DECEMBER - 2019

Fund Managers' Report

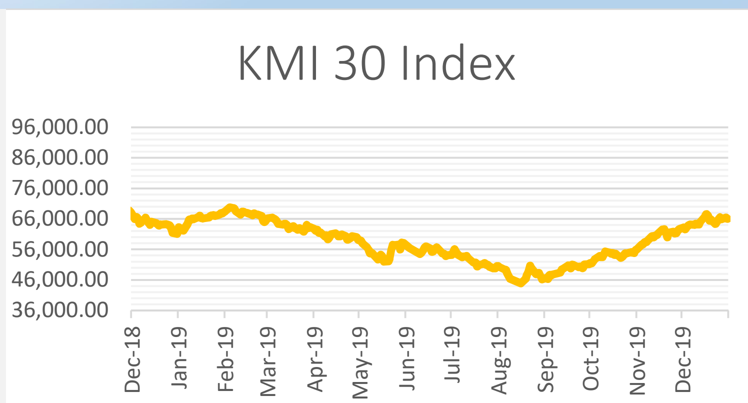
Performance Tracker

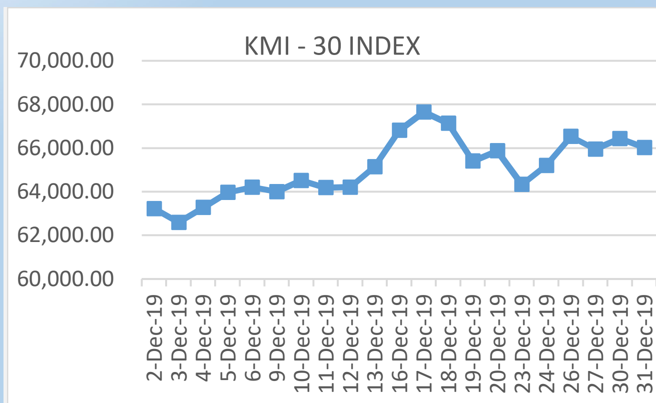
Adamjee Life Assurance Co. Ltd - Window Takaful Operation
The Forum, Suite No. 301, 3rd Floor, Plot G-20, Block 9,
Clifton, Karachi - 75600

Equity Market Analysis

The benchmark KSE-100 index generated fourth consecutive positive gain posting a return of 3.68%. Total local buying/foreign selling amounted to ~ USD 11.26 mn. Local individuals were the major buyers followed by Insurance companies. They bought shares worth of USD 37.38 mn and USD 30.95 mn respectively. On the selling side, Banks were the biggest sellers selling shares worth USD 46.8 mn. During the month, volumes and values averaged at ~306 mn shares and ~PKR 11.53 billion respectively an increase of ~4%/11.5% respectively. Among the major sectors, the highest contributors were E&Ps, OMCs, Power and Banks posting positive return of ~9.3%/5.3%/3.2%/2.9% respectively. Expectations related to hydrocarbon discovery in Margand field in Balochistan kept investor interest alive in the E&P sector. IMF has revised up the ceiling of sovereign guarantees making room for another Sukuk which was a positive indicator for the energy chain including E&Ps, Power and OMCs. On the other hand, Refineries were the major losers declining around 7% based on IMO 2020 ruling which implied reduction in furnace oil prices and reduction in corresponding refinery margins.

From the capital markets perspective, we believe investor confidence should renew towards risk assets as macroeconomic stability will be cherished after a bout of volatile years. Equity market has still a lot to offer despite the recent bull run (up 40%+ since the trough). Going forward, stocks offer long-term investment opportunity with rewards for patient investors. We continue to track trends in the economic indicators of the country and adjust our portfolio accordingly. KSE-100 provides an earnings growth of 11% along with an attractive dividend yield of 6%, while trading at a forward P/E of 7.1x. Assuming a minor re-rating to 7.6x, then KSE provides a forward return of ~25% (CY20 target of ~51,500), which is at a decent premium to fixed income returns.

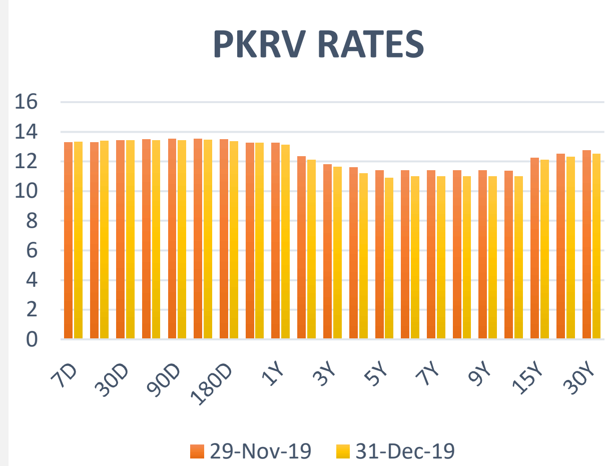




Money Market Analysis

State Bank of Pakistan conducted Treasury bill auction on December 31, 2019. The auction had a total maturity of PKR 345.9 billion against a target of PKR 400 billion. Auction witnessed a total participation of PKR 833 billion. Out of total participation bids worth PKR 615 billion were received in 3 month tenor, PKR 17 billion in 6 months and PKR 200 billion in 12 months tenor. SBP accepted total bids worth PKR 445 billion out of which accepted PKR 367 bn, PKR 2.5 bn and PKR 75 bn at a cut-off yield of 13.4851%, 13.2899% and 13.1340% in 3 months, 6 months and 12 months respectively. Auction for fixed coupon PIB bonds was held on December 11, 2019 with a maturity of PKR 255 bn and total target of PKR 100 billion. Total participation of PKR 338 billion was witnessed in this auction out of which 3, 5, 10 & 20 years tenor received bids worth PKR 115 billion, PKR 138 billion, 82 billion & 1.5 billion respectively. State bank of Pakistan accepted PKR 58 billion in 3 years, PKR 56 billion in 5 years and 36 billion in 10 years tenor at a cut off rate of 11.75%, 11.1939% and 10.9968% respectively, however bids in 20 years tenor were rejected.

Coming months are quite critical as SBP believes that a turnaround in negative sentiment would help address low economic growth. With the government exploring various options to manage its Fiscal account, an actual materialization of explored plans and expected Inflation trajectory shall be critical in setting the economic direction.



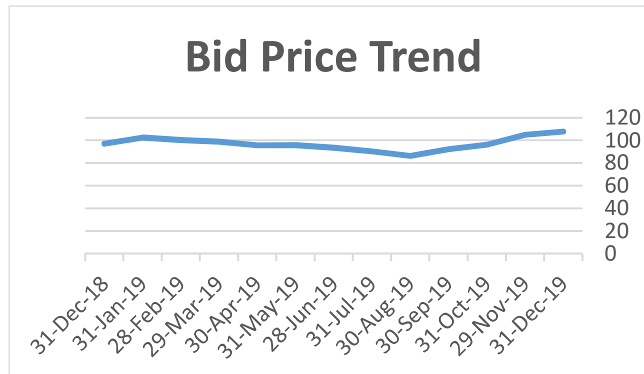
MAZ'AF FUND (TAKAFUL)

Fund Objective:

A moderate to high-risk profile fund that generates higher returns over the long run in shariah compliant equities and Islamic mutual fund.

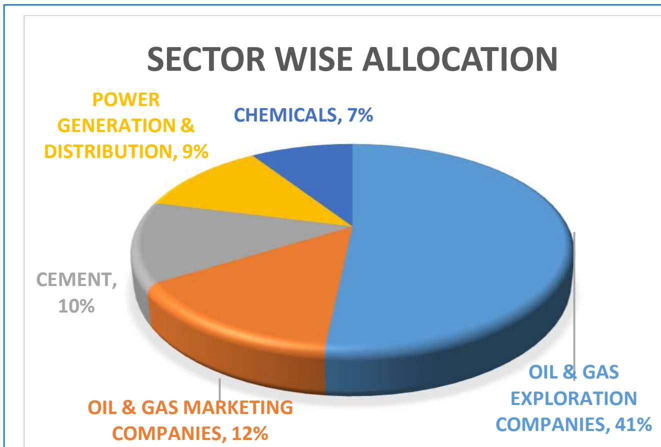
Fund Information:

Fund Name	Maza'af Fund
Fund Size	PKR 1.9 Billion
Launch Date	July 26, 2016
Bid Price **(Inception)**	PKR 100
Bid Price **(31 Dec 2019)**	PKR 107.9527
Fund Type	Balanced Fund
Management Fees	1.75% p.a.
Pricing Mechanism	Forward
Risk Profile	Medium to High
Regulator	Securities and Exchange Commission of Pakistan
Investment Advisor	This Fund is being managed by MCB ARIF Habib Saving & Investment Ltd. through a discretionary portfolio management agreement
Benchmark	40% [six (6) month PKRV rate (T-Bill rate)] + 50% [KMI-30 Index Return] + 10% [minimum deposit rates on banks]



Asset Mix

Assets	December 2019	November 2019
Bank Balances	10.14%	5.71%
Term Deposits	22.47%	25.40%
Equities	35.21%	32.16%
Mutual Funds	25.26%	23.57%
Fixed Income Securities	6.06%	6.48%
Government Securities	0%	0%
Other Assets	0.86%	6.68%



Fund Returns:

	Absolute	Annualized
Month to Date (MTD)	2.69%	30.64%
180 Days Return	15.39%	30.20%
CYTD	11.24%	11.24%
Since Inception	7.95%	2.30%

Managers' Comments:

During the month of December 2019, the NAV per unit has been Increased by PKR 2.8243 (2.69%) from November.

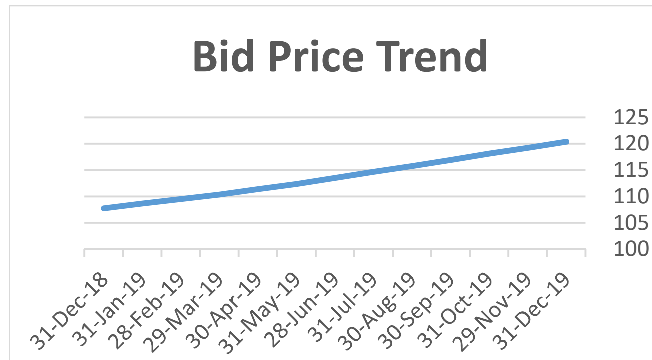
TAMEEN FUND (TAKAFUL)

Fund Objective:

A low to moderate risk profile fund that generates stable and secure returns by balancing the investment in long-term money market investments including term deposit in Islamic Banks and Sukuk Bonds.

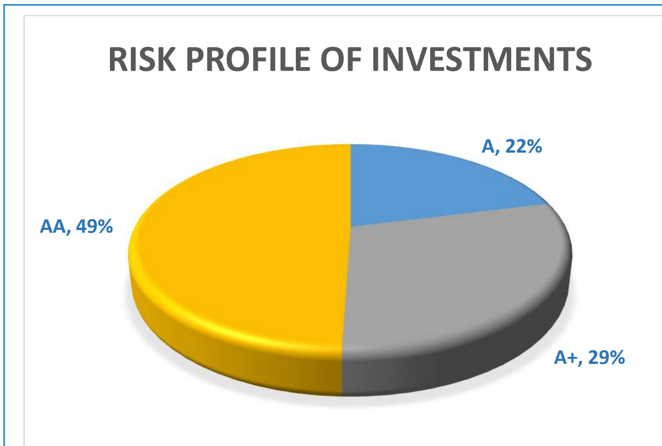
Fund Information:

Fund Name	Tameen Fund
Fund Size	PKR 606 Million
Launch Date	July 26, 2016
Bid Price **(Inception)**	PKR 100
Bid Price **(31 Dec 2019)**	PKR 120.4114
Fund Type	Fixed Income Fund
Management Fees	1.75% p.a.
Pricing Mechanism	Forward
Risk Profile	Low to Medium
Regulator	Securities and Exchange Commission of Pakistan
Investment Advisor	This Fund is being managed by MCB ARIF Habib Saving & Investment Ltd. through a discretionary portfolio management agreement
Benchmark	90% [six (6) month PKRV rate (T-Bill rate)] + 10% [minimum deposit rates on banks]



Asset Mix

Assets	December 2019	November 2019
Bank Balances	12.92%	7.30%
Term Deposits	78.34%	82.82%
Mutual Funds	5.77%	0.00%
Fixed Income Securities	1.17%	1.35%
Government Securities	0%	0%
Real Estate	0%	0%
Other Assets	1.80%	8.53%



Fund Returns:

	Absolute	Annualized
Month to Date (MTD)	0.95%	10.80%
180 Days Return	6.03%	11.83%
CYTD	11.71%	11.71%
Since Inception	20.41%	5.91%

Managers' Comments:

During the month of December 2019, the NAV per unit has been Increased by PKR 1.1297 (0.95%) from November.

DISCLAIMER

This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in funds are subject to market risks. The NAV based prices of units and any returns thereon are dependent on forces and factors affecting the financial markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results. Performance data does not include the cost incurred directly by an investor in the form of sales loads etc.