



INVESTMENT FACT SHEET

FOR THE MONTH OF JUNE 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 entire month of June evolved around the most awaited and possibly one of the most challenging budgets ever presented. Other key developments during the month were:

- **Petroleum products' prices were hiked by up to Rs. 89/ltr**
- **The current account deficit crossed USD 15bn mark**
- **Rupee downward slide continued; touched 211.93 a dollar**
- **May CPI inflation rose 13.8% YoY**
- **Pakistan received combined MEFP from IMF for the 7th and 8th review**

The incumbent government presented budget for the fiscal year FY23 in an attempt to bring sustainable growth through a balance of austerity and relief. The budget burdened the corporate sector and high income earning individuals by increasing income tax rates and provided relief in income tax for the salaried class. As a followup of the budget, in order to raise tax collection and seek IMF approval on the budget the GoP continued to raise petroleum products pricing as it did twice during the last 30 days. Eventually, the PDC on petrol was eliminated. Inflation continued to rise as CPI touched 21.3% in June (the highest since Dec-2008), compared to 13.8% in May. For FY22, average CPI clocked at 12.15% compared to 8.9% in last fiscal year. Electricity and gas charges will also rise from July onwards. Thus, headline inflation is likely to remain elevated throughout FY23.

On the external side, the Current Account Deficit (CAD), after dropping to USD 0.6bn in Apr-22, saw a rise to USD 1.4 bn in May-22, on account of higher import bills and lower remittances on a MoM basis. The CAD augmented to USD 15.2bn during eleven months of FY22 from a deficit of USD 1.2bn during the same period last year.

There was some respite on the FX reserves end as they rose to USD 10.3bn compared to USD 9.4bn at May end due to the Chinese inflow of around USD 2bn. For most of the month, the rupee continued to decline against the greenback as it touched high of Rs. 211.93; however, with news of foreign exchange inflows from China and an imminent deal with the International Monetary Fund (IMF), the rupee strengthened impressively and leveled down at 204.85 by the month end.

Near the end of the month, there was some positive news about the IMF program. Pakistan received a Memorandum of Economic and Financial Policies (MEFP) for the combined 7th and 8th reviews of the Extended Fund Facility (EFF), which will form the basis for the staff level agreement that now Pakistani authorities will try to achieve at the earliest. Once the IMF clears the next tranche, it should open up other external finance avenues for Pakistan to shore up its reserves and provide fiscal support.

ECONOMY UPDATE

MACROECONOMIC INDICATORS

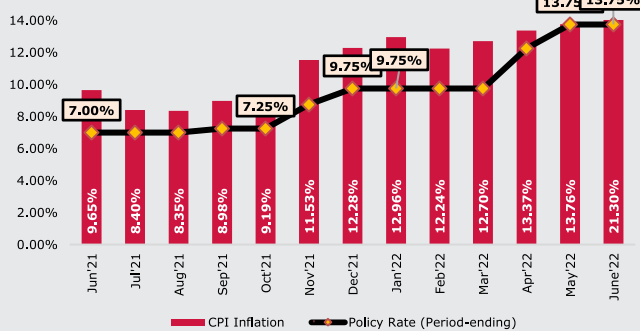
KEY STATISTICS	REPORTED MONTH	CURRENT	PREVIOUS	FYTD
Trade Deficit (USD mn)	May	(3,181)	(2,847)	(36,129)
Remittances (USD mn)	May	2,333	3,125	28,410
Current A/C Balance (USD mn)	May	(1,425)	(623)	(15,199)
FDI (USD mn)	May	141	171	1,598
Tax Collection* (PKR bn)	June	763	490	6,125
M2 Growth	June			10.42%

Source SBP, FBR

* Provisional figures

The country's trade deficit clocked in at USD 3,181mn (+11.73% MoM) for May'22 led by a decrease of 5.52% in imports and exports by 21.11% while remittances dropped by 25.4% to land at \$2333mn (-\$792mn), respectively. The current account deficit increased during May'22 as it rose to USD 1,425mn vs USD 623mn in Apr'22. Lastly, FBR exceeded its collection target as the collection in June'22 stood at Rs.763bn against Rs.490 bn in May'22.

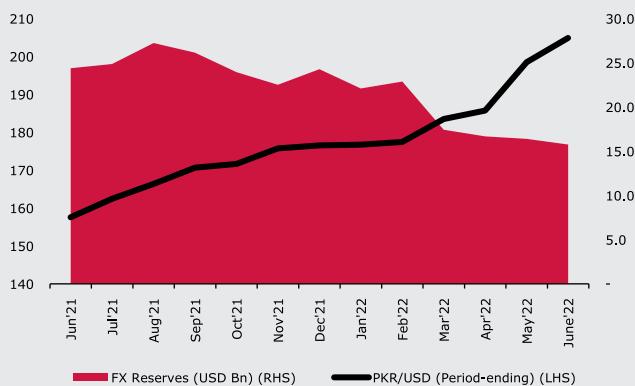
INFLATION



Source: ZAKHEERA

The National CPI clocked in at 21.30% for the month of June'22. This takes FY22 average inflation to 12.15% YoY compared to 8.90% in FY21.

PKR/USD PARITY VS FX RESERVES



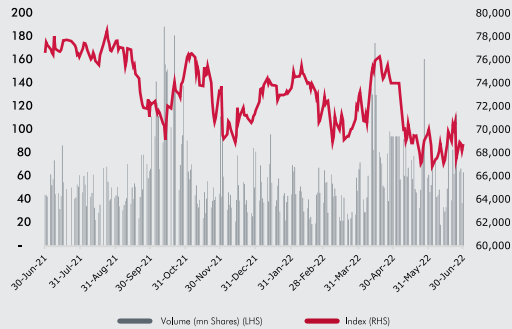
Source: ZAKHEERA

FX reserves during the month rose by ~USD 522mn to stand at USD 15.74bn, while PKR depreciated in June by 3.22% against USD and stood at 204.85 at month-end.

CAPITAL MARKETS UPDATE

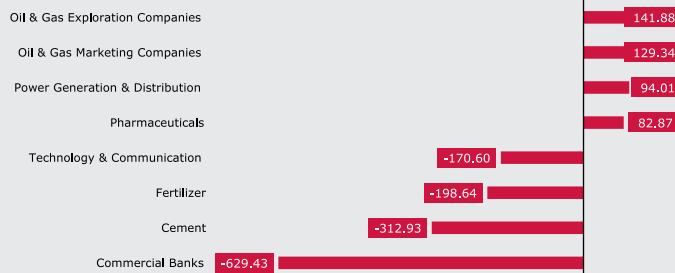
EQUITY MARKET

KMI -30 ONE YEAR PERFORMANCE



The index remained under pressure during the month on the back of political and economic uncertainty. KMI-30 lost 685.76 points (-0.997%) during June'22. Average traded volume and value of the KMI-30 Share Index decreased by 19.94% and 9.44% MoM to stand at an average of 58.13mn shares and PKR 3,333.48mn, respectively.

SECTOR WISE TOP CONTRIBUTORS



The sectors hauling the index downwards included; Commercial Banks (-629.43 points), Cement (-312.93 points), Fertilizer (-198.64 points) and Technology & Communication (-170.60 points) while Pharmaceuticals (+82.87 points), Oil and Gas Marketing Companies (+129.34 points), Oil and Gas Exploration Companies (+141.88) and Power generation and Distribution contributed (+94.01 points) to the KMI-30 Index.

SECONDARY MARKET PKISRV

INSTRUMENT	JUNE-22	MAY-22	CHANGE
GOPIS 30-04-2025	96.96	96.98	(0.02)
GOPIS 29-05-2025	100.03	100.24	(0.21)
GOPIS 24-06-2025	99.68	99.68	0.00
GOPISV-29-07-2025	99.50	99.41	0.09
GOPISF-29-07-2025	93.48	93.42	0.06
GOPISV-09-12-2025	99.78	99.49	0.29
GOPISF-20-01-2026	93.78	93.83	(0.05)
GOPISV-06-10-2026	99.70	99.53	0.17
GOPISF-06-10-2026	94.00	94.08	(0.08)
GOPISV-29-10-2026	99.93	100.19	(0.26)
GOPISF-15-12-2026	96.00	95.92	0.08
GOPISF-27-04-2027	99.31	99.98	(0.67)
GOPISV-27-04-2027	99.68	99.91	(0.23)

Source: MUJAP

During the month the incumbent government got the budget for the FY23 and finance bill passed from federal legislators assembly. Despite, addressing the IMF pre-conditions, GoP still remained in deep waters and was unable to revive the IMF EFF program. The movement in the yields as witnessed across the variable market remained volatile across the board ranging between -40 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 underneath of PKR 70bn against the target of PKR 75bn. Of these, bids of PKR 61bn were accepted at cut-off spread of -12 bps. On the other hand, against the target of PKR 25bn, participation of only PKR 23 bn was received in fixed rate rental GOP Ijara. Ministry of Finance accepted bids of PKR 6 bn maintaining the cut-off spread at 12.94%.

STRATEGY & OUTLOOK



EQUITY MARKET:

We are positive on the equities on a medium to long term basis as Pakistan is trading at an attractive P/E of ~4.3x, compared to an average P/E of 8x in last 20 years. Furthermore, on a regional and peer basis, Pakistan Market discount remains at a healthy discount of 70% to MSCI EM and MSCI FM Indices. These unwarranted valuations are expected to garner investor interest and provides a solid foundation for broad-based rally. Key triggers for the market in 2022 are:

- **Proactive monetary and fiscal policy adjustments**
- **Favorable movement in commodity cycle**
- **Low P/E & double-digit Earnings Growth**
- **Resolution of Circular debt.**

However, in near term, unrest in domestic politics and prolonged tensions on geopolitical front are expected to drive market sentiments.

DEBT MARKET:

During the month the incumbent government got the budget for the FY23 and finance bill passed from the national assembly. Despite, addressing the IMF pre-conditions, GoP still remained in deep waters and was unable to revive the EFF program. The movement in the yields as witnessed across the variable market remained volatile across the board ranging between -40 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 underneath of PKR 70bn against the target of PKR 75bn. Of these, bids of PKR 61bn were accepted at cut-off spread of -12 bps. On the other hand, against the target of PKR 25bn, participation of only PKR 23 bn was received in fixed rate rental GOP Ijara. Ministry of Finance accepted bids of PKR 6 bn maintaining the cut-off spread at 12.94%.

FUND WISE STRATEGY

- **Managed Takaful Fund:** With the exposure of 8% in equities, Managed Takaful Fund is ready to benefit from positive rally in the equities. For Fixed Income, an allocation of 75% comprising of fixed rate rental and variable rental GOP Ijara alongside high yielding short term deposits will allow its participants to earn a sustainable return over medium to long term.
- **Capital Growth Takaful Fund:** The participants of Capital Growth Takaful Fund are expected to earn a decent risk adjusted returns from its equity exposure of 60% in a combination of blue chip and momentum stocks.
- **Takaful Income Fund:** With diverse exposure in fixed rate GoP Ijara Sukuk, variable rate GoP Ijara Sukuk, bank deposits and corporate Sukuk, Takaful Income Fund 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 diverse exposure in fixed rate GoP Ijara Sukuk, variable rate GoP Ijara Sukuk, bank deposits and corporate Sukuk, Takaful Income Fund is well poised to benefit from movement in interest rates to earn a sustainable return over the long and medium term. 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.

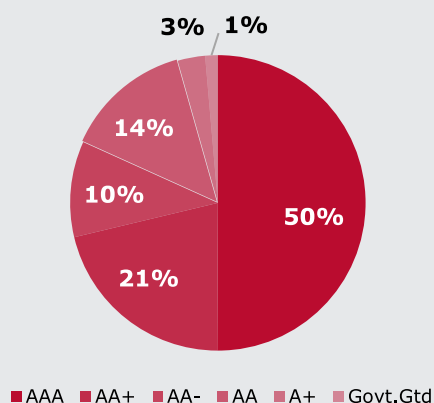
FUND MANAGER'S COMMENTS

During the month of June 2022 Managed Takaful Fund's (MTF) Unit Price increased by PKR 4.03 (0.55%). The fund's allocation to government securities stands at 38.46% at month end against 39.28% last month while allocation to equities is at 7.72% versus 10.03% last month. Within sectors, the fund is tilted towards Oil & Gas (Exploration Companies) with a total allocation of 27.97% followed by Pharmaceuticals, Commercial Banks and Cement with a sector allocation of 16.8%, 11.17% and 8.98% respectively.

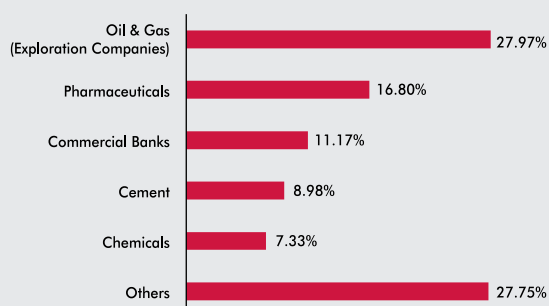
12-M ROLLING FUND PRICE



ASSET QUALITY (Debt Securities)



SECTOR ALLOCATION (Equities)



FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Managed Takaful Fund
Fund Size	PKR 13,835 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (30.06.2022)	PKR 732.68
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	0.55%
3 months	0.63%
12 months	1.88%
Calendar YTD (annualized)	3.62%
Since Inception (annualized)	5.67%
5 Years (annualized)	3.18%

ASSET ALLOCATION

ASSETS	JUNE-22	MAY-22
Government Securities	38.46%	39.28%
Sukuks	5.92%	6.45%
Cash and Short Term Deposits	41.64%	31.87%
Equities	7.72%	10.03%
Mutual Funds	6.27%	12.38%

CAPITAL GROWTH TAKAFUL FUND

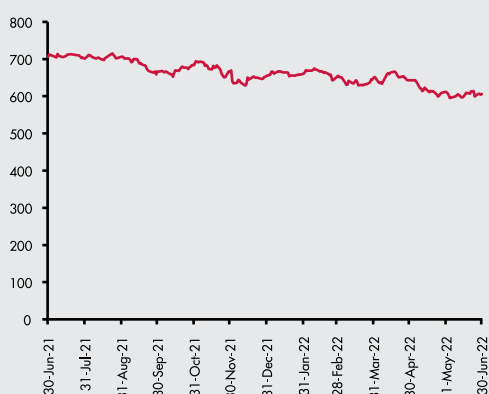
FUND OBJECTIVE

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.

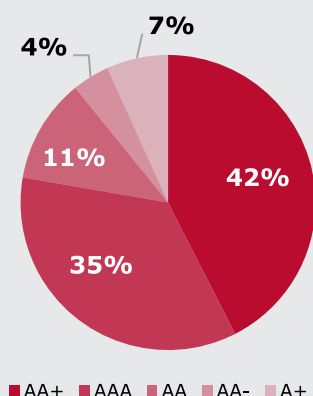
FUND MANAGER'S COMMENTS

During the month of June 2022 Capital Growth Takaful Fund's (CGTF) Unit Price decreased by PKR 5.25 (-0.86%). The fund's allocation to equities stands at 60.31% at month end against 62.35% last month while allocation to government securities is at 7.29% versus 7.32% last month. Within sectors, the fund is tilted towards Oil & Gas (Exploration Companies) with a total allocation of 25.19% followed by Cement, Pharmaceuticals and Commercial Banks with a sector allocation of 14.17%, 11.24% and 5.91% respectively.

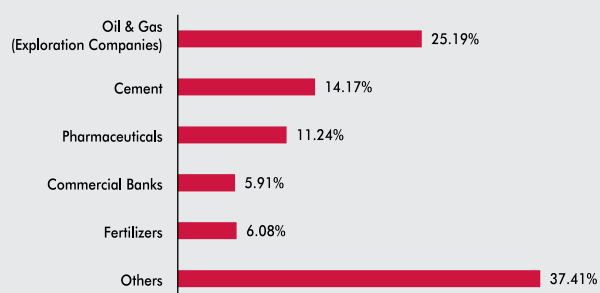
12-M ROLLING FUND PRICE



ASSET QUALITY (Debt Securities)



SECTOR ALLOCATION (Equities)



FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Capital Growth Takaful Fund
Fund Size	PKR 11,320 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (30.06.2022)	PKR 606.41
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	- 0.86%
3 months	- 6.79%
12 months	- 14.13%
Calendar YTD (annualized)	- 14.37%
Since Inception (annualized)	2.82%
5 Years (annualized)	- 2.50%

ASSET ALLOCATION

ASSETS	JUNE-22	MAY-22
Government Securities	7.29%	7.32%
Sukuks	5.08%	5.03%
Cash and Short Term Deposits	18.85%	15.27%
Equities	60.31%	62.35%
Mutual Funds	8.46%	10.03%

TAKAFUL INCOME FUND

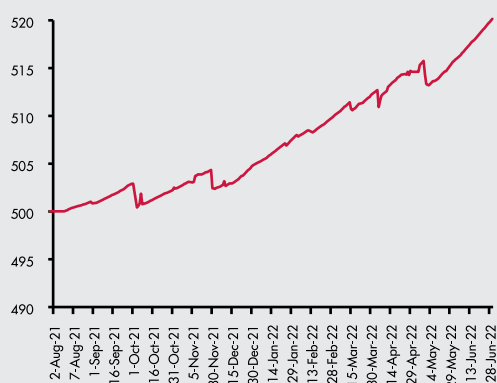
FUND OBJECTIVE

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.

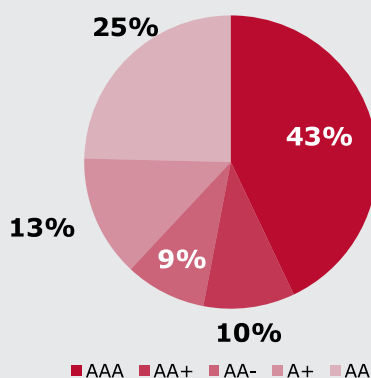
FUND MANAGER'S COMMENTS

During the month of June 2022 Takaful Income Fund's (TIF) Unit Price increased by PKR 4.49 (0.87%). The fund's allocation to government securities stands at 32.36% at month end against 42.29% last month while allocation to cash and short term deposits is at 60.94% versus 55.45% last month.

12-M ROLLING FUND PRICE



ASSET QUALITY (Debt Securities)



FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Takaful Income Fund
Fund Size	PKR 599 Million
Launch Date	01.08.2021
Bid Price (01.08.2021)	PKR 500.00
Bid Price (30.06.2022)	PKR 520.15
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	0.87%
3 months	1.53%
12 months	N/A
Calendar YTD (annualized)	6.20%
Since Inception (annualized)	4.43%
5 Years (annualized)	N/A
10 Years (annualized)	N/A

ASSET ALLOCATION

ASSETS	JUNE-22	MAY-22
Government Securities	32.36%	42.29%
Term Finance Securities	1.69%	2.27%
Cash and Short Term Deposits	60.94%	55.45%
Mutual Funds	5.01%	-

TAKAFUL BALANCE FUND

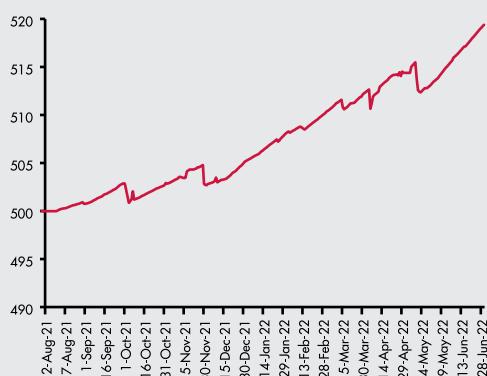
FUND OBJECTIVE

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.

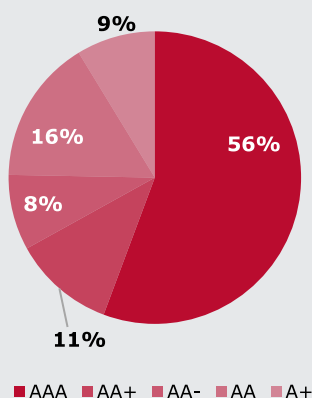
FUND MANAGER'S COMMENTS

During the month of June 2022 Takaful Balance Fund's (TBF) Unit Price increased by PKR 4.62 (0.9%). The fund's allocation to government securities stands at 56.31% at month end against 57.32% last month while allocation to cash and short term deposits is at 35.17% versus 39.93% last month.

12-M ROLLING FUND PRICE



ASSET QUALITY (Debt Securities)



FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Takaful Balance Fund
Fund Size	PKR 307 Million
Launch Date	01.08.2021
Bid Price (01.08.2021)	PKR 500.00
Bid Price (30.06.2022)	PKR 519.39
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	0.90%
3 months	1.39%
12 months	N/A
Calendar YTD (annualized)	5.76%
Since Inception (annualized)	4.26%
5 Years (annualized)	N/A
10 Years (annualized)	N/A

ASSET ALLOCATION

ASSETS	JUNE-22	MAY-22
Government Securities	56.31%	57.32%
Term Finance Securities	2.64%	2.72%
Cash and Short Term Deposits	35.17%	39.93%
Mutual Funds	5.88%	-

TOP TEN HOLDINGS

MANAGED TAKAFUL FUND

ABOT
ENGRO
HUBC
ICI
LUCK
MARI
MEBL
OGDC
POL
PPL

CAPITAL GROWTH TAKAFUL FUND

ENGRO
HUBC
LUCK
MARI
MEBL
MLCF
OGDC
POL
PPL
PSO

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