



# INVESTMENT FACT SHEET

## FOR THE MONTH OF MAY 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.

May'22 remained a very happening month where the show of the newly formed coalition government started. Key developments during the month were as follows:

- **Inflation in April hits a two-year high of 13.37%**
- **Rupee hits all-time low against dollar; declines to 200 mark**
- **Key policy rate hiked to 13.75%**
- **Stalled IMF program: Govt fails to persuade IMF successfully**
- **POL products' prices were hiked by PKR30 per liter**

The outgoing month of May '22 remained eventful, where several economic and political events kept the market in the swing. The major news from the economic front was that the Pakistan delegation, led by the newly appointed Finance Minister, could not reach the staff level agreement during the talks held in Qatar. The Fund stressed the urgency of concrete policy actions, mainly abolishing existing subsidies and the following year's budget, to achieve program objectives. To oblige to the IMF conditionality, the government raised the fuel prices by Rs. 30 per liter near the month-end.

Inflation continued to rise as the Consumer Price Index (CPI) reached 13.37% in April 2022. This pushed the ten-month average inflation rate to 11.04%, exceeding the State Bank of Pakistan's (SBP) anticipated upper limit for inflation. After detailed deliberation, the monetary policy committee (MPC) decided to raise the policy rate by 150 basis points to address the much-needed fiscal consolidation, which should help abate demand while keeping inflation expectations aligned and limiting risks on the external side. Overall, the policy rate rose by 400 basis points during the last six weeks. Globally, inflation has augmented because of the Russia-Ukraine conflict and renewed supply disruptions caused by the new Covid wave in China. As a result, almost all central banks worldwide are suddenly confronting multi-year high inflation and a challenging outlook. Under these events, headline inflation is likely to increase temporarily and may remain elevated throughout the next fiscal year.

The external side, too, remained stressful throughout the month. Rising current account and trade deficits, heavy external debt payments, and drying dollar inflows prove a toxic mix for the rupee, hitting a record low of Rs. 202.01 during the month, taking the total depreciation of the rupee by more than 6% in one month only.

After contracting by 0.9 percent in FY20 in the wake of Covid, the economy has rebounded much more strongly than anticipated, growing by 5.7 percent last year and accelerating to 5.97 percent this year, as per provisional estimates. The government's effort to revise the IMF program would allow the release of \$900 million and flows from other countries, such as Saudi Arabia and China, which have linked their commitment to IMF program revival. With this, we can expect some respite on the external side and consequently on the stabilization of currency.

# ECONOMY UPDATE

## MACROECONOMIC INDICATORS

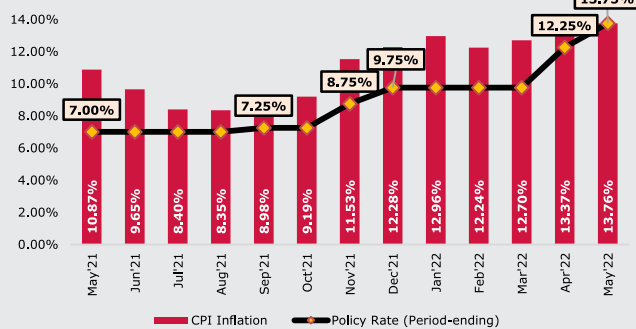
KEY STATISTICS	REPORTED MONTH	CURRENT	PREVIOUS	FYTD
Trade Deficit (USD mn)	Apr'22	(2,847)	(3,176)	(32,948)
Remittances (USD mn)	Apr'22	3,125	2,810	26,077
Current A/C Balance (USD mn)	Apr'22	(623)	(1,015)	(13,779)
FDI (USD mn)	Apr'22	171	(30)	1,457
Tax Collection* (PKR bn)	May'22	490	480	5,349
M2 Growth	-	-	-	7.50%

Source SBP, FBR

\* Provisional figures

The country's trade deficit clocked at USD 2,847mn (-10.36% MoM) for Apr '22 due to decreased imports by 3.94% and a marginal increase in exports of 2.70%. This, coupled with record remittances of USD 3,125mn, helped the rising current account deficit cool down as it decreased to USD 623mn from USD 1,015mn in Mar '22. Lastly, FBR failed to meet its collection target as the collection in May '22 stood at Rs. 490bn against the target of Rs. 511bn

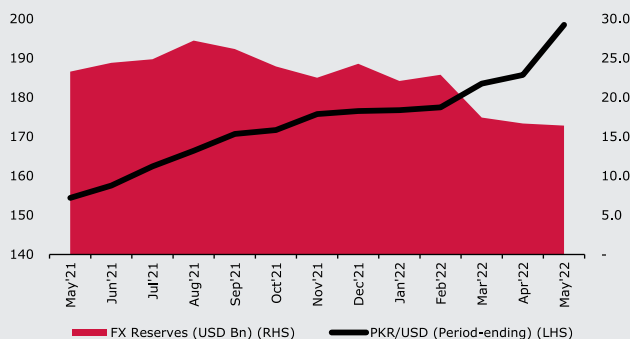
## INFLATION



Source: ZAKHEERA

The National CPI clocked in at 13.76% for May '22. This takes 11MFY22 average inflation to 11.29% YoY compared to 8.83% in 11MFY21.

## PKR/USD PARITY VS FX RESERVES



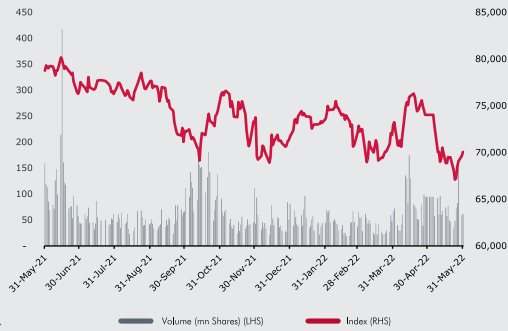
Source: ZAKHEERA

FX reserves during the month fell by ~USD 781mn to stand at USD 15.77bn, while PKR depreciated by a whopping 6.33% against USD and stood at 198.46 at month-end.

# CAPITAL MARKETS UPDATE

## EQUITY MARKET

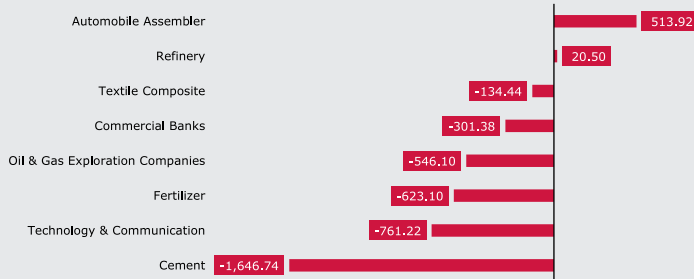
### KMI -30 ONE YEAR PERFORMANCE



The index remained under pressure during the month due to political and economic uncertainty. KSE-100 lost more than 1700 points (-3.93%) during May '22.

The market activity too remained dull as the average daily traded volume and value of the KSE-All Share Index decreased by 12.88% and 12.82% MoM to stand at 252mn shares and PKR 7,227 mn, respectively.

### SECTOR WISE TOP CONTRIBUTORS



The sectors hauling the index downwards included Commercial Banks (- 626.37 points), Cement (-527.03 points), Fertilizer (262.40), and Technology & Communication (-160.83 points), while Automobile Assembler (+107.24 points) and Chemical (+28.64 points) contributed positively to the index.

## SECONDARY MARKET PKISRV

INSTRUMENT	MAY-22	APR-22	CHANGE
GOPIS 30-04-2025	96.98	96.61	0.37
GOPIS 29-05-2025	100.24	99.82	0.42
GOPIS 24-06-2025	99.68	99.81	(0.13)
GOPISV-29-07-2025	99.41	99.44	(0.03)
GOPISF-29-07-2025	93.42	94.29	(0.87)
GOPISV-09-12-2025	99.49	99.51	(0.02)
GOPISF-20-01-2026	93.83	94.16	(0.33)
GOPISV-06-10-2026	99.53	99.83	(0.30)
GOPISF-06-10-2026	94.08	94.33	(0.25)
GOPISV-29-10-2026	100.19	99.78	0.41
GOPISF-15-12-2026	95.92	99.46	(3.54)
GOPISF-27-04-2027	99.98	99.98	n/a
GOPISV-27-04-2027	99.91	99.93	n/a

Source: MUFAP

The inconclusive talks with the IMF for revival of EFF program and the political vendetta between the Government and PTI has caused a serious impediment to the economy. However, to curtail the impact, the SBP decided to raise the policy rate by 150 basis point, taking it to 13.75% level not seen after April 2009.

### INTEREST RATE

INSTRUMENT	MAY-22	APRIL 22
Kibor-3 Month	14.49%	14.65%
Kibor-6 Month	14.70%	14.83%
Kibor-12 Month	15.02%	15.13%

Source: SBP

Auction of variable as well as fixed rate rental Ijara was conducted during the month. The variable rate rental GOP Ijara saw massive participation of PKR 287bn against target of PKR 75bn. Of these, bids of PKR 255bn were accepted at cut-off spread of -5 bps. This renewed interest is due to reset of coupon of on-the-run variable rate rental GOP Ijara to 13.5279%. On the other hand, against target of PKR 25bn, participation of PKR 49bn was received in fixed rate rental GOP Ijara. Adhering the target, MoF accepted bids of PKR 17.3bn at cut-off spread of 12.94% (+45bps).



# STRATEGY & OUTLOOK



## EQUITY MARKET:

We are upbeat on the equities on medium to long term basis as Pakistan is trading at an attractive P/E of ~4.5x, compared to an average P/E 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 prolong tension on geopolitical front are expected to drive market sentiments.

## DEBT MARKET:

The inconclusive talks with the IMF for revival of EFF program and the political vendetta between the Government and PTI has caused a serious impediment to the economy. However, to curtail the impact, the SBP decided to raise the policy rate by 150 basis point, taking it to 13.75% level not seen after April 2009.

## FUND WISE STRATEGY

- **Managed Takaful Fund:** With the exposure of 12% 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 62% in a combination of blue chip and momentum stocks.
- **Takaful Income Fund:** With major exposure in variable rate rental GOP Ijara Sukuk, Takaful Income Fund is well poised to benefit from movement in interest rates to earn a sustainable return over the medium term.
- **Takaful Balance Fund:** The Participants of Takaful Balance Fund are expected to earn a decent risk adjusted return over the medium term 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.

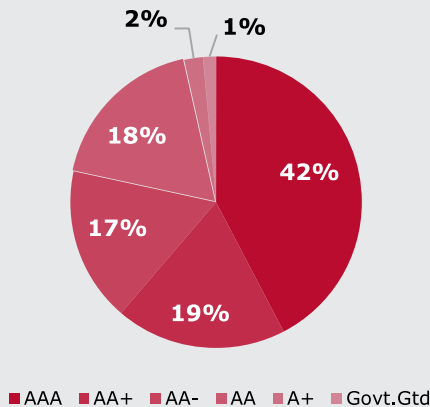
## FUND MANAGER'S COMMENTS

During the month of May 2022 Managed Takaful Fund's (MTF) Unit Price decreased by PKR 2.67 (-0.36%). The fund's allocation to government securities stands at 39.28% at month end against 39.18% last month while allocation to equities is at 10.03% versus 11.55% last month. Within sectors, the fund is tilted towards Oil & Gas (Exploration Companies) with a total allocation of 29.4% followed by Pharmaceuticals, Commercial Banks and Cement with a sector allocation of 12.78%, 12.7% and 10.35% respectively.

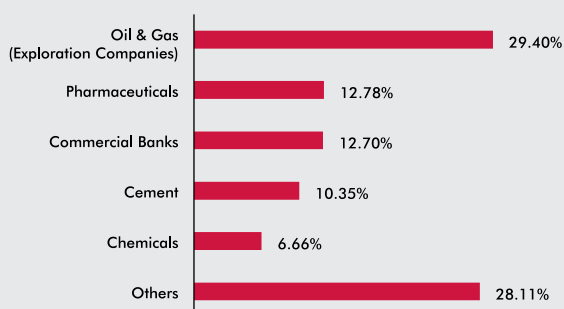
### 12-M ROLLING FUND PRICE



### ASSET QUALITY (Debt Securities)



### SECTOR ALLOCATION (Equities)



## FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Managed Fund
Fund Size	PKR 13,531 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.05.2022)	PKR 728.65
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	- 0.36%
3 months	0.47%
12 months	1.27%
Calendar YTD (annualized)	2.97%
Since Inception (annualized)	5.66%
5 Years (annualized)	2.60%

## ASSET ALLOCATION

ASSETS	MAY-22	APRIL-22
Government Securities	39.28%	39.18%
Sukuks	6.45%	6.47%
Cash and Short Term Deposits	31.87%	30.17%
Equities	10.03%	11.55%
Mutual Funds	12.38%	12.63%

# 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.

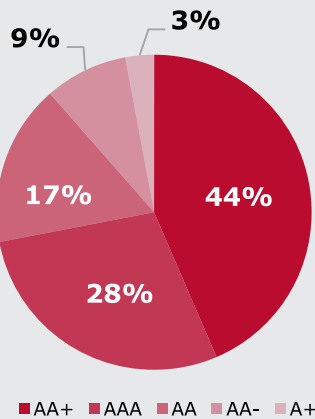
## FUND MANAGER'S COMMENTS

During the month of May 2022 Capital Growth Takaful Fund's (CGTF) Unit Price decreased by PKR 31.48 (-4.9%). The fund's allocation to equities stands at 62.35% at month end against 66.66% last month while allocation to government securities is at 7.32% versus 6.89% last month. Within sectors, the fund is tilted towards Oil & Gas (Exploration Companies) with a total allocation of 23.65% followed by Cement, Pharmaceuticals and Commercial Banks with a sector allocation of 15.76%, 10.28% and 6.59% respectively.

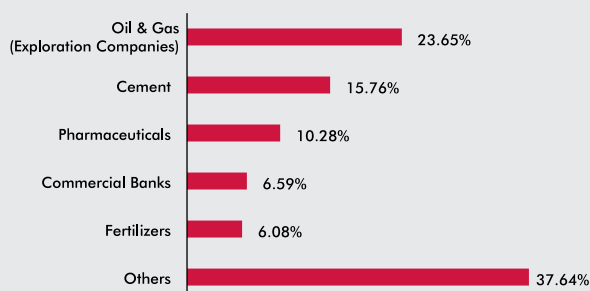
### 12-M ROLLING FUND PRICE



### ASSET QUALITY (Debt Securities)



### SECTOR ALLOCATION (Equities)



## FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Capital Growth Fund
Fund Size	PKR 11,974 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.05.2022)	PKR 611.66
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	- 4.90%
3 months	- 6.17%
12 months	- 14.85%
Calendar YTD (annualized)	- 15.22%
Since Inception (annualized)	2.99%
5 Years (annualized)	- 3.28%

## ASSET ALLOCATION

ASSETS	MAY-22	APRIL-22
Government Securities	7.32%	6.89%
Sukuks	5.03%	4.84%
Cash and Short Term Deposits	15.27%	12.68%
Equities	62.35%	66.66%
Mutual Funds	10.03%	8.93%



# TAKAFUL INCOME FUND

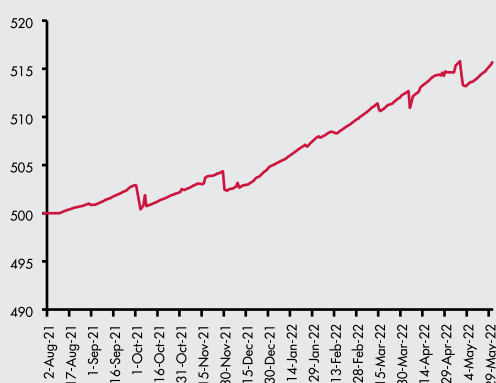
## FUND OBJECTIVE

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.

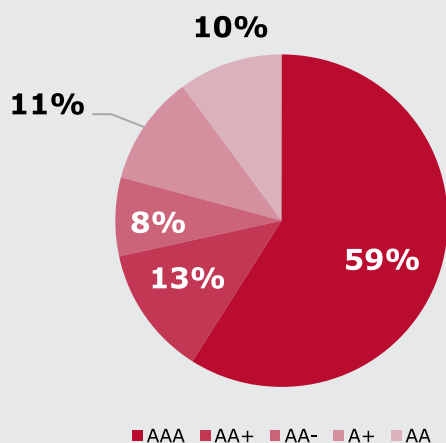
## FUND MANAGER'S COMMENTS

During the month of May 2022 Takaful Income Fund's (TIF) Unit Price increased by PKR 1.04 (0.2%). The fund's allocation to government securities stands at 42.29% at month end against 55.85% last month while allocation to cash and short term deposits is at 55.45% versus 41.19% last month.

### 12-M ROLLING FUND PRICE



### ASSET QUALITY (Debt Securities)



## FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Takaful Income Fund
Fund Size	PKR 465 Million
Launch Date	01.08.2021
Bid Price (01.08.2021)	PKR 500.00
Bid Price (31.05.2022)	PKR 515.65
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	0.20%
3 months	1.16%
12 months	N/A
Calendar YTD (annualized)	5.25%
Since Inception (annualized)	3.78%
5 Years (annualized)	N/A
10 Years (annualized)	N/A

## ASSET ALLOCATION

ASSETS	MAY-22	APRIL-22
Government Securities	42.29%	55.85%
Term Finance Securities	2.27%	2.96%
Cash and Short Term Deposits	55.45%	41.19%

# TAKAFUL BALANCE FUND

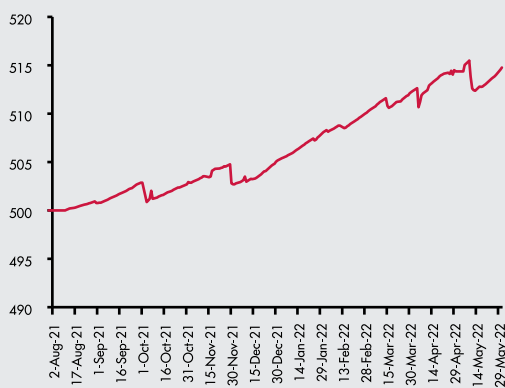
## FUND OBJECTIVE

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.

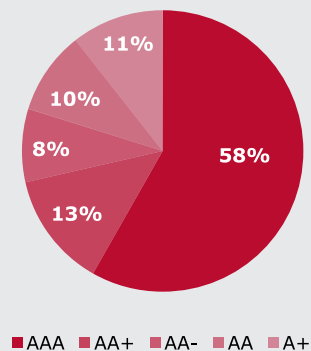
## FUND MANAGER'S COMMENTS

During the month of May 2022 Takaful Balance Fund's (TBF) Unit Price increased by PKR .38 (0.07%). The fund's allocation to government securities stands at 57.32% at month end against 57.49% last month while allocation to cash and short term deposits is at 39.93% versus 39.79% 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 (31.05.2022)	PKR 514.77
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	0.07%
3 months	0.93%
12 months	N/A
Calendar YTD (annualized)	4.66%
Since Inception (annualized)	3.57%
5 Years (annualized)	N/A
10 Years (annualized)	N/A

## ASSET ALLOCATION

ASSETS	MAY-22	APRIL-22
Government Securities	57.32%	57.49%
Term Finance Securities	2.72%	2.72%
Cash and Short Term Deposits	39.93%	39.79%

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