



INVESTMENT FACT SHEET
FOR THE MONTH OF MAY 2019

FROM INVESTMENT DESK

ECONOMY AND CAPITAL MARKETS UPDATE

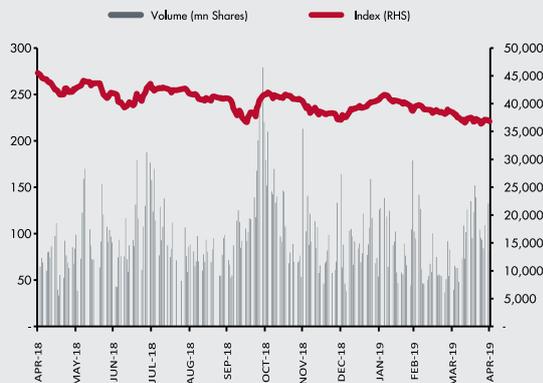
ECONOMIC SUMMARY

KEY INDICATORS	REPORTED MONTH	CURRENT	PREVIOUS	YTD
CPI Inflation	May	9.11%	8.82%	7.18%
Trade Deficit (USD mn)	Apr	(2,121)	(2,118)	(23,934)
Remittances (USD mn)	Apr	1,780	1,745	17,875
Current A/C (USD mn)	Apr	(1,241)	(871)	(11,586)
FDI (USD mn)	Apr	102	178	1,376
Tax Collection ** (PKR bn)	May	328	288	3,303
M2 Growth*				4.95%
FX Reserves* (USD bn)	May			14.89%

Source SBP, FBS

* Latest monthly figures **provisional figures

KSE-100 ONE YEAR PERFORMANCE



SECONDARY MARKET PKRVs

TENOR	MAY-19	APR-19	CHANGE (bps)
30 Days	12.45	10.70	175
60 Days	12.56	10.79	177
3 Months	12.70	10.85	185
6 Months	12.80	11.05	175
1 Year	12.95	11.15	180
3 Year	13.43	12.00	143
5 Year	13.49	12.34	115
10 Year	13.49	12.90	59

Source: MUFAP

ECONOMIC REVIEW

CPI rose by 9.11%/0.8% (YoY/MoM) in May'19 majorly attributable to Food (+3.11% YoY) and Utilities (+2.70% YoY). Inflation for 11MFY19 has hit 7.18%, almost twice that of 11MFY18 (3.81%). Current Account Deficit continues to deteriorate as it increased 42% MoM in Apr'19 to reach USD 1,241 mn from USD 871 mn in the previous month. Remittances and trade in goods were flattish, whereas the major dent came from Services Deficit as it worsened by USD 151 mn (+52% MoM). However, CAD for 10MFY19 still shows improvement of 27% to reach USD -11,586 mn from USD -15,864 mn in SPLY. In addition, forex reserves remained under pressure as the currency slid by 7% during the month and the rupee touched a high of 151.7 to the dollar post announcement of Pakistan's official entry into IMF Program while reserves slightly dipped by USD 0.85 mn to USD 14.89 bn in May'19 from USD 15.74 bn the month before. State Bank of Pakistan (SBP) in its monetary policy statement hiked policy rate by 150bps to 12.25% for a period of two months expressing concern over fiscal deficit and core inflation. With this adjustment, the current real interest rate now stands at 2.8% compared to long-term average of 2.5%. Tax collection for May'19 was PKR 328 bn, up by a pleasing 14% MoM, though still missing the target by PKR 85.6 bn. There has been negligible improvement over the year as tax collection for 11MFY19 is flattish at PKR 3.303 tn and short by PKR 448 bn against the target, a deficit of 5.5% of GDP.

EQUITY MARKET REVIEW

Equities slowed their descent in May'19 with KSE100 index falling by a slight 2.2% to close at 35,975 points. KMI30 also declined by 1.65% to settle at 58,234 points. Similarly, market activity was also dampened by 13% MoM with average daily volumes of 123 mn shares recorded in May'19. This mixed performance is due to another interest rate hike (+150bps in May'19 MPS), renewed concerns on greater macro adjustments and anticipation of a tough budget ahead of the 3 year IMF Program of USD 6 bn.

The trend of foreign buying continued with net inflow of USD 18.42 mn in May'19 with Commercial Banks (+USD 22bn) as the major recipients. Major selling was observed by Mutual Funds (-USD 40 mn) while Companies (+USD 13 mn) were the largest buyer. Sector wise, Fertilizer (-5.6%) and Cement (-3.2%) dragged down the index while Commercial Banks (+0.9%) and Power (+2.1%) provided some support to the index. Going forward, Pakistan with forward P/E of 5.7x is trading at 82% discount compared to Asia Pacific regional average of 10.4x, along with a dividend yield of 7.2%.

DEBT MARKET REVIEW

Long term papers continued to hold investors' attention as interest rates cycle nears its plateau following 150 bps hike in latest MPS in May'19. Being the first PIB auction post IMF entry program announcement and of the newly formed MPS committee, this auction provides for guidance towards the possible debt management strategy of the GoP wherein the latest PIB auction saw healthy participation of PKR 388 bn against target of PKR 100 bn, while the central bank accepted bids worth PKR 106 bn in all tenors at higher cut-off yields (3 yr @ 13.70%, 5 yr @ 13.80%, 10 yr @ 13.60%). However, PIB floater auction saw underwhelming participation of PKR 68.5 bn against target of PKR 100 bn with only PKR 20 bn worth of bids being accepted by SBP. The yields in higher tenors (>5) are less than that of 3 & 5yr tenors reflecting the initiation of a possible inverted yield curve. Consequently, secondary market yields rose by an average of 150 bps across all tenors. T-bill auctions also saw strong participation with PKR 3,690 bn worth of bids being accepted in three mth (12.75%) and six mth (12.80%) tenors against target of PKR 1,800 bn in May'19.

MANAGED TAKAFUL FUND

FUND OBJECTIVE

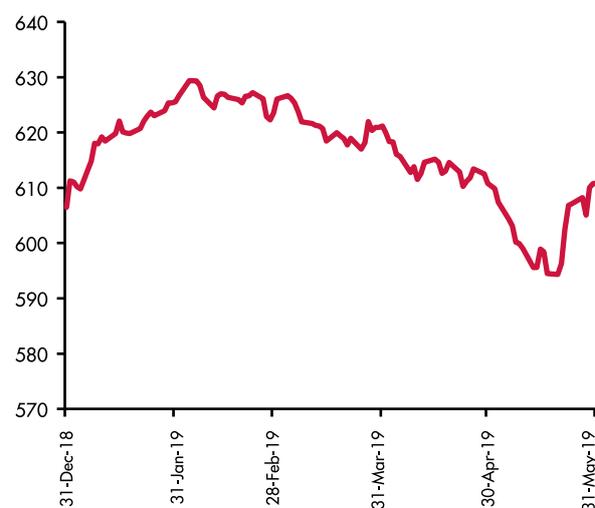
"To optimize aggregate long term risk adjusted return through capital appreciation, dividend and profit income by investing in a Balanced Portfolio comprising of Shariah compliant equities, equity mutual funds, Sukuks (Government and Corporate), deposits with Islamic Banks and Windows or any other approved Shariah compliant avenues. The Fund was launched on July 7, 2015.

FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Managed Takaful Fund
Fund Size	PKR 4,907 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.05.2019)	PKR 610.83
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 2019 Managed Takaful Fund's (MTF) Unit Price increased by PKR .01 (0.0%) net of fund management fee.



INVESTMENT COMMITTEE

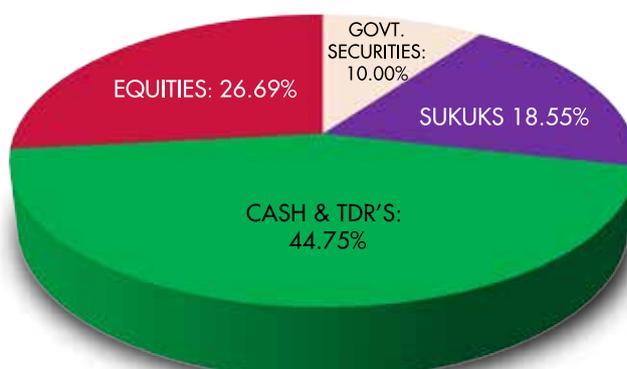
MEMBERS	DESIGNATION
Shahid Ghaffar	Chairman
Javed Ahmed	Member / CEO
Rafiuddin Zakir Mahmood	Member
John Joseph Metcalf	Member
Lilly R. Dossabhoy	Member
Shan Rabbani	Member

ASSET ALLOCATION

ASSETS	MAY 2019	APRIL 2019
Government Securities	10.00%	10.40%
Sukuks	18.55%	19.21%
Cash and Short Term Deposits	44.75%	42.70%
Stocks & Mutual Funds	26.69%	27.70%

FUND RETURNS

PERIOD	RATE OF RETURN
1 month	0.00%
3 months	-2.04%
12 months	-1.12%
Calendar YTD	0.72%
Since Inception	22.17%



CAPITAL GROWTH TAKAFUL FUND

FUND OBJECTIVE

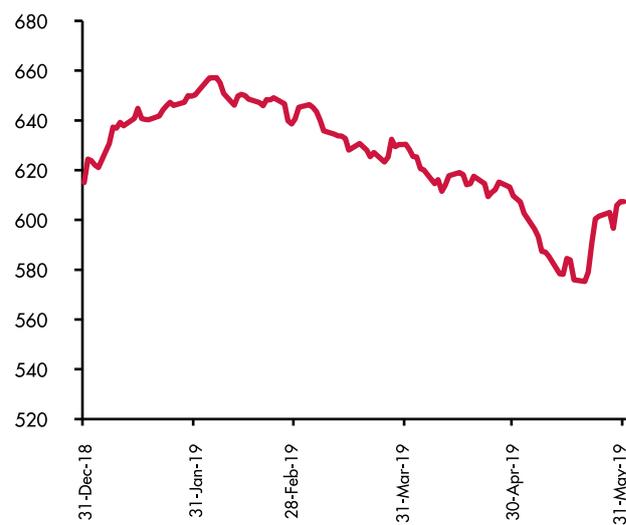
"To optimize aggregate long term risk adjusted return through capital appreciation, dividend and profit income by investing in an Aggressive Portfolio primarily comprising of Shariah compliant equities and equity mutual funds with any excess liquidity being invested in Sukuks (Government and Corporate) 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 6,794 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.05.2019)	PKR 607.37
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 2019 Capital Growth Takaful Fund's (CGTF) Unit Price decreased by PKR 2.32 (-0.38%) net of fund management fee.



INVESTMENT COMMITTEE

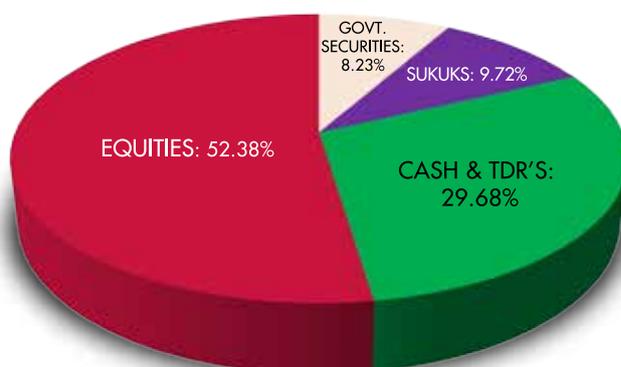
MEMBERS	DESIGNATION
Shahid Ghaffar	Chairman
Javed Ahmed	Member / CEO
Rafiuddin Zakir Mahmood	Member
John Joseph Metcalf	Member
Lilly R. Dossabhoy	Member
Shan Rabbani	Member

ASSET ALLOCATION

ASSETS	MAY 2019	APRIL 2019
Government Securities	8.23%	8.50%
Sukuks	9.72%	10.29%
Cash and Short Term Deposits	29.68%	25.76%
Stocks & Mutual Funds	52.38%	55.45%

FUND RETURNS

PERIOD	RATE OF RETURN
1 month	-0.38%
3 months	-5.19%
12 months	-6.60%
Calendar YTD	-1.24%
Since Inception	21.47%



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