

INVESTORS' OUTLOOK

FOR THE MONTH OF NOVEMBER 2017

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ECONOMY AND CAPITAL MARKETS UPDATE

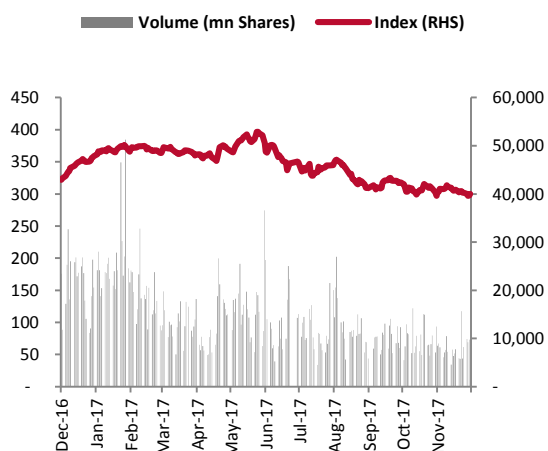
Economic Summary

Key Indicators	Reported Month	Current	Previous	YTD
CPI Inflation	Nov	3.97%	3.80%	3.59%
Trade Deficit (USD mn)	Oct	-3,041	-2,798	-12,107
Remittances (USD mn)	Oct	1,654	1,294	6,444
Current A/C (USD mn)	Oct	-1,315	-1,097	-5,013
FDI (USD mn)	Oct	278	205	940
Tax Collection ** (PKR bn)	Nov	270	270	1,305
M2 Growth*	Nov			1.14%
FX Reserves* (USD bn)	Nov			18.74

Source SBP, FBS

* Latest monthly figures **provisional figures

KSE-100 one year performance



Secondary market PKRvs

Tenor	Nov-17	Oct-17	Change (bps)
30 Days	5.94	5.92	2
60 Days	5.97	5.93	4
3 Months	5.99	5.98	1
6 Months	6.01	6.01	0
1 Year	6.03	6.03	0
3 Year	6.93	6.96	-3
5 Year	7.54	7.61	-7
10 Year	8.29	8.30	-1

Source: MUFAP

Economic Review

CPI Inflation for the month of November clocked in at 3.97%YoY compared to 3.80%YoY in November-16 and 3.80% in October-17. On a sequential basis, CPI is up 0.37%MoM mainly contributed by food & beverages (+0.12% MoM). Overall, average 5MFY18 inflation now stands at 3.59% compared to 3.92% in 5MFY17. Situation further worsened on external front in October 2017 as current account deficit increased by 19.9%MoM to USD 1,315 mn in October 2017 compared to USD 1,097 mn in September 2017. Sharp rise of 10.9% in imports to USD19,163 mn offset the impact of 12.7% growth in exports (USD7,056 mn). Resultantly, trade deficit widened by 30.9% YoY from USD 9,242 mn (3.3% of GDP) in 4MFY17 to USD12,107 mn (4.0% of GDP) in 4MFY18. On fiscal front, FBR has provisionally collected PKR 1,303 bn during the 5MFY18 as compared to PKR 1,089 bn SPLY, up +20% YoY. Monetary policy statement remained non-event for the market where SBP kept discount rate/policy rate unchanged at 6.25%/5.75% for next two months. Furthermore, MPS committee foresees inflationary pressure to remain subdued due to adequate food supplies and stable commodity prices. Moving ahead, we feel 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 challenge to address. Nevertheless, successful issuance of Eurobond & Sukuk issuance worth USD 2.5bn in the international markets coupled with an extension of export package and additional regulatory duties on luxury imports is expected to provide some respite to external account position.

Equity Market Review

Equities posted some recovery as the benchmark KSE-100 index was up by 1.0% MoM (+393pts) during Nov'17 to close at 40,010 points. Overall activity remained dull amid uncertainty over political and economic front. This is also evident from poor investor participation as average daily traded volumes were down by 18% MoM. Moreover, sentiments further worsened when Engro Corporation was removed from MSCI EM index in its semi-annual review and Pakistan's overall weight shrank from ~0.14% to ~0.08%. However, key positive developments during the month include Pakistan's successful completion of Eurobond & Sukuk issuance raising worth USD 2.5 bn which was oversubscribed by ~3.2 times while CPEC related projects remained on track with 1st unit of Port Qasim Power Plant also coming online during the month.

Foreigners once again remained net seller of US\$51.9mn in November taking CY17YTD sell-off to US\$484mn. Major sectors that saw outflow include Fertilizer (-USD 34.5mn) and Banks (-USD 20.5mn). However, local liquidity led by Insurance (+USD 19.8mn), Companies (+USD 18.3 mn) and Mutual Funds (+USD 9.1mn) comfortably absorbed all the foreign selling. Moving ahead, Pakistan with forward P/E of 7.6x is trading at a steep discount of 48% as compared to MSCI EM P/E of 14.6 and offers an attractive dividend yield of 6.1%. Moreover, sharp correction of 24% from all time high of 52,876 points is providing an ideal opportunity for fresh investments.

Debt Market Review

During the month of November, SBP held two T-Bill auctions with a combined target of PKR1,200 bn whereas central bank accepted bids worth PKR1,314 bn mainly in lower tenor. Cut-off yields for 03 and 06 month tenors were maintained at 5.991% and 6.0109% respectively whereas no bids were received for 12-month tenor. On the other hand, interest in PIBs remained extremely lack-luster as the SBP received bids of only PKR24 bn against target of PKR100 bn. Subsequently, central bank rejected all bids and scrapped the auction. Overall activity remained modest as secondary market yields in the shorter tenors gained slightly while trades were witnessed within a narrow band and subsequently yields were adjusted by 4-7 basis points across the board. Going ahead, market is expected to remain range bound in near term given a stable interest rates scenario.

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 1,526 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (30.11.2017)	PKR 599.69
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

Investment Committee Members

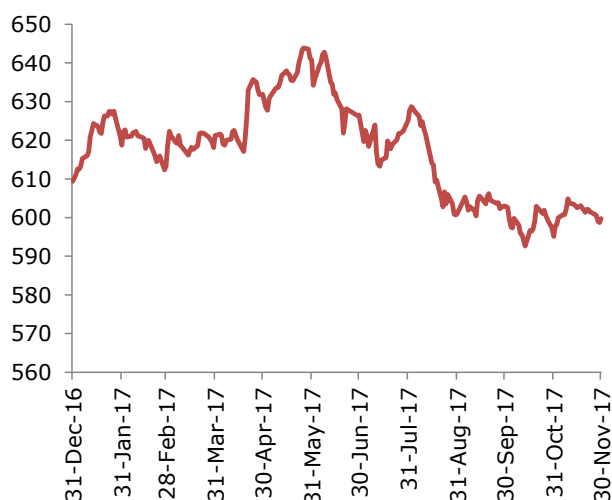
Ayaz Ahmed	Chairman
Javed Ahmed	Member / CEO
Rafiuddin Zakir Mahmood	Member
John Joseph Metcalf	Member
Lilly R. Dossabhoy	Member
Shan Rabbani	Member

Fund Returns

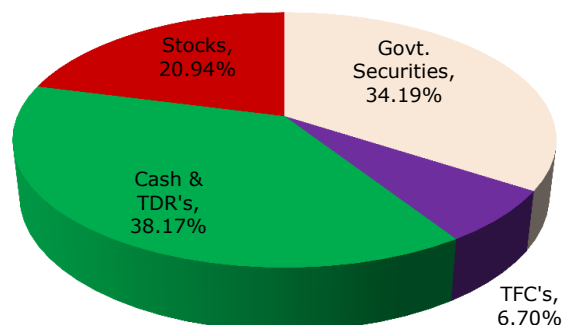
Period	Rate of Return
1 month	0.77%
3 months	-0.21%
12 months	-0.79%
Calendar YTD	-1.59%
Since Inception	19.94%

Fund Returns

During the month of November 2017 Managed Takaful Fund's (MTF) Unit Price increased by PKR 4.59 (0.77%) net of fund management fee.



Assets	November-17	October-17
Government Securities	34.19%	31.57%
Term Finance Certificates	6.70%	7.68%
Cash and Short Term Deposits	38.17%	41.76%
Stocks	20.94%	18.99%



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 2,491 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (30.11.2017)	PKR 622.69
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

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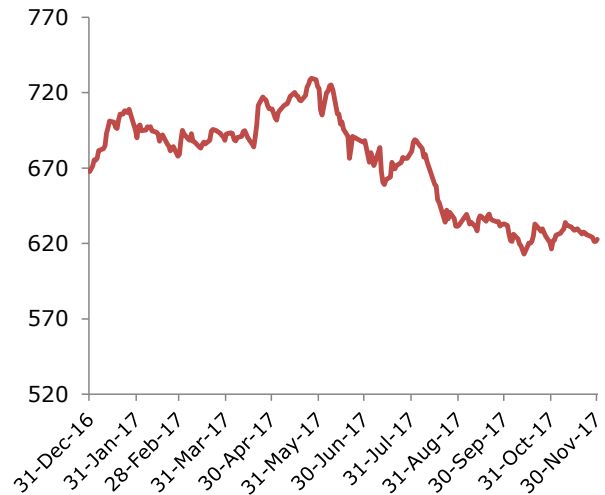
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Rafiuddin Zakir Mahmood	Member
John Joseph Metcalf	Member
Lilly R. Dossabhoy	Member
Shan Rabbani	Member

Fund Returns

Period	Rate of Return
1 month	1.01%
3 months	-1.45%
12 months	-4.29%
Calendar YTD	-6.73%
Since Inception	24.54%

Fund Returns

During the month of November 2017 Capital Growth Takaful Fund's (CGTF) Unit Price increased by PKR 6.24 (1.01%) net of fund management fee.



Assets	November-17	October-17
Government Securities	30.81%	27.60%
Term Finance Certificates	2.90%	3.54%
Cash and Short Term Deposits	30.41%	34.00%
Stocks	35.88%	34.86%

