adamjeefamily Takaful

OCTOBER- 2020

Fund Managers' Report

Performance Tracker

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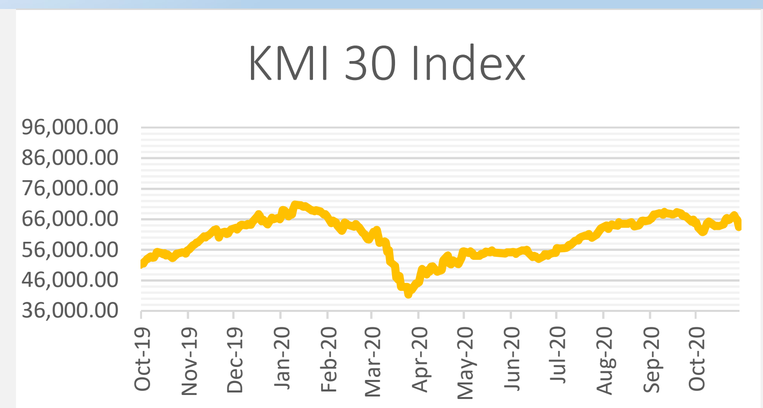
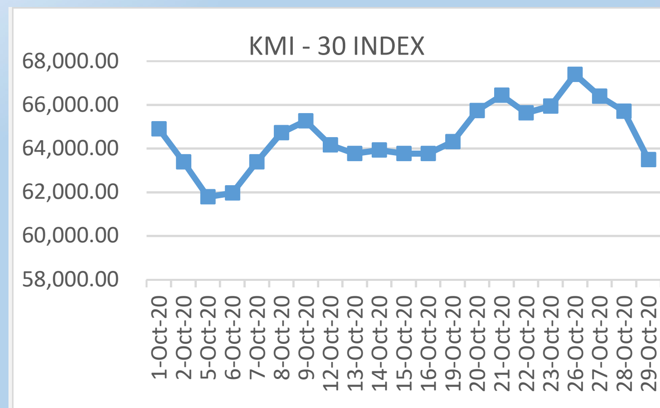
Equity Market Analysis

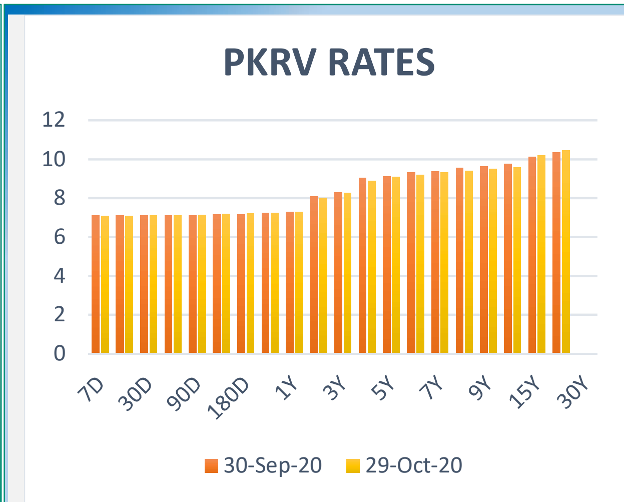
The benchmark KSE-100 Index continued correcting as it retraced by ~1.7% during the month of October 2020. Heightened political noise along with a rising trend in local COVID-19 cases were the major mood dampeners. On the global level, there were news of lockdowns especially in the Eurozone on rising COVID-19 cases, adding fuel to the fire. Foreigners continued on their selling course as they sold ~USD 39 million worth of equities over the period. On the local front, Insurance Companies and Banks/DFI proved to be the major participants buying around USD 27 Mn and USD 16 Mn worth of equities respectively. Consequently, trading activity at the bourse declined compared to the previous month as the average volumes and value traded amounted to ~404 Mn shares/ ~PKR 14 Bn. From capital market perspective, recovery path seems most likely. Covid curve remains flattened as the percentage of cases emerging remains range bound. Though the threat of second wave of cases looms, the country's situation is far better when compared to the global peers. The valuations are still on the course to catch up with historical norms. Barring a second wave of the virus, we still think equities have a lot to offer to the investors. Market cap to GDP ratio is at ~17.8%, still at a discount of ~30% from its historical average. Similarly, risk premiums are close to 3.4%, 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 October 21, 2020. The auction had a total maturity of PKR 484.7 billion against a target of PKR 350 billion. Auction witnessed a total participation of PKR 560 billion. Out of total participation bids worth PKR 545 billion were received in 3 months' tenor, PKR 14.5 billion in 6 months, and PKR 13.9 million in 12 months' tenor. SBP accepted total bids worth PKR 387 billion in a breakup of PKR 368 billion and PKR 19 billion at a cut-off yield of 7.175% and 7.20% in 3 months and 6 months' tenor respectively. However, bids for 12months tenor were rejected. Auction for fixed coupon PIB bonds was held on Oct 14th, 2020 with a total target of PKR 140 billion. Total participation of PKR 57.8 billion was witnessed in this auction out of which 3, 5, 10, 15 & 20-year tenor received bids worth PKR 6.7 billion, PKR 12.5 billion, PKR 17.6 billion, PKR 12 billion & PKR 9 billion respectively. State bank of Pakistan accepted PKR 50 million in 3 years, PKR 8 billion in 15 years, and 5 billion in 20 years at a Cut-off rate of 8.24%, 10%, and 10.5498% respectively. Bids for 5 and 10-year tenor were rejected. 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.



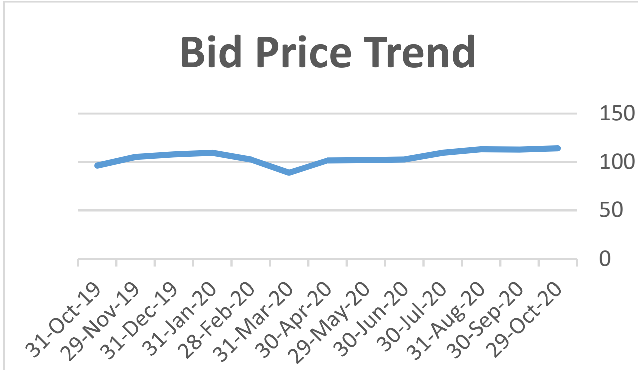
MAZ'AF FUND (TAKAFUL)

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 **(29 Oct 2020)**	PKR 114.2920
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]

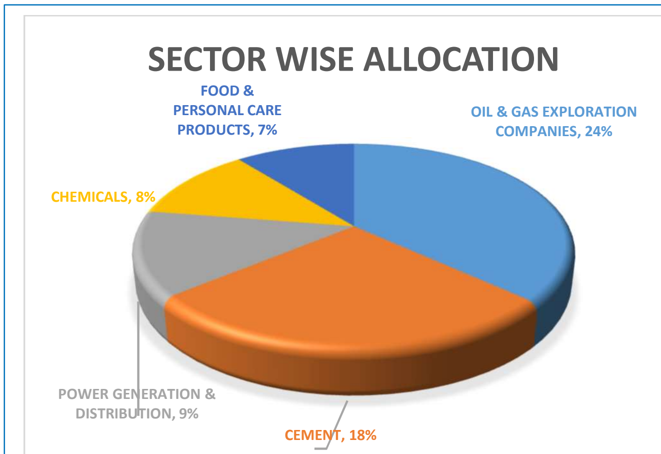


Asset Mix

Assets	October 2020	September 2020
Bank Balances	5.56%	4.53%
Term Deposits	15.20%	15.23%
Equities	27.06%	31.22%
Mutual Funds	34.95%	33.35%
Fixed Income Securities	7.24%	7.25%
GOP IJARA	7.61%	7.62%
Other Assets	2.38%	0.80%

Fund Returns:

	Absolute
Month to Date (MTD)	1.40%
180 Days Return	12.52%
CYTD	5.87%
Since Inception	14.29%



Managers' Comments:

During the month of October 2020, the NAV per unit has been Increased by PKR 1.5761 (1.40%) from September.

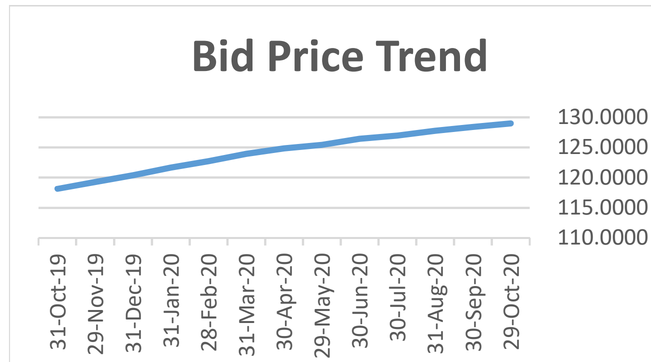
TAMEEN FUND (TAKAFUL)

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 1.3 Billion
Launch Date	July 26, 2016
Bid Price **(Inception)**	PKR 100
Bid Price **(29 Oct 2020)**	PKR 128.9974
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	October 2020	September 2020
Bank Balances	9.18%	5.31%
Term Deposits	56.93%	59.29%
Mutual Funds	21.71%	20.58%
Fixed Income Securities	2.37%	2.64%
GOP IJARA	8.30%	9.24%
Real Estate	0%	0%
Other Assets	1.51%	2.94%

Fund Returns:

	Absolute	Annualized
Month to Date (MTD)	0.47%	5.86%
180 Days Return	3.30%	6.62%
CYTD	7.13%	8.59%
Since Inception	29.00%	6.77%

Managers' Comments:

During the month of October 2020, the NAV per unit has been Increased by PKR 0.5976 (0.47%) from September.

TOP EQUITY HOLDING

MAZAAF

TOP TEN HOLDINGS

KEL
PAEL
FCCL
MLCF
HUBC
OGDC
PPL
EPCL
ILP
PREMA