adamjeefamily Takaful

JUNE - 2020

Fund Managers' Report

Performance Tracker

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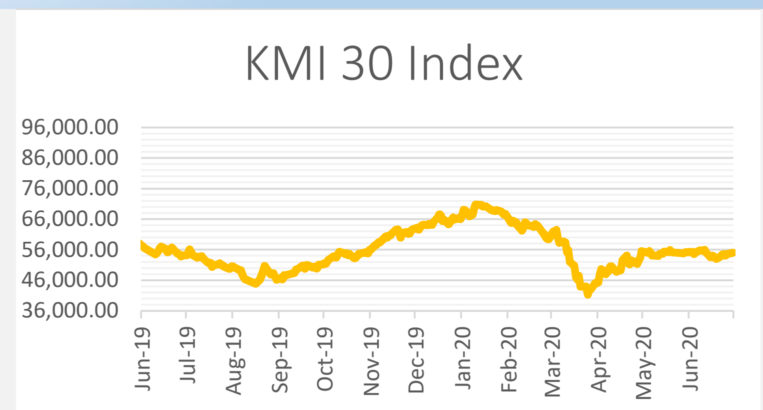
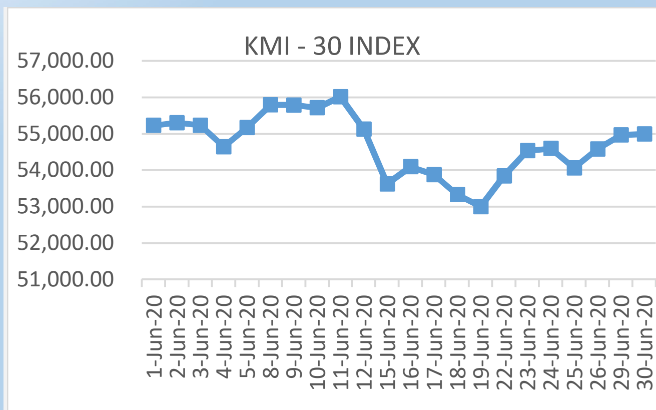
Equity Market Analysis

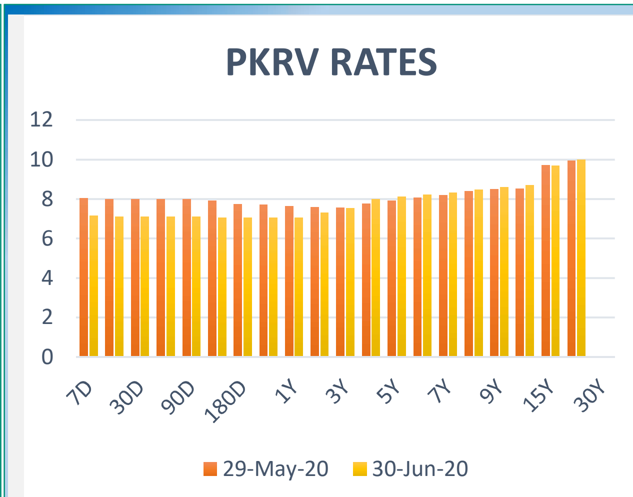
The benchmark KSE-100 gained 1.4% during the month of June to end the FY20 on a positive note. KSE-100 index broke its successive streak of negative returns, posting a nominal return of 1.5% during the year, nevertheless, underperforming all major asset classes. Foreigners selling remained unabated, as they sold USD 45 million of equities during the month. This took the full year selling to USD ~285 million, remaining in the red zone for the fifth successive year. Construction & Materials, Pharmaceuticals, & Fertilizers were the major outperformers during the year, posting returns of ~48%, ~45% and ~24% respectively. Cement sector companies gained attraction as interest rates lowered and the marketing arrangement between the players strengthened. Pharmaceutical companies were in limelight as Covid'19 unleashed the potential of the sector. While, fertilizer plays had a decent run as dividend yielding stocks was highlighted after successive interest rate cuts. Commercial Banks and E&P's were major laggards during the year as record monetary easing caused NIMS compression, while slump in crude oil prices during the second half of the year brought E&P companies on their knees. From the capital markets perspective, the outlook remains uncertain in the short run due to Covid'19. However, given the recent record of Covid'19 related cases, we deem that Pakistan is far away from risk in terms of collapse in health care infrastructure or so. Barring the corona episode, the equity markets offer great potential to long-term investors as valuations remain close to those during the financial crisis of 2008. KSE 100 offers an earning yield of ~14% while the long-term bonds now trade below a yield of 8%. The gap between both the asset classes remains unprecedented and offers extraordinary returns to risk investors, assuming the scenario normalizes in couple of months.





Money Market Analysis

State Bank of Pakistan conducted Treasury bill auction on June 30th, 2020. The auction had a total maturity of PKR 215.3 billion against a target of PKR 100 billion. Auction witnessed a total participation of PKR 564 billion. Out of total participation bids worth, PKR 254 billion were received in 3 months' tenor, PKR 152 billion in 6 months, and PKR 158 billion in 12 months' tenor. SBP accepted total bids worth PKR 16 billion in a breakup of PKR 853 million, PKR 250 million, and PKR 15 billion at a cut-off yield of 6.8488%, 6.6599% and 6.85% in 3months, 6 months and 12 months' tenor respectively. Auction for fixed coupon PIB bonds was held on June 24th, 2020 with a total target of PKR 140 billion. Total participation of PKR 118 billion was witnessed in this auction out of which 3, 5, 10, 15 & 20 years tenor received bids worth PKR 71 billion, PKR 20 billion, PKR 16 billion, PKR 4 billion & PKR 100 million respectively. State bank of Pakistan accepted PKR 72 billion in 3 years, PKR 21 billion in 5 years, PKR 16 billion in 10 years, PKR 4 billion in 15 years and 100mn in 20 years at a Cut off rate of 7.97%, 8.44%, 8.99%, 9.9%, and 10.51% respectively. Consecutive cuts in the policy rate and provision of cheap loans by the SBP through enhanced refinancing facilities have helped maintain credit flows, bolster the cash flow of borrowers, and support asset prices. Lockdowns across the country have eased, but a sharper rise in cases may prompt another round of lockdowns in the country, which would be crucial in determining rate outlook going forward.



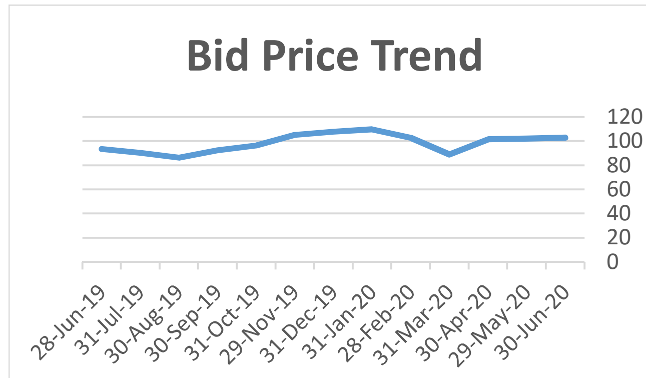
MAZ'AF FUND (TAKAFUL)

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 **(30 June 2020)**	PKR 102.7848
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]

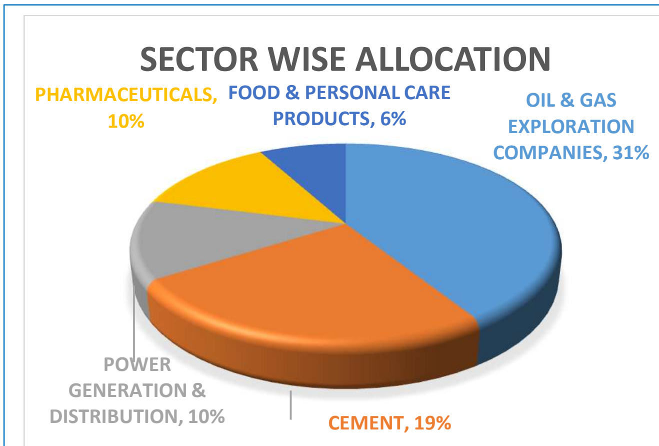


Asset Mix

Assets	June 2020	May 2020
Bank Balances	9.17%	8.74%
Term Deposits	17.17%	17.55%
Equities	32.61%	30.36%
Mutual Funds	29.66%	30.33%
Fixed Income Securities	8.12%	8.34%
Government Securities	2.41%	2.44%
Other Assets	0.86%	2.24%

Fund Returns:

	Absolute
Month to Date (MTD)	0.81%
180 Days Return	-4.79%
CYTD	-4.79%
Since Inception	2.78%



Managers' Comments:

During the month of June 2020, the NAV per unit has been Increased by PKR 0.8214 (0.81%) from May.

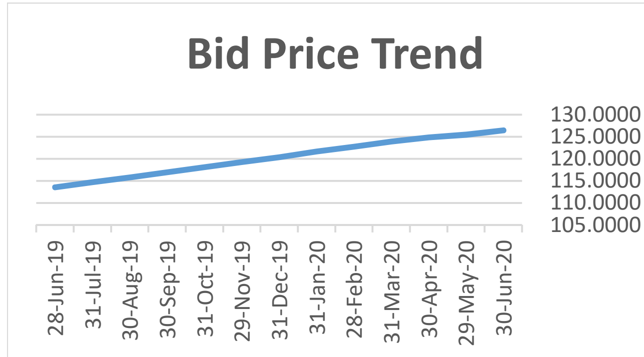
TAMEEN FUND (TAKAFUL)

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 878 Million
Launch Date	July 26, 2016
Bid Price (Inception)	PKR 100
Bid Price (30 June 2020)	PKR 126.4539
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	June 2020	May 2020
Bank Balances	8.22%	1.73%
Term Deposits	67.17%	75.10%
Mutual Funds	17.40%	18.21%
Fixed Income Securities	3.70%	3.98%
Government Securities	0.00%	0.00%
Real Estate	0%	0%
Other Assets	3.51%	0.98%

Fund Returns:

	Absolute	Annualized
Month to Date (MTD)	0.80%	9.14%
180 Days Return	5.02%	10.06%
CYTD	5.02%	10.06%
Since Inception	26.45%	6.70%

Managers' Comments:

During the month of June 2020, the NAV per unit has been Increased by PKR 1.0048 (0.80%) from May.

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.