



INVESTMENT FACT SHEET

FOR THE MONTH OF JULY 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 July'22 saw a barrage of negative developments from an overall economic standpoint with political noise reaching heightened levels. Major highlights during the month included:

- **The country's Current Account Deficit reached a high of USD17.4bn for FY22, mainly pushed by a massive Trade Deficit reading of USD39.6bn.**
- **The CPI for July'22 clocked in at 24.90%, on account of expensive energy, food, and utilities.**
- **The dwindling external account pushed the Rupee to touch a low of 239.37 against the Greenback.**
- **Pakistan was able to secure the IMF program by inking a staff level agreement with the lender.**

The challenges on the economic front took a turn for the worse as almost every major indicator deteriorated to alarming levels. The country's sovereign bond yields touched the 50% mark on rising expectations that a default might occur. The government adhered to completing the pre-conditions of reviving the stalled IMF program. Energy prices (both Electricity and Gas tariff) were revised, alongside an increase in Petroleum Levy on fuel. Apart from the IMF there were meaningful engagements with friendly countries for economic assistance including China, Saudi Arabia, and the UAE. The SBP continued to tighten its monetary policy stance and raised the policy rate by 125bps during the month taking the benchmark interest rate at 15%. We expect things to start settling down once the much-needed assistance from the IMF materializes, opening doors for other sources of financing on the side-lines of the IMF program.

The external account remained in distress, further deteriorating to close the outgoing fiscal year at a cumulative deficit of USD17.4bn in FY22. The deficit during the month of June'22 dialled in at USD2.27bn, primarily due to a burgeoning Trade Deficit.

The Forex reserves declined to USD14.21bn from USD15.74bn seen a month earlier, due to pressure of import payments and repayment of maturing external loans. The PKR took a heavy hit during the month closing at 239.37 against the USD posting a decline of 16.85% M/M. Uncertainty on the revival of the IMF program and panic buying were key contributors to the currency's free-fall.

Towards the last leg of the month, some clarity emerged on the revival of the IMF program bringing some respite on the external front, especially as international commodity prices started coming off. With Pakistan having reached a staff level agreement with the IMF, there are expectations that the assistance from the program will come in by end of August'22. This will also help in unlocking other avenues of financing which will help in improving the overall macro-economic outlook and put to rest any likelihood of default.

ECONOMY UPDATE

MACROECONOMIC INDICATORS

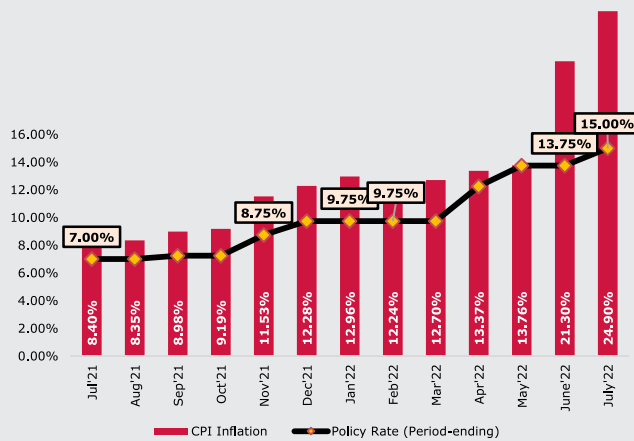
KEY STATISTICS	REPORTED MONTH	CURRENT	PREVIOUS	FYTD
Trade Deficit (USD mn)	June'22	(3,920)	(3,181)	(39,598)
Remittances (USD mn)	June'22	2,761	2,333	31,238
Current A/C Balance (USD mn)	June'22	(2,275)	(1,425)	(17,406)
FDI (USD mn)	June'22	271	141	1,869
Tax Collection* (PKR bn)	July'22	458	763	458
M2 Growth	-	-	-	13.51%

Source SBP, FBR

* Provisional figures

The trade deficit figures of the country rose to USD 3,920 Mn (+23.23% MoM) for July'22, while the current account deficit rose during the month to stand at USD 2,275 Mn vs USD 1,425 Mn in the month of June. The remittances increased by USD 428 Mn to land at USD 2,761 Mn while FBR's tax collection stood at PKR 763Bn.

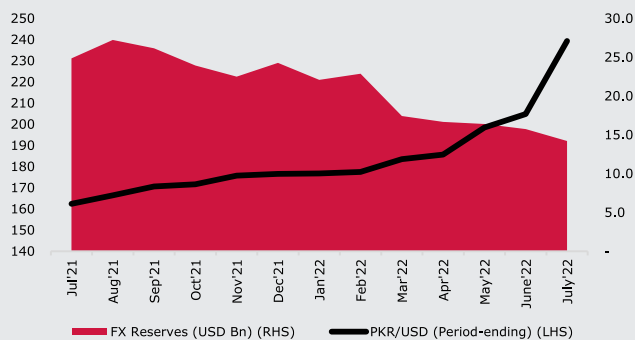
INFLATION



Source: ZAKHEERA

The national CPI during the month of July'22 clocked in at 24.90% compared to 21.30% in the previous month.

PKR/USD PARITY VS FX RESERVES



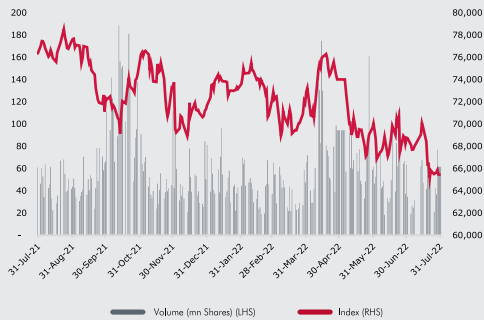
Source: ZAKHEERA

FX reserves during the month fell by (USD 1.53 Bn) to stand at (USD 14.21 Bn), while the PKR depreciated by 16.85% to PKR 239.37

CAPITAL MARKETS UPDATE

EQUITY MARKET

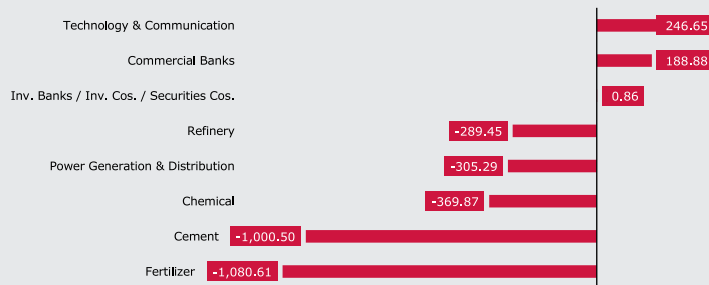
KMI -30 ONE YEAR PERFORMANCE



Source: PSX

The KMI-30 index shed 3320 points during July'22 decline (4.83% M/M), the decline was largely due to selling pressure stemming from political noise and uncertainty on the economic front. Average Traded Volume stood at 47mn shares posting a drop of 19.15% compared to the last month, while Average Traded Value came down to PKR 4,881mn July'22 decline (22.25% M/M).

SECTOR WISE TOP CONTRIBUTORS



Source: ZAKHEERA

The sectors contributing towards the index's decline during the month were topped by Fertilizers (-1080.61 points) Cement (-1000.50 points) and Chemicals (-369.87 points), while the positive contributors were Technology & Communication which added (+246.65 points) and Commercial Banks which contributed (+188.88 points)

SECONDARY MARKET PKISRV

INSTRUMENT	JUL-22	JUN-22	CHANGE
GOPIS 30-04-2025	96.93	96.96	(0.03)
GOPIS 29-05-2025	100.03	100.03	0.00
GOPIS 24-06-2025	99.70	99.68	0.02
GOPISV-29-07-2025	99.96	99.50	0.46
GOPISF-29-07-2025	93.62	93.48	0.14
GOPISV-09-12-2025	99.73	99.78	(0.05)
GOPISF-20-01-2026	93.66	93.78	(0.12)
GOPISV-06-10-2026	99.73	99.70	0.03
GOPISF-06-10-2026	93.38	94.00	(0.62)
GOPISV-29-10-2026	99.80	99.93	(0.13)
GOPISF-15-12-2026	96.00	96.00	0.00
GOPISF-27-04-2027	98.74	99.31	(0.57)
GOPISV-27-04-2027	99.55	99.68	(0.13)

Source: MUFAP

During the month a major break through has made its way with IMF according to its nod and allowing staff level agreement to reach at acceptance level. However, the delay in approval of disbursement has still remained a cause of concern as SBP reserves are impeding and PKR parity remaining under pressure. Due to the political uncertainty, increase in inflation, PKR depreciation and expectation of interest rate hike has exacerbated stress on current account deficit. The movement in the yields as witnessed across the variable market witnessed a positive spread across the board ranging between +10 bps to +15 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 83bn against the target of PKR 75bn. Of these, bids of PKR 35bn were accepted at cut-off spread of +10 bps. On the other hand, against the target of PKR 25bn, participation of PKR 30 bn was received in fixed rate rental GOP Ijara. Ministry of Finance only accepted bids of PKR 263 mn maintaining the cut-off spread at 12.49%.

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:

- Respite to the external account amid re-entry into the IMF program
- Early signs of the international "Commodity Super Cycle" losing steam
- Improved outlook on the political front
- Increased probability of Pakistan's exit from FATF's grey list

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 month a major break through has made its way with IMF according it's nod and allowing staff level agreement to reach at acceptance level. However, the delay in approval of disbursement has still remained a cause of concern as SBP reserves are impeding and PKR parity remaining under pressure. Due to the political uncertainty, increase in inflation, PKR depreciation and expectation of interest rate hike has exacerbated stress on current account deficit. The movement in the yields as witnessed across the variable market witnessed a positive spread across the board ranging between +10 bps to +15 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 83bn against the target of PKR 75bn. Of these, bids of PKR 35bn were accepted at cut-off spread of +10 bps. On the other hand, against the target of PKR 25bn, participation of PKR 30 bn was received in fixed rate rental GOP Ijara. Ministry of Finance only accepted bids of PKR 263 mn maintaining the cut-off spread at 12.49%.

FUND WISE STRATEGY

- **Managed Takaful Fund:** This fund offers an ideal mix of high yielding deposits (38%), and government securities (38%), 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 58% 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 any 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.

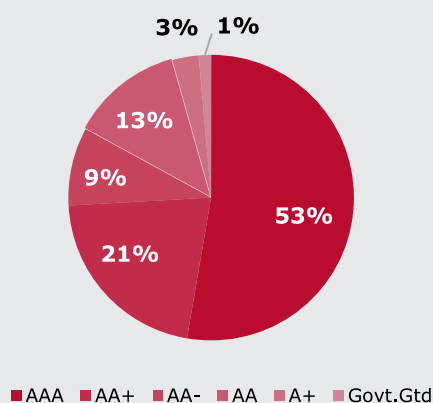
FUND MANAGER'S COMMENTS

During the month of July 2022 Managed Takaful Fund's (MTF) Unit Price increased by PKR 4.84 (0.66%). The fund's allocation to government securities stands at 38.23% at month end against 38.46% last month while allocation to equities is at 7.09% versus 7.72% last month. Within sectors, the fund is tilted towards Oil & Gas (Exploration Companies) with a total allocation of 29.53% followed by Pharmaceuticals, Commercial Banks and Chemicals with a sector allocation of 16.42%, 10.01% and 8.24% respectively.

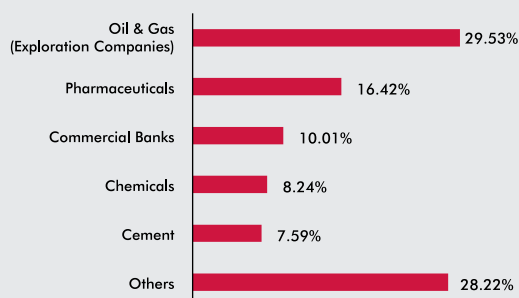
12-M ROLLING FUND PRICE



ASSET QUALITY (Debt Securities)



SECTOR ALLOCATION (Equities)



FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Managed Fund
Fund Size	PKR 14,058 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.07.2022)	PKR 737.52
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	0.66%
3 months	0.85%
12 months	2.47%
Calendar YTD	2.45%
Since Inception (annualized)	5.70%
5 Years (annualized)	3.36%

ASSET ALLOCATION

ASSETS	JULY-22	JUNE-22
Government Securities	38.23%	38.46%
Sukuks	7.06%	5.92%
Cash and Short Term Deposits	37.97%	41.64%
Equities	7.09%	7.72%
Mutual Funds	9.65%	6.27%

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.

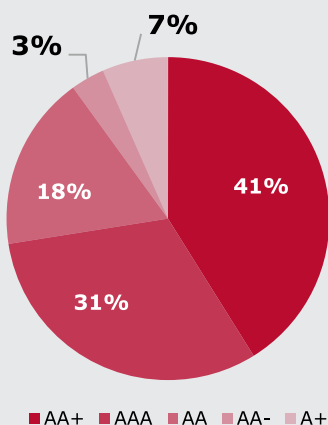
FUND MANAGER'S COMMENTS

During the month of July 2022 Capital Growth Takaful Fund's (CGTF) Unit Price decreased by PKR 12.93 (-2.13%). The fund's allocation to equities stands at 57.41% at month end against 60.31% last month while allocation to government securities is at 7.44% versus 7.29% last month. Within sectors, the fund is tilted towards Oil & Gas (Exploration Companies) with a total allocation of 26.5% followed by Cement, Pharmaceuticals and Commercial Banks with a sector allocation of 13.32%, 11.65% and 6.61% respectively.

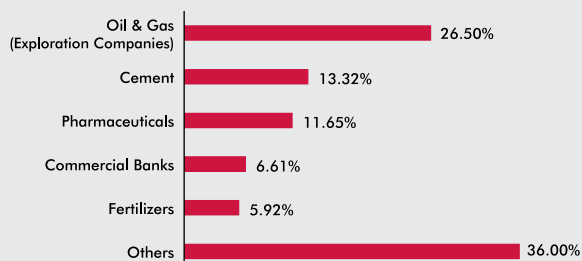
12-M ROLLING FUND PRICE



ASSET QUALITY (Debt Securities)



SECTOR ALLOCATION (Equities)



FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Capital Growth Fund
Fund Size	PKR 11,146 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.07.2022)	PKR 593.48
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	- 2.13%
3 months	- 7.72%
12 months	-15.38%
Calendar YTD	- 9.38%
Since Inception (annualized)	2.47%
5 Years (annualized)	- 2.72%

ASSET ALLOCATION

ASSETS	JULY-22	JUNE-22
Government Securities	7.44%	7.29%
Sukuks	5.21%	5.08%
Cash and Short Term Deposits	17.85%	18.85%
Equities	57.41%	60.31%
Mutual Funds	12.09%	8.46%

TAKAFUL INCOME FUND

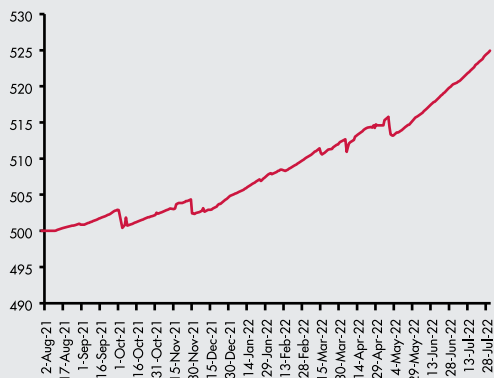
FUND OBJECTIVE

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.

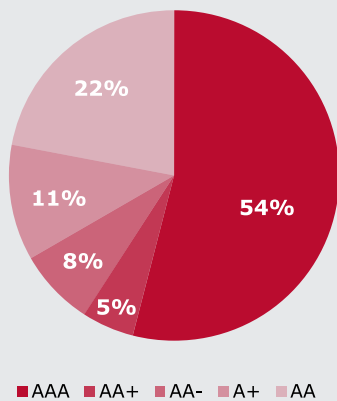
FUND MANAGER'S COMMENTS

During the month of July 2022 Takaful Income Fund's (TIF) Unit Price increased by PKR 4.78 (0.92%). The fund's allocation to government securities stands at 29.38% at month end against 32.36% last month while allocation to cash and short term deposits is at 57.7% versus 60.94% last month.

12-M ROLLING FUND PRICE



ASSET QUALITY (Debt Securities)



FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Takaful Income Fund
Fund Size	PKR 667 Million
Launch Date	01.08.2021
Bid Price (01.08.2021)	PKR 524.92
Bid Price (31.07.2022)	PKR 514.61
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	0.92%
3 months	2.00%
12 months	4.98%
Calendar YTD (annualized)	3.85%
Since Inception (annualized)	5.00%
5 Years (annualized)	N/A
10 Years (annualized)	N/A

ASSET ALLOCATION

ASSETS	JULY-22	JUNE-22
Government Securities	29.38%	32.36%
Term Finance Securities	8.37%	1.69%
Cash and Short Term Deposits	57.70%	60.94%
Mutual Funds	4.56%	5.01%

TAKAFUL BALANCED FUND

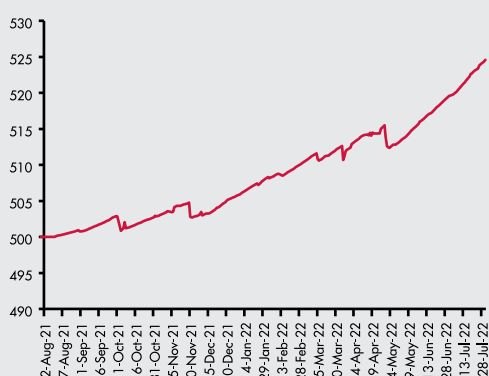
FUND OBJECTIVE

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.

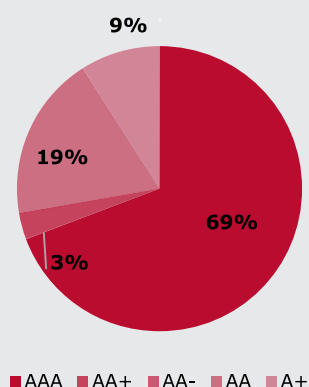
FUND MANAGER'S COMMENTS

During the month of July 2022 Takaful Balanced Fund's (TBF) Unit Price increased by PKR 5.2 (1.0%). The fund's allocation to government securities stands at 57.84% at month end against 56.31% last month while allocation to cash and short term deposits is at 25.02% versus 35.17% last month.

12-M ROLLING FUND PRICE



ASSET QUALITY (Debt Securities)



FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Takaful Balanced Fund
Fund Size	PKR 302 Million
Launch Date	01.08.2021
Bid Price (01.08.2021)	PKR 500.00
Bid Price (31.07.2022)	PKR 524.59
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	1.00%
3 months	1.98%
12 months	4.92%
Calendar YTD	6.71%
Since Inception (annualized)	4.93%
5 Years (annualized)	N/A
10 Years (annualized)	N/A

ASSET ALLOCATION

ASSETS	JULY-22	JUNE-22
Government Securities	57.84%	56.31%
Term Finance Securities	11.10%	2.64%
Cash and Short Term Deposits	25.02%	35.17%
Mutual Funds	6.04%	5.88%

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