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# INVESTORS' OUTLOOK

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FOR THE MONTH OF MAY 2015

# Table of Contents

**Market Review ..... 1-2**

**Managed Fund ..... 3**

**Capital Growth Fund ..... 4**

**Meesaq Fund..... 5**

**Yaqeen Growth Fund ..... 6**

# Market Review

May 2015

## Equity Market

The stock market remained lackluster in May, with the KSE100 Index falling 2% month on month to 33,057. Approval of the GIDC Bill, and concerns on the budgetary front (to be announced on June 5), particularly the new tax measures, changes in capital gains tax, increase in gas pricing, etc kept market participants on the sidelines. An unexpectedly larger cut in the discount rate during the month, a change in sovereign rating outlook to 'Positive' by S&P, and successful completion of the 7<sup>th</sup> IMF review failed to attract activity in the market. Index heavy-weight sectors (Oil & Gas, Chemicals, Cements and banks) were laggards during the month. Average turnover halved to 106m shares in May (April: 201m shares). Foreigner remained net buyers of US\$15m during the month. On the local front, companies (-US\$68m) and mutual funds (-US\$29m) liquidated their positions.



## Monetary Policy

There were three policy decisions that were taken by the State Bank of Pakistan (SBP) in its monetary policy announcement on May 23<sup>rd</sup>.

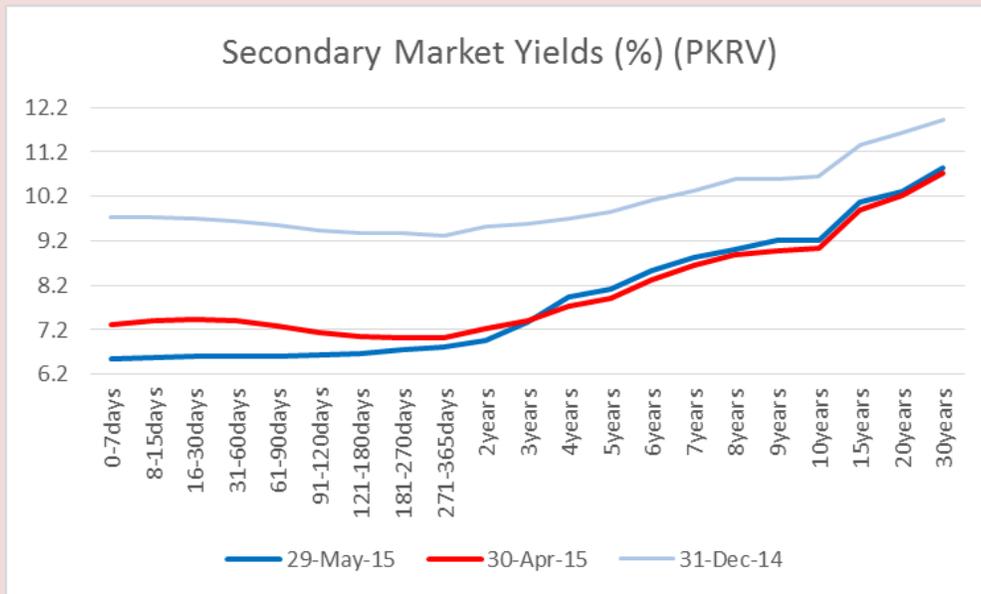
- 1) The SBP reduced the discount rate by 100bps to 7% in May—the lowest level in 42 years. Easing inflation, narrowing current account deficit, buildup in foreign exchange reserves and an uptick in real GDP growth were the main reasons cited for the decision by the SBP in its monetary policy statement.
- 2) Along with the discount rate reduction, the SBP also introduced a new "SBP Target Rate" which is set 50bps below the discount rate. The SBP will ensure that the overnight rates will remain close to the new target rate.
- 3) The width of the interest rate corridor (IRC) was reduced to 200bps, from 250bps, implying a floor rate (SBP repo rate) of 5%. (To recap, IRC was introduced in August 2009 to minimize the volatility in money market and movement of ST rates within reasonable range). Under the regulations, the minimum rate of return on savings deposit accounts will now be 4.5%.

## Money Market

Two T-Bill Auctions were conducted in May, the first one before the monetary easing and second, after the announcement of the monetary policy. Average yields dropped 77bps, 63bps and 45bps to 6.61%, 6.64% and 6.72%, respectively for 3-, 6-, and 12-months papers. A total of Rs. 211.5 b was picked up in these auctions, against a target of Rs. 450b.

A PIB Auction was conducted on May 20. Cut-offs were reduced by 30bps, 32bps and 9 bps to 7.55%, 8.10% and 9.25%, respectively for 3-, 5-, and 10-year papers. No bids were received for 20-year paper. An amount of Rs. 59b was accepted against a target of Rs. 50b.

Yield curve in the secondary market continued to steepen during the month, with longer tenor PKRV increasing MoM, while rates in the shorter tenor dropped in line with monetary easing. Benchmark 6-month KIBOR also reduced 63bps in May to 6.76%.



## CPI Inflation

After declining for four consecutive months, and remaining below 3% for the previous two months, the YoY CPI crept up to 3.16% in May 2015. While MoM inflation is lower at 0.8%, relative to 1.3% in April, the higher YoY figure is partly due to the low base effect. Factors contributing to the uptick in inflation is rising prices of food items (increasing 1.93% MoM and 2.22% YoY), particularly the perishable item. While housing, water, electricity and fuel prices remained flat MoM, they are up 4.9% YoY.

Going forward, the uptick in inflation is likely to continue, contributed by an increase in food prices ahead of Ramzan and increase in fuel prices. Further, a cut in power subsidies, and increase in power and gas tariffs by the Government is also on the cards. Later during the year, the lower base effect is also likely to keep inflation figures on the higher side.

# Managed Fund

## Fund Objective

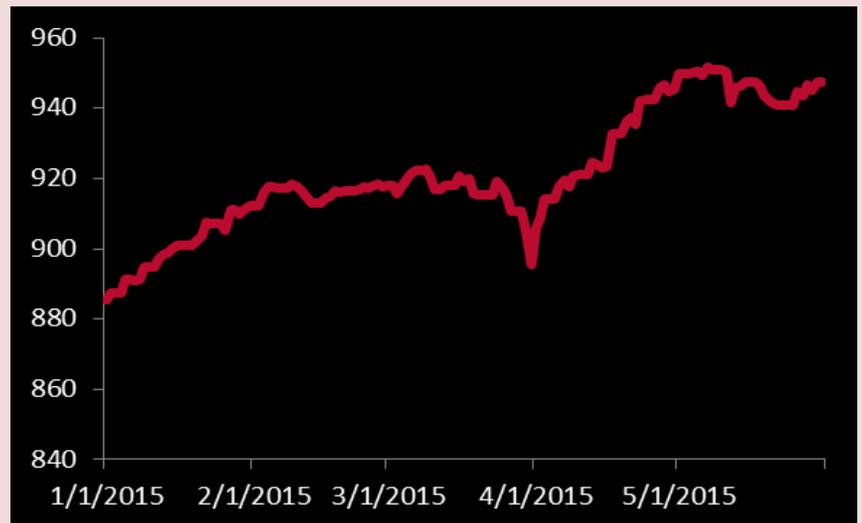
To maximize capital appreciation by investing in a balanced portfolio of wide range of shares, Government and other fixed income securities and bank deposits.

## Fund Information

Description	Information
<b>Fund Name</b>	Managed Fund
<b>Fund Size</b>	PKR 40,402 Million
<b>Launch date</b>	31.12.1996
<b>Bid Price (31.12.1996)</b>	PKR 99.50
<b>Bid Price (31.05.2015)</b>	PKR 947.50
<b>Category</b>	Balanced Fund
<b>Pricing Mechanism</b>	Back-ward 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

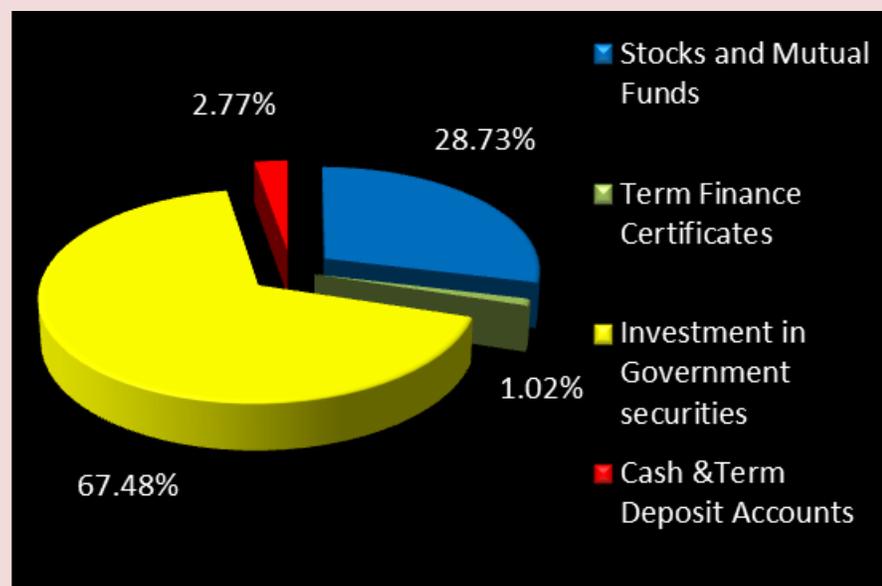
During the month of May 2015, Managed Fund's (MF) Unit Price decreased by PKR 2.37 (-0.25%) net of fund management fee. On YTD basis unit price has increased 7.00% (not-annualized).



Investment Committee Members	
<b>Ayaz Ahmed</b>	Chairman
<b>Javed Ahmed</b>	Member / CEO
<b>Sultan Ali Akbar Allana</b>	Member
<b>John Joseph Metcalf</b>	Member
<b>Nurallah Merchant</b>	Member
<b>Manzoor Ahmed</b>	Member/ Secretary

Assets	May 2015	April 2015
<b>Government Securities</b>	<b>67.48%</b>	68.09%
<b>Term Finance Certificates</b>	<b>1.02%</b>	1.03%
<b>Cash &amp; Short Term Deposits</b>	<b>2.77%</b>	1.36%
<b>Stocks &amp; Mutual Funds</b>	<b>28.73%</b>	29.52%

Fund Returns	
Period	Rate of Return
<b>1 month</b>	-0.25%
<b>3 months</b>	3.22%
<b>12 months</b>	18.62%
<b>Calendar YTD</b>	7.00%
<b>Since Inception</b>	852.26%
<b>Since Inception (annualized)</b>	13.01%



Fund Size	
May 2015	April 2015
PKR 40,402 Million	PKR 39,591 Million

# Capital Growth Fund

## Fund Objective

The objective of the fund is to maximize returns to policyholders by investing mainly in equity portfolio and partly in Government securities, Term Finance Certificates and bank deposits.

## Fund Information

Description	Information
<b>Fund Name</b>	Capital Growth Fund
<b>Fund Size</b>	PKR 1,485 Million
<b>Launch date</b>	28.07.2004
<b>Bid Price (28.07.2004)</b>	PKR 100.00
<b>Bid Price (31.05.2015)</b>	PKR 652.60
<b>Category</b>	Equity Fund
<b>Pricing Mechanism</b>	Back-ward 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 May 2015, Capital Growth Fund's (CGF) Unit Price decreased by PKR 17.70 (-2.64%) net of fund management fee. On YTD basis unit price has increased 6.81% (not-annualized).



## Investment Committee Members

<b>Ayaz Ahmed</b>	Chairman
<b>Javed Ahmed</b>	Member / CEO
<b>Sultan Ali Akbar Allana</b>	Member
<b>John Joseph Metcalf</b>	Member
<b>Nurallah Merchant</b>	Member
<b>Manzoor Ahmed</b>	Member/ Secretary

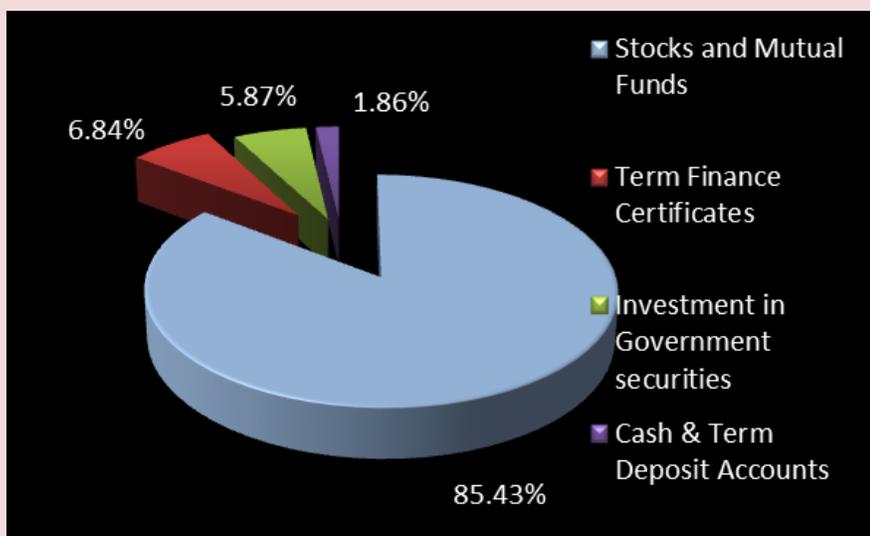
Assets	May 2015	April 2015
<b>Government Securities</b>	5.87%	4.16%
<b>Cash &amp; Short Term Deposits</b>	1.86%	5.11%
<b>Term Finance Certificates</b>	6.84%	7.22%
<b>Stocks &amp; Mutual Funds</b>	85.43%	83.50%

## Fund Returns

Period	Rate of Return
<b>1 month</b>	-2.64%
<b>3 months</b>	1.18%
<b>12 months</b>	19.57%
<b>Calendar YTD</b>	6.81%
<b>Since Inception</b>	552.60%
<b>Since Inception (annualized)</b>	18.87%

## Fund Size

May 2015	April 2015
PKR 1,485 Million	PKR 1,395 Million



# Meesaq Fund

## Fund Objective

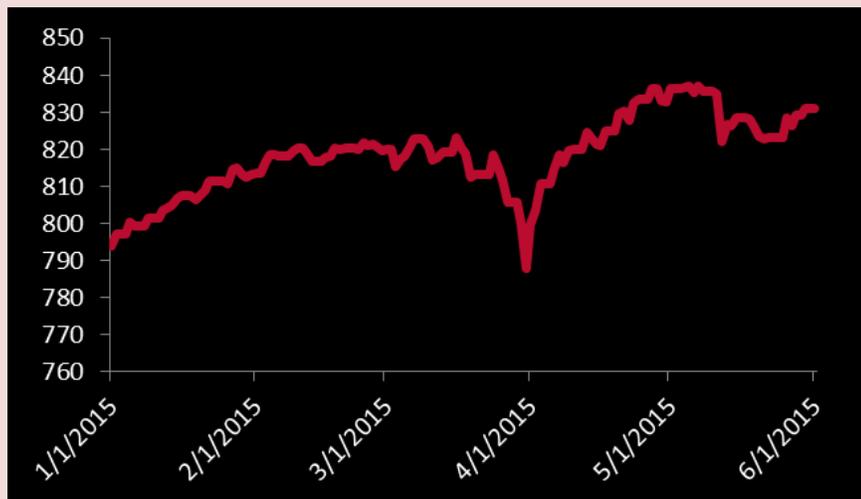
The objective of the Meesaq fund is to provide an opportunity to investors who want interest free returns. The instruments in which the Meesaq fund invests are selective stocks, sukuk, short term deposits in Islamic banks / Islamic bank branches, Islamic mutual funds and other valid interest-free investments.

## Fund Information

Description	Information
<b>Fund Name</b>	Meesaq Fund
<b>Fund Size</b>	PKR 5,738 Million
<b>Launch date</b>	27.03.2008
<b>Bid Price (27.03.2008)</b>	PKR 475.00
<b>Bid Price (31.05.2015)</b>	PKR 831.04
<b>Category</b>	Non-interest bearing Investment portfolio
<b>Pricing Mechanism</b>	Back-ward 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 May 2015, Meesaq Fund's (MEF) Unit Price decreased by PKR 5.46 (-0.65%) net of fund management fee. On YTD basis unit price has increased 4.66% (not-annualized).



## Investment Committee Members

<b>Ayaz Ahmed</b>	Chairman
<b>Javed Ahmed</b>	Member / CEO
<b>Sultan Ali Akbar Allana</b>	Member
<b>John Joseph Metcalf</b>	Member
<b>Nurallah Merchant</b>	Member
<b>Manzoor Ahmed</b>	Member/ Secretary

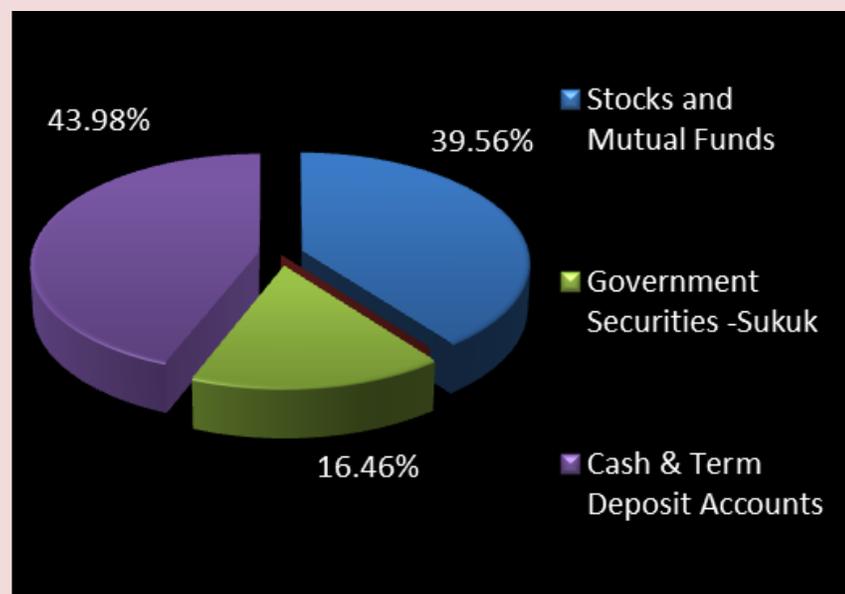
Assets	May 2015	April 2015
<b>Government Securities-Sukuk</b>	<b>16.46%</b>	16.68%
<b>Cash &amp; Short Term Deposits</b>	<b>43.98%</b>	44.18%
<b>Stocks &amp; Mutual Funds</b>	<b>39.56%</b>	39.14%

## Fund Returns

Period	Rate of Return
<b>1 month</b>	-0.65%
<b>3 months</b>	1.37%
<b>12 months</b>	13.97%
<b>Calendar YTD</b>	4.66%
<b>Since Inception</b>	74.96%
<b>Since Inception (annualized)</b>	8.10%

## Fund Size

May 2015	April 2015
PKR 5,738 Million	PKR 5,667 Million



# Yaqeen Growth Fund

## Fund Objective

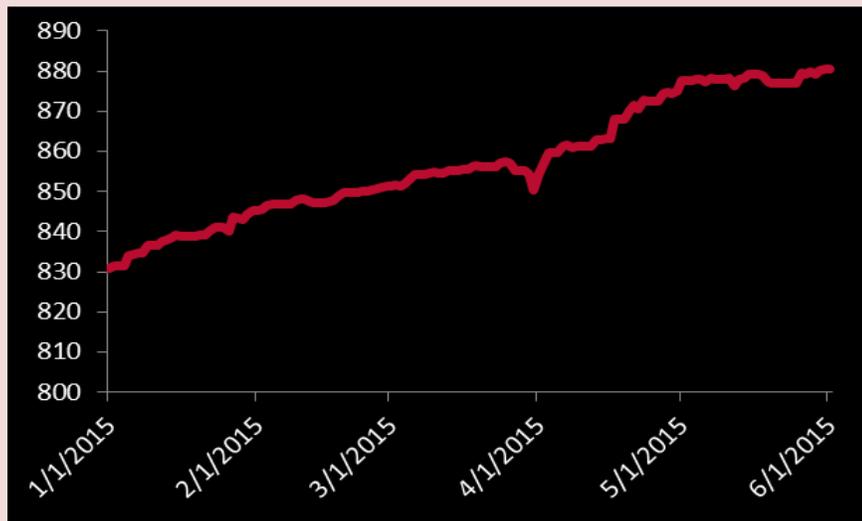
This fund has been formed to enable Jubilee Life's policyholders to participate in a diversified portfolio of Fixed Income Securities with minimal exposure to equity. Yaqeen Growth fund is suitable for those who wish to earn steady returns on investments through full exposure to debt securities and minimum risk of capital erosion.

## Fund Information

Description	Information
<b>Fund Name</b>	Yaqeen Growth Fund
<b>Fund Size</b>	PKR 1,002 Million
<b>Launch date</b>	01.06.2009
<b>Bid Price (01.06.2009)</b>	PKR 475.00
<b>Bid Price (31.05.2015)</b>	PKR 880.53
<b>Category</b>	Capital Protected Fund
<b>Pricing Mechanism</b>	Back-ward 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

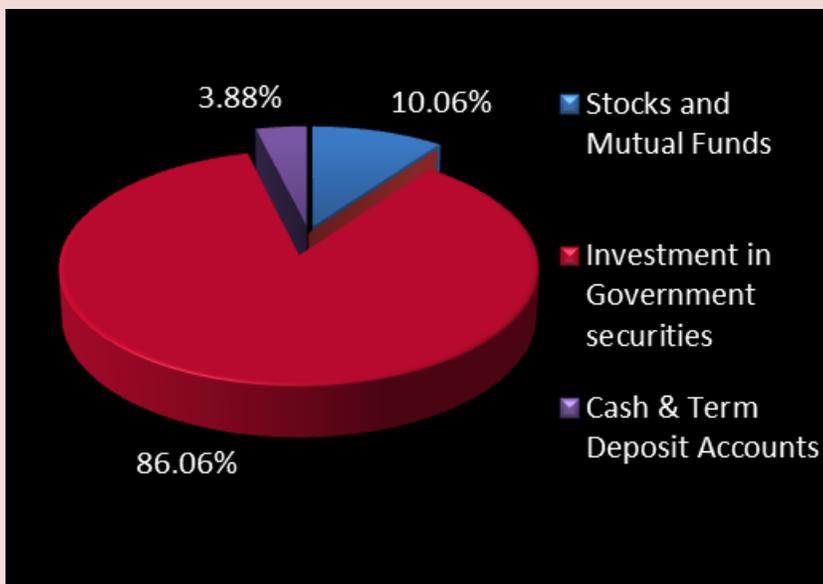
During the month of May 2015, Yaqeen Growth Fund's (YGF) Unit Price increased by PKR 2.91 (0.33%) net of fund management fee. On YTD basis unit price has increased 15.05% (annualized).



Investment Committee Members	
<b>Ayaz Ahmed</b>	Chairman
<b>Javed Ahmed</b>	Member / CEO
<b>Sultan Ali Akbar Allana</b>	Member
<b>John Joseph Metcalf</b>	Member
<b>Nurallah Merchant</b>	Member
<b>Manzoor Ahmed</b>	Member/ Secretary

Assets	May 2015	April 2015
<b>Government Securities</b>	<b>86.06%</b>	86.38%
<b>Cash &amp; Short Term Deposits</b>	<b>3.88%</b>	3.09%
<b>Stocks &amp; Mutual Funds</b>	<b>10.06%</b>	10.53%

Fund Returns	
Period	Rate of Return
<b>1 month</b>	0.33%
<b>3 months</b>	3.41%
<b>12 months</b>	16.46%
<b>Calendar YTD</b>	5.97%
<b>Calendar YTD (annualized)</b>	15.05%
<b>Since Inception</b>	85.37%
<b>Since Inception (annualized)</b>	10.83%



Fund Size	
May 2015	April 2015
PKR 1,002 Million	PKR 990 Million