



INVESTORS' OUTLOOK

FOR THE MONTH OF JULY 2017

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ECONOMY AND CAPITAL MARKETS UPDATE

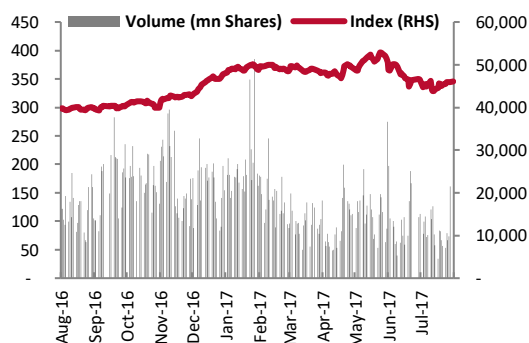
Economic Summary

Key Indicators	Reported Month	Current	Previous	YTD
CPI Inflation	July	2.91%	3.93%	2.91%
Trade Deficit (USD mn)	June	-3,189	-2,648	-26,885
Remittances (USD mn)	June	1,840	1,867	19,303
Current A/C (USD mn)	June	-1,431	-1,625	-12,097
FDI (USD mn)	June	199	295	2,412
Tax Collection ** (PKR bn)	July	210	492	210
M2 Growth*	July			13.69%
FX Reserves* (USD bn)	July			20.28

Source: SBP, FBS

* Latest monthly figures **provisional figures

KSE 100 one year performance



Secondary market PKRVs

Tenor	July-17	June-17	Change (bps)
30 Days	5.92	6.00	-8
60 Days	5.95	5.99	-4
3 Months	5.98	5.99	-1
6 Months	6.00	6.00	0
1 Year	6.03	6.04	-1
3 Year	6.65	6.49	16
5 Year	7.27	7.06	21
10 Year	8.25	8.17	8

Source: MUFAP

Economic Review

CPI inflation during Jul-17 fell to 21-month low of 2.9% YoY from 3.9% YoY in Jun-17 while on sequential basis inflation posted +0.3% increase during Jul-17 vs. -0.4% MoM in Jun-17. Lower inflation was attributable to weaker food / beverage & tobacco / transport inflation of 0.7% YoY/ -15.9% YoY/ 3.2% YoY. Sharp increase in food item prices in Ramadan last year, compared with regulated lower prices this time around, resulted in creating a base effect of -2.7ppt in food inflation (between Jul-17 and Jun-17). While decline in beverage & tobacco, and transport inflation resulted from reduction in prices of cigarettes, and motor fuel prices by 5.6% MoM, and 1.2% MoM, respectively.

On the external front, the current account deficit for FY17 further widened to USD 12bn vs USD 8bn SPY, primarily fueled by rising trade deficit, which clocked at USD 3.2bn for June'17 taking FY17 trade deficit to stand at USD 26.8bn. Rising trade & service deficit is weighing on foreign reserves as SBP's reserve posted a MoM decrease of USD 1,445mn to reach USD 14.7bn (USD 20.3bn total reserves). Remittances provided some boost increasing by 16% YoY in June'17 to reach 11.4n during 7MCYTD (↓ 2%YoY). FDI reached USD 2.4bn, up by 5% YoY during FY17. On fiscal side, tax collection in July 2017 improved by 26.6%YoY as FBR managed to collect PKR210 bn.

Other events that occurred during the month include SBP's MPS announcement for the next two months, keeping policy rate intact at 5.75% while Pak Rupee showed signs of weakness against the greenback, evident from rupee taking a hit of 3.1% on 5th July, however it was quick to recover by the next day.

Equity Market Review

During July'17 the equity market once again delivered a negative return of 1.2% MoM compared to -8.0% recorded in Jun'17 translating into return of - 3.8% in 7MCY17. Major reason for negative performance of the bourse was political uncertainty over the Panama Case as the average volumes during the month declined by 32% MoM to 175mn shares along with average valued traded at USD 91mn (down by 26% MoM).

On the liquidity front, foreign investors offloaded shares worth of USD 37.9mn in the month of Jul'17. Major foreign selling was witnessed in E&Ps (USD 10.84mn), Commercial banks (USD 10.03mn), Power Generation (USD 8.23mn), OMC's (USD 5.72mn) and Cements (USD 4.56mn). However, Insurance & Banks remained the largest local accumulators with a net buy of USD 39mn and USD 21mn, while Mutual Funds sold USD 31mn during the months.

On the sector front, Commercial Banks were the major laggards dragging the Index by 658 pts amid surprising downswing in inflationary reading. Cements (↓548 pts) underperformed the benchmark owing to subdued dispatches growth and price-war concerns while major profit taking was witnessed in Auto Assemblers, contributing -201 pts in KSE100 Index. Relief to the market however, was prompted by Oil & Gas Exploration Companies (+12.9% return) as interest spiked up in PPL (gas pricing for Sui gas fields revised upwards) and MARI (due to above street consensus result outcome). Meanwhile OMC's also delivered a healthy return of 4.1% with SSGC topping the return charts (in the wake of study on UFG losses being completed).

Moving ahead, with result season just around the corner, we feel robust earnings and attractive pay-outs are expected to keep investor confidence intact.

Debt Market Review

In the PIB auction held during the month, the SBP picked up around Rs. 55 bn against a target of Rs. 100 bn with bids received worth Rs 75.6 bn. The yield-curve remained flat as the cut-off yields for 3-year, 5-year and 10-year bonds clocked at 6.4091%, 6.8961% and 7.9360% respectively, while all bids for 20-yr bonds were rejected.

T-bills auction in July witnessed substantial interest with sizeable participation of Rs. 1,709 whereas Rs. 1,616 bn was accepted, against a target of Rs. 1,300 bn. On monthly basis, the cut-off yields for 3-months and 12-month instrument decreased slightly to stand at 5.990% and 6.038% respectively while 6-month yields remained stagnant to close at 6.010%.

MANAGED TAKAFUL FUND

Fund Objective

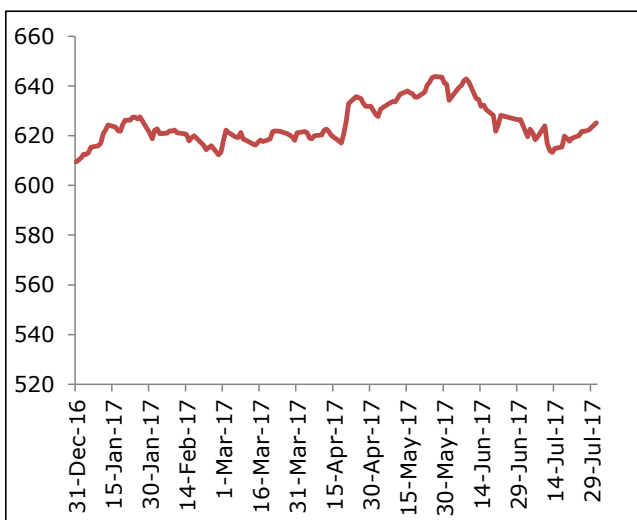
To optimize aggregate long term risk adjusted return through capital appreciation, dividend and profit income by investing in a Balanced Portfolio comprising of Shariah compliant equities, equity mutual funds, Sukuks (Government and Corporate), deposits with Islamic Banks and Windows or any other approved Shariah compliant avenues. The Fund was launched on July 7, 2015.

Fund Information

Description	Information
Fund Name	Managed Takaful Fund
Fund Size	PKR 1,027 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.07.2017)	PKR 625.10
Category	Shariah Compliant Balanced Fund
Pricing Mechanism	Forward on daily basis
Management Fee	1.50% p.a.
Pricing Days	Monday to Friday
Auditors	KPMG
Appointed Actuary	Nauman Cheema, Nauman Associates, Lahore

Fund Returns

During the month of July 2017 Managed Takaful Fund's (MTF) Unit Price decreased by PKR 1.43 (-0.23%) net of fund management fee.



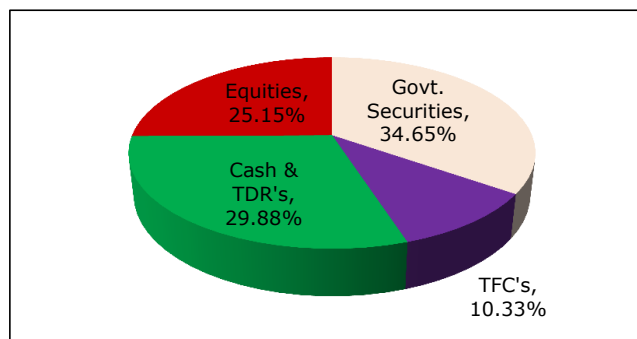
Investment Committee Members

Ayaz Ahmed	Chairman
Javed Ahmed	Member / CEO
Rafiuddin Zakir Mahmood	Member
John Joseph Metcalf	Member
Lilly R. Dossabhoy	Member
Shan Rabbani	Member

Fund Returns

Period	Rate of Return
1 month	-0.23%
3 months	-1.07%
12 months	8.95%
Calendar YTD	2.58%
Since Inception	25.02%

Assets	July-17	June-17
Government Securities	34.65%	11.03%
Term Finance Certificates	10.33%	11.08%
Cash and Short Term Deposits	29.88%	52.29%
Stocks	25.15%	25.59%





CAPITAL GROWTH TAKAFUL FUND

Fund Objective

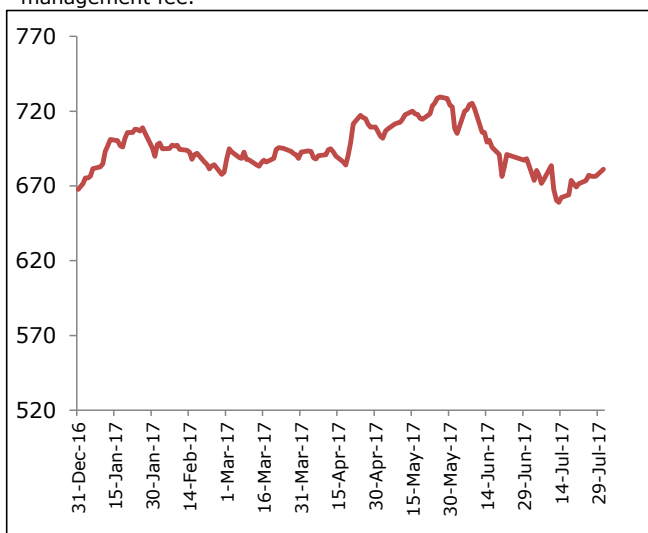
To optimize aggregate long term risk adjusted return through capital appreciation, dividend and profit income by investing in an Aggressive Portfolio primarily comprising of Shariah compliant equities and equity mutual funds with any excess liquidity being invested in Sukuks (Government and Corporate) or deposits with Islamic Banks and Islamic Windows of Conventional Banks.
The Fund was launched on July 7, 2015.

Fund Information

Description	Information
Fund Name	Capital Growth Takaful Fund
Fund Size	PKR 1,748 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.07.2017)	PKR 681.19
Category	Shariah Compliant Equity Fund
Pricing Mechanism	Forward on daily basis
Management Fee	1.50% p.a.
Pricing Days	Monday to Friday
Auditors	KPMG
Appointed Actuary	Nauman Cheema, Nauman Associates, Lahore

Fund Returns

During the month of July 2017 Capital Growth Takaful Fund's (CGTF) Unit Price decreased by PKR 7.06 (-1.03%) net of fund management fee.



Investment Committee Members

Ayaz Ahmed	Chairman
Javed Ahmed	Member / CEO
Rafiuddin Zakir Mahmood	Member
John Joseph Metcalf	Member
Lilly R. Dossabhoy	Member
Shan Rabbani	Member

Assets

	July-17	June-17
Government Securities	26.48%	19.27%
Term Finance Certificates	4.39%	5.01%
Cash and Short Term Deposits	20.40%	27.94%
Stocks	48.74%	47.78%

Fund Returns

Period	Rate of Return
1 month	-1.03%
3 months	-3.96%
12 months	12.99%
Calendar YTD	2.03%
Since Inception	36.24%

