



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 Policy Holders,

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

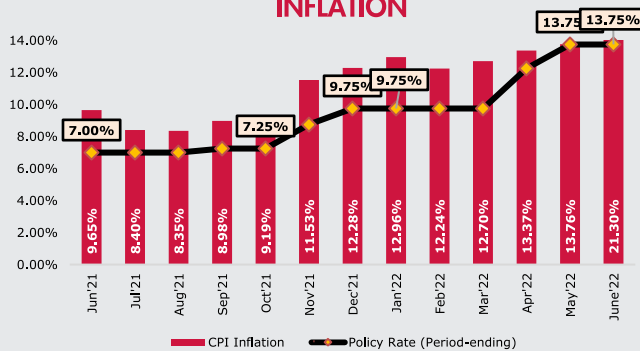
KEY STATISTICS	REPORTED MONTH	CURRENT	PREVIOUS	FYTD
Trade Deficit (USD mn)	May	(3,181)	(2,847)	(36,129)
Remittances (USD mn)	May	2,333	3,125	28,410
Current A/C Balance (USD mn)	May	(1,425)	(623)	(15,199)
FDI (USD mn)	May	141	171	1,598
Tax Collection* (PKR bn)	June	763	490	6,125
M2 Growth	June			10.42%

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.

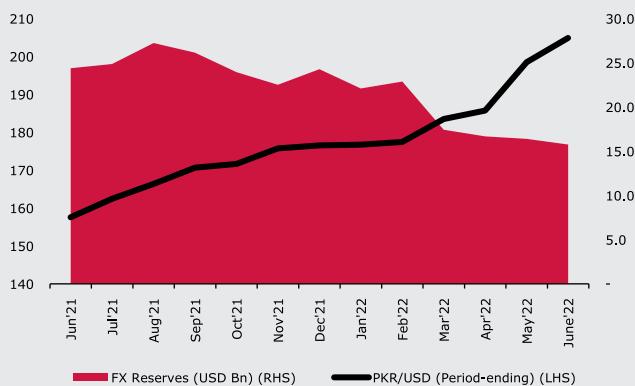
INFLATION



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



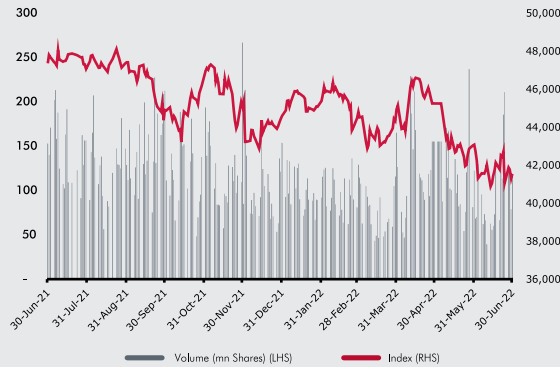
Source: ZAKHEERA

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

KSE-100 ONE YEAR PERFORMANCE



Source: PSX

The index remained under pressure during the month on the back of political and economic uncertainty. KSE-100 lost 1537 points (-3.569%) during June'22. Average traded volume and value of the KSE-All Share Index decreased by 32.28% and 8.14% MoM to stand at 193mn shares and PKR 6,786mn, respectively.

SECTOR WISE TOP CONTRIBUTORS

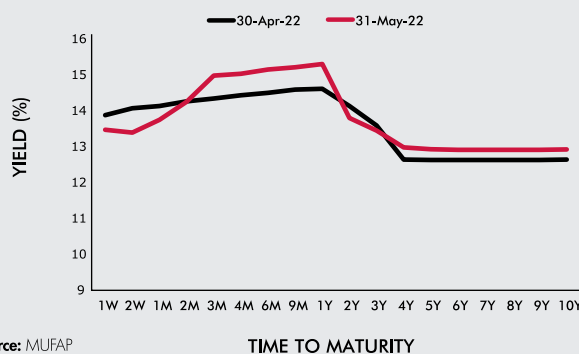


Source: ZAKHEERA

The sectors hauling the index downwards included; Commercial Banks (-1041.62 points), Cement (-113.31 points), Fertilizer (-156.10 points) and Technology & Communication (-105.19 points) while Pharmaceuticals (+47.83 points), Oil and Gas Marketing Companies (+92.23 points) and Power generation and Distribution contributed (+57.20 points).

DEBT MARKET

YIELD CURVE



Source: MUFAP

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. As a result, secondary market the yields remained mix bag. Shorter term tenors (<30 days instruments) yield declined due excess liquidity in the market as participants were reluctant to lock-in funds for even 3 months due to volatility and MPC meeting scheduled on 7th July, 2022. While, 3-12 months T-bills and long term PIBs yield were up by 36 bps to 68 bps on MoM basis.

The T-bill auctions held during the month, against the target of PKR 2300bn, the MoF accepted PKR 3063bn by increasing the cut-off rates to 15.2300% (+73 bps MoM), 14.8001% (+10 bps MoM) and 14.9499% (+19 bps MoM) for 3-month, 6-month and 12-month tenor, respectively. The floating-rate PIB auctions witnessed a participation of PKR 634bn against target of PKR 150bn, of which MoF only accepted bids worth PKR 309bn at cut-off spreads ranging between 50-90 bps above benchmark. The auction witnessed a massive participation of PKR 433bn in fixed maturity bonds, however the GOP accepted the borrowing at low amounting to PKR 124bn fixed PIBs compared to the target amount of PKR 150bn. Cut-off rates for 3-year 5-year clocked-in at 13.9700% (-3 bps MoM), 13.1800% (-1 bps MoM) and bids for 10-year was rejected respectively. Going forward, monetary policy statement, volatility in currency rate and crude oil will guide future the path of secondary market yield.

INTEREST RATE

INSTRUMENT	JUN-22	MAY-22
Kibor-3 Month	15.16%	14.49%
Kibor-6 Month	15.35%	14.70%
Kibor-12 Month	15.73%	15.02%

Source: SBP

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. Further, the rising inflation during the month peaked highest since Dec 2008 and has marked a key concern for deteriorating economy amidst a widening current account crossing the mark of \$15bn. Keeping in view the above the Government going forward is anticipated to take tough measure into right direction to consolidate economy and MPC stance carefully monitoring macros (i.e. CAD, inflation) in order to curtail the serious impediment to the economy.

FUND WISE STRATEGY

- **Managed Fund:** Our managed fund policyholders are well poised with an optimum allocation of 18% in equities to cater broad-based rally in the equities in medium to long term. For Fixed Income, an allocation of more than 80% primarily in low duration instruments coupled with high yielding mutual funds is ideal to capture any opportunity in the yield curve.
- **Capital Growth Fund:** Current equity allocation of capital growth Fund with ideal mix of growth and value stocks is expected to generate decent risk adjusted returns to our policyholders in medium to long term.
- **Yaqeen Growth Fund:** With policy rate in double digits, YGF policyholders are expected to yield a decent return in short term. Furthermore, Yaqeen Growth Fund is staged well to capitalize any opportunity for riding the yield curve.
- **Meesaq Fund:** Our Meesaq fund policyholders with a conservative equity allocation of 14% are set to gain decent risk adjusted return in medium to long term. For Fixed Income, an allocation of 43% primarily in low duration instruments and 42% in high yielding deposits is ideal to capture 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.

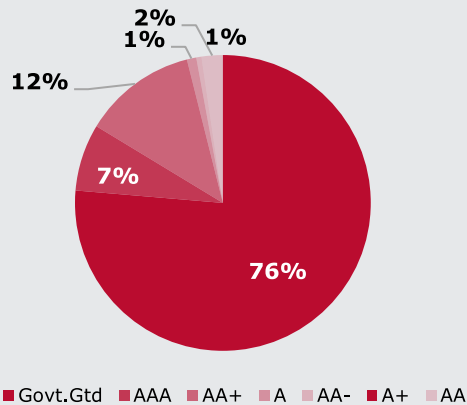
FUND MANAGER'S COMMENTS

During the month of June 2022 Managed Fund's (MF) Unit Price decreased by PKR 2.76 (-0.21%). The fund's allocation to government securities stands at 61.98% at month end against 70.85% last month while allocation to equities is at 17.74% versus 22.09% last month. Within sectors, the fund is tilted towards Commercial Banks with a total allocation of 30.31% followed by Oil & Gas (Exploration Companies), Pharmaceuticals and Power Generation & Distribution with a sector allocation of 19.44%, 10.60% and 6.16% respectively.

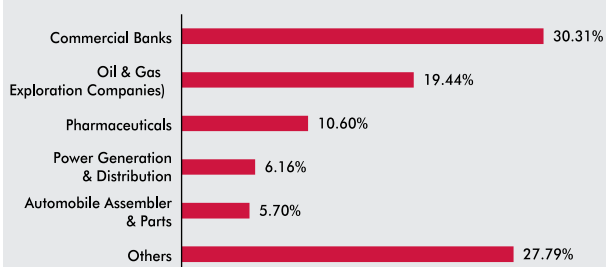
12-M ROLLING FUND PRICE



ASSET QUALITY (Debt Securities)



SECTOR ALLOCATION (Equities)



FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Managed Fund
Fund Size	PKR 84,554 Million
Launch Date	31.12.1996
Bid Price (31.12.1996)	PKR 99.50
Bid Price (30.06.2022)	PKR 1,323.93
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	- 0.21%
3 months	- 1.42%
12 months	- 1.97%
Calendar YTD (annualized)	- 0.68%
Since Inception (annualized)	10.68%
5 Years (annualized)	2.49%
10 Years (annualized)	7.77%

ASSET ALLOCATION

ASSETS	JUNE-22	MAY-22
Government Securities	61.98%	70.85%
Term Finance Securities	6.23%	5.86%
Cash and Short Term Deposits	4.76%	1.20%
Equities	17.74%	22.09%
Mutual Funds	9.29%	-

CAPITAL GROWTH FUND

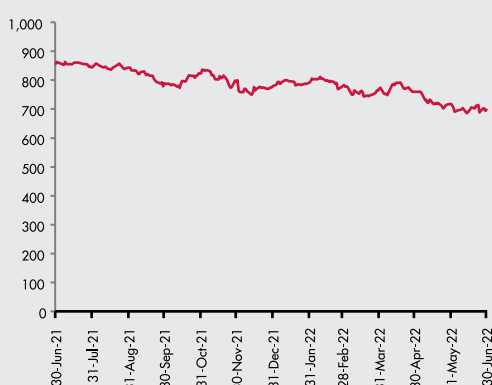
FUND OBJECTIVE

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.

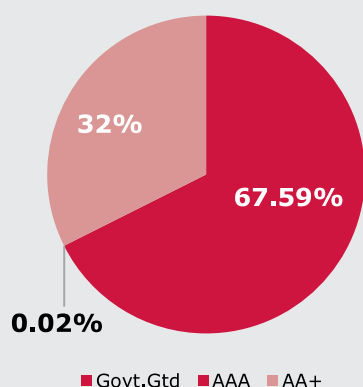
FUND MANAGER'S COMMENTS

During the month of June 2022 Capital Growth Fund's (CGF) Unit Price decreased by PKR 19.41 (-2.71%). The fund's allocation to government securities stands at 11.93% at month end against 17.23% last month while allocation to equities is at 81.32% versus 82.05% last month. Within sectors, the fund is tilted towards Commercial Banks with a total allocation of 22.32% followed by Oil & Gas (Exploration Companies), Cement and Pharmaceuticals with a sector allocation of 21.21%, 11.7% and 8.07% respectively.

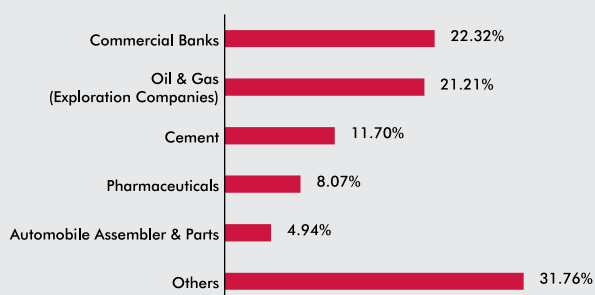
12-M ROLLING FUND PRICE



ASSET QUALITY (Debt Securities)



SECTOR ALLOCATION (Equities)



FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Capital Growth Fund
Fund Size	PKR 25,042 Million
Launch Date	28.07.2004
Bid Price (27.04.2004)	PKR 100.00
Bid Price (30.06.2022)	PKR 697.77
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	- 2.71%
3 months	- 9.39%
12 months	- 18.64%
Calendar YTD (annualized)	- 20.19%
Since Inception (annualized)	11.44%
5 Years (annualized)	- 8.20%
10 Years (annualized)	9.85%

ASSET ALLOCATION

ASSETS	JUNE-22	MAY-22
Government Securities	11.93%	17.23%
Cash and Short Term Deposits	0.75%	0.72%
Equities	81.32%	82.05%
Mutual Funds	6.00%	-

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.

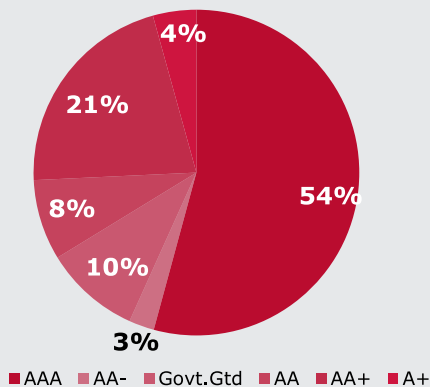
FUND MANAGER'S COMMENTS

During the month of June 2022 Meesaq Fund's Unit Price increased by PKR 1.58 (0.14%). The fund's allocation to sukuk stands at 42.34% at month end against 43.47% last month while allocation to equities is at 13.99% versus 18.89% last month. Within sectors, the fund is tilted towards Oil & Gas (Exploration Companies) with a total allocation of 27.1% followed by Pharmaceuticals, Chemicals and Fertilizers with a sector allocation of 18.27%, 11.27% and 9.09% respectively.

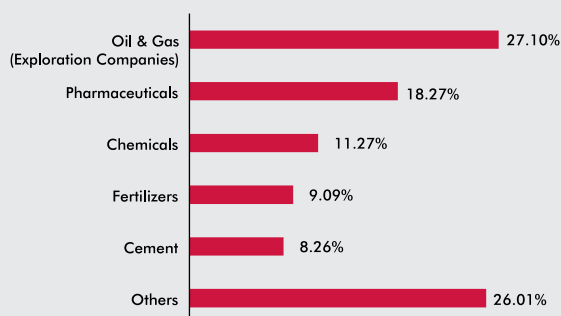
12-M ROLLING FUND PRICE



ASSET QUALITY (Debt Securities)



SECTOR ALLOCATION (Equities)



FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Meesaq Fund
Fund Size	PKR 6,521 Million
Launch Date	27.03.2008
Bid Price (27.03.2008)	PKR 475.00
Bid Price (30.06.2022)	PKR 1,143.86
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	0.14%
3 months	- 0.29%
12 months	- 1.85%
Calendar YTD (annualized)	0.65%
Since Inception (annualized)	6.35%
5 Years (annualized)	0.73%
10 Years (annualized)	6.83%

ASSET ALLOCATION

ASSETS	JUNE-22	MAY-22
Sukuk	42.34%	43.47%
Cash and Short Term Deposits	41.52%	22.20%
Equities	13.99%	18.89%
Mutual Funds	2.15%	15.44%

Yaqeen Growth Fund

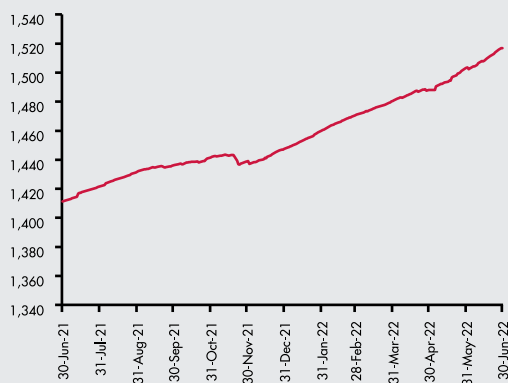
FUND OBJECTIVE

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.

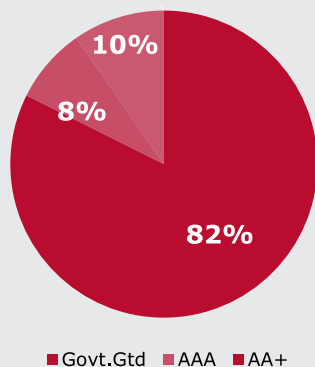
FUND MANAGER'S COMMENTS

During the month of June 2022 Yaqeen Growth Fund's (YGF) Unit Price increased by PKR 13.68 (0.91%). The fund's allocation to government securities stands at 76.84% at month end against 88.84% last month while allocation to term finance securities is at 2.22% versus 2.35% last month.

12-M ROLLING FUND PRICE



ASSET QUALITY (Debt Securities)



FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Yaqeen Growth Fund
Fund Size	PKR 8,636 Million
Launch Date	01.06.2009
Bid Price (01.06.2009)	PKR 475.00
Bid Price (30.06.2022)	PKR 1,516.87
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	0.91%
3 months	2.46%
12 months	7.48%
Calendar YTD (annualized)	9.92%
Since Inception (annualized)	9.28%
5 Years (annualized)	8.22%
10 Years (annualized)	9.02%

ASSET ALLOCATION

ASSETS	JUNE-22	MAY-22
Government Securities	76.84%	88.84%
Term Finance Securities	2.22%	2.35%
Cash and Short Term Deposits	10.80%	3.76%
Mutual Funds	10.14%	5.05%

TOP TEN HOLDINGS

MANAGED FUND

ABOT
ENGRO
HBL
HUBC
ICI
MARI
MCB
POL
THALL
UBL

CAPITAL GROWTH FUND

ENGRO
HBL
HUBC
ICI
LUCK
MARI
MCB
OGDC
PPL
UBL

MEESAQ FUND

ABOT
ENGRO
HINOON
HUBC
ICI
MARI
MEBL
OGDC
POL
PPL

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