

(WINDOW TAKAFUL OPERATIONS)



(TAKAFUL FUNDS)

FOR THE MONTH OF MAY 2017



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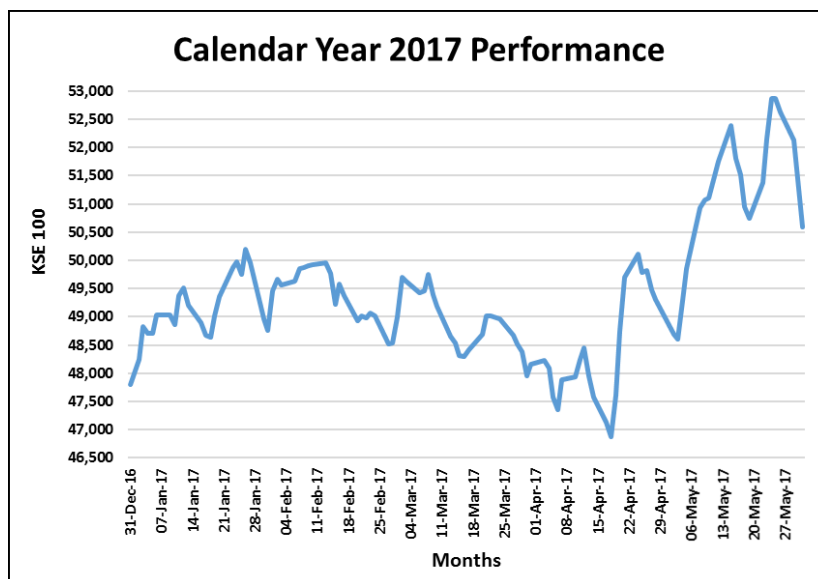
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Equity Market Review

In the eventful month of May'17, KSE-100 Index posted a strong performance of +2.62%MoM (+1,291 points) amid formal inclusion of PSX in the MSCI EM Index. The gains however were limited as the market lost 4% post presentation of FY18 budget as fiscal prudence superceded election year populist measures along with some negative surprises for the market such as increase in tax on dividends, introduction of uniform capital gain tax regime and higher tax on brokers. Further, on Pakistan's inclusion in MSCI-EM Index at month-end, the market surprisingly witnessed sizable net foreign outflows which dampened investor sentiments. Market reached its all-time high (52,876pts) during the month, before succumbing to continuous foreign selling (KSE100 ended 2,284pts/4.3% down from intra month high).

Overall market activity improved as shares traded averaged at 338mn in May-17 up 22%MoM and 40%YoY respectively. Likewise, average value traded stood at PKR19.3bn in May-17 up 48% MoM and 69% YoY. Foreigners once again were net sellers offloading their holdings to the tune of USD141mn in May-17, taking 11MFY17 net outflow to USD639mn compared to net outflow of USD366mn seen in 11MFY16. The huge outflow in the month was attributable to final day selling of USD81mn worth of shares by MSCI Emerging Markets active funds and Frontier Market funds. However, the outflows were effortlessly absorbed by local liquidity led by Individuals (USD +72.9mn), Mutual Funds (USD +46.7mn), Insurance (USD +15.6mn), Brokers (USD +11.9mn) and Banks (USD +4.1mn) while Companies (USD – 5.0mn) and Other Organizations (USD – 9.5mn) remained major net sellers.

Rounding up the market tally for May-2017, the best performing sectors were Engineering (+21% MoM), Oil & Gas (+13% MoM) and Automobile Parts and Accessories (+12% MoM) while Cements (-5% MoM) and Pharmaceuticals (-4% MoM) were major laggards. Drilling down to stock performance, the best performing key stocks within KSE-100 in May-2017 were International Steels (ISL, +28% MoM), Thal Limited (THALL, +22% MoM) and Crescent Steel (CSAP +20%).



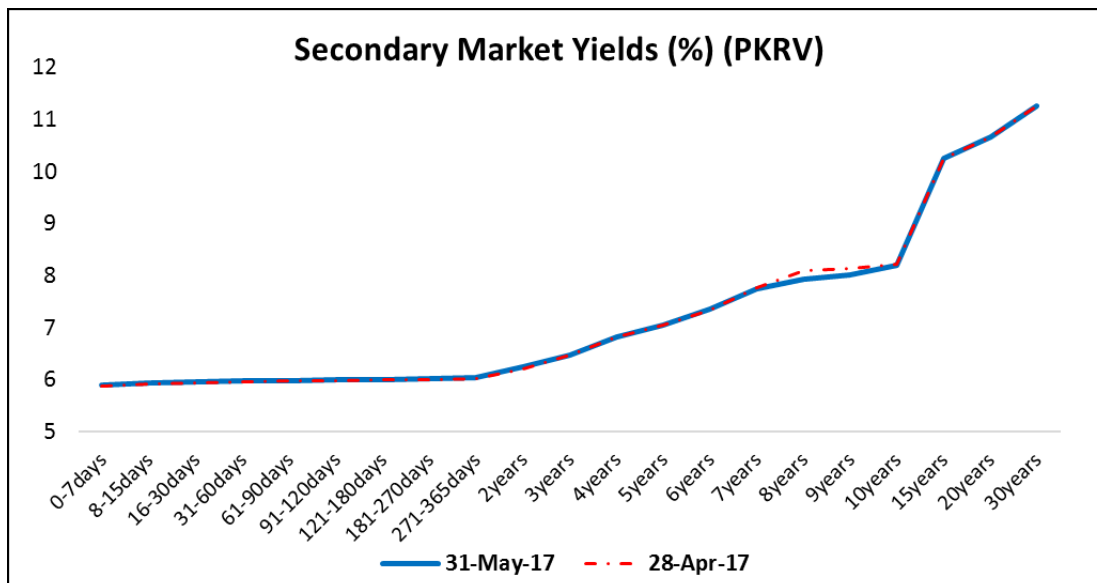
Money Market Review

State Bank of Pakistan (SBP) in its bi-monthly Monetary Policy Statement maintained the policy rate at 5.75%. However, due to rise in commodity prices, surge in imports and higher money supply; SBP anticipates increase in CPI inflation during FY18.

The CPI Inflation clocked at 5.02% (+0.01% MoM) for the month of May'17 (higher than the market estimates of 4.5% - 4.8%). Variation can be largely attributed to increase in fresh fruits prices escalated by 10% MoM further supported by Clothing and footwear index and Furnished household equipment increasing by 0.5/0.7% respectively. While fresh vegetables prices declined by 9%, whereas heavy weight House, water, electricity and gas head remained unchanged. Overall 11MFY17 CPI averages at 4.17% compared to 2.8% sply while core inflation (non-food non-energy) increased by 5.5% YoY in May-17, vs. 4.6% sply.

In the PIB auction held during the month, the SBP received bids worth Rs40.66 bn against the target of Rs50 bn. Cut-off yields for 3-yr, 5-yr & 10-yr PIBs remained stagnant at 6.4060%, 6.8974% and 7.9358% respectively.

Two T-bills auctions were conducted in May in which Rs. 687 bn was accepted, against a target of Rs. 750 bn. On monthly basis, the cut-off yields for 3-months and 6-month instrument stood at 5.991% and 6.0109% respectively. While yields for 6-month papers marginally increased by 5 bps to stand at 6.0499%.





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.

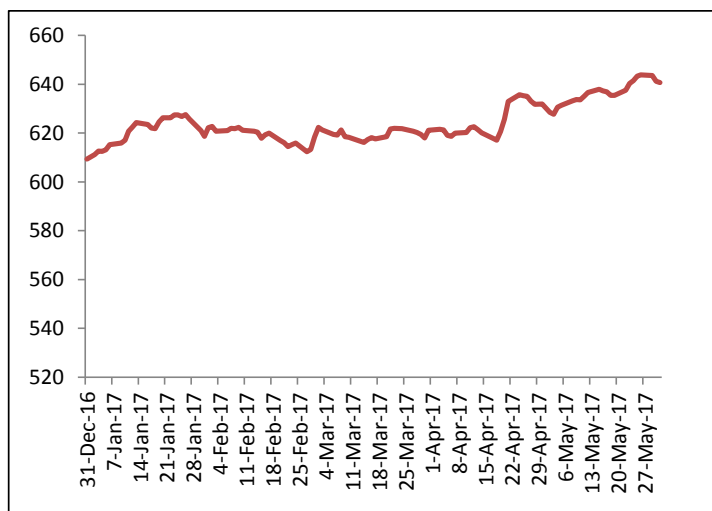
The Fund was launched on July 7, 2015.

Fund Information

Description	Information
Fund Name	Managed Takaful Fund
Fund Size	PKR 907 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.05.2017)	PKR 640.69
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 May 2017 Managed Takaful Fund's (MTF) Unit Price increased by PKR 8.82 (1.4%) net of fund management fee.



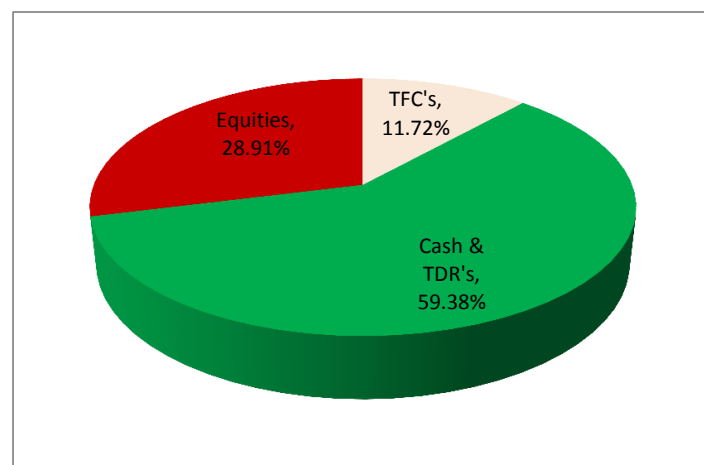
Investment Committee Members

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	1.40%
3 months	4.47%
12 months	14.96%
Calendar YTD	5.14%
Since Inception	28.14%

Assets	May-17	April-17
Term Finance Certificates	11.72%	14.00%
Cash and Short Term Deposits	59.38%	54.71%
Stocks	28.91%	31.29%





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.

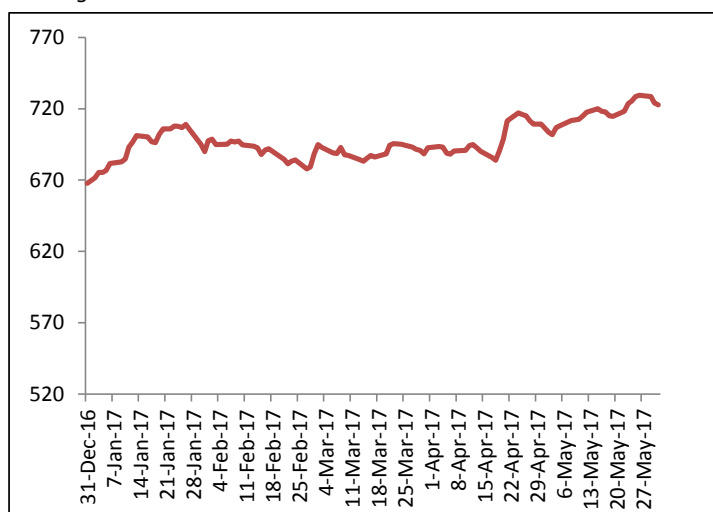
The Fund was launched on July 7, 2015.

Fund Information

Description	Information
Fund Name	Capital Growth Takaful Fund
Fund Size	PKR 1,473 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.05.2017)	PKR 722.78
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 May 2017 Capital Growth Takaful Fund's (CGTF) Unit Price increased by PKR 13.49 (1.9%) 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	1.90%
3 months	6.42%
12 months	26.93%
Calendar YTD	8.26%
Since Inception	44.56%

Assets	May-17	April-17
Government Securities	6.92%	8.31%
Term Finance Certificates	5.58%	7.13%
Cash and Short Term Deposits	32.04%	37.49%
Stocks	55.45%	47.07%

