



# INVESTMENT FACT SHEET

## FOR THE MONTH OF MAY 2018

# FROM INVESTMENT DESK

## ECONOMY AND CAPITAL MARKETS UPDATE

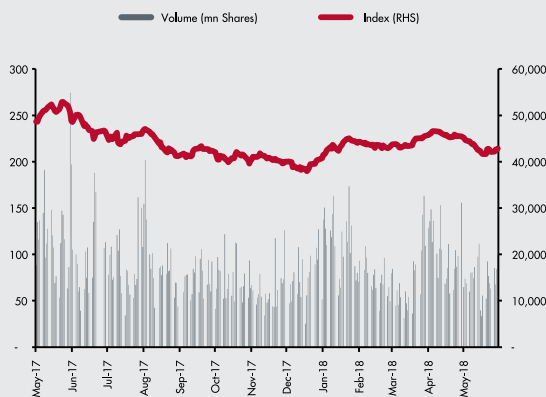
### ECONOMIC SUMMARY

KEY INDICATORS	REPORTED MONTH	CURRENT	PREVIOUS	YTD
CPI Inflation	May	4.19%	3.68%	3.81%
Trade Deficit (USD mn)	Apr	(2,653)	(2,638)	(25,002)
Remittances (USD mn)	Apr	1,651	1,773	16,259
Current A/C (USD mn)	Apr	(1,955)	(1,214)	(14,035)
FDI (USD mn)	Apr	144	153	2,240
Tax Collection ** (PKR bn)	May	351	295	3,274
M2 Growth*				4.90%
FX Reserves* (USD bn)	May			16.41

Source SBP, FBS

\* Latest monthly figures \*\*provisional figures

### KSE-100 ONE YEAR PERFORMANCE



### SECONDARY MARKET PKRVs

TENOR	MAY-18	APR-18	CHANGE (bps)
30 Days	6.48	6.13	35
60 Days	6.52	6.16	36
3 Months	6.59	6.24	35
6 Months	6.70	6.35	35
1 Year	6.94	6.64	30
3 Year	8.00	7.76	24
5 Year	8.52	8.16	36
10 Year	8.89	8.55	34

Source: MUFAF

### ECONOMIC REVIEW

CPI Inflation inched up to 4.19%YoY in May 2018 against 3.68%YoY in April 2018, taking average 11MFY18 inflation to 3.81% compared to 4.18% during SPY. Core inflation as a measure of non-food & non-energy increased by 7%MoM indicating increased inflationary pressure. However, overall inflation for FY18 is expected to remain well below the target of 6.0%. On the other hand, external account position deteriorated further as current account deficit for Apr'18 clocked at USD1.9bn, up 59%MoM compared to USD1.3 for Mar'18 primarily due to decline in workers' remittance which clocked in at USD1.6bn, down 7% MoM. As a result, CAD for 10MFY18 swelled by 49%YoY to USD14.5 bn owing to substantial widening of 14.3% in trade deficit where significant jump in imports (up 14% YoY to USD 49.4bn) offset the 13.6% YoY (USD19.2 bn) growth in exports. Subsequently, FX reserves held by central bank were also down to USD16.4 bn (down USD1.3 bn MoM) from peak level of USD23.0 bn. On the fiscal front, FBR provisionally collected around PKR 3.26 tm during the 11MFY18 as compared to PKR 2.85 tm SPY, posting a solid growth of 15% YoY. In the Monetary Policy Committee (MPC) meeting, SBP decided to increase the policy rate by 50bps to 6.50% where the central bank highlighted the need for deep-rooted structural reforms to improve the country's competitiveness can hardly be over emphasized for medium to long term sustainability of balance of payments. Moving ahead, we feel that vulnerable external account due to expected increase in import bill amid recovery in commodity prices and uptick in machinery imports is expected to remain key challenges for the economy.

### EQUITY MARKET REVIEW

Equities witnessed free fall as benchmark KSE100 index was down by 5.81% (2,642 points) to close the month at 42,847 level. Overall market activity declined during the month as average daily traded volume were recorded at 135mn in May'18 as compared to 210mn in Apr' 18, down by 36% MoM. Major reason for negative performance of the bourse was political uncertainty with respect to caretaker setup, concern on the Balance of payment front tagged with another round of foreign selling and potential PKR depreciation. Moreover, during the month, MSCI announced outcome of its semi-annual review whereby Pakistan's weight clocked-in at 0.070% with no constituent change in the Pakistan main index, while 3 companies namely IGI Holding Limited (IGIH), National Refinery Limited (NRL) and Pak Electron Limited (PAEL) were excluded from MSCI Pakistan small cap index. Sectoral performances put Cements (-13.3%), Autos (-9%) and Commercial Banks (-6.5%) as the key laggard where industry heavy stocks bore the brunt of Foreign outflow. Foreign institutional investors were again net sellers with net outflow of USD 73.2mn in May 2018, taking cumulative FPI for CY18 to -USD11.8mn whereas local liquidity led by Insurance (+USD61.4mn) and Banks (+USD19mn) comfortably absorbed monthly outflows. Pakistan with forward P/E of 9.9x is trading at discount of 20% as compared to MSCI EM PE of 13.1x and offers an attractive dividend yield of 5.1% versus 2.5% in the Asia-Pacific Region.

### DEBT MARKET REVIEW

SBP held two T-Bill auctions in May 2018 with cumulative target of PKR 1,600 bn where central bank accepted bids worth PKR 482 bn in 3 months and 6 months' tenors with cut off yields of 6.26% and 6.35% respectively whereas bids in 12 months papers were rejected due to low participation. On the other hand, in the PIB auction, bids worth Rs. 28 billion for 3 years, 5 years and 10 years tenor were received wherein an amount of Rs. 4 billion was accepted at a cut-off yield of 7.20%, 8.03% and 8.49%, respectively. Overall activity remained healthy as secondary market yields in anticipation of rise in interest rates and yields increased across the board within a broad range of 24-36 bps reflecting the impact of policy rate hike. During the month, SBP held first ever floating rate PIBs auction where market participants remained divided as total bids worth PKR174.055 billion were received at a wide range of 30 to 125 basis points (bps) over the base rate. However, central bank showed reluctance over high cost borrowing and accepted bids worth of PKR20.825 billion only against the target of PKR50billion at a cut off margin of 50bps over the base rate.

# 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.

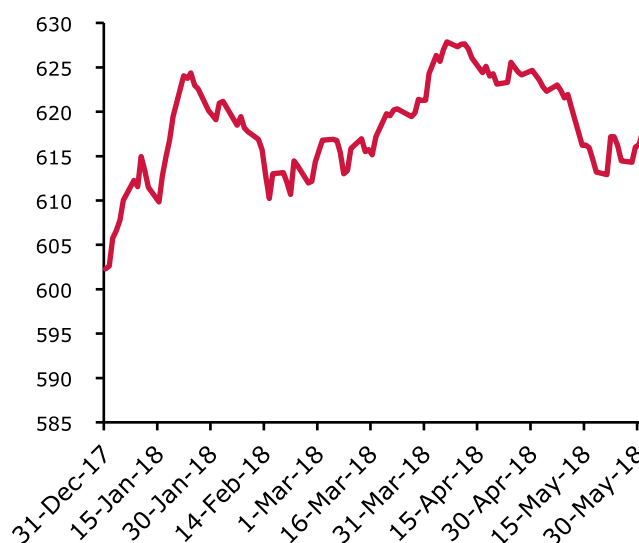
The Fund was launched on July 7, 2015.

## FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Managed Takaful Fund
Fund Size	PKR 2,644 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.05.2018)	PKR 617.77
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 MANAGER'S COMMENTS

During the month of May 2018 Managed Takaful Fund's (MTF) Unit Price decreased by PKR 6.88 (-1.1%) net of fund management fee.



## INVESTMENT COMMITTEE

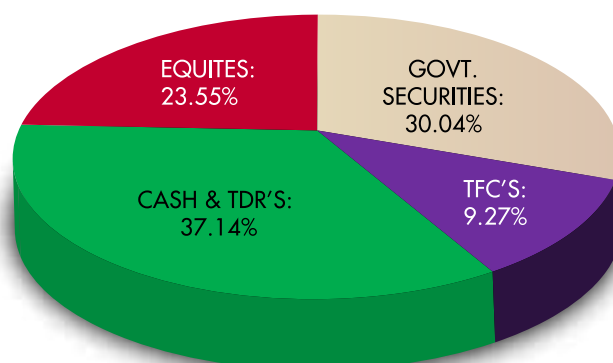
MEMBERS	DESIGNATION
Shahid Ghaffar	Chairman
Javed Ahmed	Member / CEO
Rafiuddin Zakir Mahmood	Member
John Joseph Metcalf	Member
Lilly R. Dossabhoy	Member
Shan Rabbani	Member

## ASSET ALLOCATION

ASSETS	MAY-18	APRIL-18
Government Securities	30.04%	31.90%
Term Finance Securities	9.27%	7.09%
Cash and Short Term Deposits	37.14%	36.15%
Stocks	23.55%	24.87%

## FUND RETURNS

PERIOD	RATE OF RETURN
1 month	-1.10%
3 months	0.56%
12 months	-3.58%
Calendar YTD	2.57%
Since Inception	23.55%



# CAPITAL GROWTH TAKAFUL FUND

## FUND OBJECTIVE

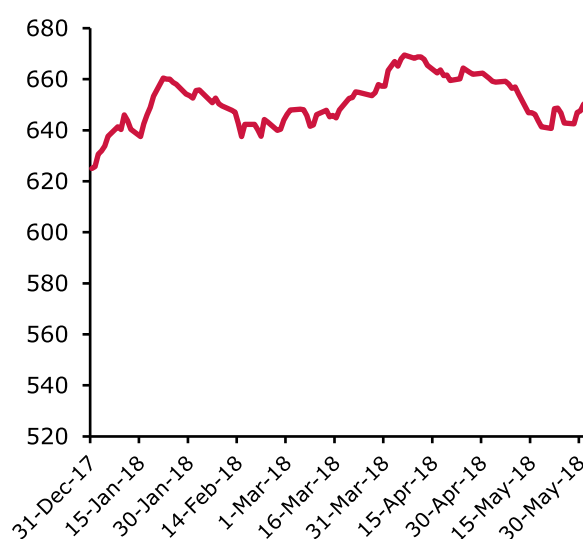
To optimize aggregate long term risk adjusted return through capital appreciation, dividend and profit income by investing in an Aggressive Portfolio primarily comprising of Shariah compliant equities and equity mutual funds with any excess liquidity being invested in Sukuks (Government and Corporate) 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 4,214 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.05.2018)	PKR 650.31
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 MANAGER'S COMMENTS

During the month of May 2018 Capital Growth Takaful Fund's (CGTF) Unit Price decreased by PKR 12.08 (-1.82%) net of fund management fee.



## INVESTMENT COMMITTEE

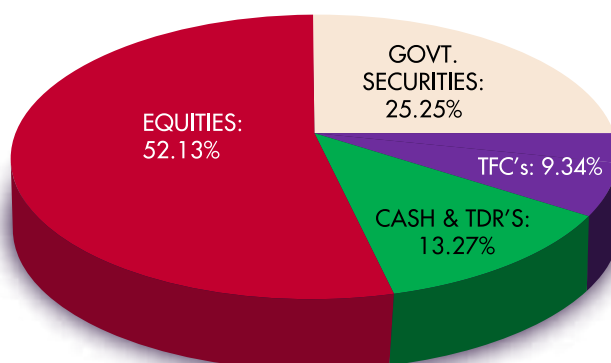
MEMBERS	DESIGNATION
Shahid Ghaffar	Chairman
Javed Ahmed	Member / CEO
Rafiuddin Zakir Mahmood	Member
John Joseph Metcalf	Member
Lilly R. Dossabhoy	Member
Shan Rabbani	Member

## ASSET ALLOCATION

ASSETS	MAY-18	APRIL-18
Government Securities	25.25%	26.58%
Term Finance Securities	9.34%	5.40%
Cash and Short Term Deposits	13.27%	25.84%
Stocks	52.13%	42.18%

## FUND RETURNS

PERIOD	RATE OF RETURN
1 month	-1.82%
3 months	0.98%
12 months	-10.03%
Calendar YTD	4.04%
Since Inception	30.06%



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