

# INVESTMENT FACT SHEET

## FOR THE MONTH OF JUNE 2020

# FROM INVESTMENT DESK

## ECONOMY AND CAPITAL MARKETS UPDATE

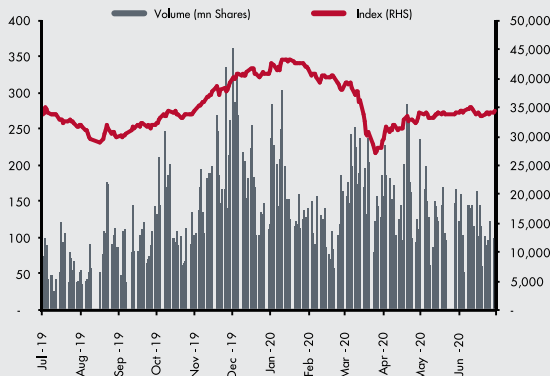
### ECONOMIC SUMMARY

| KEY INDICATORS             | REPORTED MONTH | CURRENT | PREVIOUS | YTD      |
|----------------------------|----------------|---------|----------|----------|
| CPI Inflation              | Jun            | 8.59%   | 8.22%    | 10.74%   |
| Trade Deficit (USD mn)     | May            | (1,534) | (1,733)  | (17,941) |
| Remittances (USD mn)       | May            | 1,873   | 1,790    | 20,654   |
| Current A/C (USD mn)       | May            | 13      | (530)    | (3,288)  |
| FDI (USD mn)               | May            | 120     | 133      | 2,401    |
| Tax Collection ** (PKR bn) | Jun            | 411     | 227      | 3,957    |
| M2 Growth*                 |                |         |          | 13.69%   |
| FX Reserves* (USD bn)      | Jun            |         |          | 17.97    |

Source: SBP, FBS

\* Latest monthly figures \*\*provisional figures

### KSE-100 ONE YEAR PERFORMANCE



### SECONDARY MARKET PKRVs

| TENOR    | JUN-20 | MAY-20 | CHANGE (bps) |
|----------|--------|--------|--------------|
| 30 Days  | 7.09   | 8.00   | (91)         |
| 60 Days  | 7.10   | 8.00   | (90)         |
| 3 Months | 7.09   | 7.98   | (89)         |
| 6 Months | 7.05   | 7.74   | (69)         |
| 1 Year   | 7.05   | 7.65   | (60)         |
| 3 Year   | 7.53   | 7.57   | (4)          |
| 5 Year   | 8.11   | 7.91   | 20           |
| 10 Year  | 8.69   | 8.51   | 18           |

Source: MUFAP

### ECONOMIC REVIEW

Inflation for Jun'20 clocked in at 8.59% YoY while the price index increased monthly by 0.82% mainly led by growth in Food index (+2.1% MoM) while Transport index fell (-1.07% MoM). The current fiscal closes at an average inflation of 10.74%, compared to 6.8% in FY19. On the external side our Current Account posted a surplus in May'20 for the second time in this fiscal year with USD 13 mn (+USD 543 mn MoM). This can be credited to reduction in imports (-USD 334 mn) and surge in remittances (+USD 83 mn) although exports dwindled (-USD 135 mn). Inflows of ~USD 2 bn from World Bank, Asian Development Bank, Asian Infrastructure Investment Bank, and Chinese loan disbursement bolstered our foreign exchange reserves by USD 1.03 bn to USD 17.97 bn in Jun'20 even after accounting for multiple debt repayments in the outgoing month. Another rate cut of 100 bps was announced in an unscheduled MPC meeting held in June, bringing policy rate to 7% after cumulative rate cuts in CY20 of 625 bps in an effort to revive growth in the wake of the Covid-19 pandemic. On the fiscal side, FBR despite challenges amidst Covid-19 and the lockdown situation, collected PKR 3.96 tn for FY20, an improvement of 3.3% YoY, and surpassed the annual target of PKR 3.91 tn by PKR 50 bn.

### EQUITY MARKET REVIEW

The stock market continues to consolidate, with KSE 100 recording a marginal increase of 1.4% to 34,422 points in Jun'20 while average daily trading volumes fell by 5% to 196 mn shares. KMI 30 performed worse with negative return of 0.3% to reach 54,995 points. Major factors behind this mixed performance were announcement of a market-neutral Federal Budget for FY21, introduction of 'smart lockdown' in large cities, a Current Account surplus in May'20, and a policy rate cut by SBP. This takes FY20 return to a mediocre 1.53% which is attributable to substantial loss in 2H FY20 of 15.5% due to Covid-19 pandemic. Foreigners persist in offloading equities for the fifth consecutive month; USD 46 mn worth of stocks were sold in Jun'20 which were majorly absorbed by local Individuals (USD 18 mn), Insurance (USD 10 mn), and Mutual Funds (USD 10 mn). Foreigners sold a total of USD 285 mn in equities in FY20 (-20% YoY). Sector wise, Banks (+5.9%), Fertilizer (+1.9%), and Pharmaceuticals (+7.5%) led the index in Jun'20 while E&P (-1.9%) and Power (-6.9%) were notable laggards. Going forward, Pakistan with forward P/E of 7.3x is trading at 45% discount compared to Asia Pacific regional average of 13.3x along with a dividend yield of ~6.5% versus ~2.6% offered by the region.

### DEBT MARKET REVIEW

Fervor in money market endures with T-bill auctions garnering PKR 1,311 bn worth of bids against target of PKR 475 bn while the central bank accepted just PKR 206 bn in Jun'20. Latest cut-off rates decreased to 7.80% for 3-month tenor (-35 bps MoM), 7.48% for 6-month tenor (-32 bps MoM), and 7.36% for 12-month tenor (-39 bps MoM). Some focus has shifted from Fixed PIBs to Floater PIBs as investors are reluctant to lock in money at current low interest rates. New floater issues of 3 yr and 5 yr tenors were introduced apart from the 10 yr instrument, while bids of PKR 164.1 bn were received against target of PKR 150 bn wherein SBP accepted PKR 124.3 bn at 45-70 bps over benchmark. Fixed PIB auctions saw PKR 181 bn worth of bids received against target of PKR 140 bn while SBP accepted PKR 116 bn at 7.97% (+33 bps MoM) for 3 yr tenor, 8.44% (+39 bps MoM) for 5 yr tenor, 8.99% (+30 bps MoM) for 10 yr tenor, 9.90% (-7 bps MoM) for 15 yr tenor, and 10.51% (new issue) for 20 yr tenor. The MPS announcement of rate cut led to secondary market yields falling by 4-91 bps across short to medium tenors while longer tenors exhibited rise of 18-20 bps.

# 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 7,747 Million                              |
| Launch Date               | 07.07.2015                                     |
| Bid Price<br>(07.07.2015) | PKR 500.00                                     |
| Bid Price<br>(30.06.2020) | PKR 647.87                                     |
| Category                  | Shariah Compliant<br>Balanced Fund             |
| Pricing Mechanism         | Forward on daily basis                         |
| Management Fee            | 1.50% p.a.                                     |
| Pricing Days              | Monday to Friday                               |
| Auditors                  | A. F. Ferguson & Co.                           |
| Appointed Actuary         | Nauman Cheema,<br>Nauman Associates,<br>Lahore |

## BOARD FINANCE & INVESTMENT COMMITTEE

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

## INVESTMENT MANAGEMENT COMMITTEE

| MEMBERS                 | DESIGNATION      |
|-------------------------|------------------|
| Javed Ahmed             | Chairman/CEO     |
| Lilly R. Dossabhoy      | Member           |
| Zahid Barki             | Member           |
| Kashif Naqvi            | Member           |
| Shan Rabbani            | Member           |
| Asif Mobin              | Member/Secretary |
| Dileep Kumar Maheshwari | Member           |

## FUND MANAGER'S COMMENTS

During the month of June 2020 Managed Takaful Fund's (MTF) Unit Price increased by PKR 5.72 (0.89%) net of fund management fee.



## FUND RETURNS

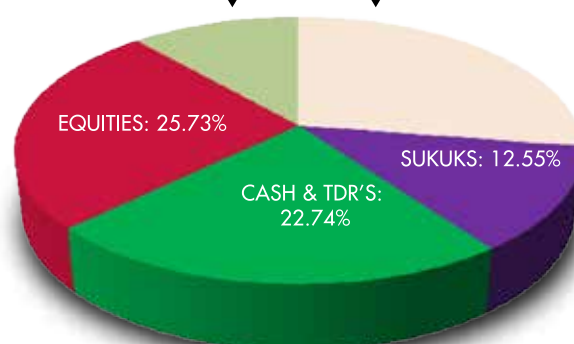
| PERIOD          | RATE OF RETURN |
|-----------------|----------------|
| 1 month         | 0.89%          |
| 3 months        | 7.39%          |
| 12 months       | 7.66%          |
| Calendar YTD    | -2.88%         |
| Since Inception | 29.57%         |

## ASSET ALLOCATION

| ASSETS                       | JUNE-20 | MAY-20 |
|------------------------------|---------|--------|
| Government Securities        | 27.47%  | 11.99% |
| Sukuks                       | 12.55%  | 13.33% |
| Cash and Short Term Deposits | 22.74%  | 38.11% |
| Equities                     | 25.73%  | 24.70% |
| Mutual Funds                 | 11.51%  | 11.87% |

GOVERNMENT SECURITIES: 27.47%

MUTUAL FUNDS: 11.51%



# 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 9,473 Million                        |
| Launch Date            | 07.07.2015                               |
| Bid Price (07.07.2015) | PKR 500.00                               |
| Bid Price (30.06.2020) | PKR 616.21                               |
| Category               | Shariah Compliant Equity Fund            |
| Pricing Mechanism      | Forward on daily basis                   |
| Management Fee         | 1.50% p.a.                               |
| Pricing Days           | Monday to Friday                         |
| Auditors               | A. F. Ferguson & Co.                     |
| Appointed Actuary      | Nauman Cheema, Nauman Associates, Lahore |

## FUND MANAGER'S COMMENTS

During the month of June 2020 Capital Growth Takaful Fund's (CGTF) Unit Price increased by PKR 5.18 (0.85%) net of fund management fee.



## FUND RETURNS

| PERIOD          | RATE OF RETURN |
|-----------------|----------------|
| 1 month         | 0.85%          |
| 3 months        | 12.28%         |
| 12 months       | 4.86%          |
| Calendar YTD    | -8.56%         |
| Since Inception | 23.24%         |

## BOARD FINANCE & INVESTMENT COMMITTEE

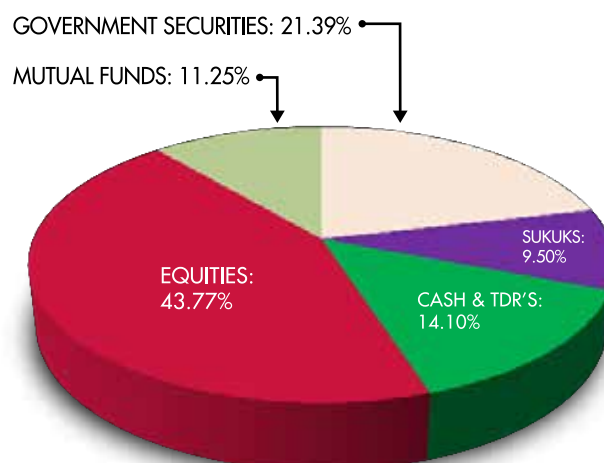
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| Shahid Ghaffar          | Chairman         |
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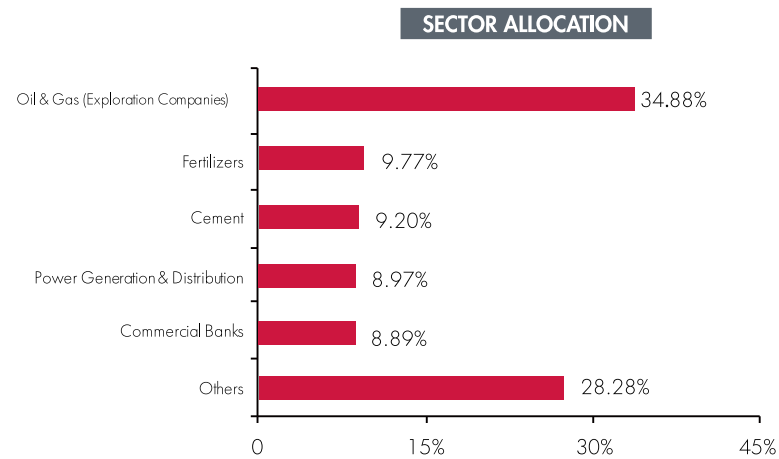
## ASSET ALLOCATION

| ASSETS                       | JUNE-20 | MAY-20 |
|------------------------------|---------|--------|
| Government Securities        | 21.39%  | 13.58% |
| Sukuks                       | 9.50%   | 9.81%  |
| Cash and Short Term Deposits | 14.10%  | 22.71% |
| Equities                     | 43.77%  | 43.47% |
| Mutual Funds                 | 11.25%  | 10.43% |



# EQUITY PORTFOLIO DETAILS

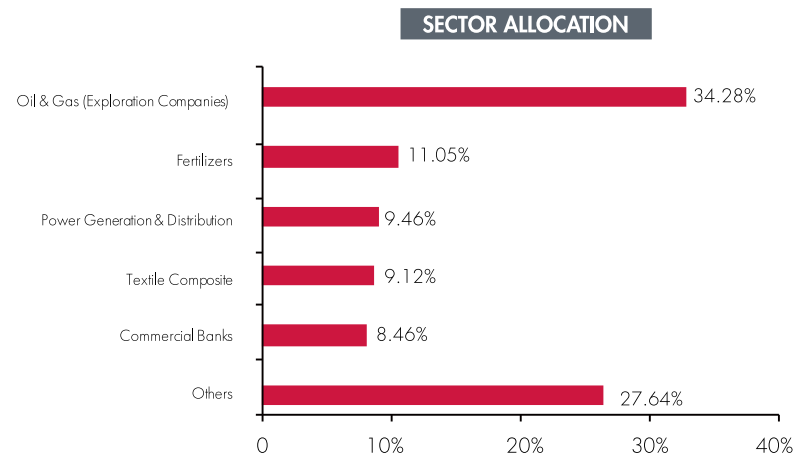
## MANAGED TAKAFUL FUND



### TOP TEN HOLDINGS

ENGRO  
HUBC  
ILP  
LUCK  
MARI  
MEBL  
OGDC  
PPL  
SHFA  
THALL

## CAPITAL GROWTH TAKAFUL FUND



### TOP TEN HOLDINGS

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THALL

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