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Takaful

NOVEMBER - 2020

Fund Managers' Report

Performance Tracker

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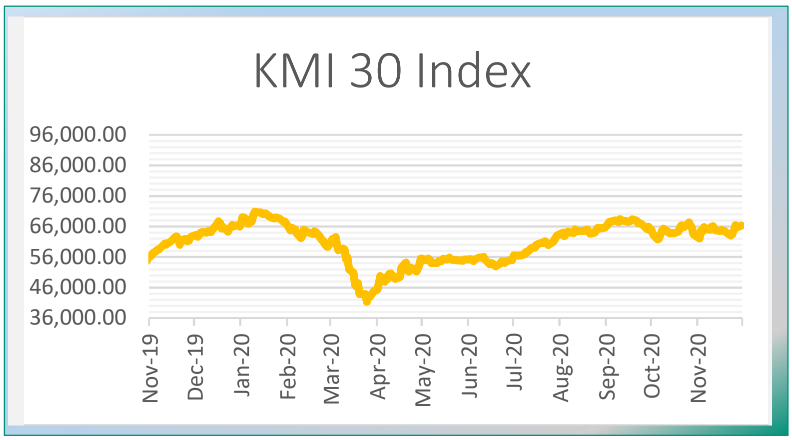
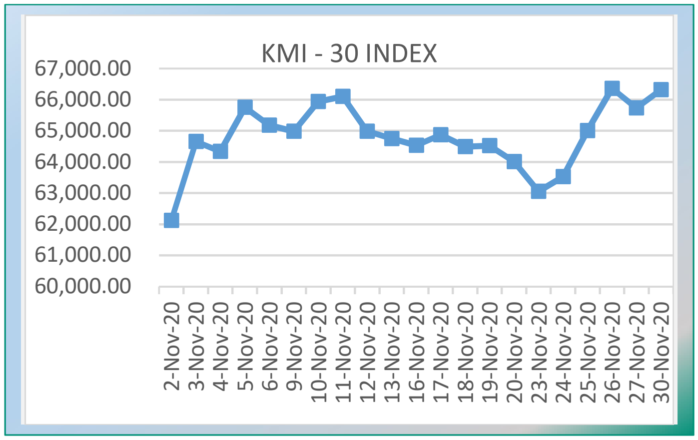
Equity Market Analysis

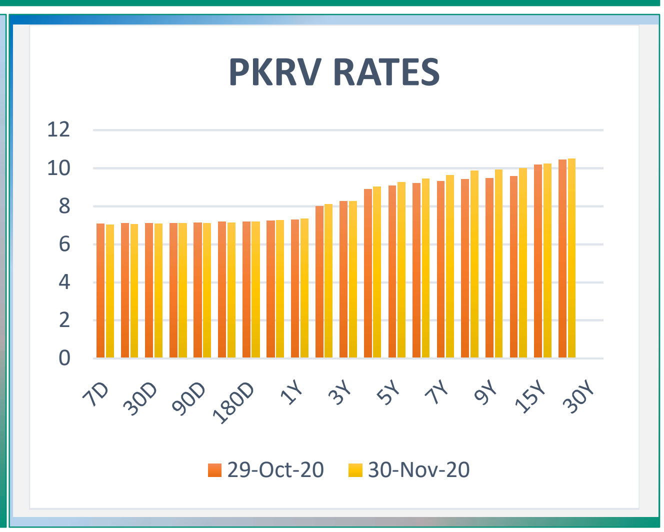
The local equity bourse posted a 3.0% return during Nov’20, taking the cumulative 5MFY21 return to 19.3%. Two key events revived sentiments this month: Joe Biden’s Presidential win in the US, and major headway in development of a COVID-19 vaccine with Pfizer/BioNTech’s and Moderna announcing efficacy of 95%. While the infection spike had pushed investors lately to some nervousness, ruling out of nation-wide lockdown by PM Khan, triggered a rebound at the index. Foreigners continued on their selling course as they sold ~USD 49 million worth of equities over the period. On the local front, Individuals and Insurance Companies remained on the driving seat as they added USD 34 Mn and USD 13 Mn worth of equities respectively. Trading activity at the bourse declined compared to the previous month as the average volumes and value traded amounted to ~283 Mn shares (-30% MoM) / ~PKR 14 Bn (-26% MoM). From capital market perspective, recovery path seems most likely. Although, lately Covid curve has spiked lately which can create volatility, nevertheless it should remain short lived as development of successful vaccine keeps the economic outlook robust in the medium term. 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 ~17.9%, still at a discount of ~30% from its historical average. Similarly, risk premiums are close to 3.2%, 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 November 18th, 2020. The auction had a total maturity of PKR 375 billion against a target of PKR 300 billion. Auction witnessed a total participation of PKR 527 billion. Out of total participation bids worth, PKR 513 billion were received in 3 months’ tenor, PKR 5 billion in 6 months, and PKR 8.5 billion in 12 months’ tenor. SBP accepted total bids worth PKR 357 billion in a breakup of PKR 345 billion, PKR 3 billion, and PKR 8.8 billion at a cut-off yield of 7.1525%, 7.1998%, and 7.2498% in 3 months, 6 months, and 12months tenor respectively. The yield curve remained range bound during the month as spike in Covid related infections caused upside risk to remain capped. The yield Curve remained flattish throughout the month as the Monetary Policy expectation of the market became aligned. Build-up in inflationary pressures coupled with positive external sector outlook and subdued growth environment has support SBP to keep rates on hold. However, the gradual build-up of inflation, should widen the negative real rate environment later in FY21 which possibly could also trigger rate hikes. However, this expectation will remain largely conditional on the pace of economic recovery from the COVID shock.



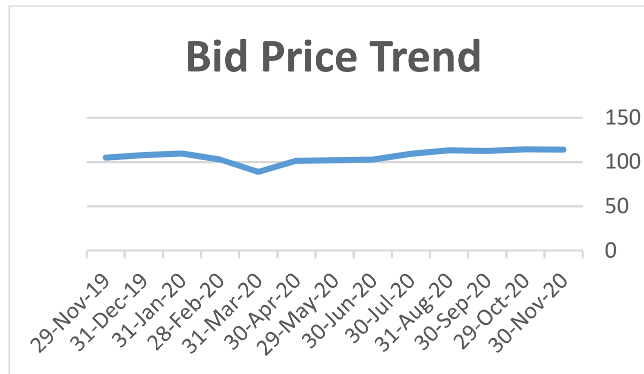
MAZ'AF FUND (TAKAFUL)

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 2.3 Billion
Launch Date	July 26, 2016
Bid Price **(Inception)**	PKR 100
Bid Price **(30 Nov 2020)**	PKR 114.1597
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]

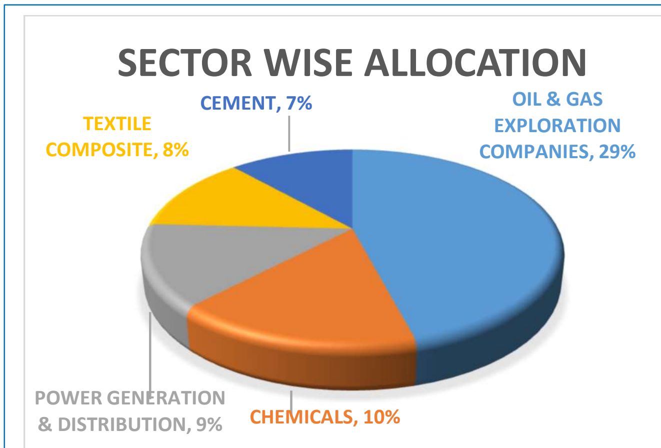


Asset Mix

Assets	November 2020	October 2020
Bank Balances	5.76%	5.56%
Term Deposits	14.89%	15.20%
Equities	26.59%	27.06%
Mutual Funds	38.18%	34.95%
Fixed Income Securities	7.06%	7.24%
GOP IJARA	7.45%	7.61%
Other Assets	0.07%	2.38%

Fund Returns:

	Absolute
Month to Date (MTD)	-0.12%
180 Days Return	11.96%
CYTD	5.75%
Since Inception	14.16%



Managers' Comments:

During the month of November 2020, the NAV per unit has been Decreased by PKR 0.1323 (0.12%) from October.

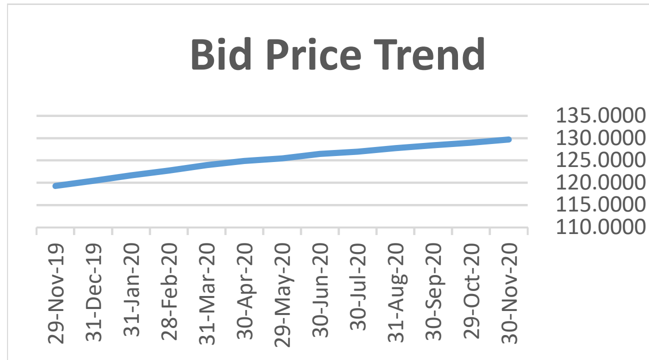
TAMEEN FUND (TAKAFUL)

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 1.5 Billion
Launch Date	July 26, 2016
Bid Price **(Inception)**	PKR 100
Bid Price **(30 Nov 2020)**	PKR 129.6951
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	November 2020	October 2020
Bank Balances	12.04%	9.18%
Term Deposits	53.72%	56.93%
Mutual Funds	22.84%	21.71%
Fixed Income Securities	2.14%	2.37%
GOP IJARA	7.39%	8.30%
Real Estate	0%	0%
Other Assets	1.87%	1.51%

Fund Returns:

	Absolute	Annualized
Month to Date (MTD)	0.54%	6.17%
180 Days Return	3.38%	6.68%
CYTD	7.71%	8.40%
Since Inception	29.70%	6.80%

Managers' Comments:

During the month of November 2020, the NAV per unit has been Increased by PKR 0.6977 (0.54%) from October.

TOP EQUITY HOLDING

MAZAAF

TOP TEN HOLDINGS

KEL
PAEL
EPCL
HUBC
PREMA
ILP
OGDC
FCCL
PPL
MEBL

DISCLAIMER

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