



INVESTMENT FACT SHEET

FOR THE MONTH OF OCTOBER 2019

FROM INVESTMENT DESK

ECONOMY AND CAPITAL MARKETS UPDATE

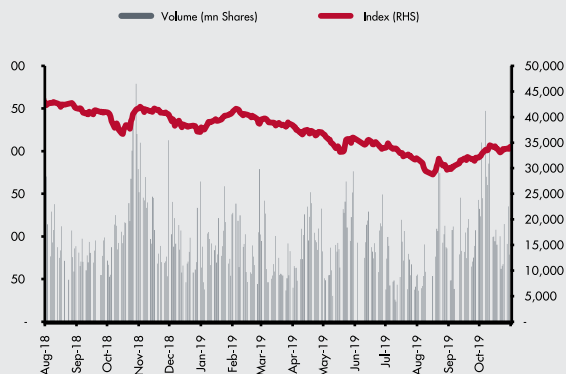
ECONOMIC SUMMARY

KEY INDICATORS	REPORTED MONTH	CURRENT	PREVIOUS	YTD
CPI Inflation	Oct	11.04%	11.37%	10.81%
Trade Deficit (USD mn)	Sep	(1,416)	(1,629)	(4,999)
Remittances (USD mn)	Sep	1,748	1,691	5,478
Current A/C (USD mn)	Sep	(259)	(610)	(1,547)
FDI (USD mn)	Sep	385	83	541
Tax Collection ** (PKR bn)	Oct	320	375	1,275
M2 Growth*				0.06%
FX Reserves* (USD bn)	Oct			15.09

Source: SBP, FBS

* Latest monthly figures **provisional figures

KSE-100 ONE YEAR PERFORMANCE



SECONDARY MARKET PKRVs

TENOR	OCT-19	SEP-19	CHANGE (bps)
30 Days	13.14	13.82	(68)
60 Days	13.13	13.82	(69)
3 Months	13.14	13.75	(61)
6 Months	13.17	13.76	(59)
1 Year	12.89	13.75	(86)
3 Year	11.64	12.64	(100)
5 Year	11.53	12.30	(77)
10 Year	11.30	12.18	(88)

Source: MUFAP

ECONOMIC REVIEW

Inflation continues into double digits, exceeding market expectations and clocking in at 11.04%/1.82% (YoY/MoM) for Oct'19. The prime reason behind monthly increase in inflation is Food Group where prices registered a whopping 13.76% growth over last month's. On the external front, Current Account deficit reduced by a substantial 58% to USD 259 mn in Sep'19, mainly due to drop in imports (-5.6% MoM) and uptick in remittances (+3.4% MoM) while exports posted muted growth at USD 1,911 mn. Foreign Direct Investment (FDI) inflows reached a 26-month high during Sep'19 at USD 385 mn, up by 112% YoY from USD 182 mn in Sep'18. However, forex reserves declined by USD 680 mn in Oct'19 to settle at USD 15.09 bn as multiple debt repayments were made during the month. On the fiscal side, FBR collected PKR 320 bn for the month, an improvement of 17% over Oct'18 whereas tax collection for the current fiscal year has shown strong growth by 15% YoY to clock at PKR 1,275 bn compared to historical growth of 11%.

EQUITY MARKET REVIEW

Equities continue their bull run in Oct'19 for the second consecutive month; KSE100 rose 6.6% to 34,204 points while average daily volumes surged sharply by 40% to 125 mn shares. Likewise, KMI30 rallied 8.3% to 55,842 points. Primary reasons behind this sustained recovery are improving current account deficit along with stability in the currency, Pakistan avoiding blacklisting by the FATF, and continuous decline in fixed income yields indicating chances of a rate cut in the foreseeable future. However foreign selling continued with outflow of USD 13 mn in Oct'19 while local individuals were chief buyers with USD 13 mn and insurance led local selling with USD 7 mn. Sector wise, there were positive performances all around with Pharma (+17.3%), OMCs (+13.6%) and Cement (+12%) surpassing the rest while Tobacco (-7.2%) and Miscellaneous (-6%) were notable downers. Going forward, Pakistan with forward P/E of 5.9x is trading at 58% discount compared to Asia Pacific regional average of 14.2x, along with a dividend yield of ~7.4% versus ~2.5% offered by the region.

DEBT MARKET REVIEW

Interest in money market persisted in Oct'19 with T-bill auctions garnering PKR 4,526 bn worth of bids against target of PKR 1,600 bn while the central bank accepted PKR 1,344 bn. Latest cut off rates declined to 13.30% (-43 bps MoM) for 3 mth tenor, 13.30% (-54 bps MoM) for 6 mth tenor, and 12.79% (-106 bps MoM) for 12 mth tenor. PIB auctions also saw strong interest with PKR 394 bn worth of bids being received against target of PKR 100 bn while SBP accepted PKR 108 bn in fixed PIBs at 11.80% (-115 bps MoM) for 3 yr tenor, 11.60% (-90 bps MoM) for 5 yr tenor, and 11.35% (-90 bps MoM) for 10 yr tenor. There was considerable interest in floater PIBs as well with PKR 198 bn worth of bids being received against target of PKR 50 bn while central bank accepted just PKR 52 bn at 102 bps over benchmark. Improving macros with soft inflation outlook led to secondary market yields dropping by 59-100 bps across all tenors.

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.

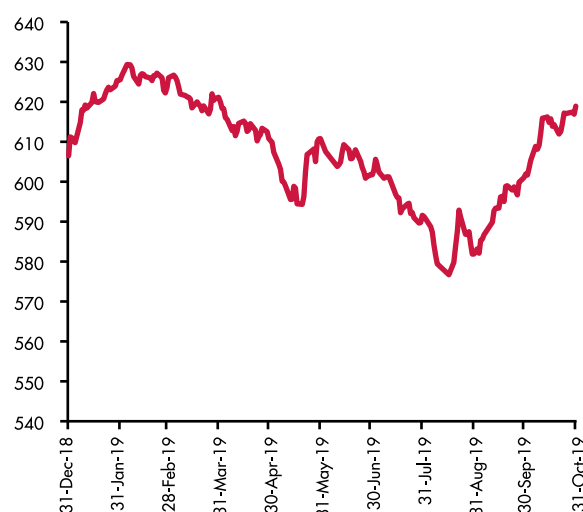
The Fund was launched on July 7, 2015.

FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Managed Takaful Fund
Fund Size	PKR 5,876 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.10.2019)	PKR 618.92
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 MANAGER'S COMMENTS

During the month of October 2019 Managed Takaful Fund's (MTF) Unit Price increased by PKR 17.88 (2.98%) net of fund management fee.



INVESTMENT COMMITTEE

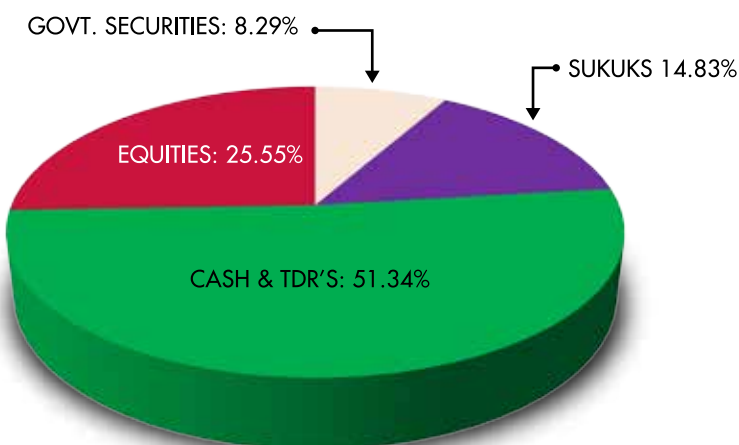
MEMBERS	DESIGNATION
Shahid Ghaffar	Chairman
Javed Ahmed	Member / CEO
Rafiuddin Zakir Mahmood	Member
John Joseph Metcalf	Member
Lilly R. Dossabhoy	Member
Shan Rabbani	Member

ASSET ALLOCATION

ASSETS	OCTOBER 2019	SEPTEMBER 2019
Government Securities	8.29%	8.77%
Sukuks	14.83%	15.77%
Cash and Short Term Deposits	51.34%	51.37%
Stocks	25.55%	24.09%

FUND RETURNS

PERIOD	RATE OF RETURN
1 month	2.98%
3 months	4.62%
12 months	-1.55%
Calendar YTD	2.05%
Since Inception	23.78%



CAPITAL GROWTH TAKAFUL FUND

FUND OBJECTIVE

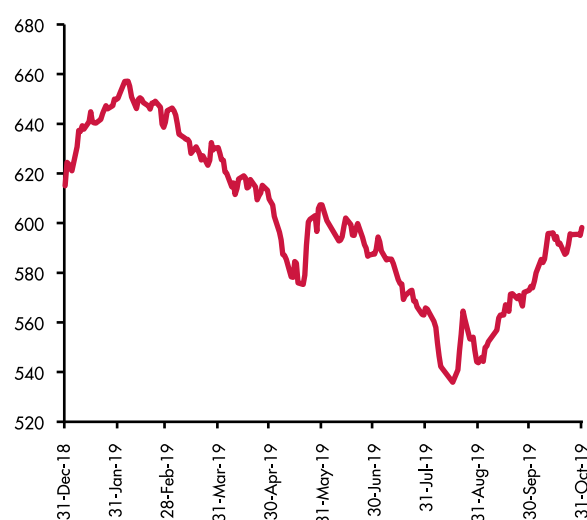
"To optimize aggregate long term risk adjusted return through capital appreciation, dividend and profit income by investing in an Aggressive Portfolio primarily comprising of Shariah compliant equities and equity mutual funds with any excess liquidity being invested in Sukuks (Government and Corporate) 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 7,687 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.10.2019)	PKR 598.28
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 MANAGER'S COMMENTS

During the month of October 2019 Capital Growth Takaful Fund's (CGTF) Unit Price increased by PKR 25.35 (4.42%) net of fund management fee.



INVESTMENT COMMITTEE

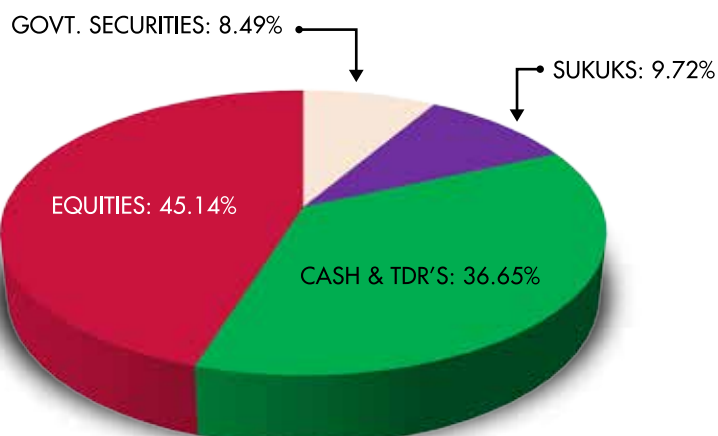
MEMBERS	DESIGNATION
Shahid Ghaffar	Chairman
Javed Ahmed	Member / CEO
Rafiuddin Zakir Mahmood	Member
John Joseph Metcalf	Member
Lilly R. Dossabhoy	Member
Shan Rabbani	Member

ASSET ALLOCATION

ASSETS	OCTOBER 2019	SEPTEMBER 2019
Government Securities	8.49%	9.04%
Sukuks	9.72%	10.31%
Cash and Short Term Deposits	36.65%	36.24%
Stocks	45.14%	44.41%

FUND RETURNS

PERIOD	RATE OF RETURN
1 month	4.42%
3 months	5.73%
12 months	-9.75%
Calendar YTD	-2.72%
Since Inception	19.66%



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