 140 bn while SBP accepted PKR 208 bn at 7.37% (-60 bps MoM) for 3 yr tenor, 8.37% (-7 bps MoM) for 5 yr tenor, 8.99% (no change) for 10 yr tenor, 9.75% (-15 bps MoM) for 15 yr tenor, and 10.40% (-11 bps MoM) for 20 yr tenor. Secondary market yields fell 3-14 bps for shorter tenors while longer tenors showed rise of 43-50 bps as investors foresee stable monetary policy.

MANAGED TAKAFUL FUND

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 8,320 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.07.2020)	PKR 677.16
Category	Shariah Compliant Balanced Fund
Pricing Mechanism	Forward on daily basis
Management Fee	1.50% p.a.
Pricing Days	Monday to Friday
Auditors	A. F. Ferguson & Co.
Appointed Actuary	Nauman Cheema, Nauman Associates, Lahore

BOARD FINANCE & INVESTMENT COMMITTEE

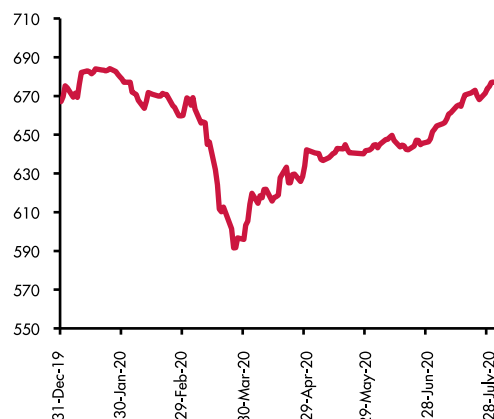
MEMBERS	DESIGNATION
Shahid Ghaffar	Chairman
Javed Ahmed	Member / CEO
Rafiuddin Zakir Mahmood	Member
John Joseph Metcalf	Member
Lilly R. Dossabhoy	Member/Secretary
Shan Rabbani	Member

INVESTMENT MANAGEMENT COMMITTEE

MEMBERS	DESIGNATION
Javed Ahmed	Chairman/CEO
Lilly R. Dossabhoy	Member
Zahid Barki	Member
Kashif Naqvi	Member
Shan Rabbani	Member
Asif Mobin	Member/Secretary
Dileep Kumar Maheshwari	Member

FUND MANAGER'S COMMENTS

During the month of July 2020 Managed Takaful Fund's (MTF) Unit Price increased by PKR 29.3 (4.52%) net of fund management fee.



FUND RETURNS

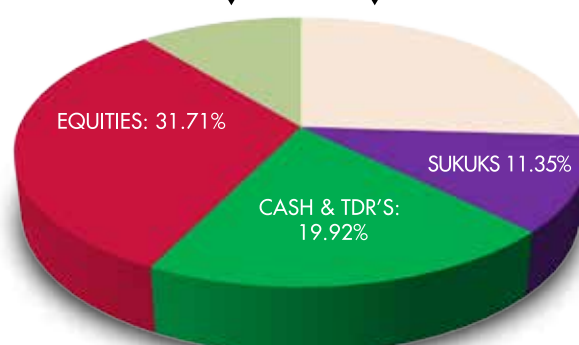
PERIOD	RATE OF RETURN
1 month	4.52%
3 months	5.44%
12 months	14.47%
Calendar YTD	1.52%
Since Inception	35.43%

ASSET ALLOCATION

ASSETS	JULY-20	JUNE-20
Government Securities	26.04%	27.47%
Sukuks	11.35%	12.55%
Cash and Short Term Deposits	19.92%	22.74%
Equities	31.71%	25.73%
Mutual Funds	10.99%	11.51%

GOVERNMENT SECURITIES: 26.04%

MUTUAL FUNDS: 10.99%



CAPITAL GROWTH TAKAFUL FUND

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 10,326 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.07.2020)	PKR 660.47
Category	Shariah Compliant Equity Fund
Pricing Mechanism	Forward on daily basis
Management Fee	1.50% p.a.
Pricing Days	Monday to Friday
Auditors	A. F. Ferguson & Co.
Appointed Actuary	Nauman Cheema, Nauman Associates, Lahore

BOARD FINANCE & INVESTMENT COMMITTEE

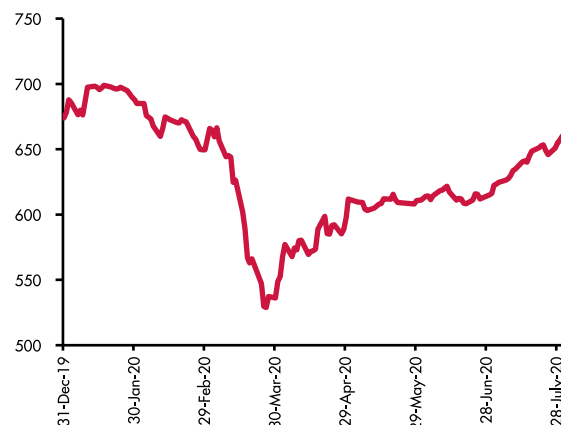
MEMBERS	DESIGNATION
Shahid Ghaffar	Chairman
Javed Ahmed	Member / CEO
Rafiuddin Zakir Mahmood	Member
John Joseph Metcalf	Member
Lilly R. Dossabhoy	Member/Secretary
Shan Rabbani	Member

INVESTMENT MANAGEMENT COMMITTEE

MEMBERS	DESIGNATION
Javed Ahmed	Chairman/CEO
Lilly R. Dossabhoy	Member
Zahid Barki	Member
Kashif Naqvi	Member
Shan Rabbani	Member
Asif Mobin	Member/Secretary
Dileep Kumar Maheshwari	Member

FUND MANAGER'S COMMENTS

During the month of July 2020 Capital Growth Takaful Fund's (CGTF) Unit Price increased by PKR 44.27 (7.18%) net of fund management fee.

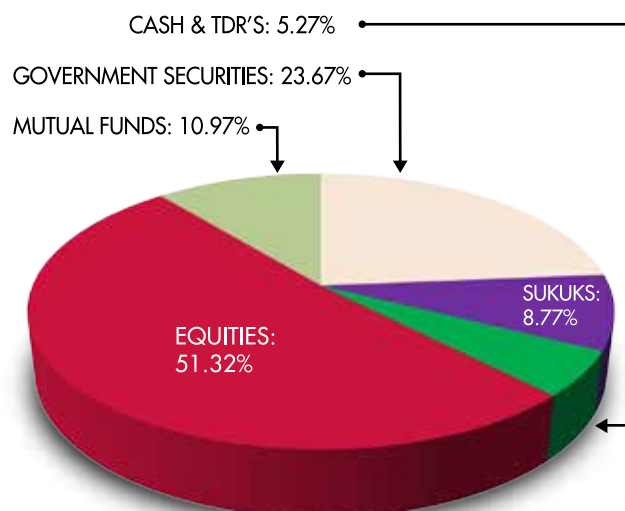


FUND RETURNS

PERIOD	RATE OF RETURN
1 month	7.18%
3 months	7.94%
12 months	16.72%
Calendar YTD	-1.99%
Since Inception	32.09%

ASSET ALLOCATION

ASSETS	JULY-20	JUNE-20
Government Securities	23.67%	21.39%
Sukuks	8.77%	9.50%
Cash and Short Term Deposits	5.27%	14.10%
Equities	51.32%	43.77%
Mutual Funds	10.97%	11.25%



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