adamjeefamily Takaful

JANUARY - 2020

Fund Managers' Report

Performance Tracker

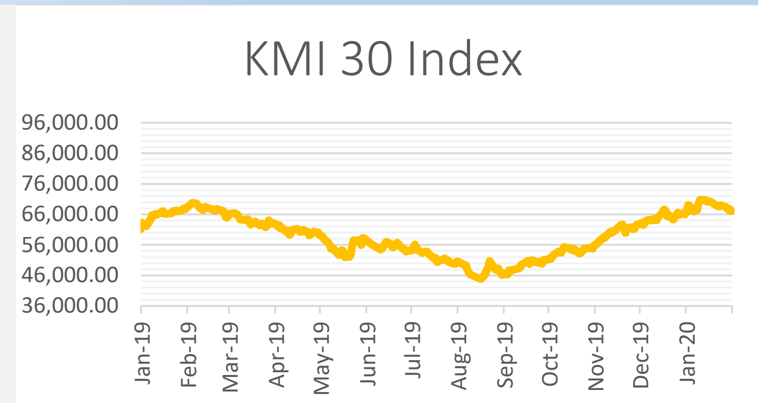
Adamjee Life Assurance Co. Ltd - Window Takaful Operation
Principal Office: 3rd and 4th Floor, Adamjee House, I.I.Chundrigar Road, Karachi - 74000
UAN: +92-111-11-LIFE(5433) Fax: +92-21-38630011

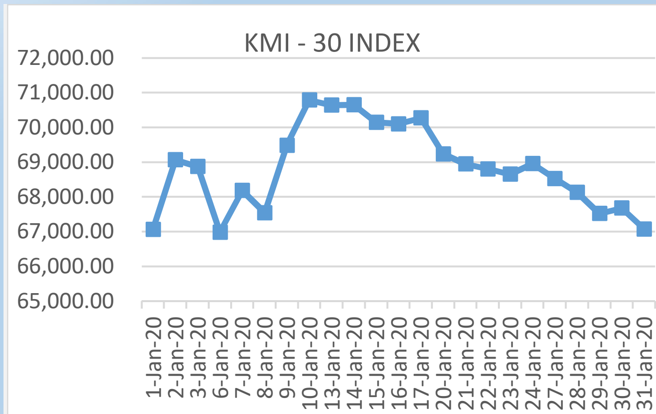
Equity Market Analysis

The benchmark KSE-100 index generated fifth consecutive positive gain posting a return of 3.7% for the month of Jan'20. Total foreign buying/local selling amounted to ~USD 2.85 mn. Banks/DFI were the major buyers followed by foreign corporates. They bought shares worth of USD 13.64 mn and USD 6.40 mn respectively. On the selling side, local individuals were the biggest sellers selling shares worth USD 22.71 mn. During the month, volumes and values averaged at ~247 mn shares and ~PKR 9.25 billion respectively a decrease of ~19.2%/19.8% 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%, 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.

Refineries, Oil & Gas Marketing Companies and Cements lead the chart during the month. OMC's gained after the upcoming Energy Sukuk-II garnered investors' attention. Cements gained as value investors kept hunting on cement stocks as they offered attractive price in terms of EV per ton. On the flip side, Fertilizers remained major underperformer losing 2.8% respectively. Fertilizers were shunned by the investors after government announced to reduce GIDC for fertilizer manufacturers by PKR 400/MMBtu, which effectively resulted in lower urea prices. This resulted in sector underperforming since few of the players had a concessionary regime.



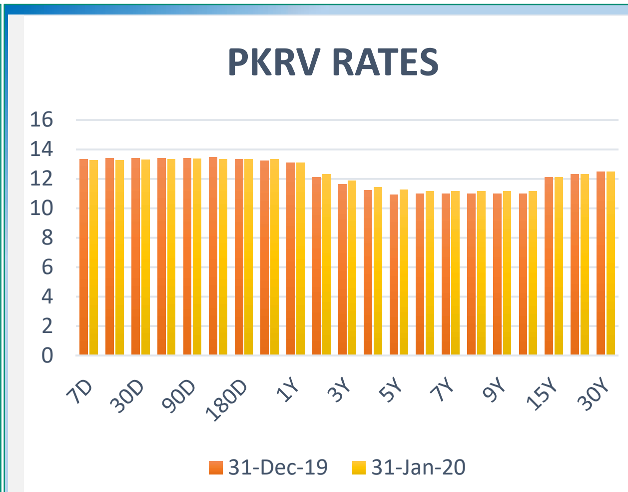


Money Market Analysis

In its latest monetary policy, SBP maintained the policy rate at 13.25%, which was in line with the market expectations. The decision to maintain policy rate at current level was based on the back of recent hike in inflation, which they believe will going to remain at the higher side in near term mainly due to rising food group prices and potential upward adjustment in utility prices. However, SBP believes the current trend inflation is broadly in line with its FY20 NCPI expectation of 11%- 12%. SBP highlighted improvement on the external front due to the ongoing downward trend in CAD and a successful transition towards a market-based exchange rate system. Apart from the improvement in macroeconomic outlook, foreign inflows in the local debt market have shown a significant improvement in the last couple of months mostly concentrated in Treasury Bills.

Bond yields slightly increased during the month as inflation expectations heighted after a significant rise in food prices. 3Y and 5Y bond yields increased by 23 and 36 bps respectively during the month.

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.



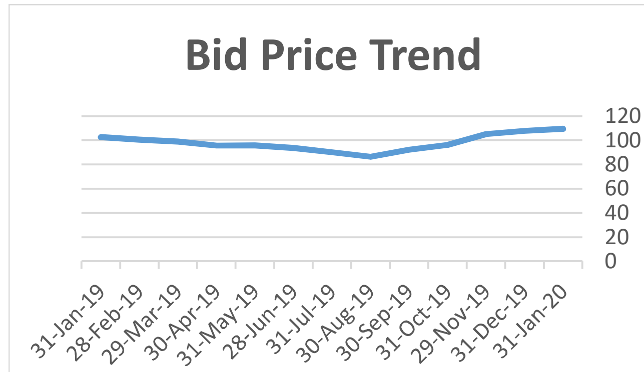
MAZ'AF FUND (TAKAFUL)

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.

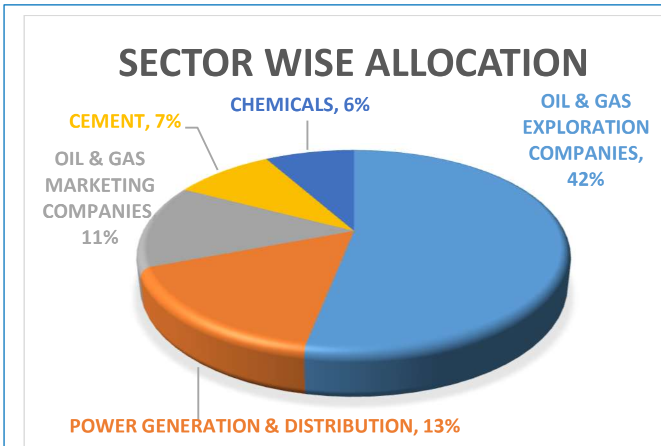
Fund Information:

Fund Name	Maza'af Fund
Fund Size	PKR 2 Billion
Launch Date	July 26, 2016
Bid Price **(Inception)**	PKR 100
Bid Price **(31 Jan 2020)**	PKR 109.5814
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	January 2020	December 2019
Bank Balances	5.38%	10.14%
Term Deposits	24.50%	22.47%
Equities	33.66%	35.21%
Mutual Funds	26.97%	25.26%
Fixed Income Securities	5.75%	6.06%
Government Securities	0%	0%
Other Assets	3.74%	0.86%



Fund Returns:

	Absolute	Annualized
Month to Date (MTD)	1.51%	17.76%
180 Days Return	21.29%	42.22%
CYTD	1.51%	17.76%
Since Inception	9.58%	2.71%

Managers' Comments:

During the month of January 2020, the NAV per unit has been Increased by PKR 1.6287 (1.51%) from December.

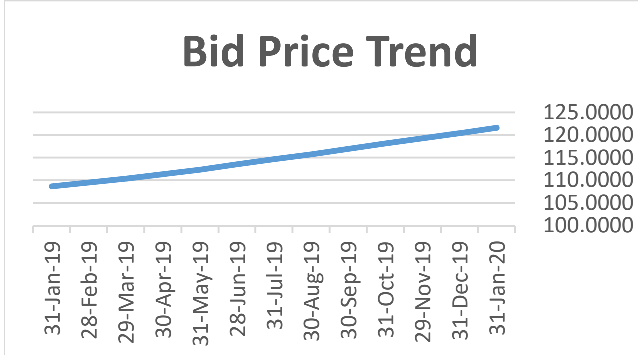
TAMEEN FUND (TAKAFUL)

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.

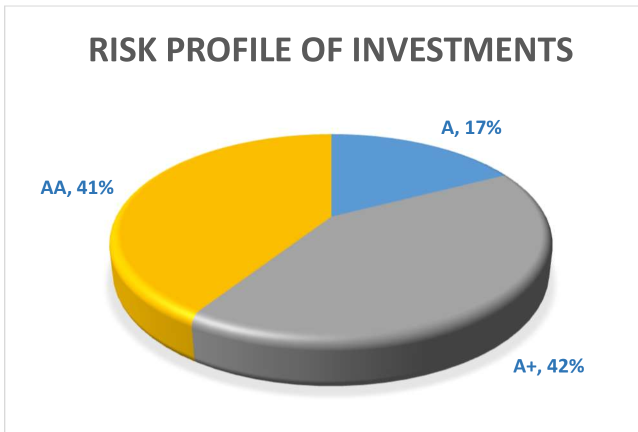
Fund Information:

Fund Name	Tameen Fund
Fund Size	PKR 671 Million
Launch Date	July 26, 2016
Bid Price **(Inception)**	PKR 100
Bid Price **(31 Jan 2020)**	PKR 121.6519
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	January 2020	December 2019
Bank Balances	2.66%	12.92%
Term Deposits	85.67%	78.34%
Mutual Funds	0%	5.77%
Fixed Income Securities	1.06%	1.17%
Government Securities	0%	0%
Real Estate	0%	0%
Other Assets	10.61%	1.80%



Fund Returns:

	Absolute	Annualized
Month to Date (MTD)	1.03%	12.13%
180 Days Return	6.05%	12.00%
CYTD	1.03%	12.13%
Since Inception	21.65%	6.12%

Managers' Comments:

During the month of January 2020, the NAV per unit has been Increased by PKR 1.2405 (1.03%) from December.

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.