



# INVESTMENT FACT SHEET

## FOR THE MONTH OF OCTOBER 2018

# FROM INVESTMENT DESK

## ECONOMY AND CAPITAL MARKETS UPDATE

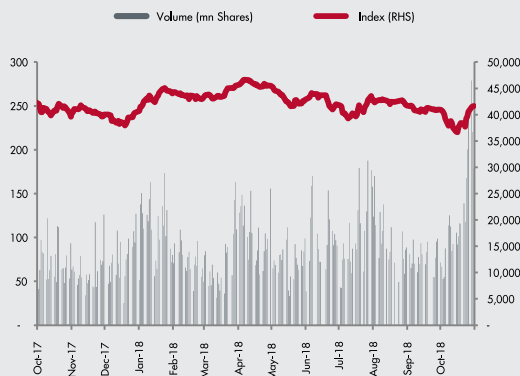
### ECONOMIC SUMMARY

KEY INDICATORS	REPORTED MONTH	CURRENT	PREVIOUS	YTD
CPI Inflation	Oct	7.00%	5.12%	5.95%
Trade Deficit (USD mn)	September	(2,015)	(2,379)	(7,951)
Remittances (USD mn)	September	1,453	2,037	5,420
Current A/C (USD mn)	September	(952)	(600)	(3,673)
FDI (USD mn)	September	151	160	439
Tax Collection ** (PKR bn)	Oct	264	323	1,100
M2 Growth *				-1.17%
FX Reserves* (USD bn)	Oct			14.18

Source: SBP, FBS

\* Latest monthly figures \*\*provisional figures

### KSE-100 ONE YEAR PERFORMANCE



### SECONDARY MARKET PKRVs

TENOR	OCT-18	SEP-18	CHANGE (bps)
30 Days	8.46	8.15	31
60 Days	8.65	8.17	48
3 Months	8.76	8.21	55
6 Months	9.46	8.26	120
1 Year	9.86	8.62	124
3 Year	10.61	9.27	134
5 Year	11.28	9.54	174
10 Year	11.90	10.05	185

Source: MUFAP

### ECONOMIC REVIEW

CPI inflation for the month of October 2018 clocked-in at 7.00% YoY compared to 5.12% in Sep'18, taking average 4MFY19 inflation to 5.95% compared to 3.50% SPILY. Core inflation as a measure of non-food & non-energy increased by 1.1%/8.2% MoM/YoY respectively. Current account deficit deteriorated in Sep'18 by 59% MoM to USD 952 mn compared to USD 600 mn in the previous month, mainly due to sharp decline in remittances (down 29% MoM) although trade deficit showed an improvement as imports were down 14.7% for the month while exports also declined by 14.3% during the same period; trade deficit for 1QFY19 now stands at USD 7,951 mn vs USD 7,314 mn (up 8.7% YoY). CAD for 1QFY19 now stands at USD 3,761 mn, slightly up 2.6% YoY. Total country's forex reserves decreased by USD 709 mn MoM to stand at USD14.2 bn in Oct'18 (USD14.9 bn in Sept 2018). On the fiscal front, FBR provisionally collected Rs 264 bn in taxes in October'18 taking FY19 revenue collection to Rs 1,100 bn, increasing by 6% YoY. Moving ahead, smooth transition between governments addresses the political uncertainty but concerns on the economic front continue to persist on the back of rising inflation and large twin deficits that are likely to compromise real economic growth path.

### EQUITY MARKET REVIEW

Equity market gained modestly during October 2018 as the benchmark KSE-100 was up 1.59%, after freefall witnessed in September 2018, taking CY18TD return to +2.91%. Concerns on Pakistan's external account swayed market direction in the initial half of the month and saw the index drop to two-year low level of 36,663 points. However, a near-surprise announcement of financial support package by Saudi Arabia (KSA) for Pakistan's external account and possibility of gaining similar support from other friendly countries completely swung the sentiments and triggered a sizeable relief rally. KSE-100 index rose 13.5% from its month's low to close +1.5% MoM in Oct'18. Trading activity significantly picked up with volume/value traded increasing by 58/59% to 237mn shares/USD59mn, respectively.

Like all other emerging markets, PSX continue to witness foreign selling; net outflows for October'18 were recorded at USD 86.3 mn, taking cumulative FIPI for CY18 to USD 408.7 mn, whereas local liquidity led by Companies (+USD 33.29 mn) followed by Mutual Funds (+USD 20.61 mn) comfortably absorbed monthly outflows. Sectoral performance put Fertilizers at the forefront with an outperformance of +5.80%, followed by Power Generation (+5.00%), Cements (+4.60%) and OMCs (+4.20%) whereas Auto Assemblers (-6.00%), Pharmaceuticals (-5.00%) and Engineering (-4.30%) provided negative contribution to the bourse. Pakistan with forward P/E of 7.7x is trading at 39% discount compared to regional average P/E of 12.6x while offering a dividend yield of ~7.0% versus ~2.7% offered by the region.

### DEBT MARKET REVIEW

Short term papers continued to hold investors' attraction as evident in both T-bills auctions where major participation was tilted in short tenors only. Similarly, central bank accepted bids worth PKR 3,169 bn primarily in 3 months' tenors with cut off yields increasing by 104 bps to stand at 8.79%. On the other hand, in the PIBs auction, all the bids were rejected across all tenors due to low participation. Overall, secondary market remained volatile during the period amid monetary policy statement in previous month and yields increased across the board with short term tenor papers (< 6 months) increasing within a range of 31-55 bps while for greater tenors (> 6 months) the range was 120-180 bps reflecting the impact of 100 bps rise in policy rate and further anticipation in another rate hike in the next MPS.

# 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.

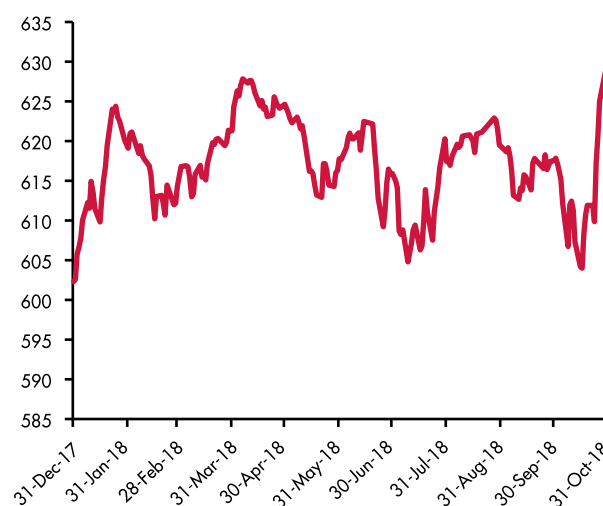
The Fund was launched on July 7, 2015.

## FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Managed Takaful Fund
Fund Size	PKR 3,523 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.10.2018)	PKR 628.69
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 MANAGER'S COMMENTS

During the month of October 2018 Managed Takaful Fund's (MTF) Unit Price increased by PKR 11.12 (1.8%) net of fund management fee.



## INVESTMENT COMMITTEE

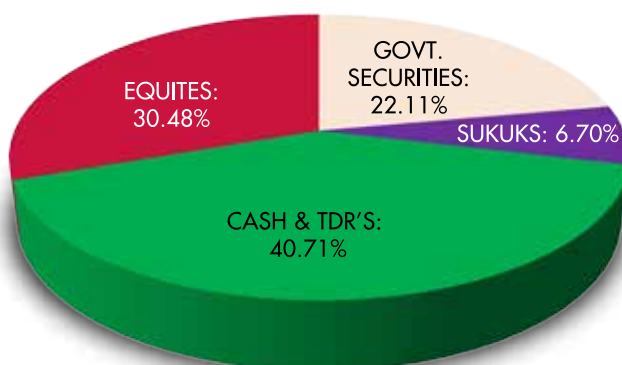
MEMBERS	DESIGNATION
Shahid Ghaffar	Chairman
Javed Ahmed	Member / CEO
Rafiuddin Zakir Mahmood	Member
John Joseph Metcalf	Member
Lilly R. Dossabhoy	Member
Shan Rabbani	Member

## ASSET ALLOCATION

ASSETS	OCTOBER-18	SEPTEMBER-18
Government Securities	22.11%	23.93%
Sukuks	6.70%	7.31%
Cash and Short Term Deposits	40.71%	39.81%
Stocks	30.48%	28.95%

## FUND RETURNS

PERIOD	RATE OF RETURN
1 month	1.80%
3 months	1.83%
12 months	5.64%
Calendar YTD	4.38%
Since Inception	25.74%



# CAPITAL GROWTH TAKAFUL FUND

## FUND OBJECTIVE

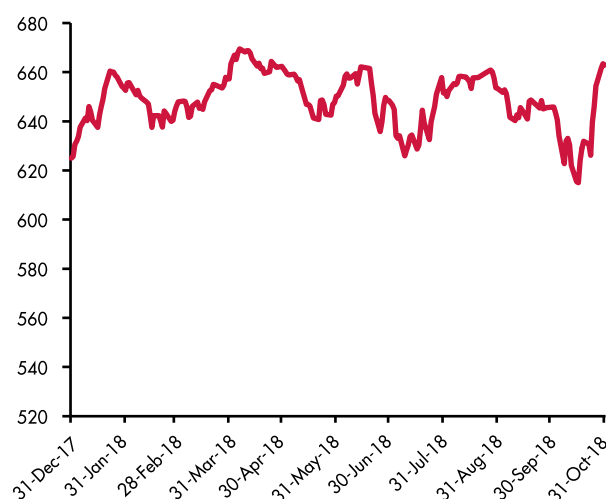
To optimize aggregate long term risk adjusted return through capital appreciation, dividend and profit income by investing in an Aggressive Portfolio primarily comprising of Shariah compliant equities and equity mutual funds with any excess liquidity being invested in Sukuks (Government and Corporate) 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 5,496 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.10.2018)	PKR 662.90
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 October 2018 Capital Growth Takaful Fund's (CGTF) Unit Price increased by PKR 17.2 (2.66%) net of fund management fee.



## INVESTMENT COMMITTEE

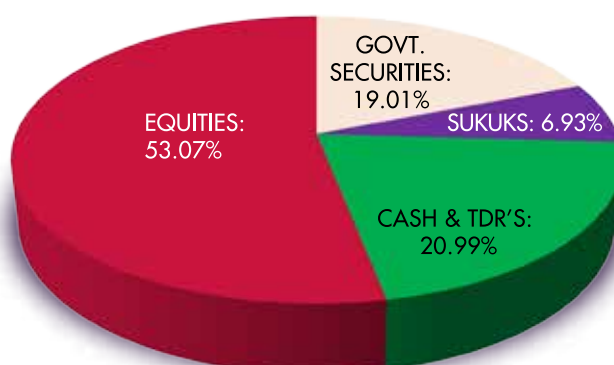
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Javed Ahmed	Member / CEO
Rafiuddin Zakir Mahmood	Member
John Joseph Metcalf	Member
Lilly R. Dossabhoy	Member
Shan Rabbani	Member

## ASSET ALLOCATION

ASSETS	OCTOBER-18	SEPTEMBER-18
Government Securities	19.01%	20.55%
Sukuks	6.93%	7.52%
Cash and Short Term Deposits	20.99%	18.03%
Stocks	53.07%	53.90%

## FUND RETURNS

PERIOD	RATE OF RETURN
1 month	2.66%
3 months	1.74%
12 months	7.54%
Calendar YTD	6.06%
Since Inception	32.58%



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