

INVESTMENT FACT SHEET

FOR THE MONTH OF MAY 2020

FROM INVESTMENT DESK

ECONOMY AND CAPITAL MARKETS UPDATE

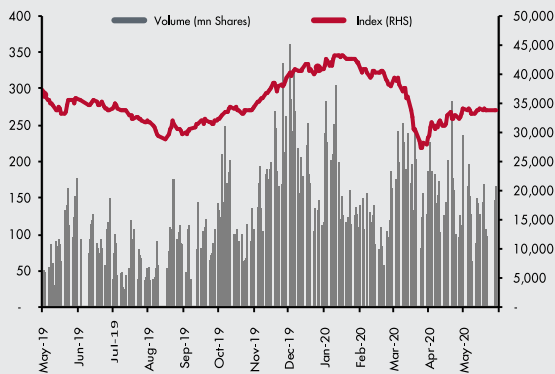
ECONOMIC SUMMARY

KEY INDICATORS	REPORTED MONTH	CURRENT	PREVIOUS	YTD
CPI Inflation	May	8.22%	8.53%	10.94%
Trade Deficit (USD mn)	Apr	(1,767)	(1,501)	(16,441)
Remittances (USD mn)	Apr	1,790	1,894	18,781
Current A/C (USD mn)	Apr	(572)	(9)	(3,343)
FDI (USD mn)	Apr	133	279	2,281
Tax Collection ** (PKR bn)	May	227	257	3,518
M2 Growth*				11.06%
FX Reserves* (USD bn)	May			16.92

Source SBP, FBS

* Latest monthly figures **provisional figures

KSE-100 ONE YEAR PERFORMANCE



SECONDARY MARKET PKRVs

TENOR	MAY-20	APR-20	CHANGE (bps)
30 Days	8.00	8.45	(45)
60 Days	8.00	8.20	(20)
3 Months	7.98	7.97	1
6 Months	7.74	7.50	24
1 Year	7.65	7.13	52
3 Year	7.57	7.25	32
5 Year	7.91	7.63	28
10 Year	8.51	8.11	40

Source: MUFAP

ECONOMIC REVIEW

The trend of slowdown in inflation continues, with May'20 posting an eleven-month low of 8.22% YoY. On sequential basis, the price index rose by 0.32% MoM on the back of increase in Food index (+1.63% MoM) and Clothing & Footwear index (+1.40% MoM) while Transport index tumbled by 6.45% MoM due to reduction in oil prices. On the external side our Current Account Deficit (CAD) surged upwards to USD 572 mn in Apr'20 after the previous month's historic low of USD 9 mn. This can be attributed to fall in exports (-USD 428 mn) and remittances (-USD 104 mn) which overwhelmed the cut in imports (-USD 162 mn). In the recent MPC meeting held in May, the central bank cut benchmark policy rate by 100 bps to 8.0%, bringing cumulative rate cuts in CY20 to 525 bps to counter the expected negative economic impact of the Covid-19 pandemic. Foreign exchange reserves shrunk by USD 1.8 bn to USD 16.9 bn in May'20 amid external debt repayments and lack of inflows. On the fiscal side, FBR collected PKR 227 bn in taxes in May'20 against target of PKR 250 bn, a massive decline of 31% YoY due to lockdown amid Covid-19 pandemic. This takes 11MFY20 tax collection to PKR 3.5 tn (+7.7% YoY) from PKR 3.3 tn the year before. With the halt in business activity and liquidity struggles, it is unlikely that FBR will be able to meet the FY20 revenue collection target which has been thrice revised down to PKR 3.9 tn.

EQUITY MARKET REVIEW

The stock market appeared stable in May'20 after the previous month's boom, with KSE 100 posting a negligible decline of 0.5% to 33,930 points while average daily trading volumes remained flattish at 206 mn shares. KMI 30 performed similarly with negative return of 0.6% to settle at 55,170 points. Primary factors behind this muted performance were anticipated rate cut of 100 bps from State Bank of Pakistan (capitalizing on the significant slowdown in inflation thanks to lower fuel prices), gradual resumption of businesses and plants activity, and surge in local Covid-19 cases to 80,000+ with 54,000 new cases in May alone. Foreigners' negative sentiment continues as May'20 saw offloading of equities worth USD 40 mn which was majorly absorbed by local Individuals (USD 41 mn) while local Mutual Funds were primary seller with USD 10 mn. Sector heavyweights such as Banks (-5.9%) and Fertilizer (-2.6%) dragged down the market index while E&Ps (+4.6%) and Pharma (+7.7%) provided some support. Going forward, Pakistan with forward P/E of 7.1x is trading at 44% discount compared to Asia Pacific regional average of 12.6x along with a dividend yield of ~8.3% versus ~2.7% offered by the region.

DEBT MARKET REVIEW

Investors continue to flock towards government papers in these uncertain times despite another cut in policy rate in May'20 of 100 bps. T-bill auctions witnessed PKR 1,697 bn worth of bids received against target of PKR 725 bn while SBP accepted PKR 534 bn. Latest cut-off rates decreased to 8.15% for 3 month tenor (-25 bps MoM), 7.81% for 6 month tenor (-19 bps MoM) but 12 month tenor instruments saw increase of 27 bps MoM to 7.75%. Abundant interest was also recorded in PIB auction with PKR 250 bn worth of bids received against target of PKR 125 bn while SBP accepted PKR 178 bn in fixed PIBs at 7.64% (-92 bps MoM) for 3 yr tenor, 8.05% (-78 bps MoM) for 5 yr tenor, 8.69% (-31 bps MoM) for 10 yr tenor, and 9.97% (-52 bps MoM) for 15 yr tenor. Floaters saw relatively less interest with PKR 80 bn worth of bids received against target of PKR 50 bn while SBP accepted PKR 67 bn at 24.5 bps over benchmark. Secondary market yields rose by 1-52 bps across all tenors following the MPS announcement of rate cut as investors foresee limited room for further monetary easing.

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 7,487 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.05.2020)	PKR 642.15
Category	Shariah Compliant 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, Nauman Associates, 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 May 2020 Managed Takaful Fund's (MTF) Unit Price decreased by PKR 0.05 (-0.01%) net of fund management fee.



FUND RETURNS

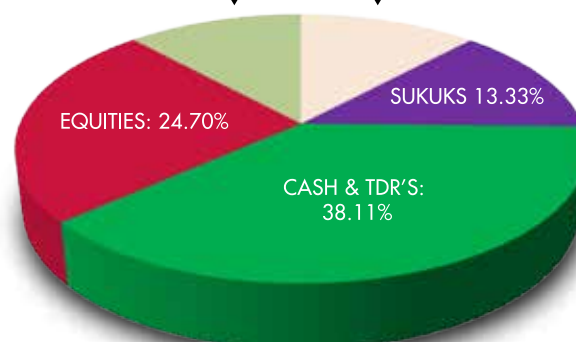
PERIOD	RATE OF RETURN
1 month	-0.01%
3 months	-2.70%
12 months	5.13%
Calendar YTD	-3.73%
Since Inception	28.43%

ASSET ALLOCATION

ASSETS	MAY-20	APRIL-20
Government Securities	11.99%	12.27%
Sukuks	13.33%	13.87%
Cash and Short Term Deposits	38.11%	33.77%
Equities	24.70%	27.96%
Mutual Funds	11.87%	12.13%

GOVERNMENT SECURITIES: 11.99%

MUTUAL FUNDS: 11.87%



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 9,242 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.05.2020)	PKR 611.03
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

BOARD FINANCE & INVESTMENT COMMITTEE

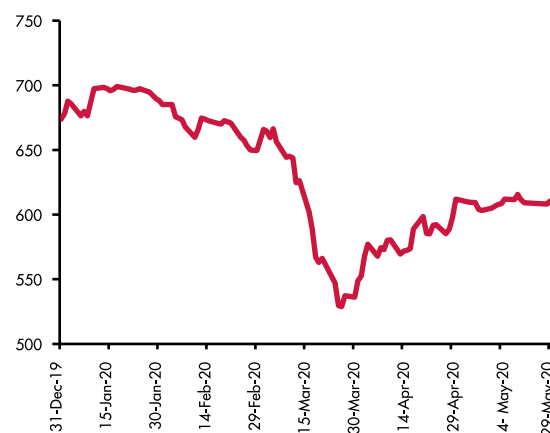
MEMBERS	DESIGNATION
Shahid Ghaffar	Chairman
Javed Ahmed	Member / CEO
Rafiuddin Zakir Mahmood	Member
John Joseph Metcalf	Member
Lilly R. Dossabhoy	Member/Secretary
Shan Rabbani	Member

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 May 2020 Capital Growth Takaful Fund's (CGTF) Unit Price decreased by PKR 0.85 (-0.14%) net of fund management fee.

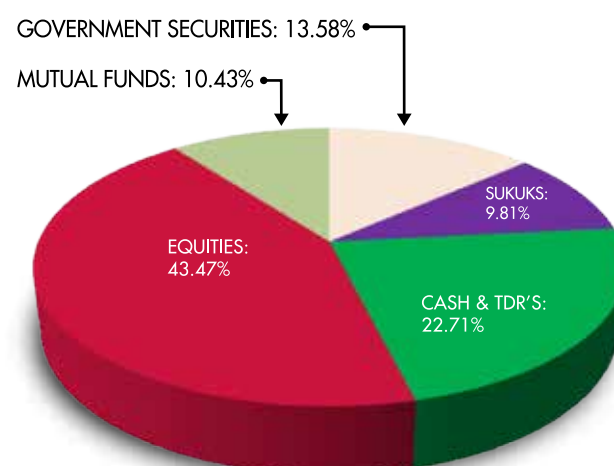


FUND RETURNS

PERIOD	RATE OF RETURN
1 month	-0.14%
3 months	-5.94%
12 months	0.60%
Calendar YTD	-9.32%
Since Inception	22.21%

ASSET ALLOCATION

ASSETS	MAY-20	APRIL-20
Government Securities	13.58%	4.39%
Sukuks	9.81%	10.11%
Cash and Short Term Deposits	22.71%	27.57%
Equities	43.47%	47.34%
Mutual Funds	10.43%	10.58%



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