

**INVESTMENT FACT SHEET**  
FOR THE MONTH OF JULY 2019

# FROM INVESTMENT DESK

## ECONOMY AND CAPITAL MARKETS UPDATE

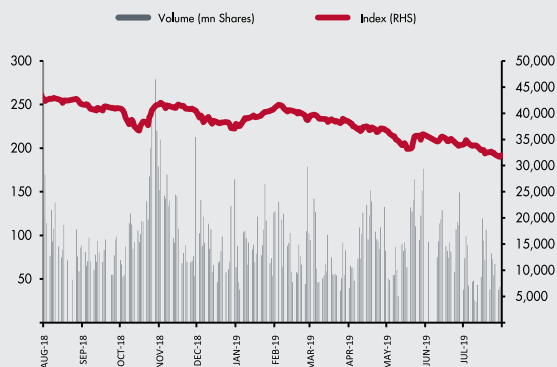
### ECONOMIC SUMMARY

KEY INDICATORS	REPORTED MONTH	CURRENT	PREVIOUS	YTD
CPI Inflation	Jul	10.34%	8.88%	10.34%
Trade Deficit (USD mn)	Jun	(2,236)	(2,063)	(28,219)
Remittances (USD mn)	Jun	1,651	2,316	21,842
Current A/C (USD mn)	Jun	(995)	(1,003)	(13,587)
FDI (USD mn)	Jun	130	231	1,737
Tax Collection ** (PKR bn)	Jul	278	472	278
M2 Growth*				-2.39%
FX Reserves* (USD bn)	Jul			15.06

Source: SBP, FBS

\* Latest monthly figures \*\*provisional figures

### KSE-100 ONE YEAR PERFORMANCE



### SECONDARY MARKET PKRVs

TENOR	JUL-19	JUN-19	CHANGE (bps)
30 Days	13.45	12.58	87
60 Days	13.60	12.70	90
3 Months	13.72	12.75	97
6 Months	13.90	12.85	105
1 Year	14.05	13.13	92
3 Year	14.02	13.85	17
5 Year	13.60	13.88	-28
10 Year	13.49	13.72	-23

Source: MUFAF

### ECONOMIC REVIEW

Inflation accelerated to 10.3%/2.3% (YoY/MoM) in Jul'19, welcoming the new fiscal year with a double digit CPI figure unseen for six years. On sequential basis CPI increased mainly on account of Alcoholic Beverages (+10.8% MoM), Housing (+4.0% MoM) & Transport Group (+3.9% MoM). On the external side, Current Account deficit remained flattish at USD 995 mn in Jun'19 over last month but has shown remarkable progress in the outgoing fiscal year by reducing 32% from USD 19.9 bn in FY18 to USD 13.6 bn in FY19. This can be attributed to improvement in imports (-7.3% YoY) and remittances (+9.7% YoY) while exports remained stagnant. Forex reserves also showed some improvement of USD 619 mn due to inflow of first IMF tranche (~USD 1 bn) and commencement of Saudi deferred oil facility (~USD 275 mn/month) which bolstered reserves to USD 15 bn in Jul'19. On the fiscal side, FBR collected PKR 278 bn in taxes in Jul'19, higher by ~10% over SPLY which is likely due to amnesty scheme however still missed the monthly target by PKR 14 bn. In a detailed press conference and early scheduled MPS, State Bank of Pakistan (SBP) hiked policy rate by 100 bps to 13.25% for a period of two months expressing concern over core inflationary pressures. The SBP expects FY20 Headline inflation to clock between 11-12% wherein with a forward-looking view the current adjustment in interest rates has considered for higher inflation in coming months. With this change, the current real interest rate now stands at 3.4% compared to FY19 average of 2.9%.

### EQUITY MARKET REVIEW

Equities continue to slide for the sixth month running with KSE100 index down by 5.8% to close Jul'19 at 31,938 points taking calendar year performance to -13.84%. This dismal performance is accompanied by sharp plunge in average daily volumes to seven-year low of 77 mn shares. Despite realization of first IMF tranche and PM Imran Khan's lauded visit with US President Trump, investors remained concerned over inflationary pressures amid another hike in Interest rates and implications of the IMF program, where reforms such as adoption of a market determined exchange rate, tighter monetary policy and regular adjustments in utilities' tariff could dent corporate earnings going forward. Foreign investors returned to our market with net buying of USD 30 mn in Jul'19 while mutual funds were the largest local seller with USD 44 mn and individuals bought USD 15 mn worth of stocks. Among sectors, Fertilizer (+0.8%) was the sole positive performer while Power generation (-11.7%), OMCS (-12%) and Cement (-9.6%) dragged down the index. Going forward, Pakistan with forward P/E of 6.0x is trading at 56% discount compared to Asia Pacific regional average of 13.7x, along with a dividend yield of ~11.0% versus ~2.6% offered by the region.

### DEBT MARKET REVIEW

July saw investors return to the money market in full force fuelled by announcement of 100 bps hike in latest MPS. The central bank accepted PKR 3,280 bn worth of bids in T-bill auctions against target of PKR 2,700 bn in all tenors. Latest cut-off rates rose to 13.75% (+100 bps MoM) for 3-mth tenor, 13.95% (+115 bps MoM) for 6-mth tenor, and 14.24% (+109 bps MoM) for 12-mth tenor. PIB auctions also saw similar level of interest as central bank received PKR 567 bn worth of bids against target of PKR 100 bn out of which only PKR 172 bn worth of bids were accepted at 14.25% (+55 bps MoM) for 3 yr tenor, 13.80% (unchanged) for 5 yr tenor, and 13.55% (-15 bps MoM) for 10 yr tenor. Floaters saw less interest with PKR 128 bn worth of bids received against target of PKR 100 bn wherein SBP accepted just PKR 84 bn at 75 bps over benchmark. Longer term interest rates are believed to have plateaued hence there is strong demand for PIBs which has led to secondary market yields falling by 23-28 bps for longer tenors, while yields for shorter term instruments rose by 87-105 bps.

# 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
Fund Name	Managed Fund
Fund Size	PKR 78,340 Million
Launch Date	31.12.1996
Bid Price (31.12.1996)	PKR 99.50
Bid Price (31.07.2019)	PKR 1,063.51
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 MANAGER'S COMMENTS

During the month of July 2019 Managed Fund's (MF) Unit Price decreased by PKR 11.69 (-1.09%) net of fund management fee.



## INVESTMENT COMMITTEE

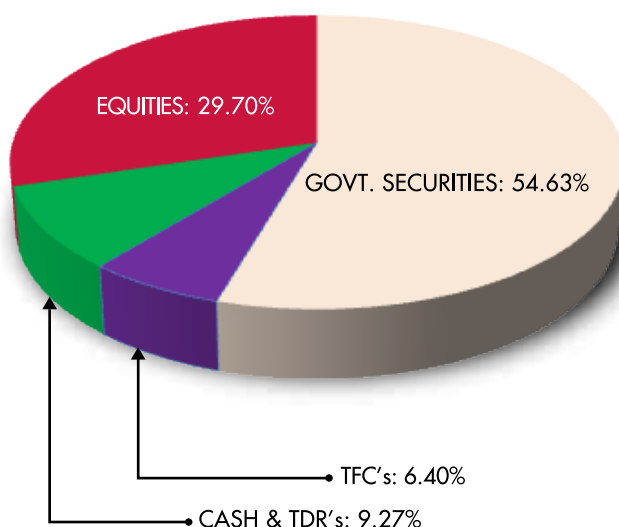
MEMBERS	DESIGNATION
Shahid Ghaffar	Chairman
Javed Ahmed	Member / CEO
Rafiuddin Zakir Mahmood	Member
John Joseph Metcalf	Member
Lilly R. Dossabhoy	Member
Shan Rabbani	Member

## ASSET ALLOCATION

ASSETS	JULY 2019	JUNE 2019
Government Securities	54.63%	50.21%
Term Finance Securities	6.40%	6.38%
Cash and Short Term Deposits	9.27%	11.86%
Stocks & Mutual Funds	29.70%	31.54%

## FUND RETURNS

PERIOD	RATE OF RETURN
1 month	-1.09%
3 months	-3.21%
12 months	-5.55%
Calendar YTD	-0.52%
Since Inception	968.85%
Since Inception (annualized)	11.06%
5 Years	30.42%
10 Years	153.67%



# 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 20,504 Million
Launch Date	28.07.2004
Bid Price (28.07.2004)	PKR 100
Bid Price (31.07.2019)	PKR 731.31
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

## INVESTMENT COMMITTEE

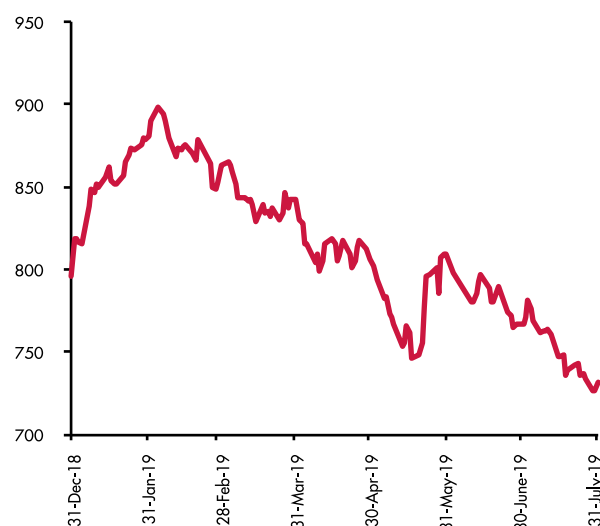
MEMBERS	DESIGNATION
Shahid Ghaffar	Chairman
Javed Ahmed	Member / CEO
Rafiuddin Zakir Mahmood	Member
John Joseph Metcalf	Member
Lilly R. Dossabhoy	Member
Shan Rabbani	Member

## FUND RETURNS

PERIOD	RATE OF RETURN
1 month	-4.64%
3 months	-9.30%
12 months	-22.39%
Calendar YTD	-8.07%
Since Inception	631.31%
Since Inception (annualized)	14.17%
5 Years	27.88%
10 Years	283.18%

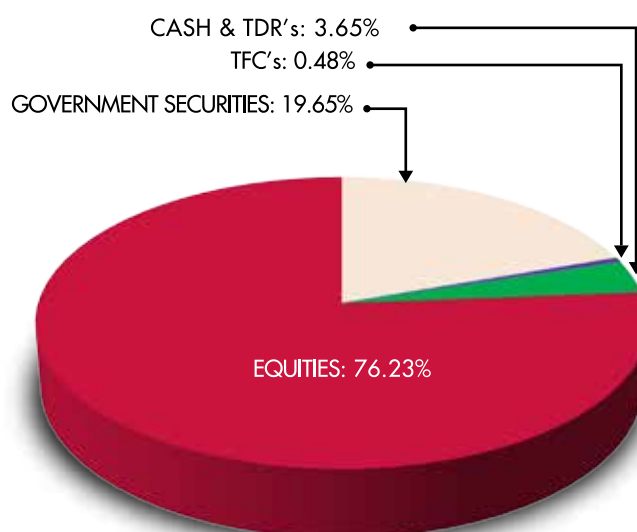
## FUND MANAGER'S COMMENTS

During the month of July 2019 Capital Growth Fund's (CGF) Unit Price decreased by PKR 35.58 (-4.64%) net of fund management fee.



## ASSET ALLOCATION

ASSETS	JULY 2019	JUNE 2019
Government Securities	19.65%	15.42%
Term Finance Securities	0.48%	0.49%
Cash and Short Term Deposits	3.65%	5.57%
Stocks & Mutual Funds	76.23%	78.53%



# 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 8,319 Million
Launch Date	27.03.2008
Bid Price (27.03.2008)	PKR 475.00
Bid Price (31.07.2019)	PKR 959.66
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

## 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

## FUND RETURNS

PERIOD	RATE OF RETURN
1 month	-2.00%
3 months	-4.07%
12 months	-8.25%
Calendar YTD	-3.43%
Since Inception	102.03%
Since Inception (annualized)	6.39%
5 Years	27.21%

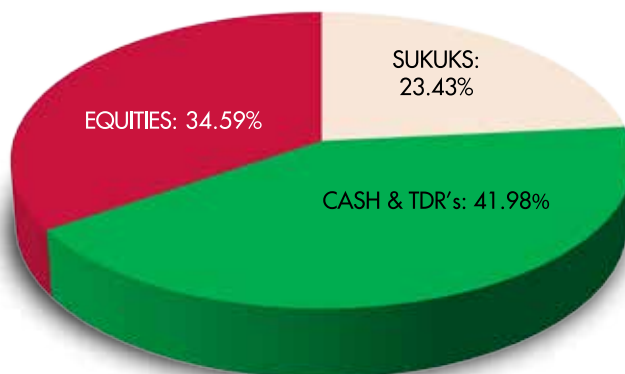
## FUND MANAGER'S COMMENTS

During the month of July 2019 Meesaq Fund's (MEF) Unit Price decreased by PKR 19.60 (-2.00%) net of fund management fee.



## ASSET ALLOCATION

ASSETS	JULY 2019	JUNE 2019
Sukuks	23.43%	22.85%
Cash and Short Term Deposits	41.98%	41.08%
Stocks & Mutual Funds	34.59%	36.07%



# YAQEEEN GROWTH FUND

## FUND OBJECTIVE

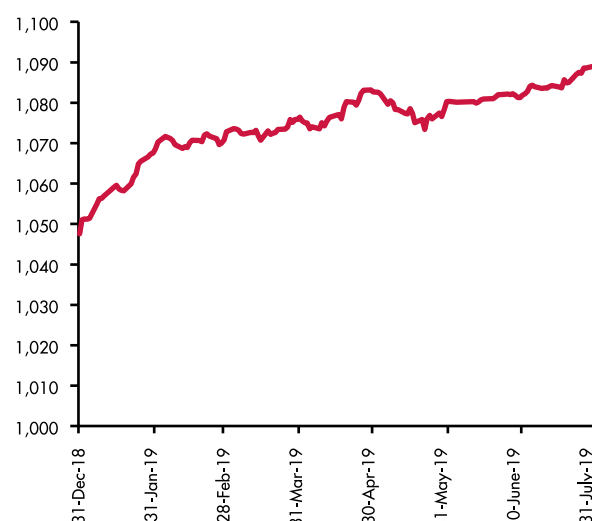
This fund has been formed to enable Jubilee Life's policyholders to participate in a diversified portfolio of Fixed Income Securities with minimal exposure to equity. Yaqeen Growth fund is suitable for those who wish to earn steady returns on investments through full exposure to debt securities and minimum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

## FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Yaqeen Growth Fund
Fund Size	PKR 2,651 Million
Launch Date	01.06.2009
Bid Price (01.06.2009)	PKR 475.00
Bid Price (31.07.2019)	PKR 1,089.57
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 MANAGER'S COMMENTS

During the month of July 2019 Yaqeen Growth Fund's (YGF) Unit Price increased by PKR 7.70 (0.71%) net of fund management fee.



## INVESTMENT COMMITTEE

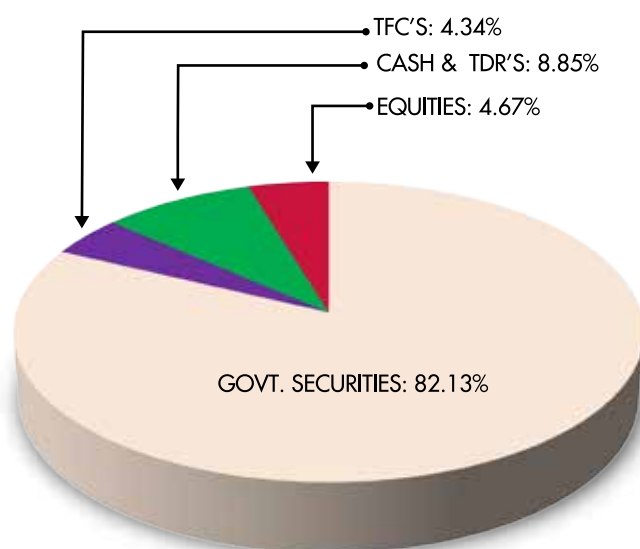
MEMBERS	DESIGNATION
Shahid Ghaffar	Chairman
Javed Ahmed	Member / CEO
Rafiuddin Zakir Mahmood	Member
John Joseph Metcalf	Member
Lilly R. Dossabhoy	Member
Shan Rabbani	Member

## ASSET ALLOCATION

ASSETS	JULY 2019	JUNE 2019
Government Securities	82.13%	73.96%
Term Finance Securities	4.34%	4.59%
Cash and Short Term Deposits	8.85%	16.28%
Stocks & Mutual Funds	4.67%	5.17%

## FUND RETURNS

PERIOD	RATE OF RETURN
1 month	0.71%
3 months	0.64%
12 months	4.21%
Calendar YTD	4.01%
Calendar YTD (annualized)	7.01%
Since Inception	129.38%
Since Inception (annualized)	8.51%
5 Years	41.55%



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