JULY - 2020

Fund Managers' Report

Performance Tracker

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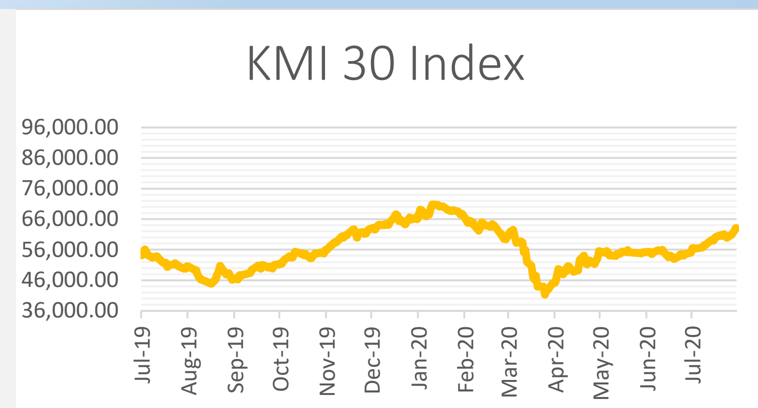
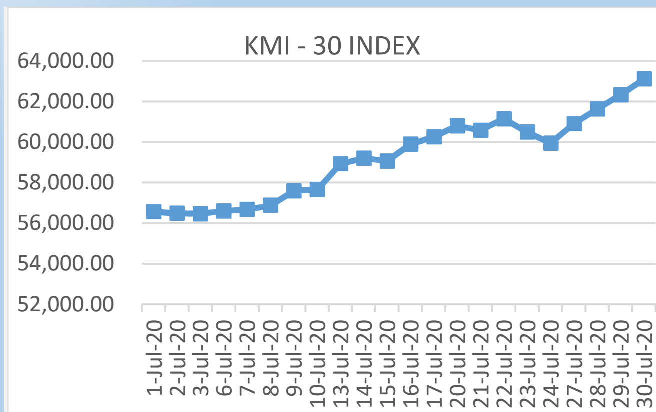
Equity Market Analysis

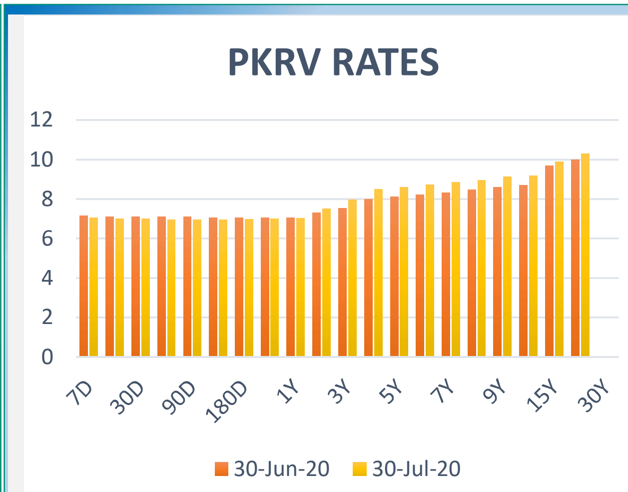
The benchmark KSE-100 Index gained ~14% during the month of July. The start to the year came as a breather after tumultuous previous year plagued with varying problems on the economic front with Covid-19 adding fuel to the fire as the year moved towards its end. July saw record recovery in Covid infection rate in Pakistan, which declined to ~4% from its peak levels. Refineries, Autos, Cements and Banks were the major outperformers during the month, posting returns of ~33%, ~24% and ~15% respectively. Auto sector regained momentum on the back of expectation of demand uptick. Dealer checks also suggested a delivery period of 2-3 months for some auto manufacturers. Cement sector companies gained attraction as interest rates lowered and the marketing arrangement between the players strengthened. Provisional dispatch numbers for the month of July indicated growth north of 35%, which was much higher than expectations. Commercial Banks recovered after a round of record monetary easing over the previous months leading to attractive valuations. From capital market perspective, particularly equities, we are getting a much clearer picture now. As Covid curve continues to flatten out, the valuations are catching up with historical norms. Barring a second wave of the virus, we think equities have a lot to offer to the investors. Market cap to GDP ratio is at 17.5%, still at a discount of 33% from its historical average. Similarly, risk premiums are close to 4.0%, compared to historical average of 0.9% signifying decent upside for long-term investors. We believe a micro view of sectors, 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 to companies that are expected to exhibit stellar earnings growth over the medium term.





Money Market Analysis

State Bank of Pakistan conducted Treasury bill auction on July 29th, 2020. The auction had a total maturity of PKR 227.1 billion against a target of PKR 200 billion. Auction witnessed a total participation of PKR 625 billion. Out of total participation bids worth, PKR 244 billion were received in 3 months' tenor, PKR 175 billion in 6 months, and PKR 206 billion in 12 months' tenor. SBP accepted total bids worth PKR 171 billion in a breakup of PKR 70 billion, PKR 50 billion, and PKR 51 billion at a cut-off yield of 6.9501%, 7.0995% and 7.1400% in 3months, 6 months and 12 months' tenor respectively. Since the start of the monetary easing cycle, SBP in this year has slashed the policy rate by a cumulative 625bps. The market was expecting another rate cut in this month's scheduled MPC meeting. However, given the number of meetings that have taken place in recent months and actions taken in those meetings, the monetary policy committee did not consider it necessary to hold the regular meeting planned in the month of July. Yields in the market remained volatile during the month as a result of monetary policy expectations. The first half of the month witnessed a drop in yields as a result of Policy rate cut expectations, however, towards the end the month yield curve displayed an upward trend.



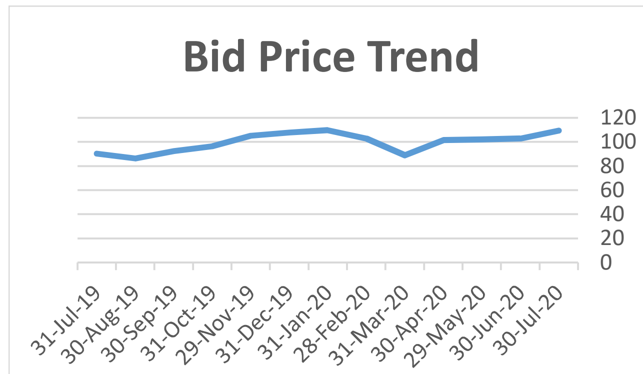
MAZ'AF FUND (TAKAFUL)

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 2.2 Billion
Launch Date	July 26, 2016
Bid Price **(Inception)**	PKR 100
Bid Price **(30 July 2020)**	PKR 109.4591
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]

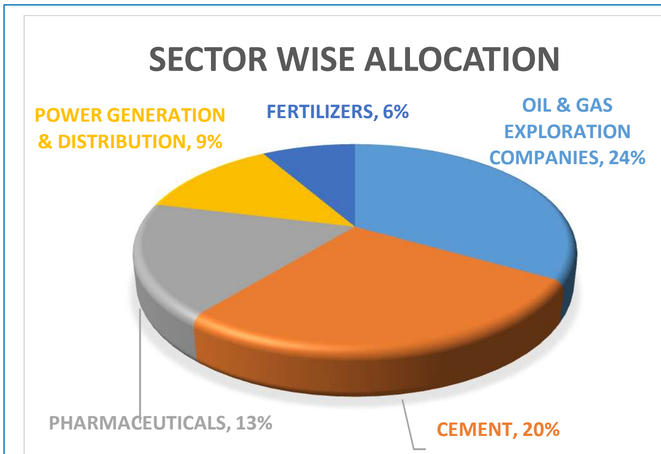


Asset Mix

Assets	July 2020	June 2020
Bank Balances	3.54%	9.17%
Term Deposits	15.85%	17.17%
Equities	31.06%	32.61%
Mutual Funds	31.51%	29.66%
Fixed Income Securities	7.40%	8.12%
Government Securities	7.98%	2.41%
Other Assets	2.66%	0.86%

Fund Returns:

	Absolute
Month to Date (MTD)	6.49%
180 Days Return	-0.11%
CYTD	1.40%
Since Inception	9.46%



Managers' Comments:

During the month of July 2020, the NAV per unit has been Increased by PKR 6.6743 (6.49%) from June.

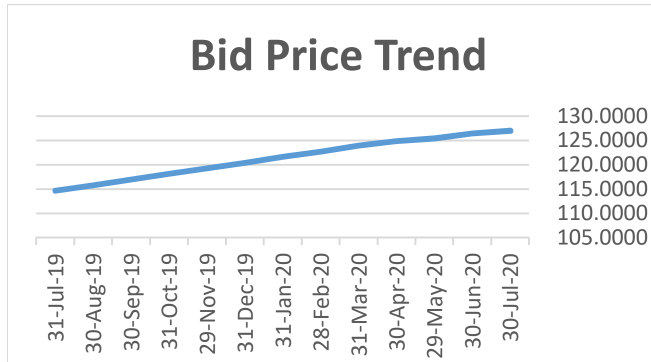
TAMEEN FUND (TAKAFUL)

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 951 Million
Launch Date	July 26, 2016
Bid Price **(Inception)**	PKR 100
Bid Price **(30 July 2020)**	PKR 126.9987
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	July 2020	June 2020
Bank Balances	4.08%	8.22%
Term Deposits	59.49%	67.17%
Mutual Funds	14.50%	17.40%
Fixed Income Securities	3.35%	3.70%
Government Securities	13.14%	0.00%
Real Estate	0%	0%
Other Assets	5.44%	3.51%

Fund Returns:

	Absolute	Annualized
Month to Date (MTD)	0.43%	5.24%
180 Days Return	4.40%	8.86%
CYTD	5.47%	9.42%
Since Inception	27.00%	6.69%

Managers' Comments:

During the month of July 2020, the NAV per unit has been Increased by PKR 0.5448 (0.43%) from June.

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.