



INVESTMENT FACT SHEET

FOR THE MONTH OF AUGUST 2022

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,

The month of Aug'22 saw mixed developments from an economic point of view. On the positive front, IMF disbursement was the significant breakthrough, while the floods in Sindh and Balochistan were the major negatives. Major highlights during the month included:

- **The country's Current Account Deficit declined M/M by 44.7% to reach USD 1.21bn in July'22, mainly pushed down by declining imports.**
- **The CPI for Aug'22 clocked in at 27.30%, on account of rise in energy, food, and transport indices.**
- **Rupee gained 8.6% against the USD to close at 218.72 for the month.**
- **Pakistan secured the IMF program by inking Staff level agreement with the lender.**
- **Decline in international commodity prices (Brent Crude Oil: 12.3% M/M decline in Aug'22).**
- **Heightened political noise.**

The challenges on the economic front continued as demand remained moderate as evident by recent offtake/sales numbers of Cement, Petroleum Products, Automobiles and Fertilizer sector. The country's sovereign bonds yield declined slightly in the longer tenor instruments on account of positive movement on IMF front. The government adhered to completing the pre-conditions of reviving the stalled IMF program. Energy prices were revised, alongside an increase in Petroleum Levy on fuel. Apart from the IMF there were commitments by friendly countries for economic assistance including China, Saudi Arabia, and the UAE. The SBP put a brake on interest rate hike as Monetary Policy Committee maintained status quo citing cautious approach in near term. The Central bank noted that close observation on monthly economic data will be maintained for inflation outlook coupled with movement in global commodities and interest rate decisions by major central banks of the world. We expect improvement on the external front with the IMF loan disbursement, however, the damages caused by floods pose risk to current account position.

The FX reserves declined to USD13.40bn as on 26th August 2022 from USD14.02bn seen a month earlier due to increased debt payment and lack of external financing flows. The PKR took a breather during the month closing at 218.72 against the USD posting a gain of 8.63% M/M. Decline in trade deficit along with the positive nod from IMF were the major contributors behind the currency improvement. However, inflation is showing no signs of ease as the weekly Sensitive Price Inflation (SPI) reached 44.58% YoY for the week ended 25th August 2022.

Towards the last leg of the month, sentiments improved as IMF disbursed USD 1.16 billion, taking the total disbursement under the EFF program to USD 4 billion. Furthermore, the program has been extended till June 2023 and total amount is increased from USD 6 billion to USD 6.5 billion.

ECONOMY UPDATE

MACROECONOMIC INDICATORS

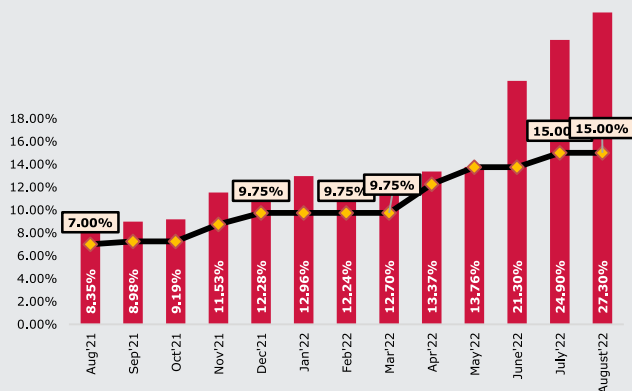
KEY STATISTICS	REPORTED MONTH	CURRENT	PREVIOUS	FYTD
Trade Deficit (USD mn)	July'22	(3,090)	(3,898)	(3,090)
Remittances (USD mn)	July'22	2,524	2,761	2,524
Current A/C Balance (USD mn)	July'22	(1,210)	(2,187)	(1,210)
FDI (USD mn)	July'22	59	271	59
Tax Collection* (PKR bn)	August'22	489	458	947
M2 Growth	-	-	-	13.51%

Source SBP, FBR

* Provisional figures

The trade deficit figures of the country declined to USD 3,090 Mn (-20.73% M/M) for July'22, the current account deficit also declined during the month to stand at USD 1,210 Mn vs USD 2,187 Mn in the month of June. The remittances increased by \$237 Mn to land at \$2,524 Mn while FBR's tax collection in the current fiscal year stood at PKR 947 Bn.

INFLATION

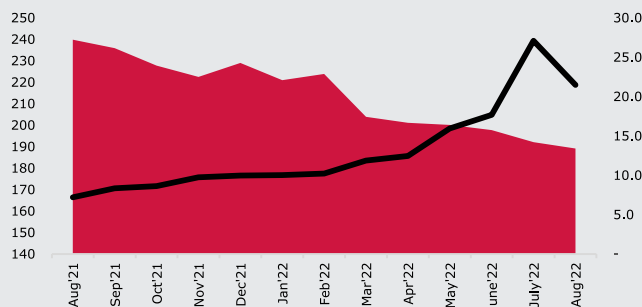


Source: ZAKHEERA

The national CPI during the month of Aug'22 clocked in at 27.30% compared to 24.90% in the previous month.

PKR/USD PARITY VS FX RESERVES

PKR/USD PARITY VS FX RESERVES



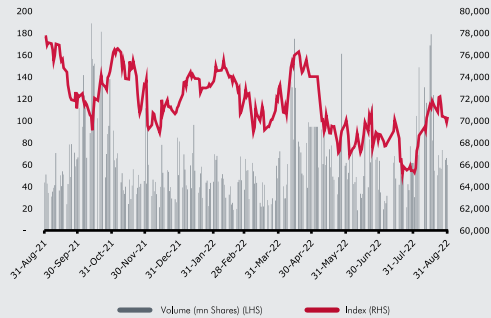
Source: ZAKHEERA

FX reserves during the month fell by (USD 0.51 Bn) to stand at (USD 13.521 Bn), while the PKR depreciated by 8.63% to PKR 218.72 against the USD.

CAPITAL MARKETS UPDATE

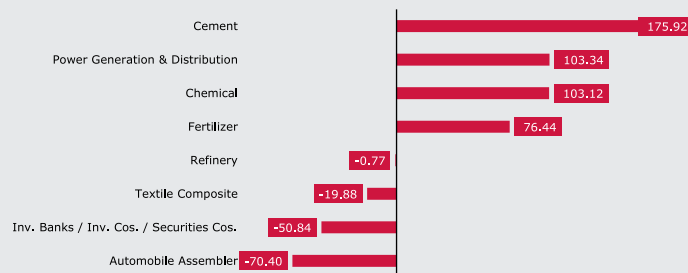
EQUITY MARKET

KMI -30 ONE YEAR PERFORMANCE



The KMI-30 index gained 4,901 points during Aug'22 (7.49% M/M), the gain was largely due to positive news on the lending front (IMF and Bilateral) and the decline in trade deficit in Jul'22. Average Traded Volume stood at 94mn shares posting a gain of 87.23% M/M compared to the last month, while Average Traded Value increased to PKR 69,798mn in Aug'22 (4.17% M/M).

SECTOR WISE TOP CONTRIBUTORS



The sectors contributing towards the index's gain during the month were topped by Cement (175.92 points) Power Generation & Distribution (103.34 points) and Chemicals (103.12 points), while the negative contributors were Automobile Assemblers which declined (-70.40 points) and Inv. Banks, Inv. Cos/ Securities. Cos which contributed (-50.84 points)

SECONDARY MARKET PKISRV

INSTRUMENT	AUG-22	JUL-22	CHANGE
GOPIS 30-04-2025	96.91	96.93	(0.02)
GOPIS 29-05-2025	100.16	100.03	0.13
GOPIS 24-06-2025	99.75	99.70	0.05
GOPISV-29-07-2025	101.10	99.96	1.14
GOPISF-29-07-2025	93.61	93.62	(0.01)
GOPISV-09-12-2025	99.72	99.73	(0.01)
GOPISF-20-01-2026	93.73	93.66	0.07
GOPISV-06-10-2026	99.73	99.73	0.00
GOPISF-06-10-2026	93.46	93.38	0.08
GOPISV-29-10-2026	99.92	99.80	0.12
GOPISF-15-12-2026	96.00	96.00	0.00
GOPISF-27-04-2027	98.72	98.74	(0.02)
GOPISV-27-04-2027	99.57	99.55	0.02

Source: MUJAP

Secondary market of GoP Ijara (VRR) remained range bound from +5 bps to -5 bps as compared to the previous month. Auction of variable as well as fixed rate rental GOP Ijara was conducted during the month. Contrary to the last few months, variable rate rental GOP Ijara witnessed participation over and above of PKR 94bn against the target of PKR 75bn. Of these, bids of PKR 48bn were accepted at cut-off spread of +10 bps. On the other hand, against the target of PKR 25bn, participation of PKR 36 bn was received in fixed rate rental GOP Ijara. GoP accepted bids of PKR 19 bn at 12.93% up by 23bps compared to last cut-off.

STRATEGY & OUTLOOK



EQUITY MARKET:

We maintain our long term bullish stance on the equity market as it continues to trade on highly alluring valuation levels (P/E multiple of 4x), which is the one of the lowest in the region. The market's multiple is lower than its own historic average of 8x, besides the index offers a healthy dividend yield of nearly 8%. Key triggers which can propel the benchmark index include:

- **Pakistan has finally managed to re-enter the IMF program.**
- **Commodity decline gaining momentum. (Brent Crude Oil: 12.3% M/M decline in Aug'22).**
- **Increased probability of Pakistan's exit from FATF's grey list.**
- **Increased probability of receiving assistance from international donors on account of flood relief.**

Despite of the above, we remain cautiously optimistic in the near term as locally the political noise is likely to remain elevated until the general elections are held and on the international front the Russia-Ukraine conflict has proved to be a long drawn-out affair, hence its aftermath will continue to weigh on the global economy.

DEBT MARKET:

During the last months, both Conventional and Islamic money markets remained choppy as secondary market yields remained range bound in between -5bps to 15bps across the tenors and instruments. Going forward, based on respite to the external account amid re-entry into the IMF program, softening commodity cycle, improved outlook on the political front and increased probability of Pakistan's exit from FATF's grey list, we expect money market yield will likely decrease over the course of two to three months, however, in September, due to massive maturities yields will remain in pressure as participants would try to rollover T-bills at higher rates. Our portfolios are well aligned with diverse allocation in 3 months T-bills, 12 months instruments and 5 years fixed rate PIBs.

FUND WISE STRATEGY

- **Managed Takaful Fund:** This fund offers an ideal mix of high yielding deposits (27%), and government securities (49%), while its 7% exposure to equities allows to ride any upside move in equity securities. MTF's 7% holding in variable rental GOP Ijara aims to keep near term returns elevated while an overall balanced profile provides adequate downside protection.
- **Capital Growth Takaful Fund:** The participants of Capital Growth Takaful Fund are expected to earn decent risk adjusted returns from its equity exposure of 57% in an optimal mix of blue chip and momentum stocks.
- **Takaful Income Fund:** Our takaful income Fund provides a diverse exposure in fixed rate GoP Ijara Sukuk, variable rate GoP Ijara Sukuk, bank deposits and corporate Sukuk. This optimal mix is well poised to benefit from movement in interest rates to earn a sustainable return over the long and medium term.
- **Takaful Balance Fund:** With its moderate risk profile this fund aims to provide sustainable long-term returns while limiting and downside risk through a diverse holding of fixed rate GoP Ijara Sukuk, variable rate GoP Ijara Sukuk, bank deposits and corporate Sukuk. The participants of Takaful Balance Fund are expected to earn a decent risk adjusted return as the fund plans to gradually build exposure in equities.

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.

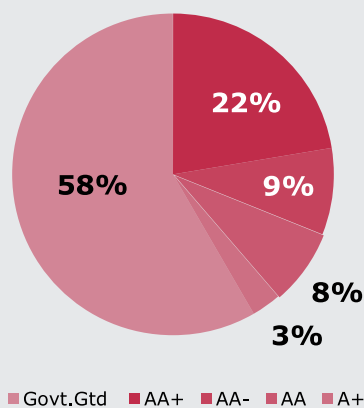
FUND MANAGER'S COMMENTS

During the month of August 2022 Managed Takaful Fund's (MTF) Unit Price increased by PKR 12.04 (1.63%). The fund's allocation to government securities stands at 48.61% at month end against 38.23% last month while allocation to equities is at 7.25% versus 7.09% last month. Within sectors, the fund is tilted towards Oil & Gas (Exploration Companies) with a total allocation of 28.97% followed by Pharmaceuticals, Commercial Banks and Cement with a sector allocation of 15.61%, 10.8% and 8.99% respectively.

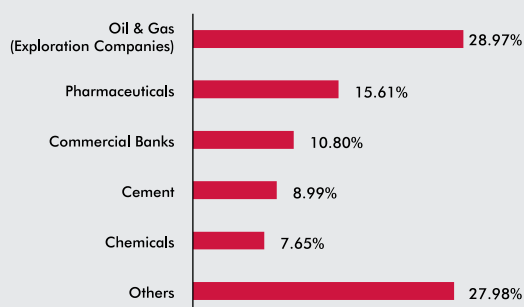
12-M ROLLING FUND PRICE



ASSET QUALITY (Debt Securities)



SECTOR ALLOCATION (Equities)



FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Managed Takaful Fund
Fund Size	PKR 14,368 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.08.2022)	PKR 749.56
Category	Shariah Compliant Balanced Fund
Pricing Mechanism	Forward on daily basis
Risk Profile	Moderate
Management Fee	1.50% p.a.
Pricing Days	Monday to Friday

FUND RETURNS

PERIOD	RATE OF RETURN
1 month	1.63%
3 months	2.87%
12 months	3.72%
Calendar YTD	4.12%
Since Inception (annualized)	5.87%
5 Years (annualized)	4.51%

ASSET ALLOCATION

ASSETS	AUGUST-22	JULY-22
Government Securities	48.61%	38.23%
Sukuks	6.89%	7.06%
Cash and Short Term Deposits	27.51%	37.97%
Equities	7.25%	7.09%
Mutual Funds	9.75%	9.65%

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.

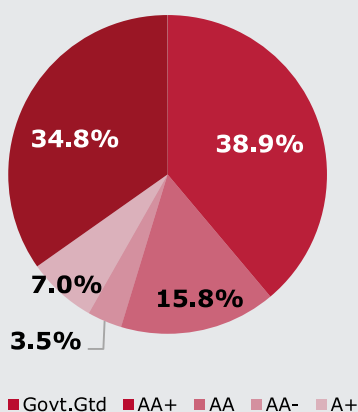
FUND MANAGER'S COMMENTS

During the month of August 2022 Capital Growth Takaful Fund's (CGTF) Unit Price increased by PKR 30.51 (5.14%). The fund's allocation to equities stands at 57.33% at month end against 57.41% last month while allocation to government securities is at 11.59% versus 7.44% last month. Within sectors, the fund is tilted towards Oil & Gas (Exploration Companies) with a total allocation of 25.73% followed by Cement, Pharmaceuticals and Commercial Banks with a sector allocation of 15.52%, 11.35% and 7.11% respectively.

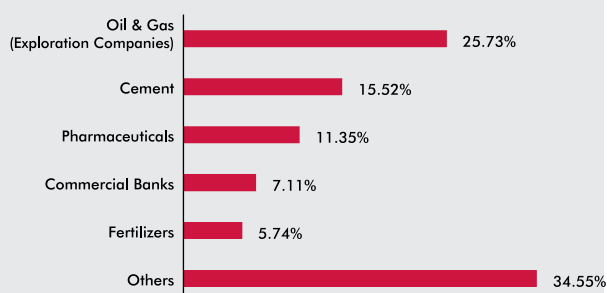
12-M ROLLING FUND PRICE



ASSET QUALITY (Debt Securities)



SECTOR ALLOCATION (Equities)



FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Capital Growth Takaful Fund
Fund Size	PKR 11,705 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.08.2022)	PKR 623.99
Category	Shariah Compliant Balanced Fund
Pricing Mechanism	Forward on daily basis
Risk Profile	High
Management Fee	1.50% p.a.
Pricing Days	Monday to Friday

FUND RETURNS

PERIOD	RATE OF RETURN
1 month	5.14%
3 months	2.02%
12 months	- 11.61%
Calendar YTD	- 4.72%
Since Inception (annualized)	3.17%
5 Years (annualized)	- 0.25%

ASSET ALLOCATION

ASSETS	AUGUST-22	JULY-22
Government Securities	11.59%	7.44%
Sukuks	4.64%	5.21%
Cash and Short Term Deposits	14.55%	17.85%
Equities	57.33%	57.41%
Mutual Funds	11.89%	12.09%

TAKAFUL INCOME FUND

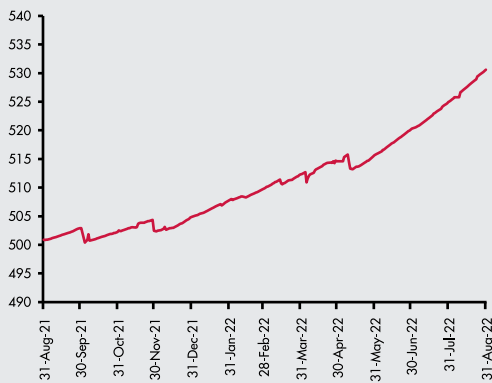
FUND OBJECTIVE

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

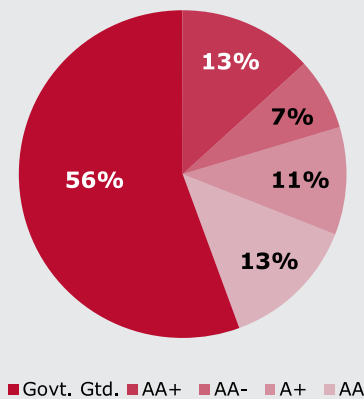
FUND MANAGER'S COMMENTS

During the month of August 2022 Takaful Income Fund's (TIF) Unit Price increased by PKR 5.67 (1.08%). The fund's allocation to government securities stands at 42.02% at month end against 29.38% last month while allocation to cash and short term deposits is at 46.75% versus 57.7% last month.

12-M ROLLING FUND PRICE



ASSET QUALITY (Debt Securities)



FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Takaful Income Fund
Fund Size	PKR 778 Million
Launch Date	01.08.2021
Bid Price (01.08.2021)	PKR 524.92
Bid Price (31.08.2022)	PKR 530.59
Category	Shariah Compliant Balanced Fund
Pricing Mechanism	Forward on daily basis
Risk Profile	Low
Management Fee	1.50% p.a.
Pricing Days	Monday to Friday

FUND RETURNS

PERIOD	RATE OF RETURN
1 month	1.08%
3 months	2.90%
12 months	5.94%
Calendar YTD (annualized)	7.76%
Since Inception (annualized)	5.64%
5 Years (annualized)	N/A
10 Years (annualized)	N/A

ASSET ALLOCATION

ASSETS	AUGUST-22	JULY-22
Government Securities	42.02%	29.38%
Term Finance Securities	7.27%	8.37%
Cash and Short Term Deposits	46.75%	57.70%
Mutual Funds	3.95%	4.56%

TAKAFUL BALANCED FUND

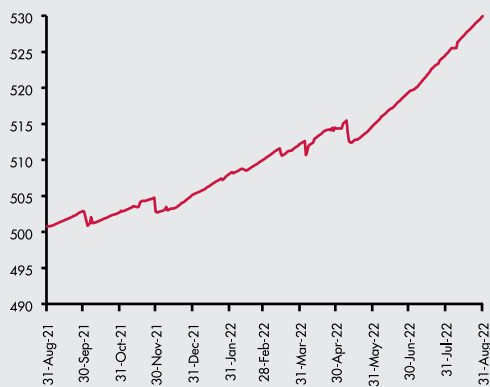
FUND OBJECTIVE

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.

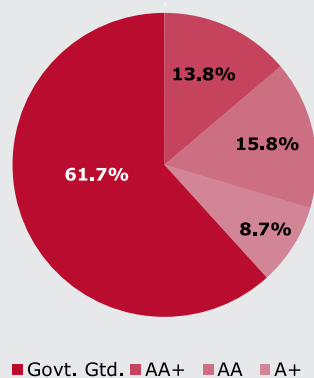
FUND MANAGER'S COMMENTS

During the month of August 2022 Takaful Balanced Fund's (TBF) Unit Price increased by PKR 5.38 (1.02%). The fund's allocation to government securities stands at 55.85% at month end against 57.84% last month while allocation to cash and short term deposits is at 27.56% versus 25.02% last month.

12-M ROLLING FUND PRICE



ASSET QUALITY (Debt Securities)



FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Takaful Balanced Fund
Fund Size	PKR 316 Million
Launch Date	01.08.2021
Bid Price (01.08.2021)	PKR 500.00
Bid Price (31.08.2022)	PKR 529.97
Category	Shariah Compliant Balanced Fund
Pricing Mechanism	Forward on daily basis
Risk Profile	Moderate
Management Fee	1.50% p.a.
Pricing Days	Monday to Friday

FUND RETURNS

PERIOD	RATE OF RETURN
1 month	1.02%
3 months	2.95%
12 months	5.83%
Calendar YTD	4.91%
Since Inception (annualized)	5.53%
5 Years (annualized)	N/A
10 Years (annualized)	N/A

ASSET ALLOCATION

ASSETS	AUGUST-22	JULY-22
Government Securities	55.85%	57.84%
Term Finance Securities	10.75%	11.10%
Cash and Short Term Deposits	27.56%	25.02%
Mutual Funds	5.84%	6.04%

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