

## INVESTORS' OUTLOOK (TAKAFUL FUNDS)

FOR THE MONTH OF SEPTEMBER 2016



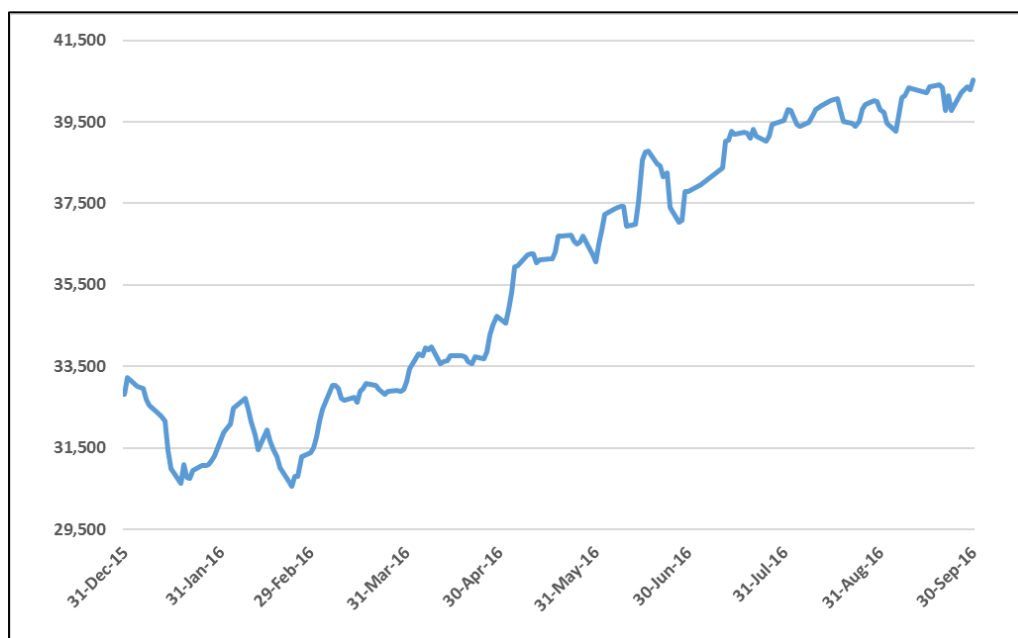
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## Equity Market Review

The KSE 100 Index rose 1.84% in September 2016 to close at 40,542 points thereby posting a quarterly return of 7.30% and taking the Index's Calendar Year-to-Date (CYTD) return to 23.5%. Average trading volumes (of KSE100 Index) in September increased 43.4% to 172.58 million shares. However, participation in KSE100 as % of Average trading volumes in All Share declined to 31% compared to 47% in Aug'16 and 58% in 8MCY16. During the month under review, participation in the market was heavily concentrated in second and third tier stocks. Besides low interest rates, increased regulatory oversight of the real estate market has caused diversion of some flows to the equity market, aided by news flows and rumors pertaining to acquisition/sale of stake/re-structuring of the volume leaders. Subsequently, share of Individuals in market participation increased to 63% in September vs overall quarter average of 56%.

Foreign investors remained net sellers in the market with a sizeable net outflow of USD40.6mn, 2.0x higher than net outflow of USD20.4mn in the preceding month. Cumulatively, 9MCY16 total net FIPI outflow (excluding one offs) now stands at ~USD185mn. Sector wise break-up reveals that majority of selling during Sep'16 was witnessed in Cements and Food Producers with net outflows of USD28.1mn and USD14.6mn, respectively while marginal inflow was witnessed in Banks & OMCs. The outflows were mainly absorbed by NBFCs (+USD18.7mn) and Companies (+USD16.3mn).



### Sector Performance:

The upside in index was mainly concentrated in the last week of Sep'16 with KSE100 up 1.9%WoW, primarily driven by Oil & Gas (on 6%-8%WoW increase in oil prices), Autos (depreciating yen) and Textiles (news flow on incentive package for exporters). Though a surprising decision from OPEC provided impetus to the index heavyweight E&P sector, the upside in overall market was contained by cross border tensions on Pak-India border on 29th Sept'16 where the market lost ~566 points from its intraday high on the said date.

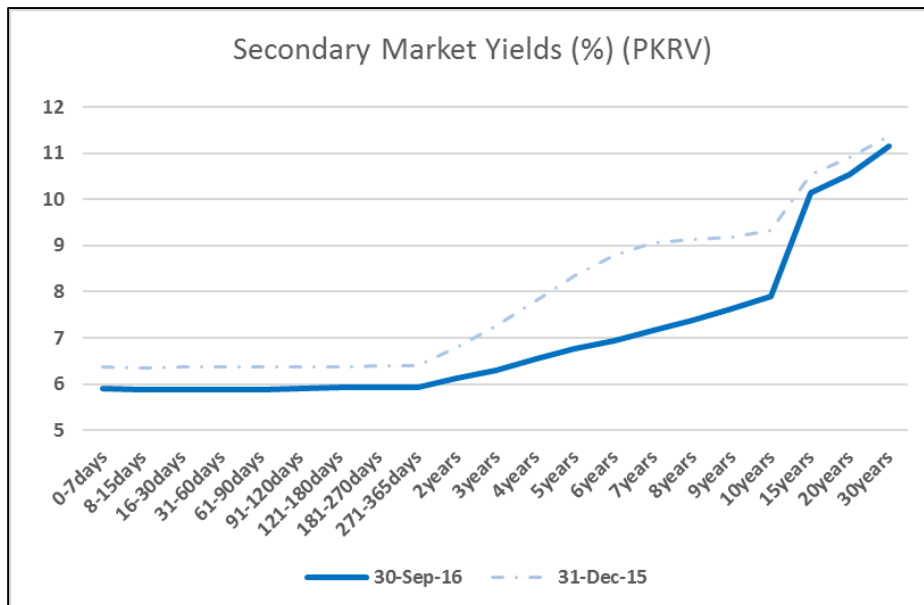
- Auto sector gained 23.1% MoM, where INDU (↑34%) and HCAR (↑33%) gained the most due to depreciating Yen on the back of FED decision, new model launch of HILUX and success of new Civic model

- Steel & Engineering sector also saw a hefty rise (↑14%) with INIL (↑24%), ISL (↑20%) and ASTL (↑14%) gaining the most as increase in economic growth and auto sales is expected to benefit this sector while expectation of levy of increased antidumping duty in the near future has led to investors' interest
- Telecom was the next best performer in the month posting a return of 13.8%
- Banking sector inched up around 2.4% on the back of increased positive FIPI ~ USD 5.6mn, with BOP (↑51%), HMB (↑7.3%), HBL (↑1.5%), MCB (↑5.3%) and MEBL (↑3.7%) being the major gainers
- Pharma sector marginally managed to remain in green on the back of gains from SAPL (↑25.4%) and ABOT (↑6.7%)
- Cement sector saw a correction in the outgoing month as investors digest the news flow of hefty capacity addition announcement that have come recently, it was down 1.9% in the month
- Power sector prices were down by 3.2% during the month as the circular debt of the sector reached over Rs 650 bn. Profit taking was witnessed in HUBC (-4.2%) & KAPCO (-4.3%) while KEL (0%) remained in the dull as the effect of acquisition announcement by Shanghai Electric fizzled out
- Fertilizer sector nosedived for the second consecutive month as imported urea prices were reduced by PkR100/bag to PkR1,200/bag, increasing pressure on local manufacturers already suffering from a supply glut. Subsequently EFERT (↓9%), FFC (↓6%) were the major losers

## Money Market Review

In the PIB auction held during the month, the SBP picked up around Rs. 219bn against a target of Rs. 100bn and bids of around Rs. 296bn. The cut-off yields for 3-year, 5-year and 10-year bonds remained almost unchanged at 6.197%, 6.701% and 7.799% respectively.

In the month of September, one T-bill auction was conducted. With the status quo prevailing in the Monetary Policy Review, the yields remained flat. The yields for 3 months, 6-months and 12-months clocked at 5.857%, 5.904% and 5.915% respectively. A total of Rs. 27.57bn was picked up in the auction against Rs. 100bn target with bids received of Rs. 81.5bn



# MANAGED GROWTH 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.

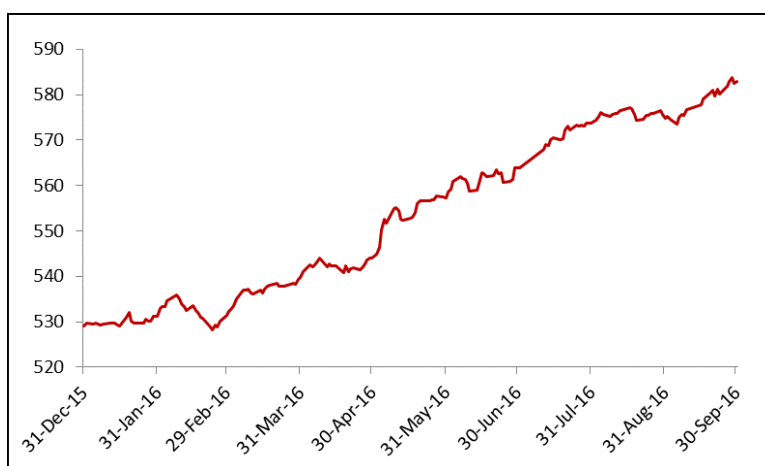
The Fund was launched on July 7, 2015.

## Fund Information

Description	Information
<b>Fund Name</b>	Managed Growth Takaful Fund
<b>Fund Size</b>	PKR 203.9 Million
<b>Launch date</b>	07.07.2015
<b>Bid Price (07.07.2015)</b>	PKR 500.00
<b>Bid Price (30.09.2016)</b>	PKR 582.79
<b>Category</b>	Shariah Compliant Balanced Fund
<b>Pricing Mechanism</b>	forward on daily basis
<b>Management fee</b>	1.50% p.a.
<b>Pricing days</b>	Monday to Friday
<b>Auditors</b>	KPMG
<b>Appointed Actuary</b>	Nauman Cheema, Nauman Associates, Lahore

## Fund Returns

During the month of September 2016, Managed Growth Takaful Fund's (MGTF) Unit Price increased by PKR 8.11 (1.41%) net of fund management fee.



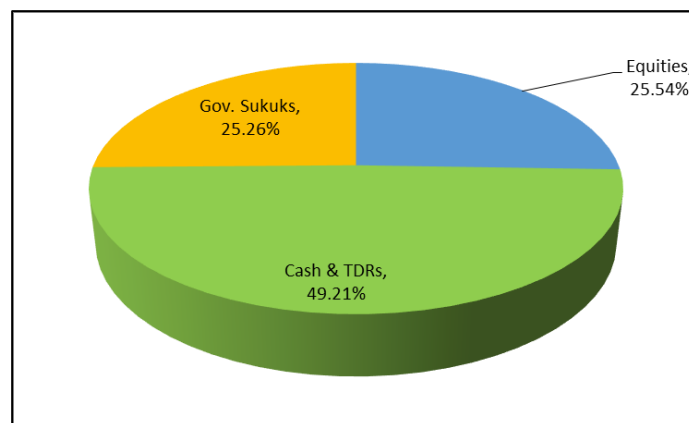
Assets	September 2016	August 2016
<b>Government Sukuks</b>	25.26%	29.68%
<b>Cash &amp; Short Term Deposits</b>	49.21%	50.87%
<b>Stocks</b>	25.54%	19.45%

## Investment Committee Members

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

## Fund Returns

Period	Rate of Return
<b>1 month</b>	1.41%
<b>3 months</b>	3.37%
<b>12 months</b>	12.10%
<b>Calendar YTD</b>	10.16%
<b>Since Inception</b>	16.56%



## 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.

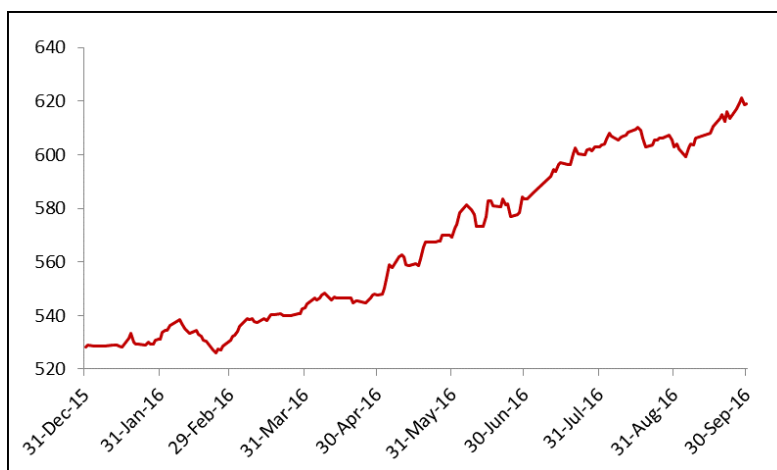
The Fund was launched on July 7, 2015.

## Fund Information

Description	Information
<b>Fund Name</b>	Capital Growth Takaful Fund
<b>Fund Size</b>	PKR 196.1 Million
<b>Launch date</b>	07.07.2015
<b>Bid Price (07.07.2015)</b>	PKR 500.00
<b>Bid Price (30.09.2016)</b>	PKR 619.04
<b>Category</b>	Shariah Compliant Equity Fund
<b>Pricing Mechanism</b>	forward on daily basis
<b>Management fee</b>	1.50% p.a.
<b>Pricing days</b>	Monday to Friday
<b>Auditors</b>	KPMG
<b>Appointed Actuary</b>	Nauman Cheema, Nauman Associates, Lahore

## Fund Returns

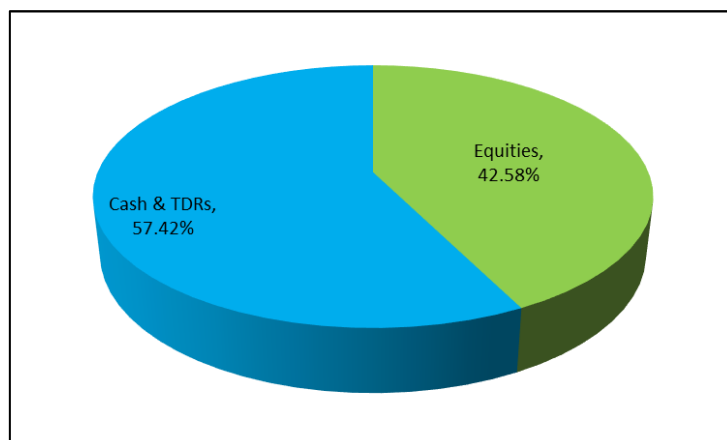
During the month of September 2016, Capital Growth Takaful Funds' (CGTF) Unit Price increased by PKR 16.18 (2.68%) net of fund management fee.



Investment Committee Members	
<b>Ayaz Ahmed</b>	Chairman
<b>Javed Ahmed</b>	Member / CEO
<b>Rafiuddin Zakir Mahmood</b>	Member
<b>John Joseph Metcalf</b>	Member
<b>Lilly R. Dossabhoy</b>	Member
<b>Shan Rabbani</b>	Member

Assets	September 2016	August 2016
<b>Government Securities</b>	0.00%	0.00%
<b>Cash &amp; Short Term Deposits</b>	57.42%	55.42%
<b>Stocks</b>	42.58%	44.58%

Fund Returns	
Period	Rate of Return
<b>1 month</b>	2.68%
<b>3 months</b>	6.08%
<b>12 months</b>	19.29%
<b>Calendar YTD</b>	17.20%
<b>Since Inception</b>	23.81%





# EQUITY PORTFOLIO DETAILS

## MANAGED GROWTH TAKAFUL FUND

Sector Allocations	Percentage
Gen. Industries	6.7
Pharma	4.9
Steel	4.8
Chemicals	4.8
Oil & Gas	2.1
Others	2.2

Top Ten Holdings
APL
ASTL
CPPL
EFERT
FEROZ
HASCOL
HINOON
MTL
MUGHAL
THALL

## CAPITAL GROWTH TAKAFUL FUND

Sector Allocations	Percentage
Gen. Industries	11.0
Steel	8.9
Chemicals	8.2
Pharma	8.0
Oil & Gas	3.6
Others	2.9

Top Ten Holdings
APL
ASTL
CPPL
EFERT
FEROZ
HASCOL
HINOON
LUCK
MUGHAL
THALL