



# INVESTMENT FACT SHEET

## FOR THE MONTH OF JULY 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,

The month of July'23 proved to be eventful in terms of economic activity and stock market performance. Pakistan entered into a staff level agreement with IMF under SBA agreement and received an immediate disbursement of first tranche of USD 1.20bn. In addition to the IMF support, Pakistan received external financial assistance of USD 3bn from the UAE and KSA, which substantially increased the country's FX reserves to USD 14.06 bn. China's positive gesture of extending a USD 2.4 bn loan repayment without raising its markup further added to the favourable economic climate.

These notable developments had a significant impact on the stock market, with the KSE-100 index rallying and crossing the 48,000 mark, reaching a 24-month high. The momentum was further strengthened when it was announced that five Pakistani state-owned enterprises would collaborate with Saudi Arabia to undertake a significant USD 10 bn refinery project within Pakistan. Amidst these achievements, the MPC decided to keep the policy rate unchanged at 22%, maintaining the status quo receiving guidance of forward CPI average around 20%-22%.

On a positive note, there has been a further decrease in the price of petrol by PKR 9/ltr, bringing it down to PKR 253.00/ltr. Additionally, the price of HSD has also gone down by PKR 6.50/ltr, now standing at PKR 253.50/ltr. These reductions in fuel prices are aimed at providing relief to consumers and alleviating the burden of fuel costs. In contrast, NEPRA has announced an increase in the electricity base tariff by PKR 4.96 per unit, which may result in higher electricity costs for consumers. On the political front, there has been a significant development as Shahbaz Sharif announced the dissolution of the assembly between 9th to 12th August 2023, leading to the prospect of a general election within the next 90 days.

The major numbers during the month:

- **The country's current account stood at a surplus of USD 334mn on June'23 increasing by 63.64% FYTD.**
- **The CPI for July'23 clocked in at 28.31%**
- **PKR depreciated against USD by 0.23% during the month.**
- **Global energy prices recovered as Brent oil crossed USD 85/bbl mark and Coal hovered around USD 103/mt.**

According to LSM data, there was a decline of 9.87% in industrial activity during the July-May period, indicating that economic tightening continued to have an impact on the demand drivers of the economy. Cement dispatches decline by 20.94% MoM and stood at 3.21mn tonnes for the month of July. Petroleum products sales remained rangebound with a slight increase of 0.37%, clocking at 1.35mn tonnes.

The FX reserves increased by USD 4.28bn during the month, to stand at USD 13.46bn.

# ECONOMY UPDATE

## MACROECONOMIC INDICATORS

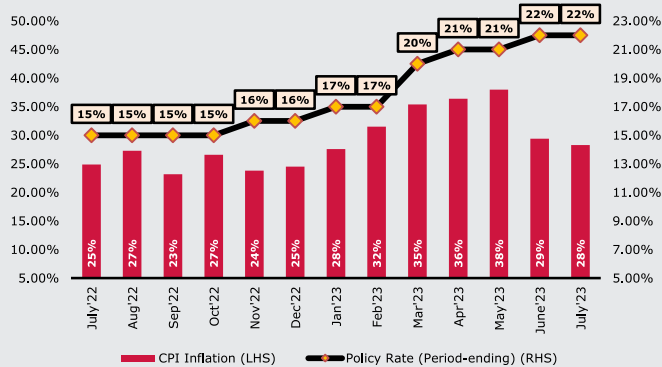
KEY STATISTICS	REPORTED MONTH	CURRENT	PREVIOUS	FYTD
Trade Deficit (USD mn)	June	(1,065)	(1,166)	(23,481)
Remittances (USD mn)	June	2,184	2,103	26,954
Current A/C Balance (USD mn)	June	334	220	(2,322)
FDI (USD mn)	June	114	150	1,287
Tax Collection* (PKR bn)	July	538	937	7,150
M2 Growth				-2.48%

Source SBP, FBR

\* Provisional figures

In June 2023, the trade deficit witnessed a reduction of 8.66%, declining from USD 1,166mn to USD 1,065mn. This decrease was attributed to the government's implementation of comprehensive import restrictions and limitations on capital outflows. Additionally, during the same period, remittances experienced a growth of 3.85%, reaching USD 2,184mn. FBR collected tax revenue of PKR 7,144bn in FY23, against the target of PKR 7,640bn for the year.

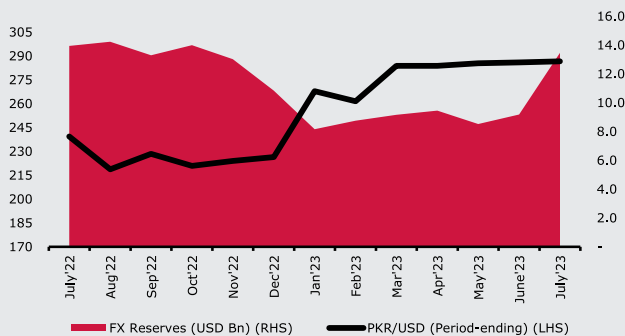
## INFLATION



Source: PBS

The national CPI during the month of July'23 clocked in at 28.31% compared to 29.40% in the previous month.

## PKR/USD PARITY VS FX RESERVES



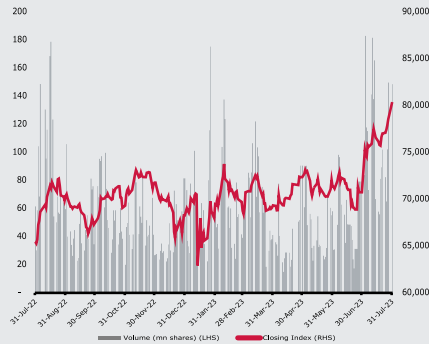
Source: SBP

FX Reserves as of 27th July 2023 were reported at USD 13.46bn, showing an increase of 46.64% compared to last month. While PKR depreciated against USD by 0.23% MoM hovering at PKR 286.64/USD.

# CAPITAL MARKETS UPDATE

## EQUITY MARKET

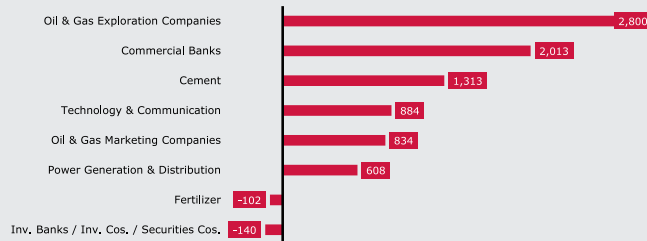
### KMI -30 ONE YEAR PERFORMANCE



Source: PSX

During the month of July 2023, the stock market experienced a remarkable upswing as the KMI-30 recorded a return of 13.60%, gaining +9,623 points. The recent rally has been primarily driven by implementation of IMF's new SBA agreement with Pakistan, restating investors' confidence. With IMF onboard, the country received external funds from KSA and UAE, resulting in 2x growth in FX reserves. Average traded volume recorded at 265mn shares which was an increase of 128% MoM, while average traded value stood at PKR 8,704mn, an increase of 148% MoM.

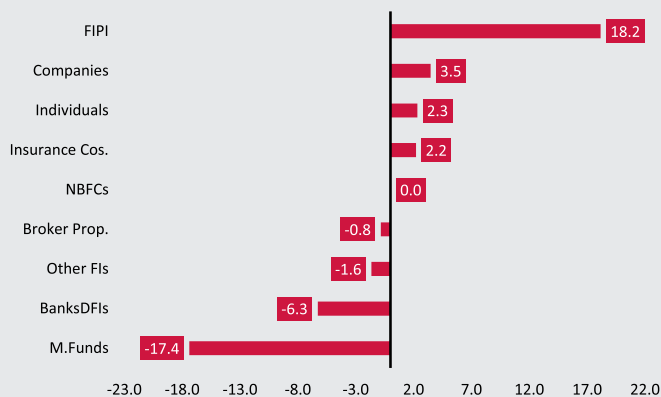
### SECTOR WISE TOP CONTRIBUTORS



Source: PSX

The major sectors which depicted an upbeat performance during the month were Oil & Gas Exploration (2800 points), Commercial Banks (2,013 points), Cement (1,313 points), Technology & Communication (884 points), and Power Generation & Distribution (608 points). Meanwhile, a negative contribution was received from Inv. Banks/Inv. Cos (-140 points) and Fertilizer (-102 points).

### FIPI LIPI



Foreigners were the net buyers with net buying aggregating to USD 18.15mn with major inflow recorded in Banks (USD 10.67mn), Cements (USD 2.49mn), Technology (USD 2.99mn), Fertilizers (USD 1.85mn), E&Ps (USD 1.74 mn), and Food (USD 1.81 mn). On the other hand, outflows were recorded in Oil & Marketing Companies and Power, with USD 0.47mn and USD 0.92mn, respectively.

On the domestic front, Mutual Funds, Banks/DFIs, Brokerage Co's, and Others were major sellers with net outflows of USD 18.13mn, USD 6.29mn, USD 1.73mn, and USD 0.82mn, respectively. While Corporates and Insurance Companies reported net buying amounting to USD 3.52mn and USD 2.97mn.

# CAPITAL MARKETS UPDATE

## DEBT MARKET

### SECONDARY MARKET PKISRV

INSTRUMENT	JUL-23	JUN-23	CHANGE
GOPIV20-02-2024	98.70	98.725	(0.02)
GOPIF20-02-2024	98.00	98.04	(0.04)
GOPIV08-03-2024	100.10	100.1083	(0.01)
GOPIF08-03-2024	100.23	100.275	(0.04)
GOPIV17-04-2024	100.05	100.06	(0.01)
GOPIF17-04-2024	100.10	100.11	(0.01)
GOPIV22-05-2024	100.04	100.07	(0.02)
GOPIF22-05-2024	100.00	100.00	0.00
GOPIV26-06-2024	99.99	-	-
GOPIF26-06-2024	99.95	-	-
GOPIV12-07-2024	100.09	-	-
GOPIF12-07-2024	100.00	-	-
GOPI30-04-2025	96.43	96.42	0.01
GOPI29-05-2025	99.40	99.36	0.04
GOPI24-06-2025	99.12	99.08	0.03
GOPIV29-07-2025	99.48	99.40	0.08
GOPIF29-07-2025	85.72	85.70	0.02
GOPIV09-12-2025	99.71	99.71	0.00
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	99.92	-	-
GOPIV12-07-2026	100.00	-	-
GOPIV06-10-2026	99.44	99.44	0.00
GOPIF06-10-2026	89.00	89.00	0.00
GOPIV29-10-2026	99.23	99.26	(0.03)
GOPIF15-12-2026	90.08	90.08	0.00
GOPIF27-04-2027	92.37	92.37	0.00
GOPIV27-04-2027	99.38	99.39	(0.01)
GOPIV26-10-2027	99.78	99.73	0.04
GOPIF16-11-2027	97.00	97.37	(0.37)
GOPIV26-06-2028	99.98	-	-

Source: MUJAP

The prices of GoP Ijara (VRR and FRR) remained relatively stable during the month as investors sought higher yields. Investor interest was tilted toward short to medium term 1-year VRR, consequently, the 1-year VRR Ijara traded at a premium in the market due to higher benchmark rate and higher spreads. On the other hand, 3-year FRR also get attraction as sought to secure appealing yields within a medium-term tenor.

### AUCTION UPDATE

TENORS	CUT OFF	PREVIOUS CUT OFF	CHANGE
GOP IJARA VRR			
1 year	84 bps	65 bps	+ 19 bps
3 year	85 bps	-	-
5 year	95 bps	95 bps	-
GOP IJARA FRR			
1 year	22.15%	21.29%	+ 86 bps
3 year	18.99%	18.49%	+ 50 bps
5 year	-	-	-

During the month, SBP introduced fresh issues of VRR GoP Ijara for 1 year and 3 year Sukuks, and FRR GoP Ijara for 1 year and 5 year Sukuks. Notable surge in market interest was observed across all offerings, driven by the attractive rental rates.

For GoP Ijara (VRR), the participation was somewhat subdued, amounting to PKR 104 bn across various tenors, as compared to the revised target of PKR 150 bn. Among these, PKR 61 bn was accepted with a yield of 22.7625% (+84 bps) for the 1-year tenor and PKR 5 bn each was accepted at a yield of 22.7725% (+85 bps spread) and 22.8730% (+95bps spread) for the 3-year and the 5-year tenor.

Conversely, substantial market participation of PKR 221 bn was witnessed for the GoP Ijara Sukuk (FRR), surpassing the revised target of PKR 90 bn. Of these, bids worth PKR 6 bn were accepted at a rate of 22.15% for the 1-year tenor, while a significant amount of PKR 115 bn was accepted at an 18.49% rate for the 3-year tenor. However, bids for the 5-year tenor were rejected.



# STRATEGY & OUTLOOK



## EQUITY MARKET:

Post an impressive outgoing month, we maintain a positive outlook on the equity market. The PSX has shown appealing low P/E levels, featuring a Forward P/E multiple of 3.80x compared to the regional average of 12.40x. However, for a sustainable rally it is crucial to implement policies & decisions, as a lack of structural reforms could once again place the country in a challenging predicament.

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.**
- **Headwinds to inflation remain as implementation of energy reforms may further put pressure on the consumers.**
- **External flows are key for maintaining forex reserves position. The Ministry of Finance has announced the development of a sovereign wealth fund, which includes notable companies such as OGDC, NBP, PPL, and Mari, with estimated assets worth PKR 2.30 trillion.**
- **Political stability amid announcement of elections and subsequent transition to new government**

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

## DEBT MARKET:

Going forward, inflation is projected to follow a downward trajectory over the subsequent 12 months which will turn the real interest rate into positive territory. The path to stability through the political arena remains uncertain, as the dissolution of the national assembly is anticipated in the upcoming month. This impending change is also poised to influence the direction of debt market yields. Given the prevailing macroeconomic circumstances and the projected patterns of interest rates, we have tactically structured our fixed income portfolios with a greater allocation towards shorter duration instruments. This strikes a harmonious equilibrium between risk and reward, all while considering 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 77% in low duration instruments, along with 17% 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 10% to mitigate volatility resulting from the uncertain macro-economic environment that affects the equity market. The remaining 90% 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 (77%) and a remaining allocation of cash and bank deposits (23%).
- **Family Takaful Balanced Fund:** Family Takaful Balanced Fund offers its participants high yielding return with optimal allocation of 79% 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  
July 2023

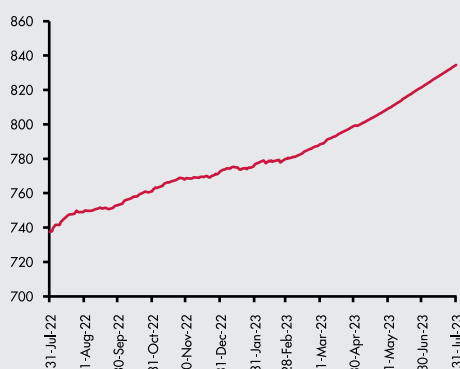
## FUND OBJECTIVE

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.

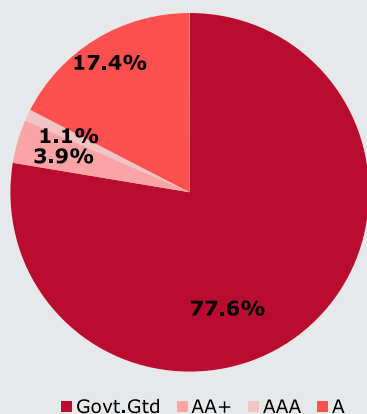
## FUND MANAGER'S COMMENTS

During the month of July 2023 Balanced Takaful Fund's (BTF) Unit Price increased by PKR 12.89 (1.57%). The fund's allocation to government securities stands at 77.1% at month end against 77.25% last month while allocation to equities is at 0.05% versus 0.04% 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 16,973 Million
Launch Date	07.07.2015
NAV Per Unit At Launch Date (07.07.2015)	PKR 500.00
NAV Per Unit At Month end (31.07.2023)	PKR 834.51
Category	Balanced Fund (Shariah Compliant)
Pricing Mechanism	Forward on daily basis
Risk Profile	Medium
Management Fee	1.50% p.a.
Expense Ratio CYTD	0.88%
Pricing Days	Monday to Friday

## FUND RETURNS

PERIOD	RATE OF RETURN
1 month	1.57%
3 months	4.43%
12 months (365 days)	13.15%
Calendar YTD	8.02%
Since Inception (annualized)	6.60%
5 Years (annualized)	6.21%

## ASSET ALLOCATION

ASSETS	JULY-23	JUNE-23
Government Securities	77.10%	77.25%
Sukuks	4.39%	4.39%
Cash and Short Term Deposits	1.05%	10.95%
Equities	0.05%	0.04%
Mutual Funds	17.40%	7.36%



# 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.

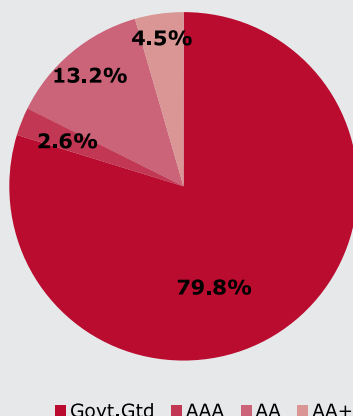
## FUND MANAGER'S COMMENTS

During the month of July 2023 Aggressive Takaful Fund's (ATF) Unit Price increased by PKR 13.69 (2.22%). The fund's allocation to equities stands at 9.47% at month end against 9.51% last month while allocation to government securities is at 72.21% versus 72.14% last month. Within sectors, the fund is tilted towards Oil & Gas (Exploration Companies) with a total allocation of 89.02% followed by Pharmaceuticals, Automobile Assembler & Parts and Engineering with a sector allocation of 4.4%, 3.0% and 3.38% respectively.

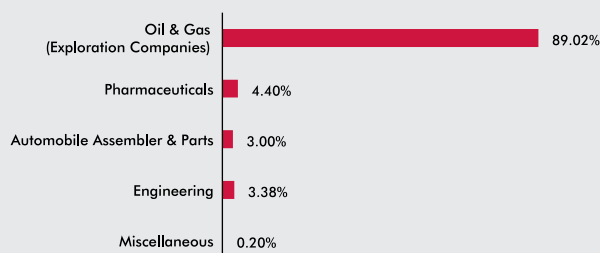
### 12-M ROLLING FUND PRICE



### ASSET QUALITY (Debt Securities)



### SECTOR ALLOCATION (Equities)



## FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Aggressive Takaful Fund
Net Assets	PKR 11,031 Million
Launch Date	07.07.2015
NAV Per Unit At Launch Date (07.07.2015)	PKR 500.00
NAV Per Unit At Month end (31.07.2023)	PKR 631.41
Category	Aggressive Fund (Shariah Compliant)
Pricing Mechanism	Forward on daily basis
Risk Profile	High
Management Fee	1.50% p.a.
Expense Ratio CYTD	0.95%
Pricing Days	Monday to Friday

## FUND RETURNS

PERIOD	RATE OF RETURN
1 month	2.22%
3 months	4.35%
12 months (365 days)	6.39%
Calendar YTD	6.11%
Since Inception (annualized)	2.96%
5 Years (annualized)	-0.63%

## ASSET ALLOCATION

ASSETS	JULY-23	JUNE-23
Government Securities	72.21%	72.14%
Sukuks	4.07%	4.05%
Cash and Short Term Deposits	2.35%	6.96%
Equities	9.47%	9.51%
Mutual Funds	11.90%	7.34%

# FAMILY TAKAFUL INCOME FUND

Fund Manager's Report  
July 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.

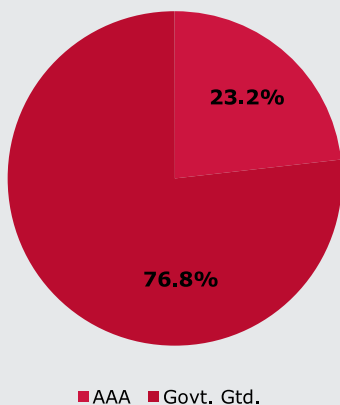
## FUND MANAGER'S COMMENTS

During the month of July 2023 Family Takaful Income Fund's (FTIF) Unit Price increased by PKR 8.73 (1.49%). The fund's allocation to government securities stands at 76.8% at month end against 80.74% last month while allocation to cash and short term deposits is at 23.2% versus 19.26% last month.

### 12-M ROLLING FUND PRICE



### ASSET QUALITY (Debt Securities)



## FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Family Takaful Income Fund
Net Assets	PKR 2,324 Million
Launch Date	01.08.2021
NAV Per Unit At Launch Date (01.08.2021)	PKR 500.00
NAV Per Unit At Month end (31.07.2023)	PKR 596.48
Category	Income Fund (Shariah Compliant)
Pricing Mechanism	Forward on daily basis
Risk Profile	Low
Management Fee	1.50% p.a.
Expense Ratio CYTD	0.88%
Pricing Days	Monday to Friday
Weighted Average Maturity	373 days

## FUND RETURNS

PERIOD	RATE OF RETURN
1 month	1.49%
3 months	4.22%
12 months (365 days)	13.63%
Calendar YTD (annualized)	14.79%
Since Inception (annualized)	9.24%
5 Years (annualized)	N/A
10 Years (annualized)	N/A

## ASSET ALLOCATION

ASSETS	JULY-23	JUNE-23
Government Securities	76.80%	80.74%
Cash and Short Term Deposits	23.20%	19.26%

# FAMILY TAKAFUL BALANCED FUND

Fund Manager's Report  
July 2023

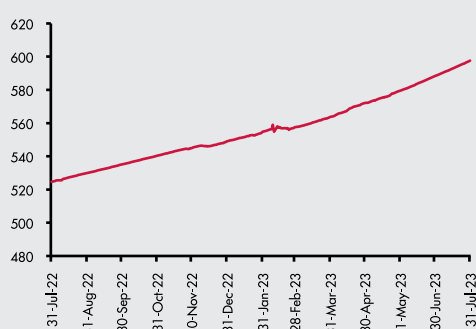
## FUND OBJECTIVE

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.

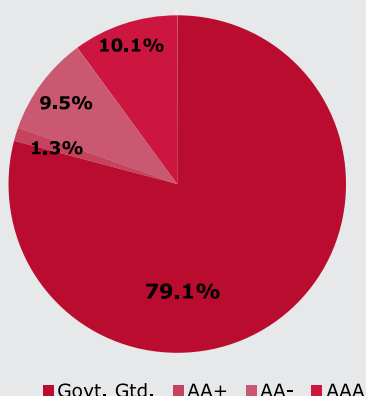
## FUND MANAGER'S COMMENTS

During the month of July 2023 Family Takaful Balance Fund's (FTBF) Unit Price increased by PKR 9.33 (1.59%). The fund's allocation to government securities stands at 79.12% at month end against 79.16% last month while allocation to cash and short term deposits is at 10.08% versus 10.02% last month.

### 12-M ROLLING FUND PRICE



### ASSET QUALITY (Debt Securities)



## FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Family Takaful Balanced Fund
Net Assets	PKR 643 Million
Launch Date	01.08.2021
NAV Per Unit At Launch Date (01.08.2021)	PKR 500.00
NAV Per Unit At Month end (31.07.2023)	PKR 597.52
Category	Balanced Fund (Shariah Compliant)
Pricing Mechanism	Forward on daily basis
Risk Profile	Medium
Management Fee	1.50% p.a.
Expense Ratio CYTD	0.88%
Pricing Days	Monday to Friday

## FUND RETURNS

PERIOD	RATE OF RETURN
1 month	1.59%
3 months	4.45%
12 months (365 days)	13.90%
Calendar YTD	8.84%
Since Inception (annualized)	9.33%
5 Years (annualized)	N/A
10 Years (annualized)	N/A

## ASSET ALLOCATION

ASSETS	JULY-23	
Government Securities	79.12%	79.16%
Term Finance Securities	1.27%	1.28%
Cash and Short Term Deposits	10.08%	10.02%
Mutual Funds	9.53%	9.54%

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**Jubilee Life Insurance Company Limited**

**Window Takaful Operations**

74/1-A, Lalazar, M.T. Khan Road,  
Karachi - 74000, Pakistan

Phone: (021) 32120201, 35205094

Fax: (021) 35610959

UAN: (021) 111-111-554

SMS: Your Query to 8554

E-mail: info@jubileelife.com,  
complaints@jubileelife.com

Website: www.jubileefamilytakaful.com