



INVESTMENT FACT SHEET

FOR THE MONTH OF DECEMBER 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 Dec'2022 started on a negative note with the revision of projected real GDP growth from earlier 4-5% to 3-4% by SBP, downgrade in international credit rating of the country from "B" to "CCC+" by S&P Global, and the monthly CPI reaching a record high of 24.5%. Moreover, The SBP raised 200bps on export refinancing facility to 13% lowering the gap against policy rate to 3% from 5%. The forex reserves dropped to an 8-year low of \$5.8 billion. Additionally, government raised levy on HSD from PKR 30 to PKR 32.5 per liter. On the positive side the current account deficit declined 51.5% on a monthly basis to clock at USD 276mn, taking 5MFY23 deficit to USD 3.1bn against USD 7.23bn SPLY. Secondly, SBP announced withdrawal of restrictions on prior permission before initiating any import transaction, despite post-flood challenges 91.74% of wheat crop sowing has been completed across the country to achieve the target of 22.58mn acres of wheat sowing target for FY23 and Pakistan's central bank made the payment on USD 1bn bond, dodging the risk of near-term default over its long-term debts.

Major economic numbers during the month:

- **The country's Current Account Deficit decreased MoM by 51.5% during Nov'22.**
- **The CPI for Dec'22 clocked in at 24.5%, mainly due to lower good import bill.**
- **Usage of grey channel resulted in the depreciation of 1.11% MoM in PKR against greenback to close in at 226.43.**
- **Commodity prices remained stable (Brent Crude Oil: 0.69% MoM increase in Dec'22).**
- **The market sentiment remained cautious and volatile with KSE-100 as it fell to 40,420.45, a decline of 4.55% MoM.**

The challenges on the economic front continued as demand remained muted during the current fiscal year as evident by the most recent offtake/sales numbers of Cement (-20% YoY in 6MFY23), Petroleum Products (-19% YoY in 6MFY23), Automobiles (-39% YoY in 5MFY23) and Fertilizer (-27% YoY in 5MFY23). Moreover, the LSM witnessed a slight decline of 2.89% YoY in 4MFY23, mainly lead by pharmaceuticals, cement, textile, automobile, and petroleum products.

On the external side, the Current account deficit decreased by 52% MoM to reach USD 276mn in Dec'22 mainly due to lower import bill. Moreover, the government may impose flood levy on all imports ranging between 1-3% which would further help in decreasing the current account deficit.

Financial markets exhibit negative momentum for the most part of the month because of the administrative management of the exchange rate as parity with the unofficial cash rate increased massively. Secondly, KSE-100 fell by 4.55% MoM because of the poor macroeconomic indicators and dire political noise. Tough economic circumstances in the country also resulted in the decline of FDI (Foreign Direct Investment) during the current fiscal year(5MFY23) by 26.8% to USD 397.2mn.

On the domestic front, Inflation demonstrated an upward trend clocking at 24.50% in Dec'22, major contributors are Food, Transport and Restaurants & Hotel which pushed average inflation for the first half of current fiscal year to alarming high of 25.02%.

The total FX reserves weakened to USD 11.44bn as of 30th December 2022 from USD13.02bn seen a month earlier due to repayment of foreign obligation.

ECONOMY UPDATE

MACROECONOMIC INDICATORS

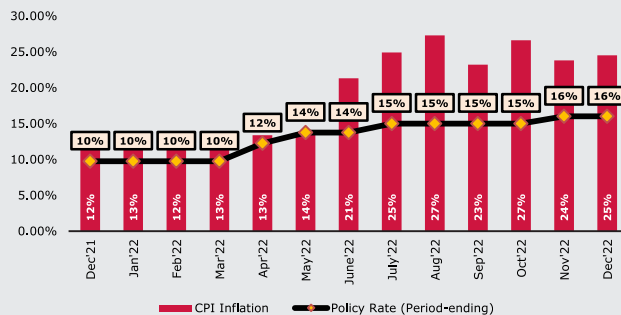
KEY STATISTICS	REPORTED MONTH	CURRENT	PREVIOUS	FYTD
Trade Deficit (USD mn)	Nov'22	(2,025)	(2,305)	(12,807)
Remittances (USD mn)	Nov'22	2,108	2,216	12,009
Current A/C Balance (USD mn)	Nov'22	(267)	(567)	(3,099)
FDI (USD mn)	Nov'22	82	95	431
Tax Collection* (PKR bn)	Dec'22	740	538	3,428
M2 Growth				13.60%

Source SBP, FBR

* Provisional figures

The trade deficit figures of the country declined to USD 2,025mn (-12.15% MoM) for Nov'22, however, the current account deficit also decreased during the month to reach USD 267mn vs USD 567mn in the month of Oct'22. The remittances dipped by USD 108mn to land at USD 2,108mn in Nov'22. FBR's tax collection in the current fiscal year stood at PKR 3,428bn in the 1HFY23.

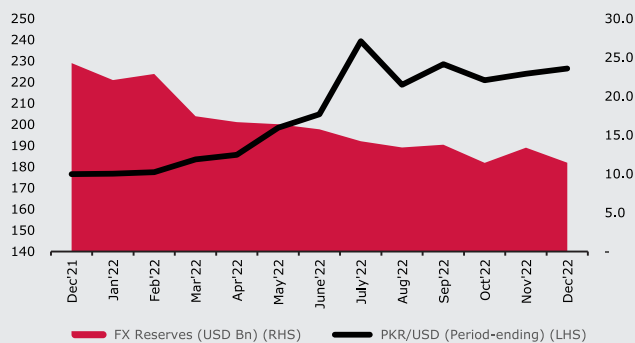
INFLATION



Source: ZAKHEERA

The national CPI during the month of Dec'22 clocked in at 24.50% compared to 23.80% in the previous month.

PKR/USD PARITY VS FX RESERVES



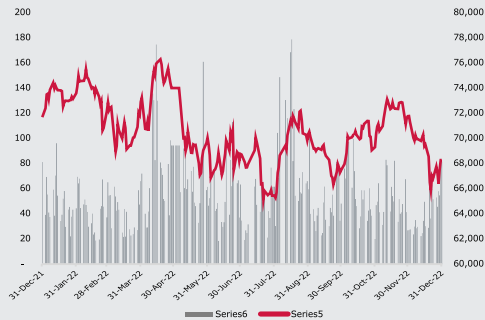
Source: ZAKHEERA

FX reserves during the month fell by (USD 1,668mn) to stand at (USD11.71bn), while the PKR depreciated by 1.11% to PKR 226.43 against the USD.

CAPITAL MARKETS UPDATE

EQUITY MARKET

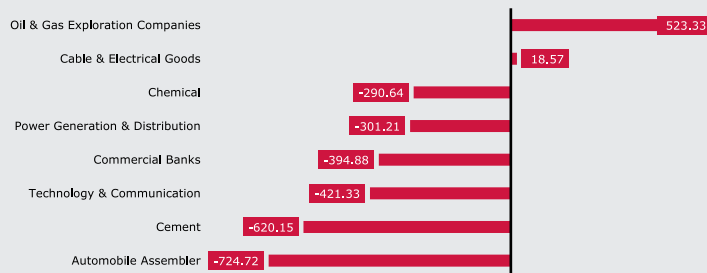
KMI -30 ONE YEAR PERFORMANCE



Source: PSX

The KMI-30 index lost 3,491 points during Dec'22 (-4.86% MoM). The index decreased during the month on account of poor macroeconomic indicators and dire political noise. Average Traded Volume stood at 43mn shares posting a decrease of 16% MoM compared to the last month, while Average Traded Value dipped to PKR 68,795mn in Dec'22 (-4% MoM).

SECTOR WISE TOP CONTRIBUTORS



Source: ZAKHEERA

The sectors contributing towards the index's gain during the month were topped by Oil & Gas Exploration Companies (+523.33 points) and Cable & Electrical Goods (+18.57 points) while the negative contributors were Automobile Assembler which contributed (-724.72 points), Cement (-620.15 points), Technology & Communication (-421.33 points), Commercial Banks (-394.88 points), Power Generation & Distribution (-301.21 points), and Chemical (-290.64 points).

SECONDARY MARKET PKISRV

INSTRUMENT	DEC-22	NOV-22	CHANGE
GOPIS 30-04-2025	96.55	96.66	(0.11)
GOPIS 29-05-2025	99.54	99.93	(0.39)
GOPIS 24-06-2025	99.54	99.59	(0.05)
GOPISV-29-07-2025	99.90	99.96	(0.06)
GOPISF-29-07-2025	87.62	88.45	(0.83)
GOPISV-09-12-2025	99.92	100.04	(0.12)
GOPISF-20-01-2026	92.92	93.08	(0.16)
GOPISV-06-10-2026	99.43	99.60	(0.17)
GOPISF-06-10-2026	90.70	91.84	(1.14)
GOPISV-29-10-2026	99.40	99.70	(0.30)
GOPISF-15-12-2026	94.73	95.76	(1.03)
GOPISF-27-04-2027	98.15	98.50	(0.35)
GOPISV-27-04-2027	99.58	99.86	(0.28)
GOPISV-26-10-2027	99.53	99.88	(0.35)

Source: MUJAP

Secondary market of GoP Ijara (VRR) prices followed the bearish momentum continued from the previous month. Auctions of variable as well as fixed rate rental GOP Ijara was conducted during the month. Targets for both VRR and FRR were PKR 70bn and PKR 30 bn. VRR attracted total participation of worth PKR 89bn during the month out of which PKR 64bn was accepted at +35spread. Further, following the lacklustre participation of previous month PKR 0.008 bn was received in FRR and was pertinent to be rejected by GoP.

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 3.4x), which is one of the lowest in the region. The market's multiple is lower than the historical average of 8x. However, despite attractive valuations, investors are expected to remain sideline primarily due to macroeconomic challenges and higher yield on offer from alternate asset class. Key triggers which can influence the benchmark index include:

- **Controlled Current account position due to administrative decisions**
- **Increasing uptrend of inflation due to rising cost pressures**
- **Pressure on forex reserves in the absence of USD denominated funding avenues**
- **Softening of commodities.**

Although the local political noise is likely to remain elevated until the general elections are held, we remain cautiously optimistic in the near term due to attractive valuations.

DEBT MARKET:

In outgoing month, the Conventional money market cut-offs remained range bound and closed at high since 2000, Islamic money markets also moved in similar fashion. Short term yields closed almost flat at 16.69%, 16.99% and 17.00% for 3 months, 6 Months, 1 year, however, 3, 5 and 10 years closed at 15.64%, 14.61% and 13.70% up by 115bps, 24bps and 19bps respectively. Going forward, Debt market is likely to remain under pressure in expectation of continuous austerity measures to be taken to improve economic outlook, rationalization of currency and aversion of potential default on foreign currency exposures. Continuation of IMF program is still of significant importance as most of bilateral and multilateral support funds are tied with it. Our fixed income portfolios are optimally allocated in shorter duration instruments and longer tenor fixed rate instruments.

FUND WISE STRATEGY

- **Managed Takaful Fund:** This fund offers an ideal mix of high yielding deposits (26%), government securities (40%) and 6% high rated corporate sukuk. Taking a prudent approach in current uncertain economic situation, exposure in equities is contained to mere 3%.
- **Capital Growth Takaful Fund:** The participants of Capital Growth Takaful Fund are expected to earn decent risk adjusted returns from its equity exposure of 50% in an optimal mix of blue chip and growth stocks. Remaining exposure is well poised in high yielding shariah compliant debt instruments.
- **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 Balanced 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

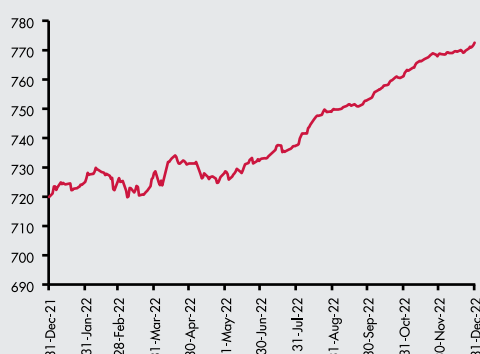
To optimize aggregate long term risk adjusted return through capital appreciation, dividend and profit income by investing in a Balanced Portfolio comprising of Shariah compliant equities, equity mutual funds, Sukuks (Government and Corporate), deposits with Islamic Banks and Windows or any other approved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

The Fund was launched on July 7, 2015.

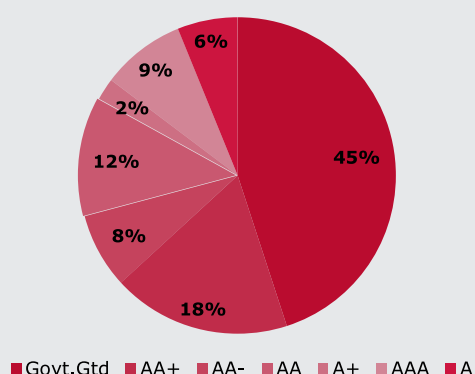
FUND MANAGER'S COMMENTS

During the month of December 2022 Managed Takaful Fund's (MTF) Unit Price increased by PKR 4.06 (0.53%). The fund's allocation to government securities stands at 40.69% at month end against 39.09% last month while allocation to equities is at 2.33% versus 2.69% last month. Within sectors, the fund is tilted towards Oil & Gas (Exploration Companies) with a total allocation of 32.51% followed by Pharmaceuticals, Cement and Miscellaneous with a sector allocation of 30.89%, 21.98% and 7.57% respectively.

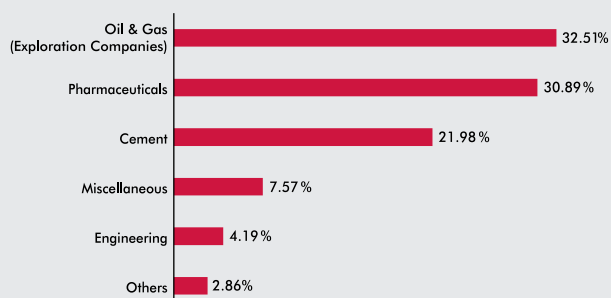
12-M ROLLING FUND PRICE



ASSET QUALITY (Debt Securities)



SECTOR ALLOCATION (Equities)



FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Managed Takaful Fund
Fund Size	PKR 15,439 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.12.2022)	PKR 772.54
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	0.53%
3 months	2.59%
12 months	7.32%
Calendar YTD	7.32%
Since Inception (annualized)	6.03%
5 Years (annualized)	5.10%

ASSET ALLOCATION

ASSETS	DECEMBER-22	NOVEMBER-22
Government Securities	40.69%	39.09%
Sukuks	6.56%	6.57%
Cash and Short Term Deposits	28.49%	40.66%
Equities	2.33%	2.69%
Mutual Funds	21.93%	11.00%

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.

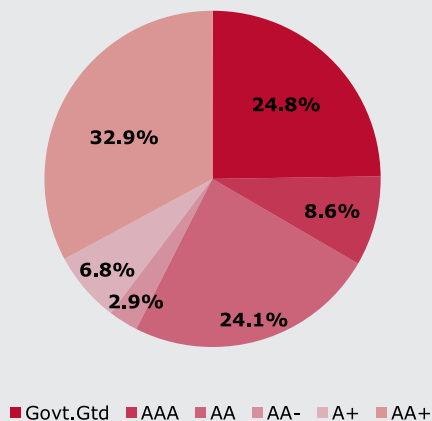
FUND MANAGER'S COMMENTS

During the month of December 2022 Capital Growth Takaful Fund's (CGTF) Unit Price decreased by PKR 20.07 (-3.26%). The fund's allocation to equities stands at 49.94% at month end against 52.73% last month while allocation to government securities is at 10.64% versus 11.81% last month. Within sectors, the fund is tilted towards Oil & Gas (Exploration Companies) with a total allocation of 28.06% followed by Cement, Pharmaceuticals and Fertilizers with a sector allocation of 16.09%, 10.06% and 7.65% respectively.

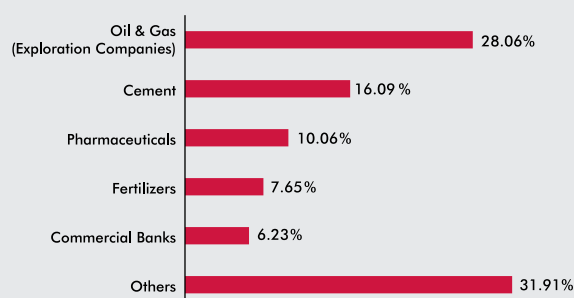
12-M ROLLING FUND PRICE



ASSET QUALITY (Debt Securities)



SECTOR ALLOCATION (Equities)



FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Capital Growth Takaful Fund
Fund Size	PKR 11,021 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.12.2022)	PKR 595.06
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	- 3.26%
3 months	- 2.22%
12 months	- 9.14%
Calendar YTD	- 9.14%
Since Inception (annualized)	2.37%
5 Years (annualized)	- 0.98%

ASSET ALLOCATION

ASSETS	DECEMBER-22	NOVEMBER-22
Government Securities	10.64%	11.81%
Sukuks	4.54%	4.63%
Cash and Short Term Deposits	15.52%	16.39%
Equities	49.94%	52.73%
Mutual Funds	19.36%	14.44%

TAKAFUL INCOME FUND

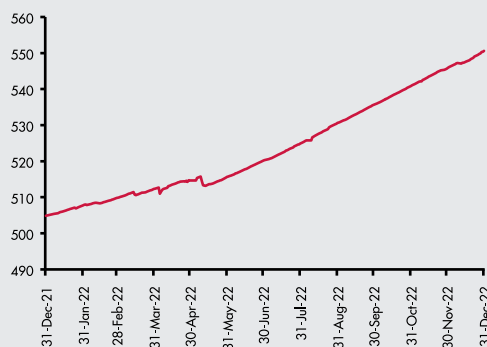
FUND OBJECTIVE

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.

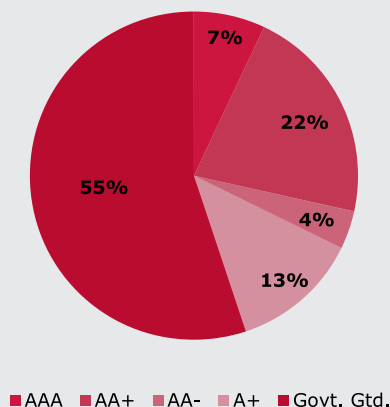
FUND MANAGER'S COMMENTS

During the month of December 2022 Takaful Income Fund's (TIF) Unit Price increased by PKR 4.93 (0.9%). The fund's allocation to government securities stands at 43.42% at month end against 38.5% last month while allocation to cash and short term deposits is at 56.58% versus 49.08% last month.

12-M ROLLING FUND PRICE



ASSET QUALITY (Debt Securities)



FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Takaful Income Fund
Fund Size	PKR 1,380 Million
Launch Date	01.08.2021
Bid Price (01.08.2021)	PKR 500.00
Bid Price (31.12.2022)	PKR 550.56
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	0.90%
3 months	2.79%
12 months	9.05%
Calendar YTD (annualized)	9.05%
Since Inception (annualized)	7.04%
5 Years (annualized)	N/A
10 Years (annualized)	N/A

ASSET ALLOCATION

ASSETS	DECEMBER-22	NOVEMBER-22
Government Securities	43.42%	38.50%
Term Finance Securities	0.00%	5.14%
Cash and Short Term Deposits	56.58%	49.08%
Mutual Funds	0.00%	7.28%

TAKAFUL BALANCED FUND

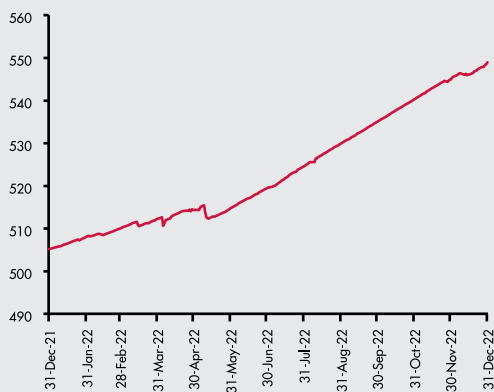
FUND OBJECTIVE

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.

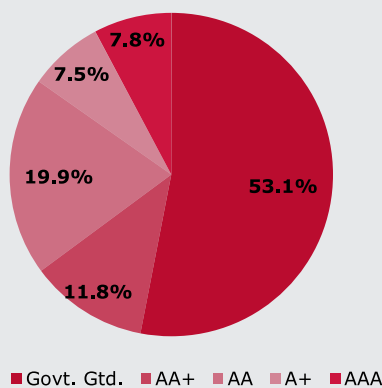
FUND MANAGER'S COMMENTS

During the month of December 2022 Takaful Balanced Fund's (TBF) Unit Price increased by PKR 4.08 (0.75%). The fund's allocation to government securities stands at 37.96% at month end against 42.35% last month while allocation to cash and short term deposits is at 31.17% versus 42.57% last month.

12-M ROLLING FUND PRICE



ASSET QUALITY (Debt Securities)



FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Takaful Balanced Fund
Fund Size	PKR 453 Million
Launch Date	01.08.2021
Bid Price (01.08.2021)	PKR 500.00
Bid Price (31.12.2022)	PKR 548.98
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	0.75%
3 months	2.61%
12 months	8.67%
Calendar YTD	8.67%
Since Inception (annualized)	6.82%
5 Years (annualized)	N/A
10 Years (annualized)	N/A

ASSET ALLOCATION

ASSETS	DECEMBER-22	NOVEMBER-22
Government Securities	37.96%	45.31%
Term Finance Securities	7.77%	9.10%
Cash and Short Term Deposits	31.17%	40.65%
Mutual Funds	23.10%	4.93%

TOP TEN HOLDINGS

MANAGED TAKAFUL FUND

ABOT
AGHA
HINOON
LUCK
MARI
MICF
PABC
POL
SHFA
TOMCL

CAPITAL GROWTH TAKAFUL FUND

ENGRO
HINOON
LUCK
MARI
MEBL
MICF
OGDC
POL
PPL
SYS

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