



# INVESTMENT FACT SHEET

FOR THE MONTH OF AUGUST 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 Policy Holders,

The month of Aug'22 saw mixed developments from an economic point of view. On the positive front, IMF disbursement was the significant breakthrough, while the floods in Sindh and Balochistan were the major negatives. Major highlights during the month included:

- **The country's Current Account Deficit declined M/M by 44.7% to reach USD 1.21bn in July'22, mainly pushed down by declining imports.**
- **The CPI for Aug'22 clocked in at 27.30%, on account of rise in energy, food, and transport indices.**
- **Rupee gained 8.6% against the USD to close at 218.72 for the month.**
- **Pakistan secured the IMF program by inking Staff level agreement with the lender.**
- **Decline in international commodity prices (Brent Crude Oil: 12.3% M/M decline in Aug'22).**
- **Heightened political noise.**

The challenges on the economic front continued as demand remained moderate as evident by recent offtake/sales numbers of Cement, Petroleum Products, Automobiles and Fertilizer sector. The country's sovereign bonds yield declined slightly in the longer tenor instruments on account of positive movement on IMF front. The government adhered to completing the pre-conditions of reviving the stalled IMF program. Energy prices were revised, alongside an increase in Petroleum Levy on fuel. Apart from the IMF there were commitments by friendly countries for economic assistance including China, Saudi Arabia, and the UAE. The SBP put a brake on interest rate hike as Monetary Policy Committee maintained status quo citing cautious approach in near term. The Central bank noted that close observation on monthly economic data will be maintained for inflation outlook coupled with movement in global commodities and interest rate decisions by major central banks of the world. We expect improvement on the external front with the IMF loan disbursement, however, the damages caused by floods pose risk to current account position.

The FX reserves declined to USD13.40bn as on 26th August 2022 from USD14.02bn seen a month earlier due to increased debt payment and lack of external financing flows. The PKR took a breather during the month closing at 218.72 against the USD posting a gain of 8.63% M/M. Decline in trade deficit along with the positive nod from IMF were the major contributors behind the currency improvement. However, inflation is showing no signs of ease as the weekly Sensitive Price Inflation (SPI) reached 44.58% YoY for the week ended 25th August 2022.

Towards the last leg of the month, sentiments improved as IMF disbursed USD 1.16 billion, taking the total disbursement under the EFF program to USD 4 billion. Furthermore, the program has been extended till June 2023 and total amount is increased from USD 6 billion to USD 6.5 billion.

# ECONOMY UPDATE

## MACROECONOMIC INDICATORS

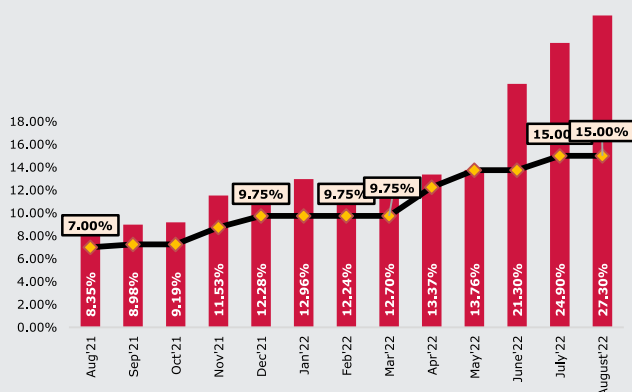
KEY STATISTICS	REPORTED MONTH	CURRENT	PREVIOUS	FYTD
Trade Deficit (USD mn)	July'22	(3,090)	(3,898)	(3,090)
Remittances (USD mn)	July'22	2,524	2,761	2,524
Current A/C Balance (USD mn)	July'22	(1,210)	(2,187)	(1,210)
FDI (USD mn)	July'22	59	271	59
Tax Collection* (PKR bn)	August'22	489	458	947
M2 Growth	-	-	-	13.51%

Source SBP, FBR

\* Provisional figures

The trade deficit figures of the country declined to USD 3,090 Mn (-20.73% M/M) for July'22, the current account deficit also declined during the month to reach USD 1,210 Mn vs USD 2,187 Mn in the month of July. The remittances declined by \$237 Mn to land at \$2,524 Mn while FBR's tax collection in the current fiscal year stood at PKR 947 Bn.

## INFLATION

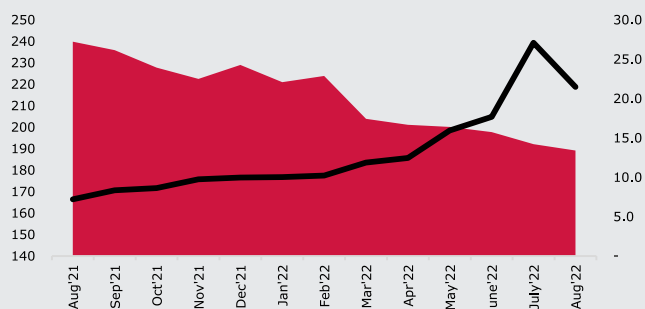


Source: ZAKHEERA

The national CPI during the month of Aug'22 clocked in at 27.30% compared to 24.90% in the previous month.

## PKR/USD PARITY VS FX RESERVES

PKR/USD PARITY VS FX RESERVES



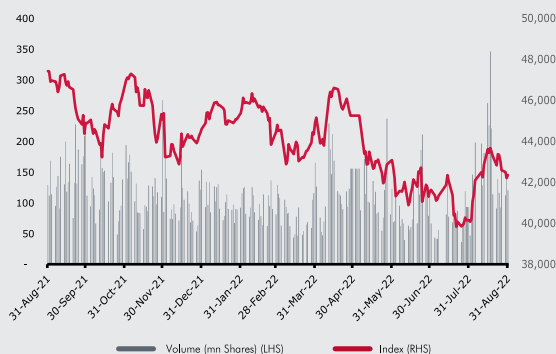
Source: ZAKHEERA

FX reserves during the month fell by (USD 0.51 Bn) to stand at (USD 13.521 Bn), while the PKR appreciated by 8.63% to PKR 218.72 against the USD.

# CAPITAL MARKETS UPDATE

## EQUITY MARKET

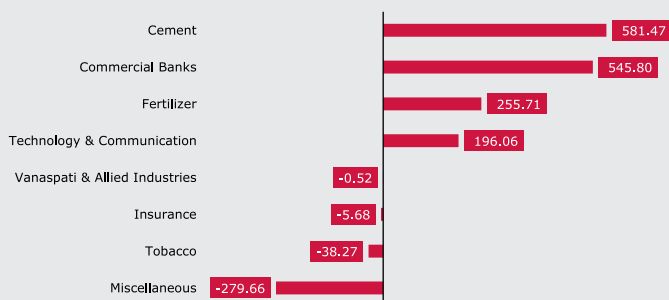
### KSE-100 ONE YEAR PERFORMANCE



Source: PSX

The index gained upward momentum during the month under review on account of lower trade deficit numbers in July'22 and positive news flow on the lending front (IMF and bilateral). Resultantly, KSE-100 gained (2,201 points) during Aug'22 to clock in at (42,531 points) while, average traded volume and value of the KSE-All Share index increased by 125.869%(M/M) and 14.299% (M/M) standing at (181 Mn shares) and PKR (7,210 Mn) respectively.

### SECTOR WISE TOP CONTRIBUTORS



Source: ZAKHEERA

The sectors that have positively impacted the KSE-100 Index include Cement (581.47 points), Commercial Banks (545.80 points), Fertilizer (255.71 points) and Technology & Communication contributed (196.06 points). While the negatively contributing sectors during the month of Aug'22 were; Miscellaneous (-279.66 points), Tobacco (-38.27 points), Insurance (-5.68 points) and Vanaspati & Allied Industries (-0.52 points).

## DEBT MARKET

### YIELD CURVE



Source: MUFAP

During the month, SBP accepted PKR 1,221bn in auction of T-bills against the target of PKR 1,300bn, the cut-off rates remained unchanged at 15.7949% (+0.5 bps MoM), 15.8497% (+0.4 bps MoM) and 15.9350% (+0 bps MoM) for 3-month, 6-month and 12-month tenor, respectively. The floating-rate PIB auctions witnessed a participation of PKR 663bn against target of PKR 100bn, of which MoF accepted bids worth PKR 455bn at cut-off spreads ranging between 55-110 bps above benchmark. The auction witnessed a significant participation of PKR 566bn in fixed maturity bonds, however the GoP restricted the supply to PKR 228bn fixed PIBs compared to the target amount of PKR 175bn. Cut-off rates for 3-year and 5-year bonds clocked-in at 13.9473% (-5 bps MoM), 13.4000% (-5 bps MoM) while bids for 10-year was rejected respectively.

### INTEREST RATE

INSTRUMENT	AUG-22	JUL-22
Kibor-3 Month	15.92%	15.77%
Kibor-6 Month	16.00%	15.88%
Kibor-12 Month	16.35%	16.23%

Source: SBP



# 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:

- **Pakistan has finally managed to re-enter the IMF program.**
- **Commodity decline gaining momentum (Brent Crude Oil: 12.3% M/M decline in Aug'22).**
- **Increased probability of Pakistan's exit from FATF's grey list.**
- **Increased probability of receiving assistance from international donors on account of flood relief.**

Despite 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 choppy as secondary market yields remained range bound in between -5bps to 15bps across the tenors and instruments. Going forward, based on respite to the external account amid re-entry into the IMF program, softening commodity cycle, improved outlook on the political front and increased probability of Pakistan's exit from FATF's grey list, we expect money market yield will likely decrease over the course of two to three months, however, in September, due to massive maturities yields will remain in pressure as participants would try to rollover T-bills at higher rates. 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 Fund:** The managed fund's aggressive exposure towards fixed income (85% allocation) allows it to capture the high yields on offer in these instruments. The fund's 15% exposure in equities makes it well poised to gain from any upwards movement in the equity market.
- **Capital Growth Fund:** This fund's heavy concentration in equity securities (78%) offers an ideal upside opportunity for policyholders in the event of an up-move in the equity market. An optimal mix of growth stocks within equities provides an ideal avenue for long term capital growth, while a 22% tilt in favour of fixed income gives decent downside protection.
- **Yaqeen Growth Fund:** YGF's high allocation tilt in fixed income makes it ideally placed for capturing high returns given double digit interest rates. While the fund's duration allows it to make the most of any opportunity arising due to changes in the yield curve.
- **Meesaq Fund:** Our Meesaq fund offers its policyholders with decent downside protection through a 57% allocation in low duration instruments, along with a 13% equity allocation it stands to provide decent risk adjusted return for the medium to long term. The fund also provides a 26% exposure in high yielding deposits, thereby allowing maximum benefit from any opportunity in the yield curve.

# MANAGED FUND

## FUND OBJECTIVE

To maximize capital appreciation by investing in a balanced portfolio of wide range of shares, Government and other fixed income securities and bank deposits.

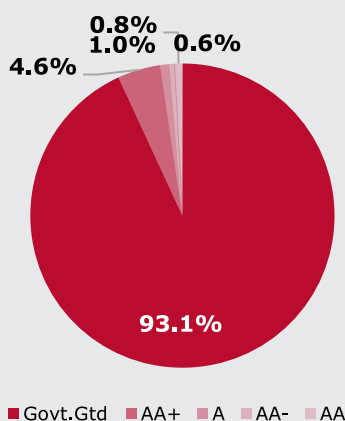
## FUND MANAGER'S COMMENTS

During the month of August 2022 Managed Fund's (MF) Unit Price increased by PKR 27.06 (2.04%). The fund's allocation to government securities stands at 78.01% at month end against 71.61% last month while allocation to equities is at 15.05% versus 15.7% last month. Within sectors, the fund is tilted towards Commercial Banks with a total allocation of 28.15% followed by Oil & Gas (Exploration Companies), Pharmaceuticals and Automobile Assembler & Parts with a sector allocation of 17.93%, 11.85% and 7.35% respectively.

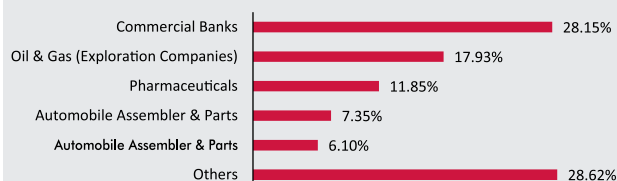
### 12-M ROLLING FUND PRICE



### ASSET QUALITY (Debt Securities)



### SECTOR ALLOCATION (Equities)



## FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Managed Fund
Fund Size	PKR 84,814 Million
Launch Date	31.12.1996
Bid Price (31.12.1996)	PKR 99.50
Bid Price (31.08.2022)	PKR 1,353.29
Category	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	2.04%
3 months	2.01%
12 months	0.18%
Calendar YTD	1.88%
Since Inception (annualized)	10.70%
5 Years (annualized)	4.22%
10 Years (annualized)	7.62%

## ASSET ALLOCATION

ASSETS	AUGUST-22	JULY-22
Government Securities	78.01%	71.61%
Term Finance Securities	6.25%	6.24%
Cash and Short Term Deposits	0.68%	0.73%
Equities	15.05%	15.70%
Mutual Funds	0.00%	5.73%

# CAPITAL GROWTH FUND

## FUND OBJECTIVE

The objective of the fund is to maximize returns to policyholders by investing mainly in equity portfolio and partly in Government securities, Term Finance Certificates and bank deposits.

## FUND MANAGER'S COMMENTS

During the month of August 2022 Capital Growth Fund's (CGF) Unit Price increased by PKR 36.88 (5.46%). The fund's allocation to government securities stands at 19.75% at month end against 19.33% last month while allocation to equities is at 77.93% versus 79.03% last month. Within sectors, the fund is tilted towards Commercial Banks with a total allocation of 22.22% followed by Oil & Gas (Exploration Companies), Cement and Pharmaceuticals with a sector allocation of 21.8%, 12.9% and 8.38% respectively.

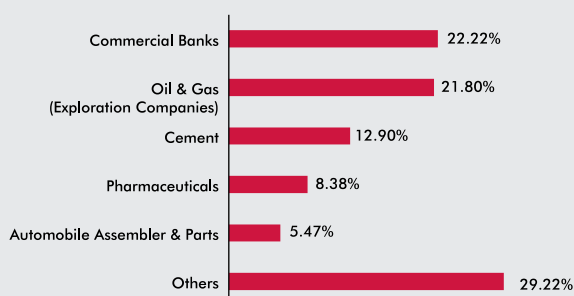
### 12-M ROLLING FUND PRICE



### ASSET QUALITY (Debt Securities)



### SECTOR ALLOCATION (Equities)



## FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Capital Growth Fund
Fund Size	PKR 25,537 Million
Launch Date	28.07.2004
Bid Price (27.04.2004)	PKR 100.00
Bid Price (31.08.2022)	PKR 712.61
Category	Equity 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	5.46%
3 months	- 0.64%
12 months	- 15.50%
Calendar YTD	- 8.68%
Since Inception (annualized)	11.46%
5 Years (annualized)	- 5.02%
10 Years (annualized)	8.62%

## ASSET ALLOCATION

ASSETS	AUGUST-22	JULY-22
Government Securities	19.75%	19.33%
Cash and Short Term Deposits	2.32%	1.64%
Equities	77.93%	79.03%



# MEESAQ FUND

## FUND OBJECTIVE

The objective of the Meesaq fund is to provide an opportunity to investors who want interest free returns. The instruments in which the Meesaq fund invests are selective stocks, sukuk, short term deposits in Islamic banks / Islamic bank branches, Islamic mutual funds and other valid interest-free investments.

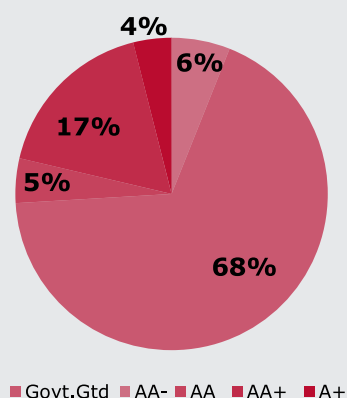
## FUND MANAGER'S COMMENTS

During the month of August 2022 Meesaq Fund's Unit Price increased by PKR 19.04 (1.65%). The fund's allocation to sukuk stands at 57.04% at month end against 43.09% last month while allocation to equities is at 13.51% versus 13.17% last month. Within sectors, the fund is tilted towards Oil & Gas (Exploration Companies) with a total allocation of 28.44% followed by Pharmaceuticals, Chemicals and Fertilizers with a sector allocation of 17.52%, 11.93% and 8.76% respectively.

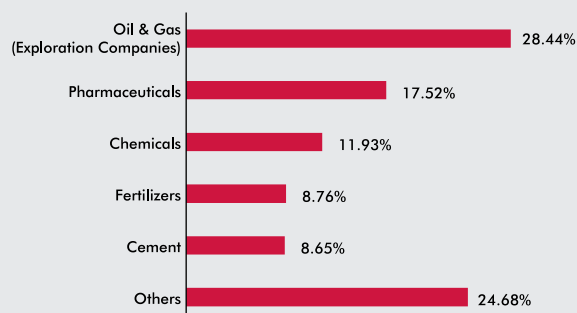
### 12-M ROLLING FUND PRICE



### ASSET QUALITY (Debt Securities)



### SECTOR ALLOCATION (Equities)



## FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Meesaq Fund
Fund Size	PKR 6,496 Million
Launch Date	27.03.2008
Bid Price (27.03.2008)	PKR 475.00
Bid Price (31.08.2022)	PKR 1,170.01
Category	Non-interest bearing Investment portfolio
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	1.654%
3 months	2.427%
12 months	- 0.002%
Calendar YTD	2.615%
Since Inception (annualized)	6.442%
5 Years (annualized)	2.668%
10 Years (annualized)	6.796%

## ASSET ALLOCATION

ASSETS	AUGUST-22	JULY-22
Sukuk	57.04%	43.09%
Cash and Short Term Deposits	25.69%	40.01%
Equities	13.51%	13.17%
Mutual Funds	3.77%	3.73%

# Yaqeen Growth Fund

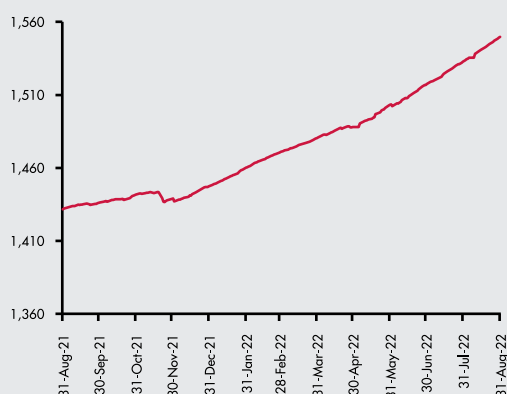
## FUND OBJECTIVE

This fund has been formed to enable Jubilee Life's policyholders to participate in a diversified portfolio of Fixed Income Securities with minimal exposure to equity. Yaqeen Growth fund is suitable for those who wish to earn steady returns on investments through full exposure to debt securities and minimum risk of capital erosion.

## FUND MANAGER'S COMMENTS

During the month of August 2022 Yaqeen Growth Fund's (YGF) Unit Price increased by PKR 17.02 (1.11%). The fund's allocation to government securities stands at 95.66% at month end against 91.66% last month while allocation to term finance securities is at 1.97% versus 2.06% last month.

### 12-M ROLLING FUND PRICE



### ASSET QUALITY (Debt Securities)



■ Govt.Gtd

## FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Yaqeen Growth Fund
Fund Size	PKR 9,494 Million
Launch Date	01.06.2009
Bid Price (01.06.2009)	PKR 475.00
Bid Price (31.08.2022)	PKR 1,549.74
Category	Capital Protected 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	1.11%
3 months	3.10%
12 months	8.24%
Calendar YTD (annualized)	10.81%
Since Inception (annualized)	9.33%
5 Years (annualized)	9.01%
10 Years (annualized)	9.05%

## ASSET ALLOCATION

ASSETS	AUGUST-22	JULY-22
Government Securities	95.66%	91.66%
Term Finance Securities	1.97%	2.06%
Cash and Short Term Deposits	2.36%	3.46%
Mutual Funds	0.00%	2.81%

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