



# 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 Policy Holders,

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

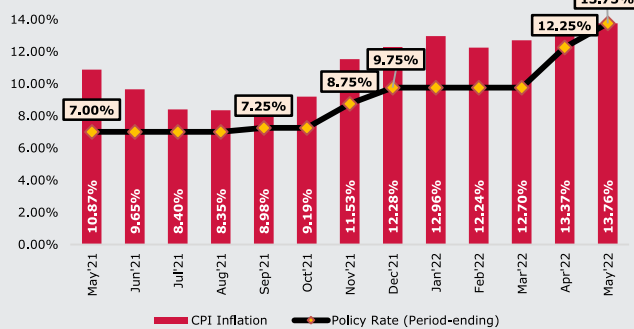
KEY STATISTICS	REPORTED MONTH	CURRENT	PREVIOUS	FYTD
Trade Deficit (USD mn)	Apr'22	(2,847)	(3,176)	(32,948)
Remittances (USD mn)	Apr'22	3,125	2,810	26,077
Current A/C Balance (USD mn)	Apr'22	(623)	(1,015)	(13,779)
FDI (USD mn)	Apr'22	171	(30)	1,457
Tax Collection* (PKR bn)	May'22	490	480	5,349
M2 Growth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

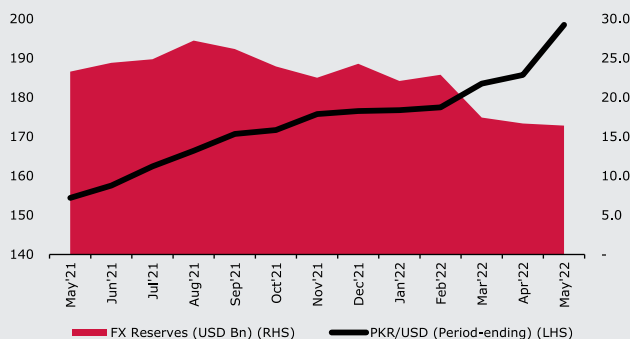
## INFLATION



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



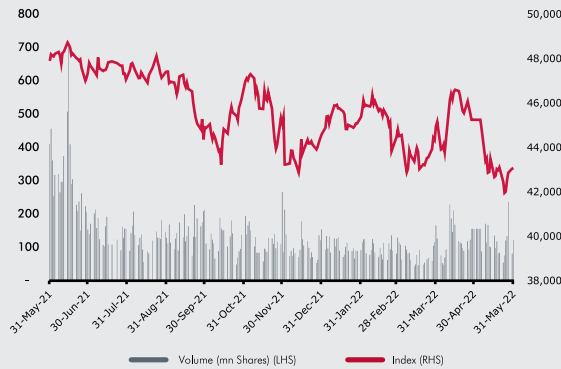
Source: ZAKHEERA

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

### KSE-100 ONE YEAR PERFORMANCE

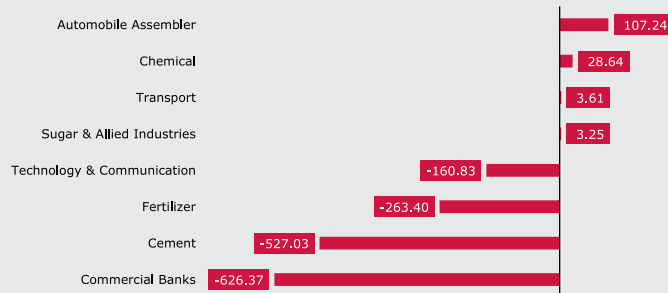


Source: PSX

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 7,227mn, respectively.

### SECTOR WISE TOP CONTRIBUTORS

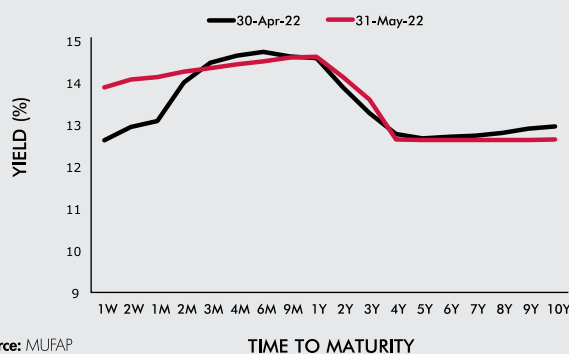


Source: ZAKHEERA

The sectors hauling the index downwards included Commercial Banks (-626.37 points), Cement (-527.03 points), Fertilizer (-263.40 points), and Technology & Communication (-160.83 points), while Automobile Assembler (+107.24 points) and Chemical (+28.64 points) contributed positively to the index.

## DEBT MARKET

### YIELD CURVE



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. Government's tough measure into right direction to consolidate economy and MPC stance to carefully monitoring secondary market yield to align with policy rate, led downtrend in money market in the auction cut-offs and secondary market.

### 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

In T-bill auctions, PKR 350bn was accepted against targeted PKR 500bn, with cut-off rates at 14.4999% (-29 bps MoM), 14.7000% (-29 bps MoM) and 14.7500% (-5 bps MoM) for 3-month, 6-month and 12-month tenor, respectively. Floater PIB auctions witnessed participation of PKR 113bn against target of PKR 100bn, and acceptance of PKR 15bn at cut-off spreads ranging 50-90 bps. In fixed PIB auction, GOP accepted PKR 74bn compared to target of PKR 100bn. Cut-off rates for 3-year 5-year clocked-in at 14.0000% (+70 bps MoM), 13.1900% (+24 bps MoM) and bids for 10-year was rejected respectively



# 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 7.9x 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. Government's tough measure into right direction to consolidate economy and MPC stance to carefully monitoring secondary market yield to align with policy rate, led downtrend in money market in the auction cut-offs and secondary market.

## FUND WISE STRATEGY

- **Managed Fund:** Our managed fund policyholders are well poised with an optimum allocation of 22% in equities to cater broad-based rally in the equities in medium to long term. For Fixed Income, an allocation of more than 75% primarily in low duration instruments 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:** YGF policyholders are expected to yield a decent return in medium term. Furthermore, Yaqeen Growth Fund is staged well to capitalize any opportunity in the yield curve.
- **Meesaq Fund:** Our Meesaq fund policyholders with a conservative equity allocation of 19% 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 22% in high yielding deposits is ideal to capture any opportunity in the yield curve.

# MANAGED FUND

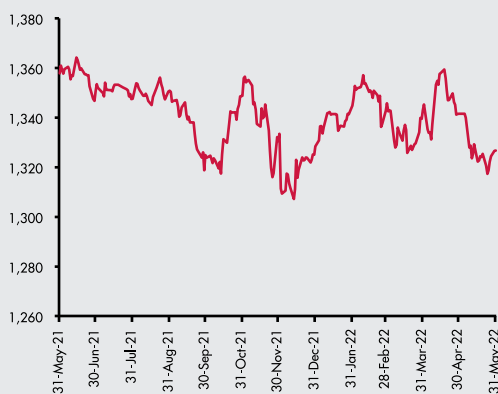
## FUND OBJECTIVE

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

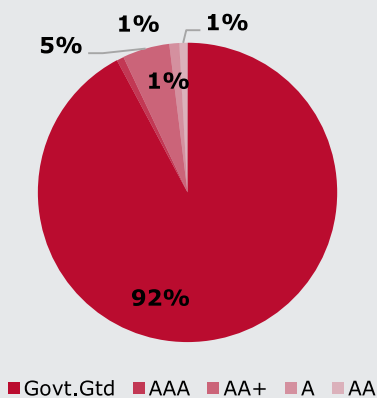
## FUND MANAGER'S COMMENTS

During the month of May 2022 Managed Fund's (MF) Unit Price decreased by PKR 14.94 (-1.11%). The fund's allocation to government securities stands at 70.85% at month end against 67.62% last month while allocation to equities is at 22.09% versus 25.87% last month. Within sectors, the fund is tilted towards Commercial Banks with a total allocation of 27.4% followed by Oil & Gas (Exploration Companies), Cement and Pharmaceuticals with a sector allocation of 16.3%, 12.6% and 8.4% respectively.

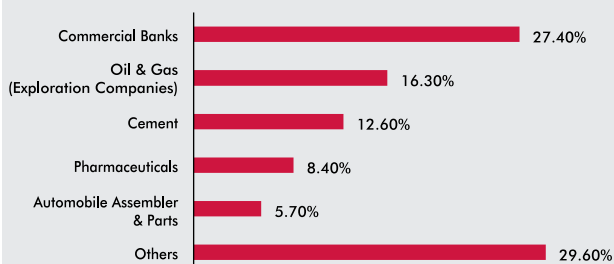
### 12-M ROLLING FUND PRICE



### ASSET QUALITY (Debt Securities)



### SECTOR ALLOCATION (Equities)



## FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Managed Fund
Fund Size	PKR 85,905 Million
Launch Date	31.12.1996
Bid Price (31.12.1996)	PKR 99.50
Bid Price (31.05.2022)	PKR 1,326.69
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	- 1.11%
3 months	- 1.20%
12 months	- 2.30%
Calendar YTD (annualized)	- 0.31%
Since Inception (annualized)	10.72%
5 Years (annualized)	1.93%
10 Years (annualized)	7.85%

## ASSET ALLOCATION

ASSETS	MAY-22	APRIL-22
Government Securities	70.85%	67.62%
Term Finance Securities	5.86%	5.70%
Cash and Short Term Deposits	1.20%	0.81%
Equities	22.09%	25.87%

# CAPITAL GROWTH FUND

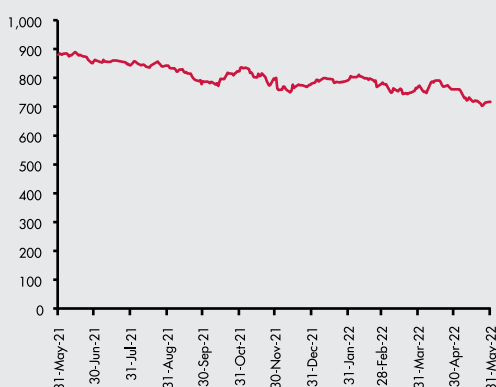
## FUND OBJECTIVE

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.

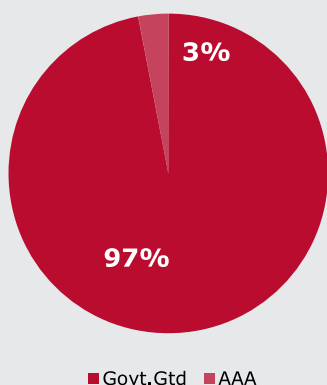
## FUND MANAGER'S COMMENTS

During the month of May 2022 Capital Growth Fund's (CGF) Unit Price decreased by PKR 43.25 (-5.69%). The fund's allocation to government securities stands at 17.23% at month end against 14.41% last month while allocation to equities is at 82.05% versus 83.97% last month. Within sectors, the fund is tilted towards Commercial Banks with a total allocation of 24.04% followed by Oil & Gas (Exploration Companies), Cement and Pharmaceuticals with a sector allocation of 19.97%, 11.67% and 7.02% respectively.

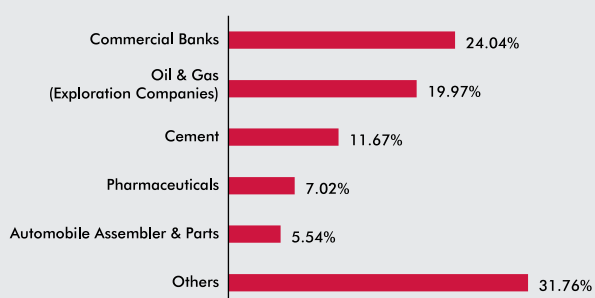
### 12-M ROLLING FUND PRICE



### ASSET QUALITY (Debt Securities)



### SECTOR ALLOCATION (Equities)



## FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Capital Growth Fund
Fund Size	PKR 25,836 Million
Launch Date	28.07.2004
Bid Price (27.04.2004)	PKR 100.00
Bid Price (31.05.2022)	PKR 717.18
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	- 5.69%
3 months	- 7.96%
12 months	- 18.54%
Calendar YTD (annualized)	- 18.46%
Since Inception (annualized)	11.67%
5 Years (annualized)	- 9.31%
10 Years (annualized)	9.93%

## ASSET ALLOCATION

ASSETS	MAY-22	APRIL-22
Government Securities	17.23%	14.41%
Cash and Short Term Deposits	0.72%	1.61%
Equities	82.05%	83.97%



# 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.

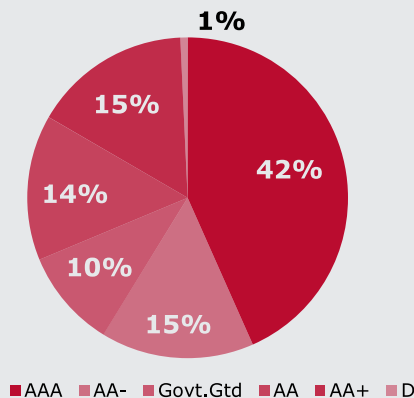
## FUND MANAGER'S COMMENTS

During the month of May 2022 Meesaq Fund's Unit Price decreased by PKR 9.29 (-0.81%). The fund's allocation to sukuk stands at 43.47% at month end against 42.05% last month while allocation to equities is at 18.89% versus 23.18% last month. Within sectors, the fund is tilted towards Oil & Gas (Exploration Companies) with a total allocation of 22.24% followed by Commercial Banks, Cement and Pharmaceuticals with a sector allocation of 15.55%, 13.81% and 12.97% respectively.

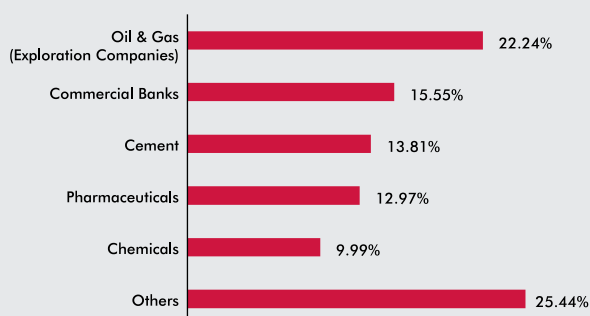
### 12-M ROLLING FUND PRICE



### ASSET QUALITY (Debt Securities)



### SECTOR ALLOCATION (Equities)



## FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Meesaq Fund
Fund Size	PKR 6,638 Million
Launch Date	27.03.2008
Bid Price (27.03.2008)	PKR 475.00
Bid Price (31.05.2022)	PKR 1,142.29
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	- 0.81%
3 months	- 0.20%
12 months	- 3.09%
Calendar YTD (annualized)	0.45%
Since Inception (annualized)	6.38%
5 Years (annualized)	- 0.21%
10 Years (annualized)	6.90%

## ASSET ALLOCATION

ASSETS	MAY-22	APRIL-22
Sukuk	43.47%	42.05%
Cash and Short Term Deposits	22.20%	19.78%
Equities	18.89%	23.18%
Mutual Funds	15.44%	15.00%

# Yaqeen Growth Fund

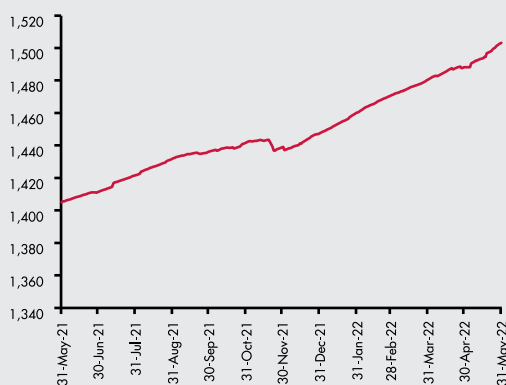
## FUND OBJECTIVE

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.

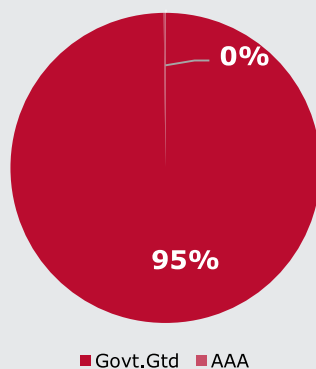
## FUND MANAGER'S COMMENTS

During the month of May 2022 Yaqeen Growth Fund's (YGF) Unit Price increased by PKR 15.08 (1.01%). The fund's allocation to government securities stands at 88.84% at month end against 90.81% last month while allocation to term finance securities is at 2.35% versus 2.52% last month.

### 12-M ROLLING FUND PRICE



### ASSET QUALITY (Debt Securities)



## FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Yaqeen Growth Fund
Fund Size	PKR 8,078 Million
Launch Date	01.06.2009
Bid Price (01.06.2009)	PKR 475.00
Bid Price (31.05.2022)	PKR 1,503.18
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	1.01%
3 months	2.21%
12 months	6.99%
Calendar YTD (annualized)	9.58%
Since Inception (annualized)	9.26%
5 Years (annualized)	7.97%
10 Years (annualized)	9.01%

## ASSET ALLOCATION

ASSETS	MAY-22	APRIL-22
Government Securities	88.84%	90.81%
Term Finance Securities	2.35%	2.52%
Cash and Short Term Deposits	3.76%	1.34%
Mutual Funds	5.05%	5.34%

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