



# INVESTMENT FACT SHEET

## FOR THE MONTH OF SEPTEMBER 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 Sep'22 saw mixed developments from an economic point of view. On the positive front, Pakistan secured donations commitments from bilateral and multilateral agencies in regards of flood, while the decline in cotton crops due to flood was the main negative. Major highlights during the month included:

- **The country's Current Account Deficit declined M/M by 42.14% to reach USD 0.703 bn in Aug'22, mainly on the back of higher exports and remittances.**
- **The CPI for Sep'22 clocked in at 23.20%, on account of expensive clothing, food, and transport.**
- **Pressure of external payments resulted in the depreciation of 4.43% M/M in PKR against greenback to close in at 228.452.**
- **Decline in international commodity prices (Brent Crude Oil: 8.8% M/M Decline in Sep'22).**
- **Heightened political noise played with the market sentiment with KSE-100 hovering in the range of 40,620 - 42,460.**

The challenges on the economic front continued as demand remained moderated as evident by the most recent offtake/sales numbers of Cement (-35.20% Y/Y in 2MFY23), Petroleum Products (-23.38% Y/Y in 1QFY23), Automobiles (-67.60% Y/Y in 2MFY23), Fertilizer (-32.60% Y/Y in 2MFY23). Cotton arrival so far in the current season has declined by 23.67% Y/Y mainly on the back of devastating floods. Pakistan's dollar bond yields increased on account of investor's lack of confidence as country continues to face external challenges. Contrary to previous experiences, despite of Pakistan entry into IMF program, country bonds have trended higher, and currency has remained under pressure.

On the positive side, inflation declined M/M by 1.2% led by decline in the electricity head. The current account improved in Aug'22 on account of higher exports and remittances. On the financing side, Japan government agreed to defer USD 160 million debt while Saudi Arabia renewal USD 3 billion deposits for Pakistan. Additionally, World Bank has announced that it will approve USD 1.5 billion loan for Pakistan to deal with food crises caused by climate change. Moreover, Financial Action Task Force (FATF) completed its onsite visit of Pakistan during the month. Despite the super taxes, overall profitability of the corporate sector posted a significant increase in earnings and dividends pay outs during FY22.

The FX reserves declined to USD13.762 bn as on 23rd September 2022 from USD14.346bn seen a month earlier due to increased debt payment and lack of external financing flows. The PKR took a breather during the last week of September as the finance ministry changed hands. Decline in trade deficit also played its part in the appreciation of PKR towards the last leg of the month. Despite of the decline in M/M inflation in Sep'22, it is still at alarming levels with the average inflation for the 1st quarter of FY22 clocking in at 25.1% as against 8.6% in 1QFY21.

# ECONOMY UPDATE

## MACROECONOMIC INDICATORS

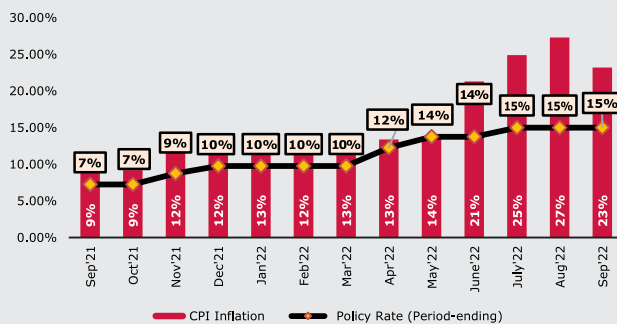
KEY STATISTICS	REPORTED MONTH	CURRENT	PREVIOUS	FYTD
Trade Deficit (USD mn)	Aug'22	(2,937)	(3,068)	(6,005)
Remittances (USD mn)	Aug'22	2,724	2,524	5,248
Current A/C Balance (USD mn)	Aug'22	(703)	(1,215)	(1,918)
FDI (USD mn)	Aug'22	111	59	170
Tax Collection* (PKR bn)	Sep-22	685	489	1,174
M2 Growth		-	-	-0.04%

Source SBP, FBR

\* Provisional figures

The trade deficit figures of the country declined to USD 2,937 Mn (-4.27% M/M) for Aug'22, the current account deficit also declined during the month to reach USD 703 Mn vs USD 1,215 Mn in the month of Aug. The remittances increased by \$200 Mn to land at \$2,724 Mn while FBR's tax collection in the current fiscal year stood at PKR 1,635 Bn.

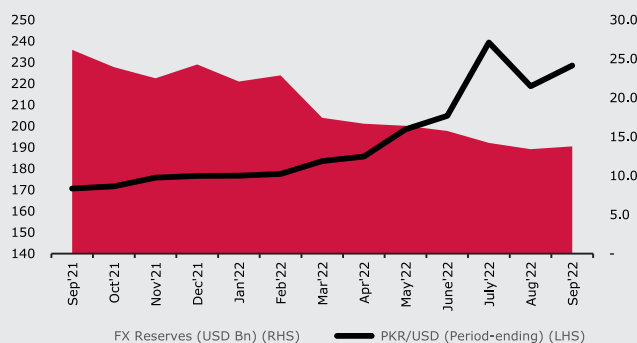
## INFLATION



Source: ZAKHEERA

The national CPI during the month of Sep'22 clocked in at 23.20% compared to 27.30% in the previous month.

## PKR/USD PARITY VS FX RESERVES



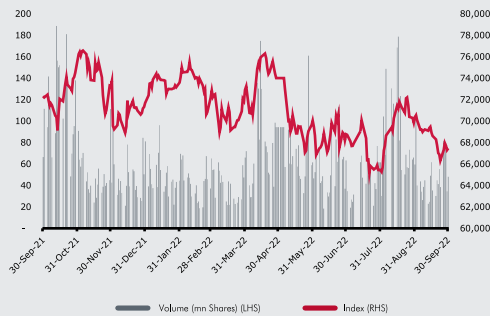
Source: ZAKHEERA

FX reserves during the month fell by (USD 0.584 Bn) to stand at (USD 14.346 Bn), while the PKR depreciated by 4.43% to PKR 228.452 against the USD.

# CAPITAL MARKETS UPDATE

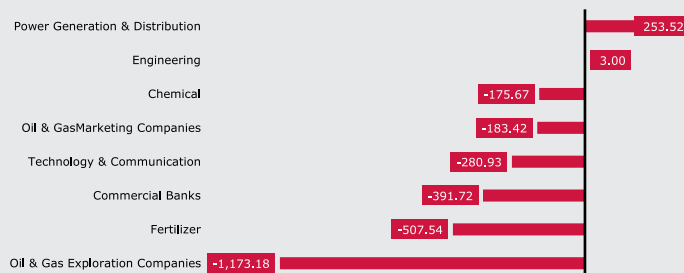
## EQUITY MARKET

### KMI -30 ONE YEAR PERFORMANCE



The KMI-30 index lost 2,884 points during Sep'22 (4.10% M/M), the loss was mainly because of investor weak sentiments over uncertain economic conditions. Average Traded Volume stood at 48mn shares posting a decline of 45.95% M/M compared to the last month, while Average Traded Value dipped to PKR 68,448mn in Sep'22 (-2.09% M/M).

### SECTOR WISE TOP CONTRIBUTORS



The sectors contributing towards the index's gain during the month were topped by Power Generation & Distribution (253.52 points) Engineering (3.00 points) while the negative contributors were Oil & Gas Exploration which declined (-1173.18 points) and Fertilizers which contributed (-507.54 points)

## SECONDARY MARKET PKISRV

INSTRUMENT	SEP-22	AUG-22	CHANGE
GOPI 30-04-2025	96.89	96.91	(0.02)
GOPI 29-05-2025	100.08	100.16	(0.08)
GOPI 24-06-2025	99.73	99.75	(0.02)
GOPIV-29-07-2025	100.45	101.10	(0.65)
GOPIF-29-07-2025	88.92	93.61	(4.69)
GOPIV-09-12-2025	99.75	99.72	0.03
GOPIF-20-01-2026	93.69	93.73	(0.04)
GOPIV-06-10-2026	99.75	99.73	0.02
GOPIF-06-10-2026	92.69	93.46	(0.77)
GOPIV-29-10-2026	99.89	99.92	(0.03)
GOPIF-15-12-2026	96.00	96.00	0.00
GOPIF-27-04-2027	98.70	98.72	(0.02)
GOPIV-27-04-2027	99.64	99.57	0.07

Source: MUJAP

Secondary market of GoP Ijara (VRR) remained jittery 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 month, variable rate rental GOP Ijara target was revised to PKR 50bn instead of PKR 75bn. The participation witnessed was only PKR 43bn out of these bids PKR 17.5bn were accepted only at a cut-off spread of +10 bps. Similarly, on the other hand the target of fixed rate rental GOP Ijara was revised to PKR 10bn instead of PKR 25bn, participation of PKR 12.5 bn was received. However, GoP only accepted bids of PKR 74 mn at 12.90% down by 3bps compared to last cut-off.



# 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%. 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 propel the benchmark index include:

- **Pakistan has got a rollover of debt from few bilateral lenders.**
- **Commodity decline gaining momentum (Brent Crude Oil: 8.8% M/M Decline in Sep'22).**
- **Increased probability of Pakistan's exit from FATF's grey list.**
- **Commitments from international donors on account of flood relief.**

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 last months, both Conventional and Islamic money markets remained tempestuous as secondary market yields remained volatile across the board ranging in between -30bps to 25bps across the tenors and instruments. Going forward, financial assistance from bilateral, multilateral and international financial institutions, decision of global watch-dog on removing Pakistan from grey list, trajectory of global commodity price and domestic economic and political dynamics will guide the pathway of debt market. We expect money market yield will likely decrease over the course of upcoming months. Our portfolios are well aligned with diverse allocation in 3 months T-bills, 12 months instruments and 5 years fixed rate PIBs.

## FUND WISE STRATEGY

- **Managed Takaful Fund:** This fund offers an ideal mix of high yielding deposits (29%), government securities (49%) and 7% high rated corporate sukus. Taking a prudent approach in current uncertain economic situation, exposure in equities is contained to mere 4%.
- **Capital Growth Takaful Fund:** The participants of Capital Growth Takaful Fund are expected to earn decent risk adjusted returns from its equity exposure of 55% 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.

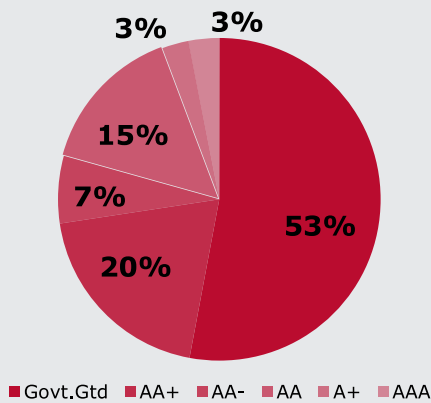
## FUND MANAGER'S COMMENTS

During the month of September 2022 Managed Takaful Fund's (MTF) Unit Price increased by PKR 3.47 (0.46%). The fund's allocation to government securities stands at 48.65% at month end against 48.61% last month while allocation to equities is at 3.97% versus 7.25% last month. Within sectors, the fund is tilted towards Oil & Gas (Exploration Companies) with a total allocation of 31.2% followed by Pharmaceuticals, Cement and Fertilizers with a sector allocation of 21.59%, 15.69% and 11.77% respectively.

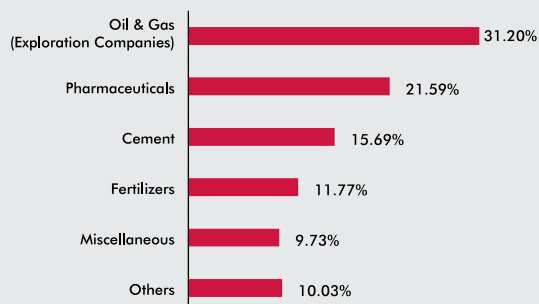
### 12-M ROLLING FUND PRICE



### ASSET QUALITY (Debt Securities)



### SECTOR ALLOCATION (Equities)



## FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Managed Takaful Fund
Fund Size	PKR 14,506 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (30.09.2022)	PKR 753.02
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	0.46%
3 months	2.78%
12 months	4.84%
Calendar YTD	4.60%
Since Inception (annualized)	5.87%
5 Years (annualized)	4.54%

## ASSET ALLOCATION

ASSETS	SEPTEMBER-22	AUGUST-22
Government Securities	48.65%	48.61%
Sukuks	6.91%	6.89%
Cash and Short Term Deposits	29.40%	27.51%
Equities	3.97%	7.25%
Mutual Funds	11.08%	9.75%

# 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.

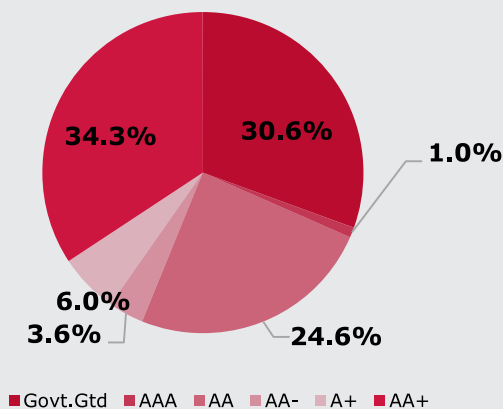
## FUND MANAGER'S COMMENTS

During the month of September 2022 Capital Growth Takaful Fund's (CGTF) Unit Price decreased by PKR 15.43 (-2.47%). The fund's allocation to equities stands at 54.58% at month end against 57.33% last month while allocation to government securities is at 12.52% versus 11.59% last month. Within sectors, the fund is tilted towards Oil & Gas (Exploration Companies) with a total allocation of 25.1% followed by Cement, Pharmaceuticals and Commercial Banks with a sector allocation of 16.45%, 10.74% and 6.81% respectively.

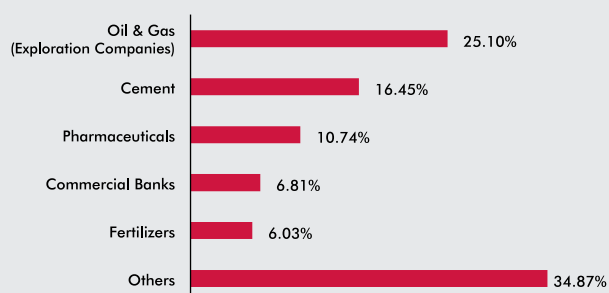
### 12-M ROLLING FUND PRICE



### ASSET QUALITY (Debt Securities)



### SECTOR ALLOCATION (Equities)



## FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Capital Growth Takaful Fund
Fund Size	PKR 11,357 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (30.09.2022)	PKR 608.57
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	-2.47%
3 months	0.36%
12 months	-8.71%
Calendar YTD	-7.07%
Since Inception (annualized)	2.78%
5 Years (annualized)	-0.78%

## ASSET ALLOCATION

ASSETS	SEPTEMBER-22	AUGUST-22
Government Securities	12.52%	11.59%
Sukuks	4.85%	4.64%
Cash and Short Term Deposits	13.98%	14.55%
Equities	54.58%	57.33%
Mutual Funds	14.07%	11.89%



# TAKAFUL INCOME FUND

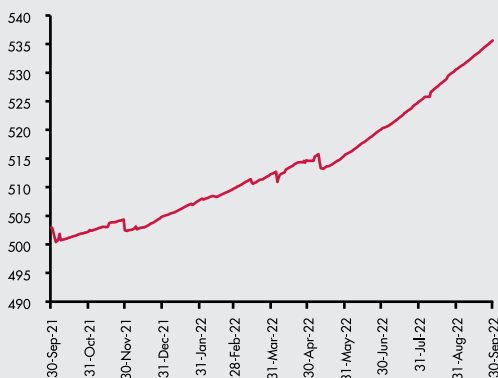
## FUND OBJECTIVE

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.

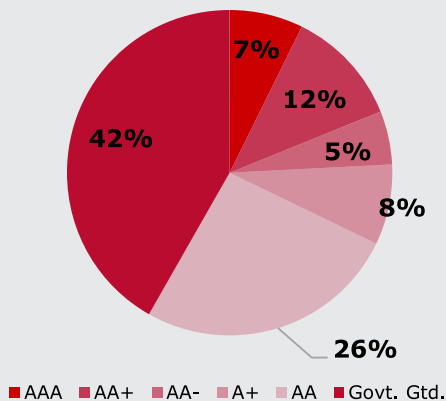
## FUND MANAGER'S COMMENTS

During the month of September 2022 Takaful Income Fund's (TIF) Unit Price increased by PKR 5.02 (0.95%). The fund's allocation to government securities stands at 35.17% at month end against 42.02% last month while allocation to cash and short term deposits is at 50.07% versus 46.75% last month.

### 12-M ROLLING FUND PRICE



### ASSET QUALITY (Debt Securities)



## FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Takaful Income Fund
Fund Size	PKR 939 Million
Launch Date	01.08.2021
Bid Price (01.08.2021)	PKR 524.92
Bid Price (30.09.2022)	PKR 535.61
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	0.95%
3 months	2.97%
12 months	6.50%
Calendar YTD (annualized)	8.23%
Since Inception (annualized)	6.09%
5 Years (annualized)	N/A
10 Years (annualized)	N/A

## ASSET ALLOCATION

ASSETS	SEPTEMBER-22	AUGUST-22
Government Securities	35.17%	42.02%
Term Finance Securities	6.10%	7.27%
Cash and Short Term Deposits	50.07%	46.75%
Mutual Funds	8.66%	3.95%

# TAKAFUL BALANCED FUND

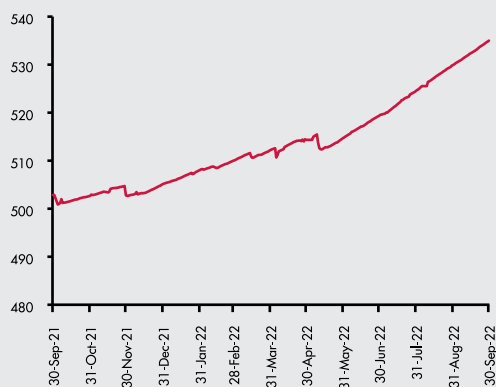
## FUND OBJECTIVE

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.

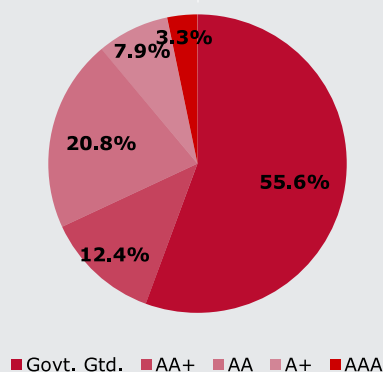
## FUND MANAGER'S COMMENTS

During the month of September 2022 Takaful Balance Fund's (TBF) Unit Price increased by PKR 5.04 (0.95%). The fund's allocation to government securities stands at 52.81% at month end against 55.85% last month while allocation to cash and short term deposits is at 31.47% versus 27.56% last month.

### 12-M ROLLING FUND PRICE



### ASSET QUALITY (Debt Securities)



## FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Takaful Balanced Fund
Fund Size	PKR 338 Million
Launch Date	01.08.2021
Bid Price (01.08.2021)	PKR 500.00
Bid Price (30.09.2022)	PKR 535.01
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	0.95%
3 months	3.01%
12 months	6.39%
Calendar YTD	5.91%
Since Inception (annualized)	5.98%
5 Years (annualized)	N/A
10 Years (annualized)	N/A

## ASSET ALLOCATION

ASSETS	SEPTEMBER-22	AUGUST-22
Government Securities	52.81%	55.85%
Term Finance Securities	10.19%	10.75%
Cash and Short Term Deposits	31.47%	27.56%
Mutual Funds	5.53%	5.84%

# TOP TEN HOLDINGS

## MANAGED TAKAFUL FUND

MARI
POL
ABOT
ENGRO
LUCK
HINOON
SHFA
OGDC
MICF
AGHA

## CAPITAL GROWTH TAKAFUL FUND

MARI
LUCK
MEBL
OGDC
ENGRO
POL
MICF
HUBC
PPL
ILP

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**Jubilee Life Insurance Company Limited**

**Window Takaful Operations**

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