# DECEMBER - 2020

# Fund Managers' Report


# Performance Tracker

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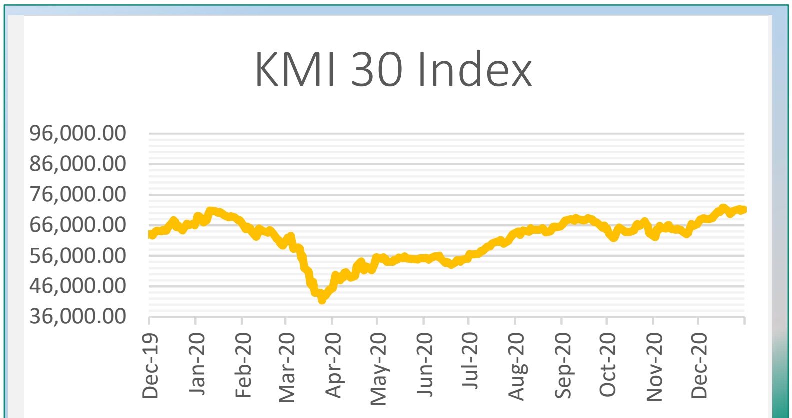
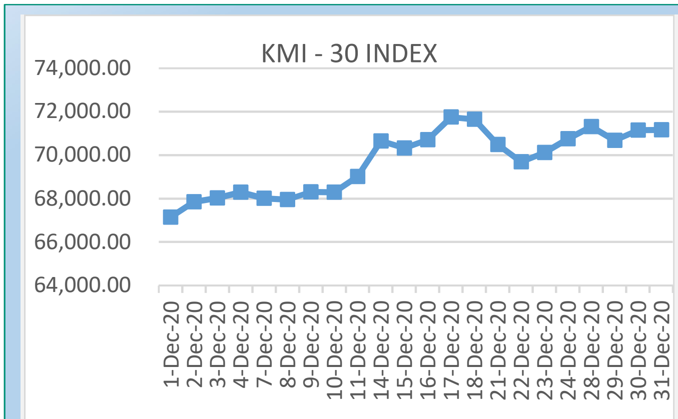
# Equity Market Analysis

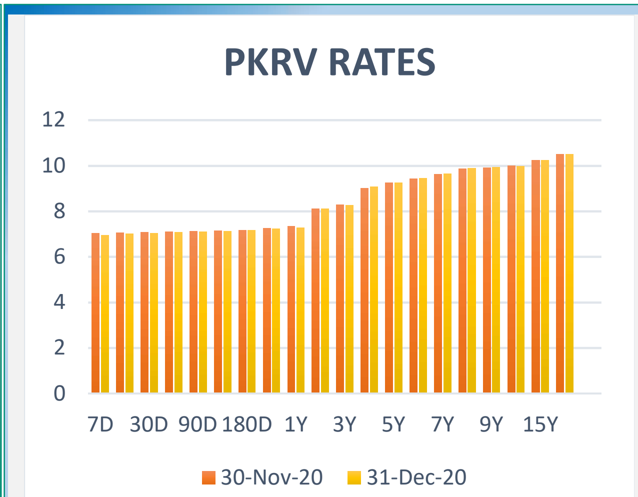
The benchmark KSE-100 Index posted a 6.5% return during Dec'20 closing in at 43,755 points. Positive sentiments were fueled by the expected restoration of the IMF programme, coupled with improving economic indicators. News flows pertaining to debt suspension amounting to USD 1.7 billion and second installment of USD 1 billion paid to Saudi Arabia further uplifted investor confidence. While a new strain of coronavirus found in UK threatened to unsettle global sentiment; the concern was short lived, as market went into a positive momentum on the back of continued economic recovery. Steel, Tech and Packaging Companies remained major outperformers during the month. Steel sector gained 25.4% during the month after a sharp increase in prices. Tech companies saw a massive re-rating in their valuations up by (19.9% MoM) as investor cherished the changing landscape of tech companies post Covid. On the flip side Sugar Companies remained major laggards during the month, witnessing a decline of 4.0% after a record decline in the prices of sugar was witnessed. Foreigners continued on their selling course as they sold ~USD 96 million worth of equities over the period. On the local front, Individuals and Corporate Companies remained on the driving seat as they added USD 33 Million and USD 57 Million worth of equities respectively. Trading activity at the bourse increased compared to the previous month as the average volumes and value traded amounted to ~493 Million shares (+74% MoM) / ~PKR 21 Billion (108% MoM). From capital market perspective, the economic recovery seems evident which has been orchestrated by record monetary easing along with construction package announced by the government. Covid curve remains flattened as the percentage of cases emerging remains range bound. Successful development of vaccines has also paved the path for a robust medium term outlook. The valuations are still on the course to catch up with historical norms. Barring a disastrous second wave of the virus, we still think equities have a lot to offer to the investors. Market cap to GDP ratio is at ~18.2%, still at a discount of ~30% from its historical average. Similarly, risk premiums are close to 2.5%, compared to historical average of 0.9% signifying decent upside for long term investors. We believe a micro view of sectors and stock will remain more important this year and investment selection should focus on companies which trade at a deep discount to their intrinsic value. Similarly, focus should also revert back to companies that are expected to exhibit stellar earnings growth over the medium term.




# Money Market Analysis

PIB Auction was held on Dec 09, 2020, having a total target of PKR 125 billion. Auction witnessed a total participation of PKR 66.2 billion out of which bids amounting to PKR 16.2 billion was received in 3 years PIB, PKR 22 billion in 05 years PIB, PKR 10.5 billion in 10 years PIB, PKR 9.5 billion in 15 years PIB and PKR 8 billion in 20 years PIB. State bank of Pakistan accepted PKR 2.27 billion in 3 years, PKR 3 billion in 15 years, and 8 billion in 20 years at a Cut-off rate of 8.24%, 10%, and 10.58% respectively. Bids for 5 and 10-year tenor were rejected. T Bill Auction was held on December 30, 2020. The auction had a maturity of PKR 640 billion against a target of PKR 550 billion. Auction witnessed a total participation of PKR 659 billion out of which bids amounting to PKR 623 billion were received in 3months, PKR 16 billion in 06 months, and PKR 19 billion in 12months. SBP accepted total bids worth PKR 638 billion in a breakup of PKR 609 billion, PKR 8 billion, and PKR 19 billion at a cut-off yield of 7.1498%, 7.2000%, and 7.2900% in 3 months, 6 months, and 12months tenor respectively. Taking into account higher than expected recent out-turns due to supply-side factors and the absence of demand-side pressures on inflation, risks to the inflation outlook looks balanced. However, we foresee slight adjustments in the last quarter of fiscal year as real interest rates on a forward basis lie in a negative zone currently.



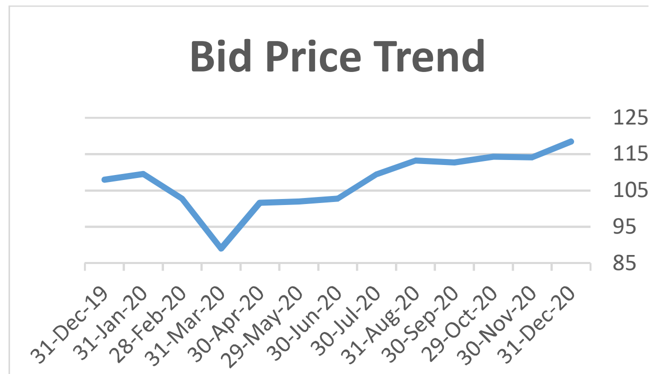
# MAZ'AF FUND (TAKAFUL)

## 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 2.4 Billion |
| Launch Date | July 26, 2016 |
| Bid Price **(Inception)** | PKR 100 |
| Bid Price **(31 Dec 2020)** | PKR 118.4862 |
| 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] |

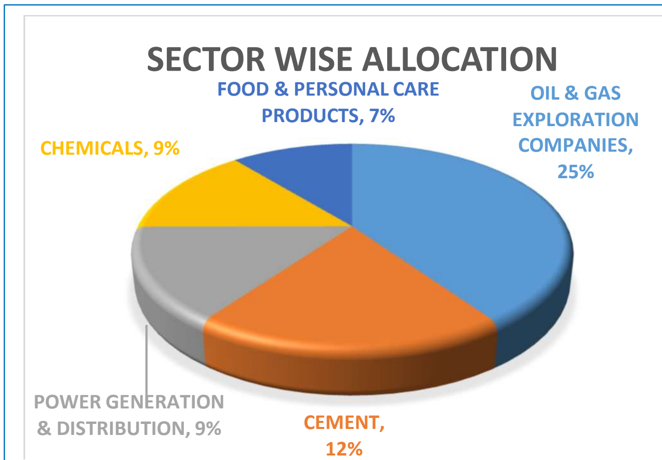



## Asset Mix

| Assets | December 2020 | November 2020 |
|---|---|---|
| Bank Balances | 5.59% | 5.76% |
| Term Deposits | 14.29% | 14.89% |
| Equities | 26.01% | 26.59% |
| Mutual Funds | 38.48% | 38.18% |
| Fixed Income Securities | 6.75% | 7.06% |
| GOP IJARA | 7.14% | 7.45% |
| Other Assets | 1.74% | 0.07% |

## Fund Returns:

| | Absolute |
|---|---|
| Month to Date (MTD) | 3.79% |
| 180 Days Return | 15.28% |
| CYTD | 9.76% |
| Since Inception (Absolute) | 18.49% |
| Since Inception (Annualized) | 4.15% |




## Managers' Comments:

During the month of December 2020, the NAV per unit has been Increased by PKR 4.3265 (3.79%) from November.

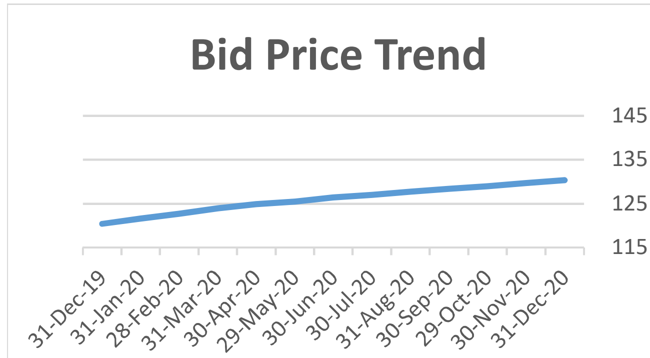
# TAMEEN FUND (TAKAFUL)

## 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 1.8 Billion |
| Launch Date | July 26, 2016 |
| Bid Price (Inception) | PKR 100 |
| Bid Price (31 Dec 2020) | PKR 130.3379 |
| 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] |

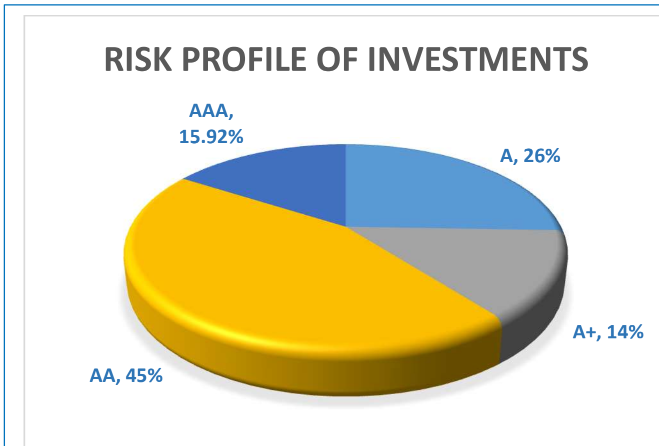



## Asset Mix

| Assets | December 2020 | November 2020 |
|---|---|---|
| Bank Balances | 10.50% | 12.04% |
| Term Deposits | 69.44% | 53.72% |
| Mutual Funds | 11.01% | 22.84% |
| Fixed Income Securities | 1.83% | 2.14% |
| GOP IJARA | 6.32% | 7.39% |
| Real Estate | 0% | 0% |
| Other Assets | 0.90% | 1.87% |

## Fund Returns:

| | Absolute | Annualized |
|---|---|---|
| Month to Date (MTD) | 0.50% | 5.84% |
| 180 Days Return | 3.07% | 6.09% |
| CYTD | 8.24% | 8.22% |
| Since Inception | 30.34% | 6.81% |




## Managers' Comments:

During the month of December 2020, the NAV per unit has been Increased by PKR 0.6428 (0.50%) from November.

# TOP EQUITY HOLDING

**MAZAAF**

## TOP TEN HOLDINGS

| |
|---|
| KEL |
| FCCL |
| HUBC |
| EPCL |
| ILP |
| PAEL |
| PPL |
| OGDC |
| MEBL |
| AGHA |