adamjeefamily Takaful

FEBRUARY **- 2020**

Fund Managers' Report

Performance Tracker

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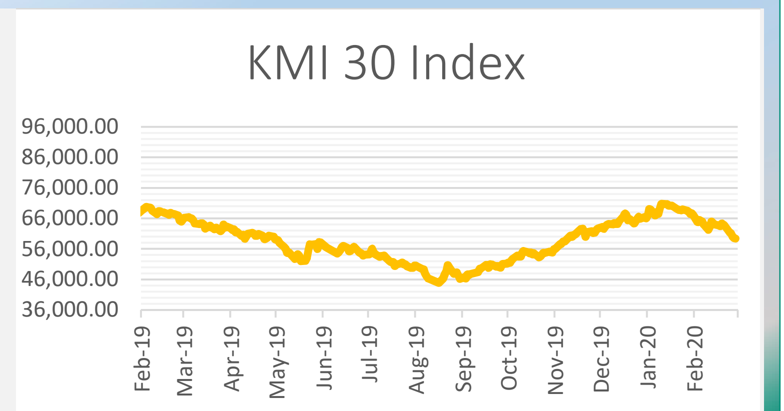
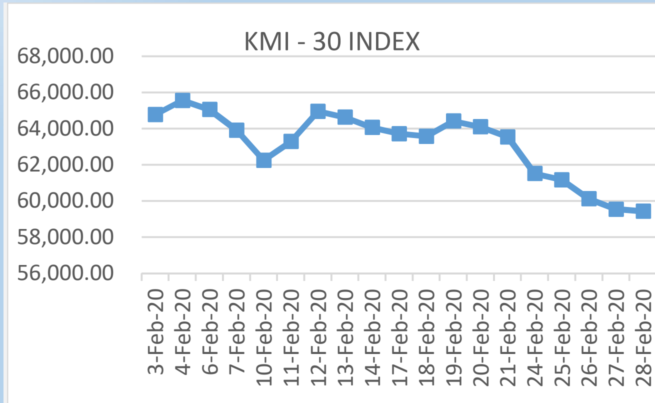
Equity Market Analysis

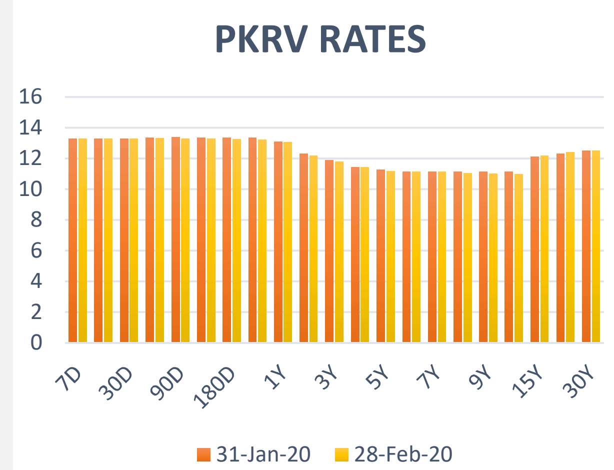
The benchmark KSE-100 index posted its first monthly loss after a span of five months as the coronavirus outbreak took its toll on the risky asset classes. The benchmark KSE100 index declined by 8.8% during the month, mimicking the return of global indices. Foreigners offloaded equities aggressively reducing their exposure by USD 55 million during the month. On the local front, Insurance companies turned out to be major buyers (USD 58 million), absorbing most of the selling during the month. During the month, volumes and values averaged at ~153 mn shares and ~PKR 6.23 billion respectively a decrease of ~38.1%/34.1% respectively MoM. 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 6.5%, while trading at a forward P/E of 6.8x. 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. The energy chain underperformed severely during the month as crude oil prices plunged by more than 25% during the month and headline news on circular debt continued to haunt the investors. E&P's lost 16.5% during the month taking a clue from crude oil prices, while Oil Marketing companies fell by more than 18%. Cements and Commercial Banks continued to consolidate. Cements witnessed a minor correction of 0.7%, as a firm PKR along with rising cement prices garnered investors interest. While, commercial banks stayed firm as headline CPI delayed the expectation of near term interest rate cuts.





Money Market Analysis

State Bank of Pakistan conducted Treasury bill auction on February 27, 2019. The auction had a total maturity of PKR 205.7 billion against a target of PKR 300 billion. Auction witnessed a total participation of PKR 1,240 billion. Out of total participation, bids worth PKR 243 billion were received in 3 months Tenor, PKR 3.7 billion in 6 months and PKR 993 billion in 12 months' tenor. SBP accepted total bids worth PKR 414 billion in a breakup of PKR 182 billion, PKR 3.5 billion and PKR 228 billion at a cut-off yield of 13.3899%, 13.3401% and 13.33% in 3 months, 6 months and 12 months' tenor respectively. Bond markets remained volatile during the month as bond yields rose initially as the CPI for the month of Jan'20 surprised the market participants. However, bond markets rallied after continuous decline in international crude oil prices along with easing food prices rejuvenated investor confidence. On average, bond yields rose by ~10 bps during the month. Going forward, the inflationary environment is expected to significantly ease off. Declining crude oil prices and a stable PKR will bring the inflation to single digits over the course of next 6 months. Hence, monetary easing will be pursued eventually. We continue to closely monitor bond yields and would optimize our portfolio based on any opportunities of capital gains.



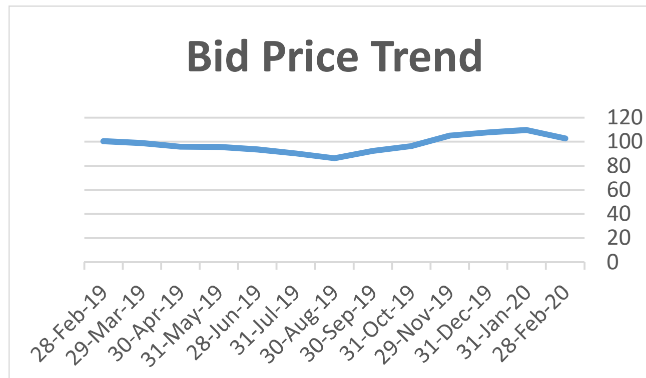
MAZ'AF FUND (TAKAFUL)

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 **(28 Feb 2020)**	PKR 102.7838
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]

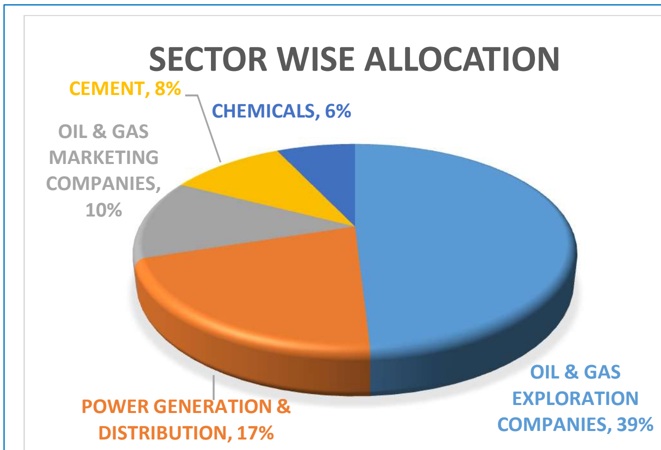


Asset Mix

Assets	February 2020	January 2020
Bank Balances	3.94%	5.38%
Term Deposits	27.38%	24.50%
Equities	31.84%	33.66%
Mutual Funds	24.15%	26.97%
Fixed Income Securities	6.00%	5.75%
Government Securities	0%	0%
Other Assets	6.69%	3.74%

Fund Returns:

	Absolute	Annualized
Month to Date (MTD)	-6.20%	-80.86%
180 Days Return	18.87%	37.84%
CYTD	-4.79%	-29.62%
Since Inception	2.78%	0.77%



Managers' Comments:

During the month of February 2020, the NAV per unit has been decreased by PKR 6.7976 (-6.20%) from January.

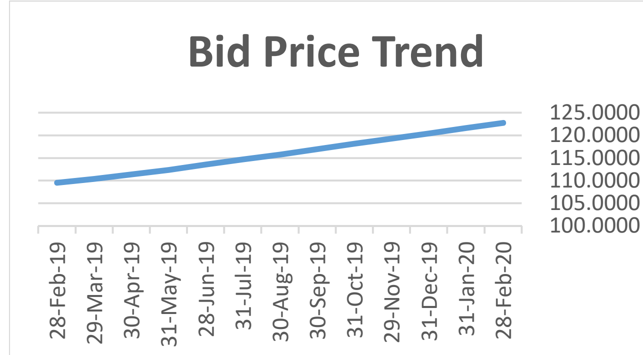
TAMEEN FUND (TAKAFUL)

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 738 Million
Launch Date	July 26, 2016
Bid Price (Inception)	PKR 100
Bid Price (28 Feb 2020)	PKR 122.7420
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]

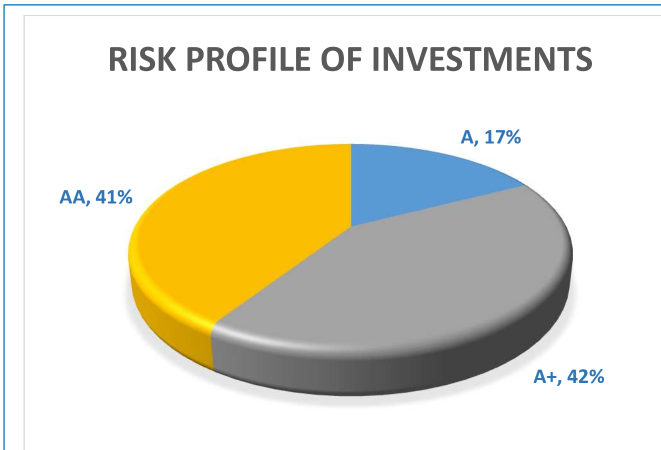


Asset Mix

Assets	February 2020	January 2020
Bank Balances	3.95%	2.66%
Term Deposits	77.93%	85.67%
Mutual Funds	8.00%	0%
Fixed Income Securities	0.96%	1.06%
Government Securities	0%	0%
Real Estate	0%	0%
Other Assets	9.16%	10.61%

Fund Returns:

	Absolute	Annualized
Month to Date (MTD)	0.90%	11.68%
180 Days Return	6.00%	12.03%
CYTD	1.94%	11.97%
Since Inception	22.74%	6.29%



Managers' Comments:

During the month of February 2020, the NAV per unit has been Increased by PKR 1.0901 (0.90%) from January.

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.