



INVESTORS' OUTLOOK

FOR THE MONTH OF OCTOBER 2017

INVESTORS' OUTLOOK

ECONOMY AND CAPITAL MARKETS UPDATE

Economic Summary

Key Indicators	Reported Month	Current	Previous	YTD
CPI Inflation	Oct	3.80%	3.86%	3.50%
Trade Deficit (USD mn)	Sept	-2,798	-3,086	-9,088
Remittances (USD mn)	Oct	1,654	1,294	6,444
Current A/C (USD mn)	Sept	-956	-550	-3,557
FDI (USD mn)	Sept	205	235	662
Tax Collection ** (PKR bn)	Oct	259	318	1,024
M2 Growth*	Oct			-1.18%
FX Reserves* (USD bn)	Oct			19.84

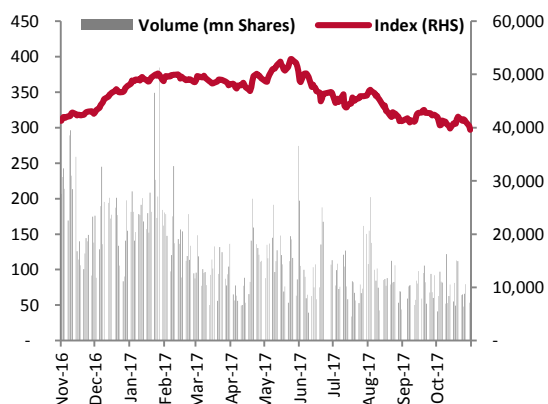
Source: SBP, FBS

* Latest monthly figures **provisional figures

Economic Review

CPI Inflation for the month of October clocked in at 3.8%YoY compared to 4.2%YoY in October 16 and 3.9% in September 17. On a sequential basis, CPI is up 0.8% vs. an increase of 0.6% seen last month led by house rent (+1.38% MoM), food inflation (+0.6% MoM), and education fee (+3.66% MoM). Overall, average 4MFY18 inflation now stands at 3.5% compared to 3.9% in 4MFY17. External account situation worsened in September 2017 after a seasonal relief witnessed in prior month as current account deficit (CAD) increased sharply by 73.8%MoM to USD956 mn in September 2017 compared to USD550 mn in August 2017. This deterioration was fueled by declining workers' remittances (-34%MoM) coupled with weaker FDI (down 13% MoM). On the other hand, trade deficit during Sep 2017 remained flat MoM at USD2,167 mn. Both exports and imports declined by 17% and 8% to USD1,744 mn and USD3,911 mn respectively. Cumulative deficit widened by 117%YoY from USD1,637 mn (2.2% of GDP) in 1QFY17 to USD3,557 mn (4.2% of GDP) in 1QFY18. As a result, total foreign exchange reserves dropped to USD19,843 mn in Oct 2017 from USD21,402 mn back in June 2017. On fiscal front, Federal Board of Revenue has continued to display satisfactory performance and achieved provisional gross revenue collection of over PKR1,074 bn in 4MFY18, up by 20.4% compared to corresponding period of last year. Government has to report a growth of 19.2% in order to achieve annual tax collection target over previous year. Moving ahead, we feel vulnerable external account due to expected increase in import bill amid recovery in commodity prices and uptick in machinery imports is expected to remain key challenge to address. Nevertheless, government with an extension of export package and additional regulatory duties on luxury imports is one step ahead to address the external account situation.

KSE-100 one year performance



Equity Market Review

Equities took breather in October 2017 as benchmark KSE-100 index posted a decline of 6.6%MoM to close at a new CYTD low of 39,617 points. Cumulatively, this brings the CYTD/FYTD decline to 17.1%/14.9%. Despite a reasonable September 17 results season, unrest in country's domestic politics and deteriorating economic indicators (Worsening of CAD and eroding FX reserves) continued to hamper investors' sentiments. This is also evident from poor investor participation as average daily traded volumes were down by massive 58%/67% MoM/YoY during the period. However, key positive developments during the month include imposition of Regulatory Duty on non-essential imports, deregulation of High speed diesel prices, KAPCO's announcement to acquire 17.4% stake in HUBCO for PKR 22bn and clearance of sales tax refunds by GoP to the tune of PKR 13bn on export RPOs till Aug 31, 2017.

On the flows side, foreign investors were net sellers with net selling worth USD 8.9 mn in the month of October'17. Major foreign selling was witnessed in E&Ps (USD 15.1mn), Fertilizers (USD 4.4mn), Cements (USD 3.2mn), OMCs (USD 2.6mn) and banks (USD 2.5mn). However, local liquidity led by Banks (+USD 32mn), Individuals (+USD 18mn), Companies (+USD 9mn) and Insurance (+USD 2mn) whereas mutual funds were the major local sellers with a net outflow of - USD 41mn. Moving ahead, Pakistan with forward P/E of 7.8x is trading at a steep discount of 47% as compared to MSCI EM P/E of 14.8 and offers an attractive dividend yield of 6.1%. Moreover, sharp correction of 25% from all time high of 52,876 points is providing an ideal opportunity for fresh investments.

Secondary market PKRVs

Tenor	Oct-17	Sept-17	Change (bps)
30 Days	5.92	5.91	2
60 Days	5.93	5.96	-2
3 Months	5.98	5.99	0
6 Months	6.01	6.01	0
1 Year	6.03	6.03	0
3 Year	6.96	6.94	2
5 Year	7.61	7.66	-1
10 Year	8.30	8.31	0

Source: MUFAP

Debt Market Review

During the month of October, SBP held two T-Bill auctions with a combined target of PKR1,300 bn against a maturity of PKR1,486 bn whereas central bank accepted bids worth PKR1,532 bn mainly in lower tenor. Cut-off yields for 03 and 06 month tenors were maintained at 5.991% and 6.0109% respectively whereas all bids for 12-month tenor were rejected. On the other hand, interest in PIBs remained extremely lacklustre as the SBP received bids of only PKR25 bn against target of PKR100 bn. Subsequently, central bank rejected all bids and scrapped the auctions. Overall activity remained dull as secondary market yields in the shorter tenors remained flat while trades were witnessed within a narrow band and subsequently yields were adjusted by 1-2 basis points across the board. Moving ahead, market is expected to remain range bound in near term given a stable interest rates scenario.

Fund Objective

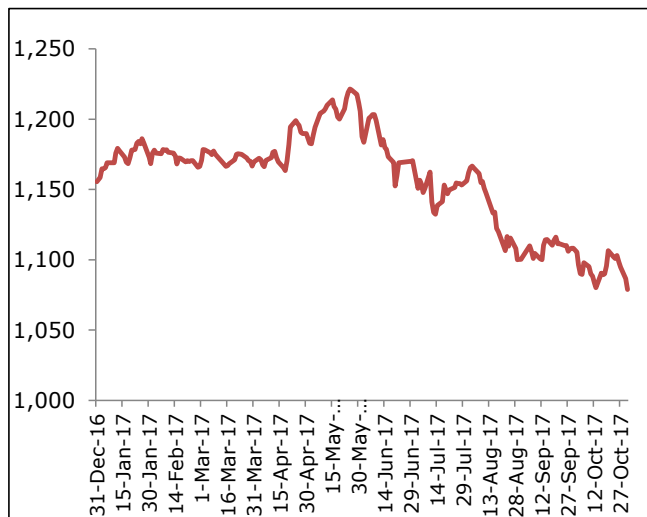
To maximize capital appreciation by investing in a balanced portfolio of wide range of shares, Government and other fixed income securities and bank deposits.

Fund Information

Description	Information
Fund Name	Managed Fund
Fund Size	PKR 67,332 Million
Launch Date	31.12.1996
Bid Price (31.12.1996)	PKR 99.50
Bid Price (31.10.2017)	PKR 1,078.84
Category	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 Returns

During the month of October 2017 Managed Fund's (MF) Unit Price decreased by PKR 29.37 (-2.65%) net of fund management fee.



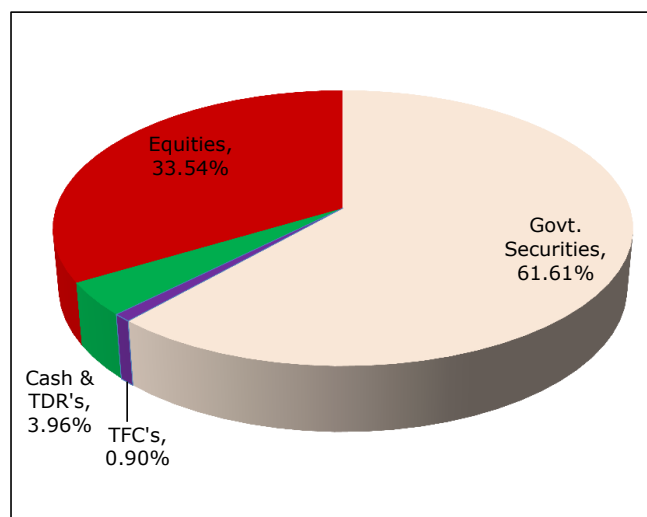
Investment Committee Members

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

Assets	October-17	September-17
Government Securities	61.61%	60.43%
Term Finance Securities	0.90%	0.88%
Cash and Short Term Deposits	3.96%	3.50%
Stocks & Mutual Funds	33.54%	35.19%

Fund Returns

Period	Rate of Return
1 month	-2.65%
3 months	-6.69%
12 months	0.94%
Calendar YTD	-6.64%
Since Inception	984.26%
Since Inception (annualized)	12.11%
5 Years	63.04%
10 Years	149.01%



CAPITAL GROWTH FUND

Fund Objective

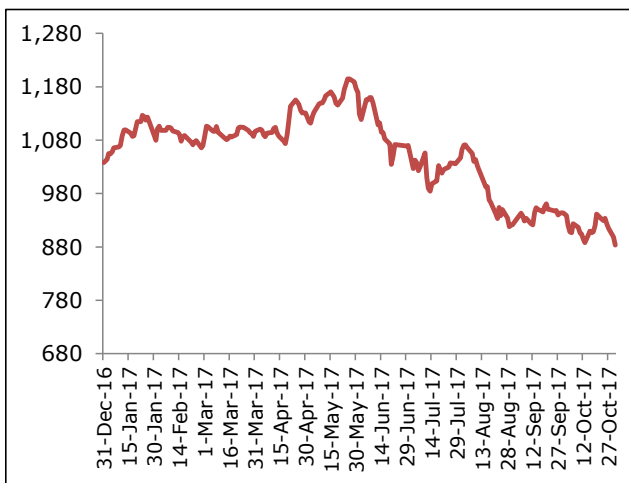
The objective of the fund is to maximize returns to policyholders by investing mainly in equity portfolio and partly in Government securities, Term Finance Certificates and bank deposits.

Fund Information

Description	Information
Fund Name	Capital Growth Fund
Fund Size	PKR 12,958 Million
Launch Date	28.07.2004
Bid Price (28.07.2004)	PKR 100.00
Bid Price (31.10.2017)	PKR 883.76
Category	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 Returns

During the month of October 2017 Capital Growth Fund's (CGF) Unit Price decreased by PKR 59.98 (-6.36%) net of fund management fee.



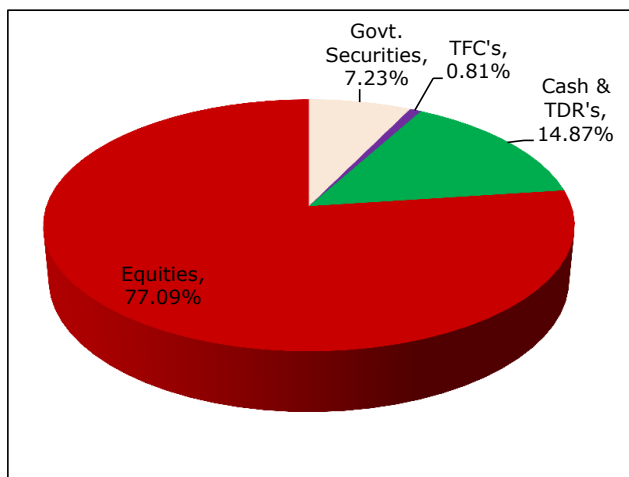
Investment Committee Members

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

Fund Returns

Period	Rate of Return
1 month	-6.36%
3 months	-15.59%
12 months	0.37%
Calendar YTD	-14.87%
Since Inception	783.76%
Since Inception (annualized)	17.85%
5 Years	184.43%
10 Years	331.80%

Assets	October-17	September-17
Government Securities	7.23%	7.11%
Term Finance Securities	0.81%	0.79%
Cash and Short Term Deposits	14.87%	11.93%
Stocks & Mutual Funds	77.09%	80.17%



MEESAQ FUND

Fund Objective

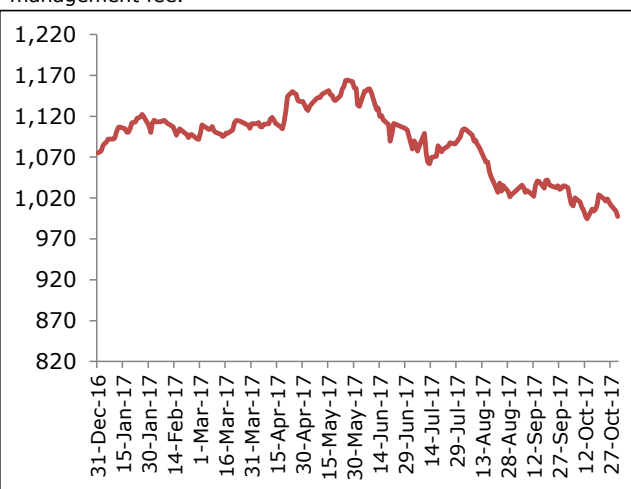
The objective of the Meesaq fund is to provide an opportunity to investors who want interest free returns. The instruments in which the Meesaq fund invests are selective stocks, sukuk, short term deposits in Islamic banks / Islamic bank branches, Islamic mutual funds and other valid interest-free investments.

Fund Information

Description	Information
Fund Name	Meesaq Fund
Fund Size	PKR 8,780 Million
Launch Date	27.03.2008
Bid Price (27.03.2008)	PKR 475.00
Bid Price (31.10.2017)	PKR 997.36
Category	Non-interest bearing Investment portfolio
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 Returns

During the month of October 2017 Meesaq Fund's (MEF) Unit Price decreased by PKR 37.46 (-3.62%) net of fund management fee.



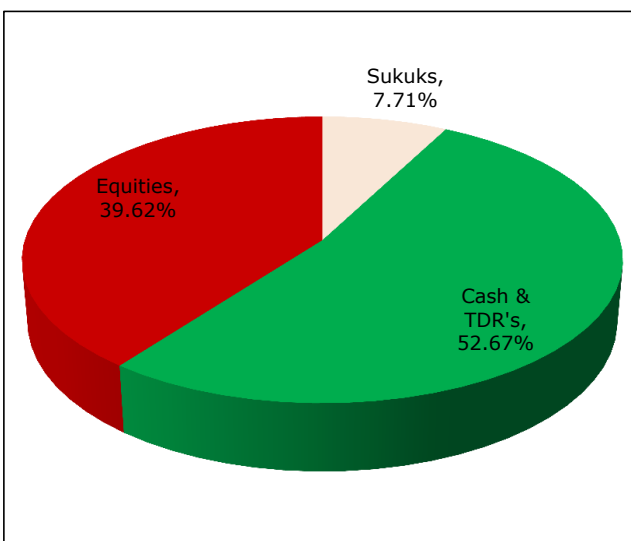
Investment Committee Members

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

Fund Returns

Period	Rate of Return
1 month	-3.62%
3 months	-8.90%
12 months	2.87%
Calendar YTD	-7.25%
Since Inception	109.97%
Since Inception (annualized)	8.03%
5 Years	61.73%

Assets	October-17	September-17
Sukuks	7.71%	7.94%
Cash and Short Term Deposits	52.67%	50.71%
Stocks & Mutual Funds	39.62%	41.34%



YAQEEEN GROWTH FUND

Fund Objective

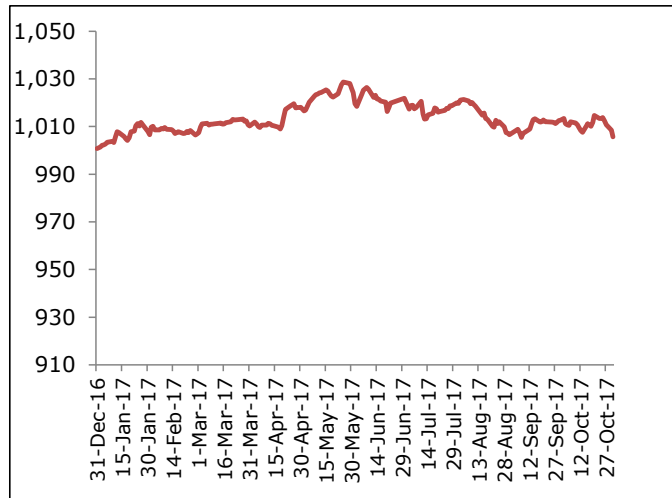
This fund has been formed to enable Jubilee Life's policyholders to participate in a diversified portfolio of Fixed Income Securities with minimal exposure to equity. Yaqeen Growth fund is suitable for those who wish to earn steady returns on investments through full exposure to debt securities and minimum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

Fund Information

Description	Information
Fund Name	Yaqeen Growth Fund
Fund Size	PKR 1,587 Million
Launch Date	01.06.2009
Bid Price (01.06.2009)	PKR 475.00
Bid Price (31.10.2017)	PKR 1,005.72
Category	Capital Protected 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 Returns

During the month of October 2017 Yaqeen Growth Fund's (YGF) Unit Price decreased by PKR 6.96 (-0.69%) net of fund management fee.



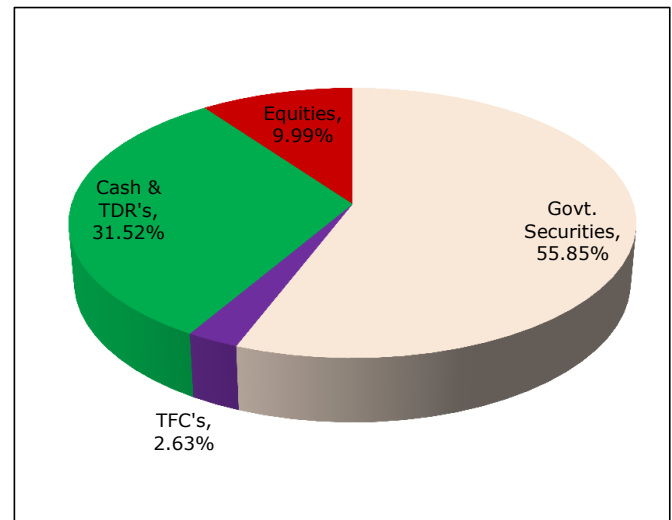
Investment Committee Members

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

Assets	October-17	September-17
Government Securities	55.85%	56.47%
Term Finance Securities	2.63%	2.66%
Cash and Short Term Deposits	31.52%	32.45%
Stocks & Mutual Funds	9.99%	8.42%

Fund Returns

Period	Rate of Return
1 month	-0.69%
3 months	-1.40%
12 months	3.69%
Calendar YTD	0.49%
Calendar YTD (annualized)	0.59%
Since Inception	111.73%
Since Inception (annualized)	9.32%
5 Years	51.76%



MANAGED TAKAFUL FUND

Fund Objective

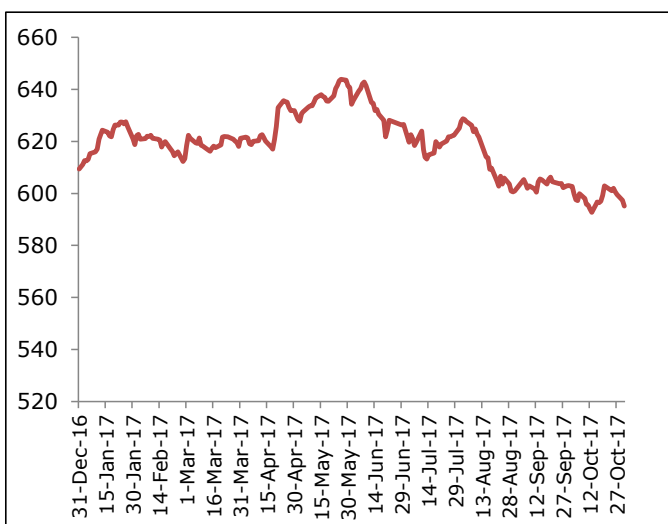
To optimize aggregate long term risk adjusted return through capital appreciation, dividend and profit income by investing in a Balanced Portfolio comprising of Shariah compliant equities, equity mutual funds, Sukuks (Government and Corporate), deposits with Islamic Banks and Windows or any other approved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

Fund Information

Description	Information
Fund Name	Managed Takaful Fund
Fund Size	PKR 1,324 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.10.2017)	PKR 595.10
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 Returns

During the month of October 2017 Managed Takaful Fund's (MTF) Unit Price decreased by PKR 7.87 (-1.31%) net of fund management fee.



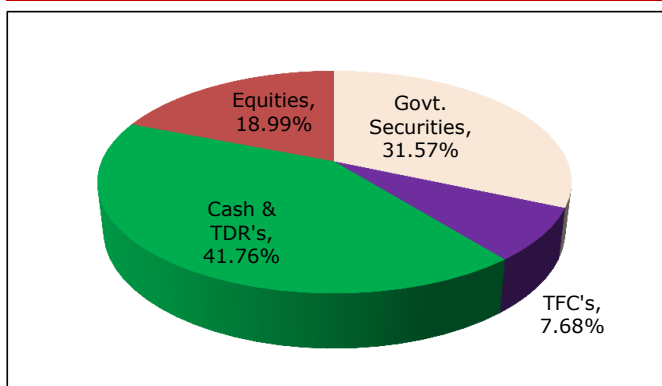
Investment Committee Members

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

Fund Returns

Period	Rate of Return
1 month	-1.31%
3 months	-4.80%
12 months	2.83%
Calendar YTD	-2.34%
Since Inception	19.02%

Assets	October-17	September-17
Government Securities	31.57%	34.96%
Term Finance Certificates	7.68%	8.58%
Cash and Short Term Deposits	41.76%	35.40%
Stocks	18.99%	21.06%





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.

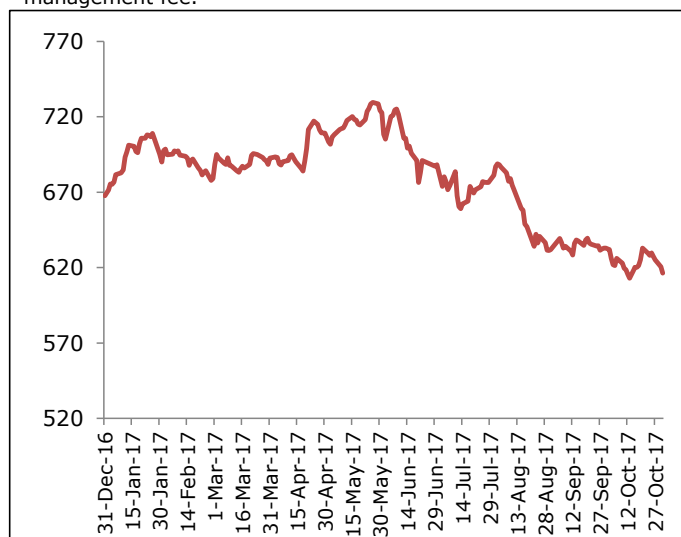
The Fund was launched on July 7, 2015.

Fund Information

Description	Information
Fund Name	Capital Growth Takaful Fund
Fund Size	PKR 2,179 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.10.2017)	PKR 616.45
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 Returns

During the month of October 2017 Capital Growth Takaful Fund's (CGTF) Unit Price decreased by PKR 16.55 (-2.61%) net of fund management fee.



Investment Committee Members

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

Fund Returns

Period	Rate of Return
1 month	-2.61%
3 months	-9.50%
12 months	2.34%
Calendar YTD	-7.67%
Since Inception	23.29%

Assets	October-17	September-17
Government Securities	27.60%	30.06%
Term Finance Certificates	3.54%	3.86%
Cash and Short Term Deposits	34.00%	28.78%
Stocks	34.86%	37.30%

