SEPTEMBER - 2020

Fund Managers' Report

Performance Tracker

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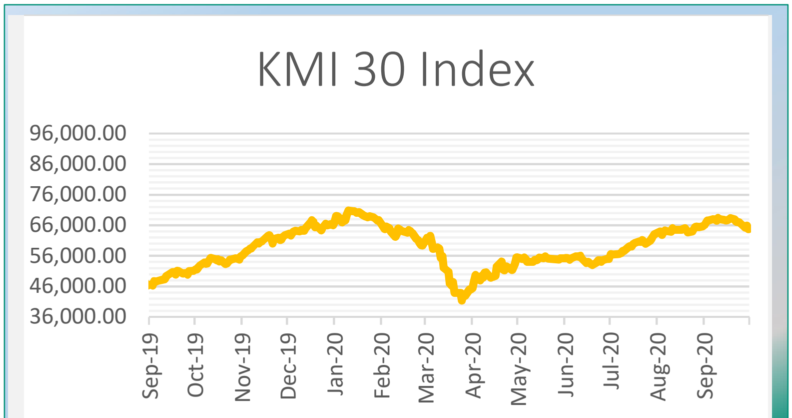
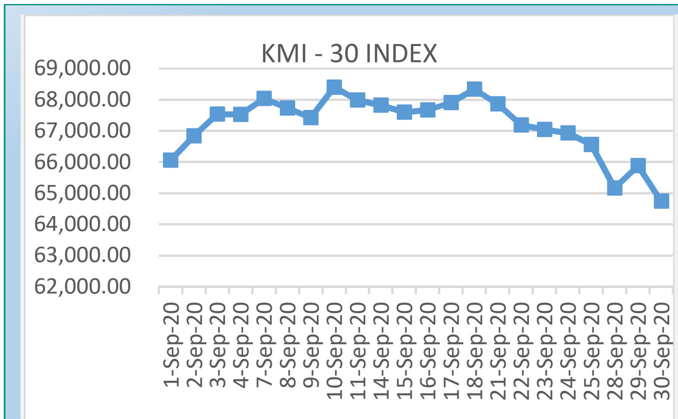
Equity Market Analysis

The benchmark KSE-100 Index retracted by ~1.3% during the month of September 2020 and taking the cumulative gain for the quarter to 17.9%. Noise on the political front along with rise in local covid cases contributed to this healthy correction. Foreigners constituted a significant portion of the profit taking activity as they resorted to selling ~USD 33 million of equities over the period. On the local front, Individuals and Insurance Companies were the main participants that bought around USD 32 Mn and USD 23 Mn worth of equities respectively. Still, a surge in trading activity sustained at the bourse as the average volumes and value traded amounted to ~603 Mn shares/ ~PKR 18 Bn hovering near record levels of the last 10 years. Oil & Gas Exploration Companies, Power Generation & Distribution and Autos were the laggards as they lost ~7.3%, ~6.5%, and ~5.4% respectively during the month. Crude oil prices lost nearly 10% during the month, which hit the exploration sector, while investor confidence was dampened in the power sector on the report of exorbitant circular debts figures that have crossed the Rs. 2 Trillion mark. In addition, Autos and other cyclicals experienced a minor correction as the overall index retracted. 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 ~18.0%, 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.

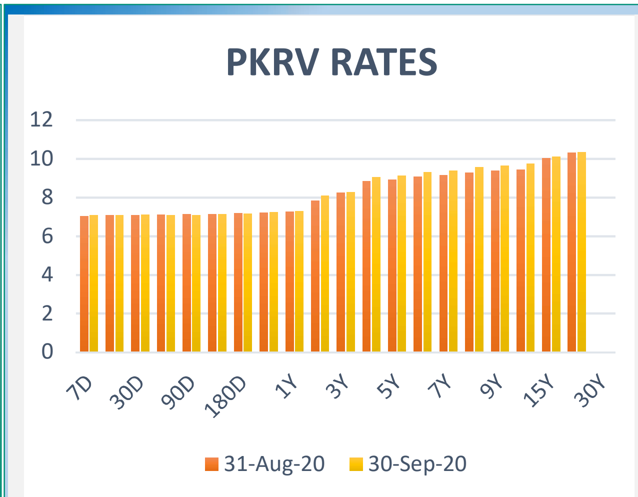




Money Market Analysis

State Bank of Pakistan conducted Treasury bill auction on September 23rd, 2020. The auction had a total maturity of PKR 603.9 billion against a target of PKR 450 billion. Auction witnessed a total participation of PKR 889 billion. Out of total participation bids worth PKR 482 billion were received in 3 months' tenor, PKR 231 billion in 6 months and PKR 175 billion in 12 months' tenor. SBP accepted total bids worth PKR 499 billion in a breakup of PKR 151 billion, PKR 190 billion and PKR 158 billion at a cut-off yield of 7.1292%, 7.18 % and 7.3090 % in 3months, 6 months and 12 months' tenor respectively.

In the latest Monetary Policy announcement, State Bank of Pakistan maintained the policy at 7% which was in line with market expectations. The decision came in light with economic growth outlook and business confidence as the COVID 19 cases seems to simmer down. Timely stimulus and easing of lock down across country has been a major factor in the economic recovery process. On inflation front, the forecast for inflation has risen slightly, primarily due to recent supply side shocks to food prices. Average inflation is now expected to fall within the previously announced range of 7 –9 percent during FY21. The MPC was of the view that the stance of monetary policy remained appropriate to provide needed support to the emerging recovery while keeping inflation expectations well-anchored and maintaining financial stability.



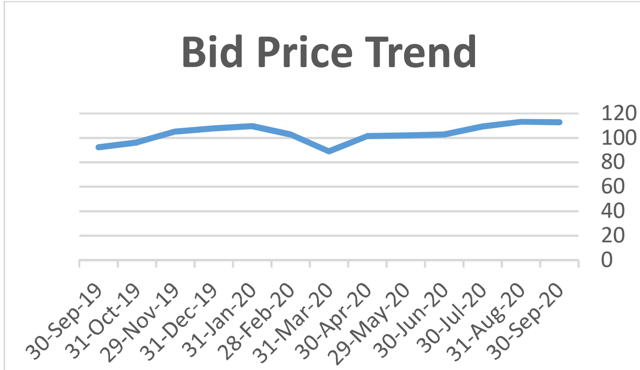
MAZ'AF FUND (TAKAFUL)

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.

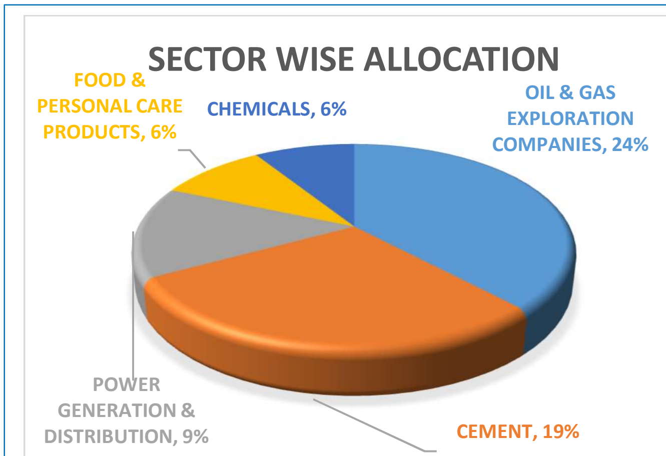
Fund Information:

Fund Name	Maza'af Fund
Fund Size	PKR 2.2 Billion
Launch Date	July 26, 2016
Bid Price (Inception)	PKR 100
Bid Price (30 Sep 2020)	PKR 112.7159
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	September 2020	August 2020
Bank Balances	4.53%	1.28%
Term Deposits	15.23%	15.25%
Equities	31.22%	31.94%
Mutual Funds	33.35%	35.39%
Fixed Income Securities	7.25%	7.21%
Government Securities	7.62%	8.74%
Other Assets	0.80%	0.19%



Fund Returns:

	Absolute
Month to Date (MTD)	-0.46%
180 Days Return	26.62%
CYTD	4.41%
Since Inception	12.72%

Managers' Comments:

During the month of September 2020, the NAV per unit has been Decreased by PKR 0.5164 (-0.46%) from August.

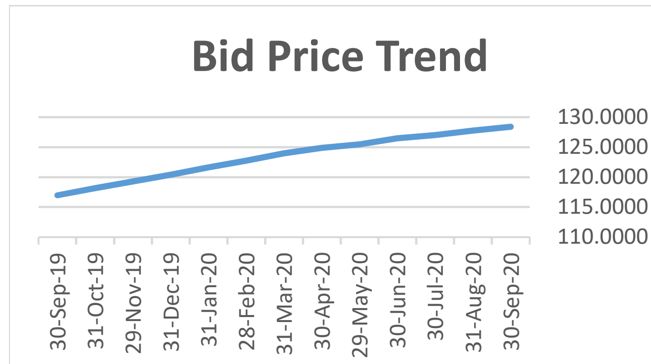
TAMEEN FUND (TAKAFUL)

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 1.2 Billion
Launch Date	July 26, 2016
Bid Price **(Inception)**	PKR 100
Bid Price **(30 Sep 2020)**	PKR 128.3998
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]

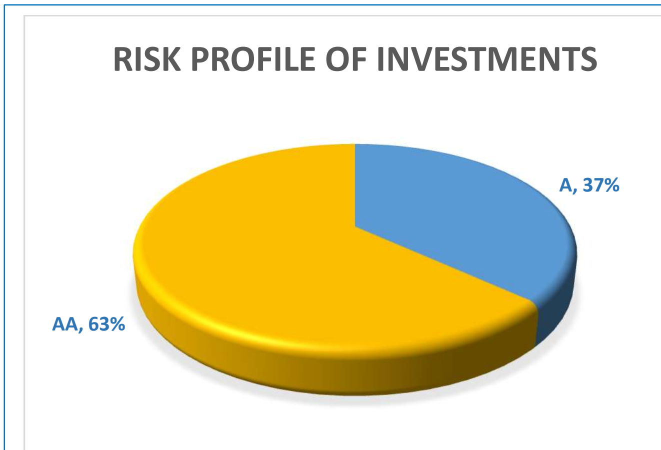


Asset Mix

Assets	September 2020	August 2020
Bank Balances	5.31%	1.37%
Term Deposits	59.29%	51.34%
Mutual Funds	20.58%	17.63%
Fixed Income Securities	2.64%	2.96%
Government Securities	9.24%	16.72%
Real Estate	0%	0%
Other Assets	2.94%	9.98%

Fund Returns:

	Absolute	Annualized
Month to Date (MTD)	0.51%	6.21%
180 Days Return	3.57%	7.12%
CYTD	6.63%	8.84%
Since Inception	28.40%	6.76%



Managers' Comments:

During the month of September 2020, the NAV per unit has been Increased by PKR 0.6520 (0.51%) from August.

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.