



# INVESTMENT FACT SHEET

## FOR THE MONTH OF AUGUST 2023

# GOVERNING COMMITTEES



## BOARD FINANCE & INVESTMENT COMMITTEE

- **SHAHID GHAFAR**  
(CHAIRMAN)
- **RAFIUDDIN ZAKIR MAHMOOD**  
(MEMBER)
- **OMER FAROOQ**  
(MEMBER/SECRETARY)
- **JAVED AHMED**  
(MEMBER/CEO)
- **JOHN JOSEPH METCALF**  
(MEMBER)
- **SHAN RABBANI**  
(MEMBER)

## INVESTMENT MANAGEMENT COMMITTEE

- **JAVED AHMED**  
(CHAIRMAN/CEO)
- **ZAHID BARKI**  
(MEMBER)
- **SHAN RABBANI**  
(MEMBER)
- **DILEEP KUMAR MAHESHWARI**  
(MEMBER/SECRETARY)
- **OMER FAROOQ**  
(MEMBER)
- **FARHAN AKHTAR FARIDI**  
(MEMBER)
- **ASIF MOBIN**  
(MEMBER)

## EXTERNAL AUDITORS

- **A.F FERGUSON & CO PVT LTD**

## APPOINTED ACTUARY

- **NAUMAN CHEEMA, NAUMAN ASSOCIATES, LAHORE**

# KEY HIGHLIGHTS



Dear Participants,

In August 2023, a blend of trends unfolded, driven by various developments on the political and economic front. On 14th August, caretaker government took charge after national assembly was resolved with the primary objective to achieve macroeconomic stabilization, in-line with IMF conditions. Numerous obstacles hindered the caretaker government's progress, such as the rising gas tariff and the unresolved circular debt issue, both of which have been causing significant delays in implementing much-needed structural reforms in the energy sector.

Additionally, Pakistan's challenging macroeconomic conditions have negatively impacted investor sentiment, as the current account shifted from a surplus to a deficit of USD 809mn. The removal of most import restrictions has once again placed pressure on the PKR, resulting in a depreciation of 6.59%. Furthermore, the increasing disparity between the open market and interbank exchange rates has breached the set threshold of 1.25%, adding further strain to the currency and foreign inflows. The weakening exchange rate is fuelling inflationary pressure in the economy leading to anticipation of hike in interest rates. These factors lead to subdued performance of the KSE-100 translating into a monthly decline of 6.31%.

The economic situation further worsens with a major increase in petrol and HSD prices. In August, petrol increased by PKR 17.50/ltr, and stood at PKR 290.45/ltr and HSD reached to PKR 293.40/ltr after an increase of PKR 20.00/ltr. This escalation is a result of the volatility in global oil prices and currency devaluation. Adding to the economic burden, as the month drew to a close, NEPRA approved an additional increase of PKR 5.40 per unit in power tariffs. Furthermore, the inflated electricity bills sparked widespread protests across the nation, further impacting public sentiment.

The major numbers during the month:

- **The current account balance shifted from four consecutive months of surplus to a deficit, amounting to USD 809mn.**
- **The CPI for August'23 clocked in at 27.38%**
- **PKR depreciated against USD by 6.59% during the month.**
- **Global energy prices have surged, with Brent at USD 86.16/bbl mark and Coal at USD 115/mt.**

Plummeting domestic demand and import restrictions led LSMI to drop 14.96%YoY, during Jun'23. In August, cement dispatches witnessed an increase of 41% MoM and stood at 4.52mn tonnes. Petroleum products sales slightly declined by 8%, clocking at 1.41mn tonnes.

The FX reserves increased by USD 229mn during the month, to stand at USD 13.71bn.

# ECONOMY UPDATE

## MACROECONOMIC INDICATORS

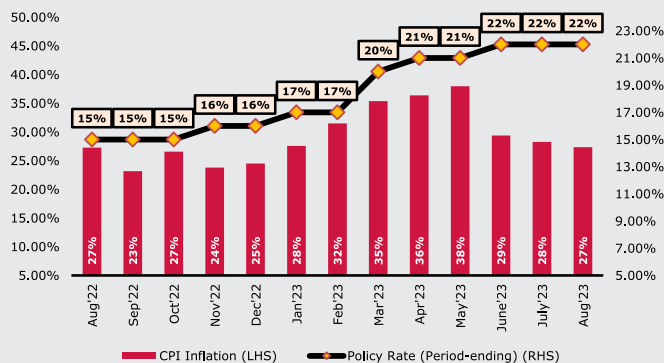
KEY STATISTICS	REPORTED MONTH	CURRENT	PREVIOUS	FYTD
Trade Deficit (USD mn)	July	(2,104)	(1,058)	(2,104)
Remittances (USD mn)	July	2,027	2,187	2,027
Current A/C Balance (USD mn)	July	(809)	504	(809)
FDI (USD mn)	July	87	114	87
Tax Collection* (PKR bn)	August	669	538	1,207
M2 Growth				-2.94%

Source SBP, FBR

\* Provisional figures

In July 2023, the trade deficit experienced a substantial surge of 98.87%, soaring to USD 2,104 million compared to the previous month of USD 1,058 million. The widening trade deficit can be attributed to the government's decision to ease import restrictions, resulting in a 32.83% uptick in the import of goods. Meanwhile, exports remained stagnant at the USD 2 billion mark. Furthermore, during the same period, remittances experienced a decline of 7.32%, and stood at USD 2,027mn. On a positive note, FBR surpassed its revenue goal of PKR 649 billion, successfully collecting PKR 669 billion in revenue for August.

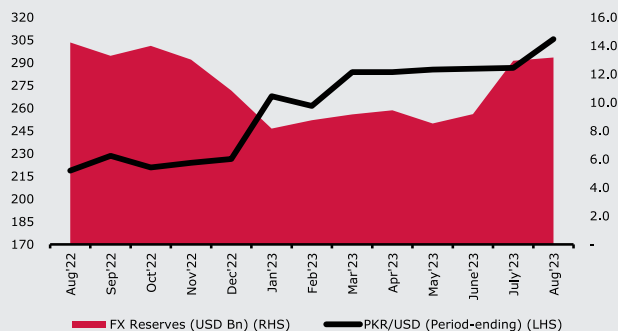
## INFLATION



Source: PBS

The national CPI during the month of August'23 clocked in at 27.38% compared to 28.31% in the previous month.

## PKR/USD PARITY VS FX RESERVES



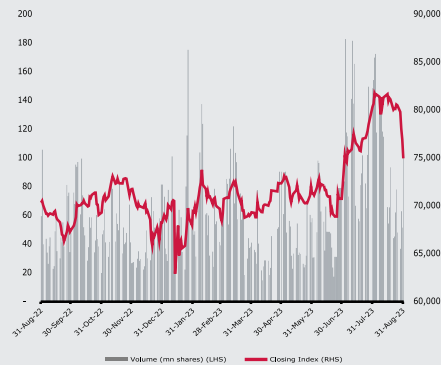
Source: SBP

FX Reserves as of 25th August 2023 were reported at USD 13.17bn, showing an increase of 1.77% compared to last month. While PKR depreciated against USD by 6.59% MoM hovering at PKR 305.54/USD.

# CAPITAL MARKETS UPDATE

## EQUITY MARKET

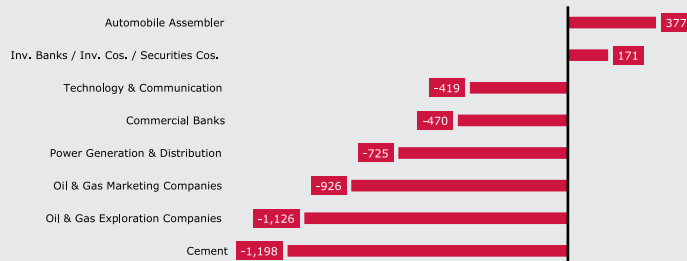
### KMI -30 ONE YEAR PERFORMANCE



Source: PSX

During the month of August, the KMI-30 index witnessed a decrease of 6.72% (-5,402 points), ultimately closing the month at 74,969 points. The month initially kicked off with a bullish trend, driven by several factors: 1) the country's weight increased by 200bps in the MSCI FM index; 2) the approval of an upcoming brownfield refinery policy bolstered confidence; and 3) anticipation of settlement of circular debt. However, the upward trajectory shifted towards a pessimistic tone due to ambiguity surrounding the upcoming general elections in the country, macroeconomic instability, currency devaluation, and concerns about inflation. Average traded volume recorded at 195mn shares, a decrease of 26.46% MoM, while average traded value stood at PKR 8,923mn, slightly up by 2.51%.

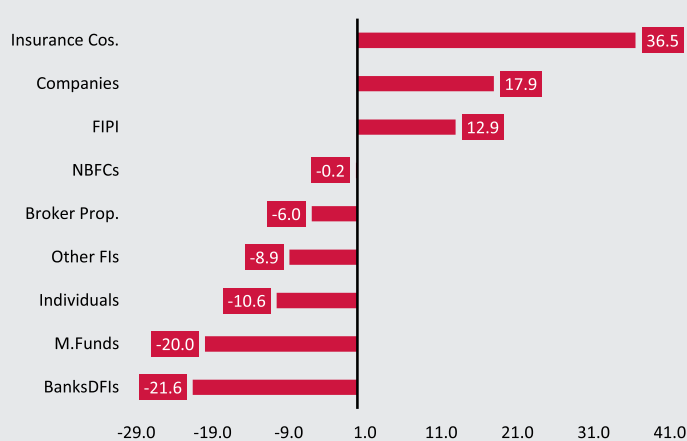
### SECTOR WISE TOP CONTRIBUTORS



Source: PSX

The major sectors which showed an upbeat performance during the month were Automobile Assemblers (+377 points) and Inv. Banks/ Inv. Cos. (+171 points). Meanwhile, negative contributions were Cements (-1,198 points), Oil & Gas Exploration (-1,126 points), Oil & Gas Marketing (-926 points), Power Generation (-725 points), and Commercial Banks (-470 points).

### FIPI LIPI



Foreigners were the net buyers with net buying aggregating to USD 12.87mn with major inflow recorded in Banks (USD 6.46mn), E&Ps (USD 5.52mn), Technology & Communication (USD 3.76mn), and Food & Personal Care (USD 1.37mn). On the other hand, outflows were recorded in Oil & Gas Marketing (USD 0.31mn), Fertilizer (USD 0.86mn), and Others (USD 3.58mn).

On the domestic front, Banks/DFIs, Mutual Funds, Individuals, Others, and Brokerage Co's, were major sellers with net outflows of USD 21.57mn, USD 19.96mn, USD 10.62mn, USD 8.911mn, and USD 6.04mn, respectively. While Insurance Companies and Corporates reported net buying amounting to USD 36.51mn and USD 17.86mn.

# CAPITAL MARKETS UPDATE

## DEBT MARKET

### SECONDARY MARKET PKISRV

INSTRUMENT	AUG-23	JUL-23	CHANGE
GOPIV20-02-2024	98.70	98.7	0.00
GOPIF20-02-2024	98.00	98.00	0.00
GOPIV08-03-2024	100.10	100.1	0.00
GOPIF08-03-2024	100.23	100.23	(0.00)
GOPIV17-04-2024	100.21	100.05	0.16
GOPIF17-04-2024	100.10	100.10	0.00
GOPIV22-05-2024	100.04	100.04	(0.00)
GOPIF22-05-2024	100.00	100.00	0.00
GOPIV26-06-2024	100.00	99.99	0.01
GOPIF26-06-2024	100.00	99.95	0.05
GOPIV12-07-2024	100.10	100.09	0.01
GOPIF12-07-2024	100.00	100.00	0.00
GOPIV07-08-2024	100.12	-	-
GOPIF07-08-2024	100.00	-	-
GOPI30-04-2025	96.46	96.43	0.03
GOPI29-05-2025	99.40	99.40	0.00
GOPI24-06-2025	99.12	99.12	0.00
GOPIV29-07-2025	99.48	99.48	(0.00)
GOPIF29-07-2025	85.72	85.72	0.00
GOPIV09-12-2025	99.70	99.71	(0.01)
GOPIV05-01-2026	99.00	99.00	0.00
GOPIF20-01-2026	88.00	88.00	0.00
GOPIF17-04-2026	100.00	100.00	0.00
GOPIF26-06-2026	99.25	99.92	(0.67)
GOPIV12-07-2026	100.00	100.00	0.00
GOPIV06-10-2026	99.43	99.44	(0.01)
GOPIF06-10-2026	89.00	89.00	0.00
GOPIV29-10-2026	99.23	99.23	(0.00)
GOPIF15-12-2026	90.08	90.08	(0.00)
GOPIF27-04-2027	92.35	92.37	(0.02)
GOPIV27-04-2027	99.38	99.38	(0.00)
GOPIV26-10-2027	99.78	99.78	0.00
GOPIF16-11-2027	97.00	97.00	0.00
GOPIV26-06-2028	99.93	99.98	(0.05)

Source: MUJAP

During the month, the prices of GoP Ijara (VRR and FRR) remained stable. Investor interest was predominantly inclined towards the 1-year and 5-year Variable Rental Rate Ijara, resulting in the 1-year Variable Rental Rate Ijara trading at a premium due to higher benchmark rates and wider spreads. Additionally, the 3-year Fixed Rental Rate Ijara also garnered attention as investors sought to secure attractive yields for the medium term.

### AUCTION UPDATE

TENORS	CUT OFF	PREVIOUS CUT OFF	CHANGE
GOP IJARA VRR			
1 year	84 bps	84 bps	-
3 year	84 bps	85 bps	- 1 bps
5 year	101 bps	95 bps	+ 6 bps
GOP IJARA FRR			
1 year	22.00%	22.15%	- 15 bps
3 year	19.20%	18.99%	+ 21 bps
5 year	-	-	-

For GoP Ijara (VRR), robust participation of PKR 350 bn across various tenors was observed, as compared to the target of PKR 150 bn. Out of total acceptance of PKR 299 bn, PKR 195 billion was accepted at a yield of 22.9396% (+101bps) for the 5-year tenor only. PKR 5 bn was accepted at a yield of 22.7611% (+84 bps spread) for the 3-year and PKR 195 bn was accepted at a yield of 22.9396% (+101bps spread) for 5-year tenor.

Conversely, substantial market participation of PKR 159 bn was witnessed against the target of PKR 90 billion for the GoP Ijara Sukuk (FRR) but at significantly higher level. Of these, notable amount of PKR 67 bn was accepted at an 19.20% rate for the 3-year tenor while nominal amount of PKR 2 billion was accepted at 22.00% for the 1-year tenor. Bids for the 5-year tenor were rejected.



# STRATEGY & OUTLOOK



## EQUITY MARKET:

While staying committed to our long-term perspective, we hold a favorable view of the equity market. The PSX indexes exhibit attractive low P/E levels, with a Forward P/E multiple of 3.70x, in contrast to the regional average of 12.40x. Nevertheless, limited activity persists due to the absence of structural reforms, particularly in the energy sector, and the presence of challenging macroeconomic conditions.

Key triggers which can have an impact on benchmark include:

- **Implementation of key economic decisions in the wake of September review of the IMF program.**
- **Anticipation of further hike in Petrol & HSD prices, gas prices, and increase in electricity tariff.**
- **Headwinds to inflation remain as implementation of energy reforms may further put pressure on the consumers.**
- **Political stability amid announcement of elections after delimitation process.**
- **Attracting investments from GCC nations into agriculture, livestock, energy, and mining sectors via the SIFC**

We are closely monitoring the performance of the equity market and will capitalize on any opportunity that comes in way to maximize policyholder's return.

## DEBT MARKET:

Inflation outlook for FY24 has been changed significantly due to steep increase in power tariffs, sharp depreciation in August 2023, coupled with three consecutive fuel price hikes. As a result, the market has incorporated upto 200bps increase in policy rate in the forthcoming Monetary Policy Committee (MPC) meeting.

Going forward, inflationary pressures are poised to regain momentum, driven by factors such as tariff adjustments, escalating commodity prices, and souring food inflation, before changing trajectory in second half FY24, where SBP may consider starting monetary easing. Further, upon conclusion of SBA with IMF, another medium to long term IMF program will be needed to ensure availability of funding to meet the heavy debt obligations/rollovers (average USD25-30 bn for next three years).

Given the prevailing macroeconomic conditions and the anticipated interest rate trends, we have calibrated our fixed income portfolios with a higher allocation towards shorter duration instruments. This allocation aims to strike a balanced equilibrium between risk and reward, all while safeguarding the best interests of our policyholders.

## FUND WISE STRATEGY

- **Jubilee Life Balanced Takaful Fund:** Jubilee Life Balanced Takaful Fund offers its participants high yielding return with optimal allocation of 88% in low duration instruments, along with 8% exposure in mutual funds and 4% in corporate sukuks, thereby allowing policy holders to capitalize on opportunities along the yield curve.
- **Jubilee Life Aggressive Takaful:** Equity allocation in JL Aggressive Takaful fund is reduced to 8% to mitigate volatility resulting from the uncertain macro-economic environment that affects the equity market. The remaining 92% of the allocation is strategically placed in a diversified portfolio of high-yielding Shariah-compliant debt instruments and cash deposits.
- **Family Takaful Income Fund:** The Family Takaful Income Fund is projected to achieve a sustainable return in the medium-term by leveraging its exposure to low-risk GoP Ijara Sukuks and bank deposits. The fund allocation is meticulously positioned, with a focus on GoP Ijara (93%) and a remaining allocation of cash and bank deposits (7%).
- **Family Takaful Balanced Fund:** Family Takaful Balanced Fund offers its participants high yielding return with optimal allocation of 87% in low duration instruments, along with 11% exposure in high yielding mutual funds and corporate sukuks. This strategic allocation enables policyholders to maximize their benefits from opportunities along the yield curve.

# BALANCED TAKAFUL FUND

Fund Manager's Report  
August 2023

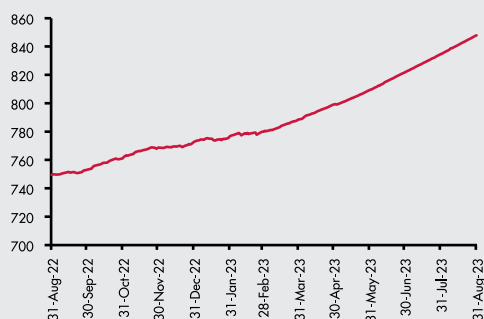
## FUND OBJECTIVE

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.

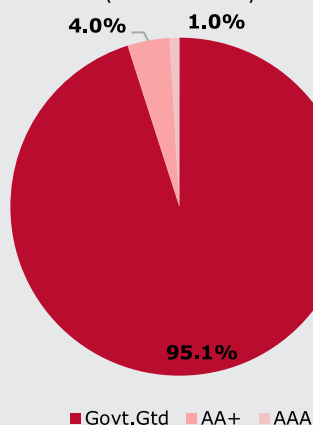
## FUND MANAGER'S COMMENTS

During the month of August 2023 Balanced Takaful Fund's (BTF) Unit Price increased by PKR 13.37 (1.6%). The fund's allocation to government securities stands at 88.02% at month end against 77.1% last month while allocation to equities is at 0.04% versus 9.97% last month. Within sectors, the fund is tilted towards Engineering with a total allocation of 100.0% followed by Pharmaceuticals, Miscellaneous and Oil & Gas (Exploration Companies) with a sector allocation of 0.0%, 0.0% and 0.0% respectively.

### 12-M ROLLING FUND PRICE



### ASSET QUALITY (Debt Securities)



### SECTOR ALLOCATION (Equities)



## FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Jubilee Life Balanced Takaful Fund
Net Assets	PKR 17,242 Million
Launch Date	07.07.2015
NAV Per Unit At Launch Date (07.07.2015)	PKR 500.00
NAV Per Unit At Month end (31.08.2023)	PKR 847.88
Category	Balanced Fund (Shariah Compliant)
Pricing Mechanism	Forward on daily basis
Risk Profile	Medium
Management Fee	1.50% p.a.
Expense Ratio CYTD	1.00%
Pricing Days	Monday to Friday

## FUND RETURNS

PERIOD	RATE OF RETURN
1 month	1.60%
3 months	4.78%
12 months (365 days)	13.12%
Calendar YTD	9.75%
Since Inception (annualized)	6.74%
5 Years (annualized)	6.48%

## ASSET ALLOCATION

ASSETS	AUGUST-23	JULY-23
Government Securities	88.02%	77.10%
Sukuks	4.17%	4.39%
Cash and Short Term Deposits	0.40%	1.05%
Equities	0.04%	9.97%
Mutual Funds	7.36%	7.48%
Others Including Receivables	0.01%	-



# AGGRESSIVE TAKAFUL FUND

Fund Manager's Report  
July 2023

## 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.

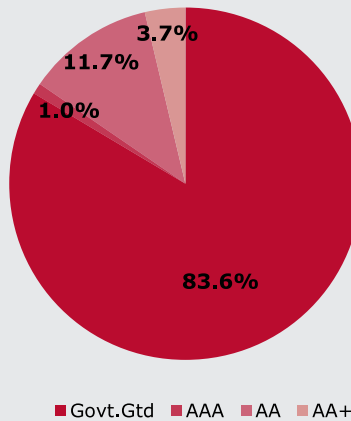
## FUND MANAGER'S COMMENTS

During the month of August 2023 Aggressive Takaful Fund's (ATF) Unit Price increased by PKR 9.36 (1.48%). The fund's allocation to equities stands at 7.51% at month end against 13.89% last month while allocation to government securities is at 80.47% versus 72.21% last month. Within sectors, the fund is tilted towards Oil & Gas (Exploration Companies) with a total allocation of 90.89% followed by Pharmaceuticals, Engineering and Automobile Assembler & Parts with a sector allocation of 5.31%, 3.8% and 0.0% respectively.

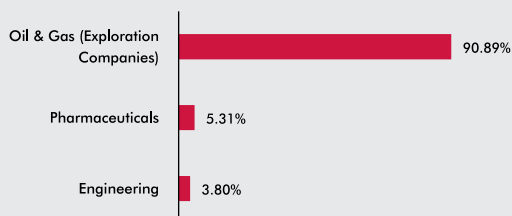
### 12-M ROLLING FUND PRICE



### ASSET QUALITY (Debt Securities)



### SECTOR ALLOCATION (Equities)



## FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Aggressive Takaful Fund
Net Assets	PKR 11,051 Million
Launch Date	07.07.2015
NAV Per Unit At Launch Date (07.07.2015)	PKR 500.00
NAV Per Unit At Month end (31.08.2023)	PKR 640.77
Category	Aggressive Fund (Shariah Compliant)
Pricing Mechanism	Forward on daily basis
Risk Profile	High
Management Fee	1.50% p.a.
Expense Ratio CYTD	1.08%
Pricing Days	Monday to Friday

## FUND RETURNS

PERIOD	RATE OF RETURN
1 month	1.48%
3 months	4.92%
12 months (365 days)	2.69%
Calendar YTD	7.68%
Since Inception (annualized)	3.11%
5 Years (annualized)	-0.39%

## ASSET ALLOCATION

ASSETS	AUGUST-23	JULY-23
Government Securities	80.47%	72.21%
Sukuks	3.58%	4.07%
Cash and Short Term Deposits	0.94%	2.35%
Equities	7.51%	13.89%
Mutual Funds	7.47%	7.48%
Others Including Receivables	0.03%	-

# FAMILY TAKAFUL INCOME FUND

Fund Manager's Report  
August 2023

## FUND OBJECTIVE

The investment objective of the fund is to provide sustainable returns to its policy holders over medium to long-term by investing in a diversified portfolio of securities consisting of different Shariah compliant money market and debt instruments.

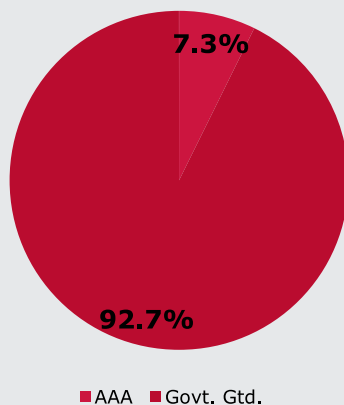
## FUND MANAGER'S COMMENTS

During the month of August 2023 Family Takaful Income Fund's (FTIF) Unit Price increased by PKR 9.8 (1.64%). The fund's allocation to government securities stands at 92.69% at month end against 76.8% last month while allocation to cash and short term deposits is at 7.23% versus 23.2% last month.

### 12-M ROLLING FUND PRICE



### ASSET QUALITY (Debt Securities)



## FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Family Takaful Income Fund
Net Assets	PKR 2,597 Million
Launch Date	01.08.2021
NAV Per Unit At Launch Date (01.08.2021)	PKR 500.00
NAV Per Unit At Month end (31.08.2023)	PKR 606.28
Category	Income Fund (Shariah Compliant)
Pricing Mechanism	Forward on daily basis
Risk Profile	Low
Management Fee	1.50% p.a.
Expense Ratio CYTD	1.00%
Pricing Days	Monday to Friday
Weighted Average Maturity	463

## FUND RETURNS

PERIOD	RATE OF RETURN
1 month	1.64%
3 months	4.70%
12 months (365 days)	14.26%
Calendar YTD (annualized)	15.58%
Since Inception (annualized)	9.70%
5 Years (annualized)	N/A
10 Years (annualized)	N/A

## ASSET ALLOCATION

ASSETS	AUGUST-23	JULY-23
Government Securities	92.69%	76.80%
Cash and Short Term Deposits	7.23%	23.20%
Others Including Receivables	0.08%	-

# FAMILY TAKAFUL BALANCED FUND

Fund Manager's Report  
August 2023

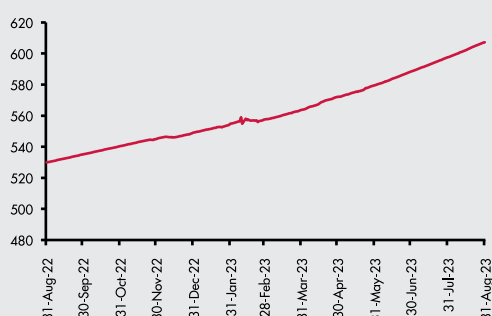
## FUND OBJECTIVE

The investment objective of the fund is to earn competitive long-term risk adjusted return through capital appreciation, dividend and profit income by investing in Shariah Compliant Equity Instruments, Shariah Compliant Fixed Income Instruments, Shariah Compliant Money Market Instruments and any other Shariah Compliant instrument as permitted by regulations.

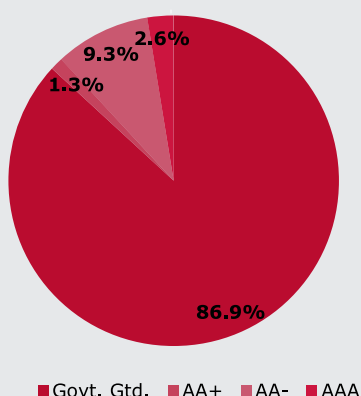
## FUND MANAGER'S COMMENTS

During the month of August 2023 Family Takaful Balance Fund's (FTBF) Unit Price increased by PKR 9.79 (1.64%). The fund's allocation to government securities stands at 86.85% at month end against 79.12% last month while allocation to cash and short term deposits is at 2.51% versus 10.08% last month.

### 12-M ROLLING FUND PRICE



### ASSET QUALITY (Debt Securities)



## FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Family Takaful Balanced Fund
Net Assets	PKR 668 Million
Launch Date	01.08.2021
NAV Per Unit At Launch Date (01.08.2021)	PKR 500.00
NAV Per Unit At Month end (31.08.2023)	PKR 607.3
Category	Balanced Fund (Shariah Compliant)
Pricing Mechanism	Forward on daily basis
Risk Profile	Medium
Management Fee	1.50% p.a.
Expense Ratio CYTD	1.01%
Pricing Days	Monday to Friday

## FUND RETURNS

PERIOD	RATE OF RETURN
1 month	1.64%
3 months	4.79%
12 months (365 days)	14.59%
Calendar YTD	10.62%
Since Inception (annualized)	9.79%
5 Years (annualized)	N/A
10 Years (annualized)	N/A

## ASSET ALLOCATION

ASSETS	AUGUST-23	JULY-23
Government Securities	86.85%	79.12%
Term Finance Securities	1.25%	1.27%
Cash and Short Term Deposits	2.51%	10.08%
Mutual Funds	9.34%	9.69%
Others Including Receivables	0.05%	-

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