adamjeefamily Takaful

Window Takaful Operations

FUND MANAGERS' REPORT

Performance Tracker

JUNE - 2021

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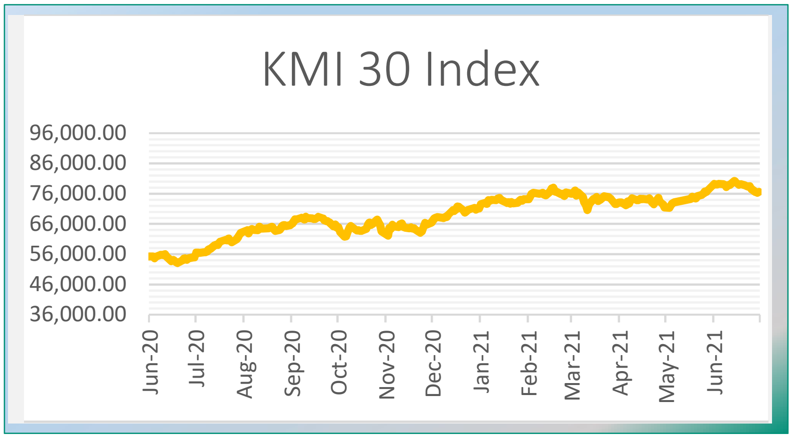
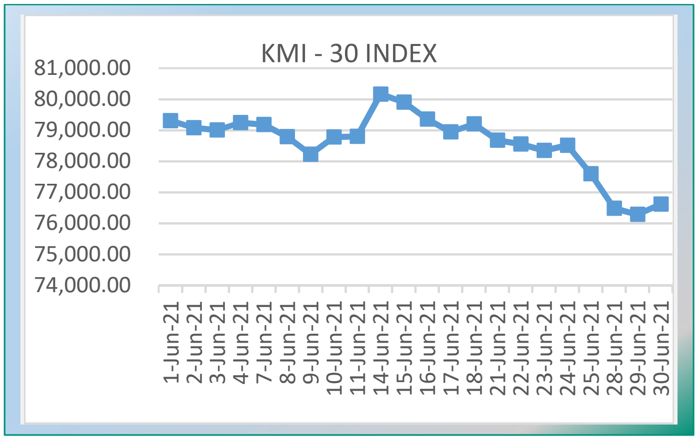
Equity Market Analysis

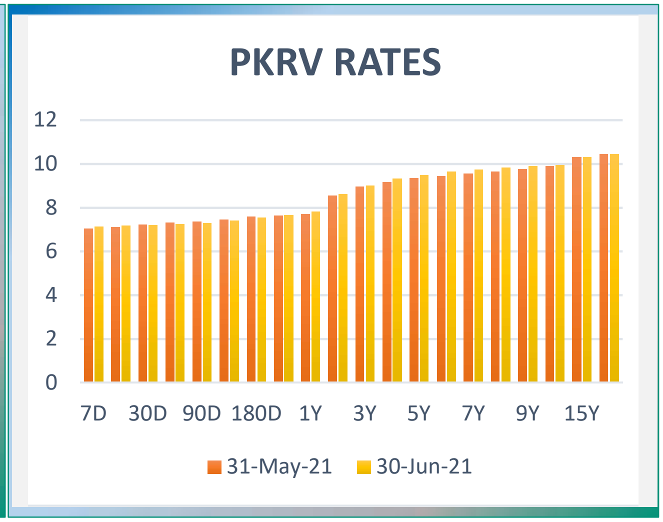
The benchmark KSE-100 closed FY21 on a positive note, posting a striking return of 37.6% to close the index at 47,356 points, marking the highest ever June-end closing level. While the market return (+38%) is highest after FY14. Market sentiment was tested several times during the year in the form of political unrest and reemergence of COVID, however economic revival remained the key theme throughout FY21. Initial exuberance at the bourse was aided by significant cut in the benchmark policy rate (by 625bps to 7%), and lower yields on fixed income instruments which rendered equities as the preferred asset class this year. This was further supplemented by noticeable improvement in macros; support from global lenders, launch of the Roshan Digital Account (RDA) and robust remittances growth aided the influx of FX reserves, whereas global lockdowns and the ensuing reduction in trade deficit (current account surplus of USD 153mn in 11MFY21), further supported an appreciation in the Pak Rupee against the Greenback. Meanwhile strong corporate profitability and the resumption of USD 6bn EFF with the IMF also boosted investor confidence. Foreigners shed away from equities selling USD 375mn worth of equities. Individuals were the major buyers followed by corporates. They bought shares worth of USD 332mn and USD 138mn respectively. On the selling side, Banks/DFIs were the biggest sellers, selling shares worth USD 95mn. Average traded volume and value during FY21 went up by 268% (527mn shares) and value by 266% (19.2 billion) respectively. IT, Refineries, & Steel were the major outperformers during the year, posting returns of ~390%, ~153% and ~109% respectively. Steel sector gained on the back of bullish earning expectations and continuing increase in prices. Tech companies continue to see a massive re-rating in their valuations as investor cherished the changing landscape of tech companies post Covid, while refineries continue to outperform over expectations of a favorable refinery policy to be announced soon. Sugar and E&P's were major laggards during the year as slump in crude oil prices during the year brought E&P companies on their knees. From capital market perspective, particularly equities, the change in sentiments as of late has been visible owing to better than expected GDP growth numbers. Alongside, a growth-oriented budget for FY22 will continue to improve the risk appetite of investors. Robust Corporate Earnings growth is an additional impetus for equity markets. Barring any external shock, we think equities have potential to provide decent returns to investors. Given that low interest rate environment is likely to continue for the short to medium term, we believe equities will continue to attract flows. Risk premiums vis a vis 10-year bonds is right now at 4%, compared to historical average of 1.0% suggesting upside due to re-rating would be possible. Furthermore, 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

CPI for the month of June 2021 clocked in at 9.70% as compared to 10.9% in the previous month. The decrease was mainly due to the reduction in food prices and the high base effect. Inflation for FY21 averaged 8.90% in line with the SBP target range of 7- 9%. Going forward international oil prices and adjustments in tariffs may play a significant role. The government securities yield in short tenor remained flattish during the month, however longer tenor yields slightly increased. State Bank of Pakistan conducted a Treasury bill auction on June 30, 2021. The auction had a total maturity of PKR 275 billion against a target of PKR 450 billion. Auction witnessed a total participation of PKR 1.288 trillion. Out of total participation bids worth, PKR 468 billion were received in 3 months' tenor, PKR 774 billion in 6 months, and PKR 46 billion in 12 months' tenor. SBP accepted total bids worth PKR 798 billion in a breakup of PKR 325 billion and 472 billion at a cut-off yield of 7.3091% and 7.5751% in 3 months and 6 months' tenor respectively. Bids for the 12-months tenor were rejected. Auction for fixed coupon PIB bonds wa s held on June 9, 2021 with a total target of PKR 125 billion. Total participation of PKR 376 billion was witnessed in this auction out of which 3, 5 & 10 tenors received bids worth PKR 294 billion, PKR 45 billion & PKR 37 billion respectively. State bank of Pakistan accepted PKR 157 billion in 3 years, PKR 8 billion in 5 years & PKR 315 million in 10 years at a Cut-off rate of 8.69%, 9.20%, and 9.8390% respectively. The SBP considers the present accommodative monetary policy to be appropriate and it will aim for positive real rates only gradually. The future path of Covid-19 in Pakistan, Inflation and global commodity price trends are key variables, which in our view will influence the tone of monetary policy in the next year.



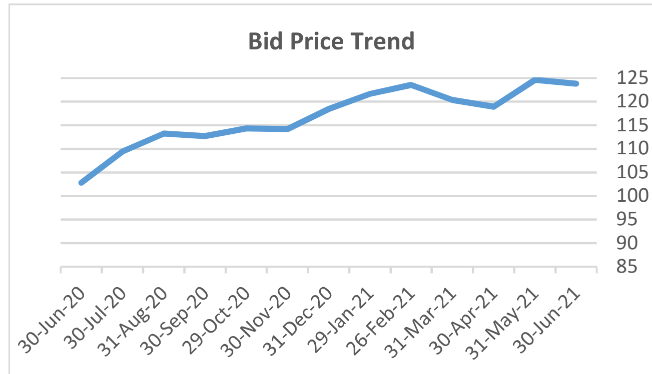
MAZ'AF FUND (TAKAFUL)

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 2.6 Billion
Launch Date	July 26, 2016
Bid Price (Inception)	PKR 100
Bid Price (30 June 2021)	PKR 123.8367
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% of (average deposit rate of 3 A rated Islamic Banks or Islamic Windows of Conv. Banks as selected by MUFAP) + 60% of (KMI - 30 Index Return)

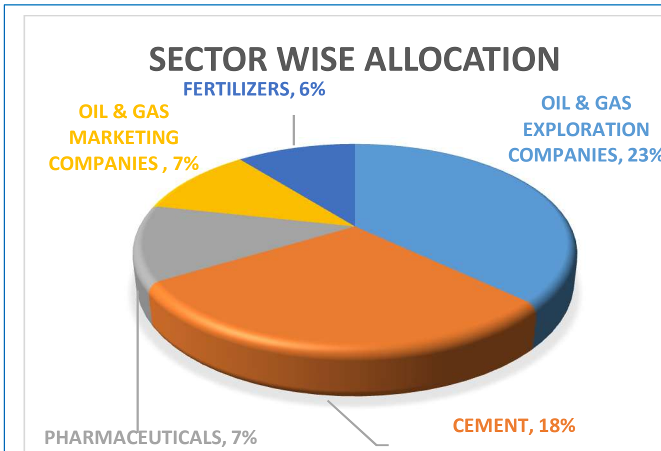


Asset Mix

Assets	June 2021	May 2021
Bank Balances	4.61%	3.77%
Term Deposits	17.01%	16.99%
Equities	27.78%	27.81%
Mutual Funds	36.89%	37.42%
Fixed Income Securities	6.03%	6.04%
GOP IJARA	6.66%	6.65%
Other Assets	1.02%	1.32%

Fund Returns:

	Absolute
Month to Date (MTD)	-0.61%
180 Days Return	4.52%
CYTD	4.52%
Since Inception (Absolute)	23.84%
Since Inception (Annualized)	4.81%



Managers' Comments:

During the month of June 2021, the NAV per unit has been Decreased by PKR 0.7576 (0.61%) from May.

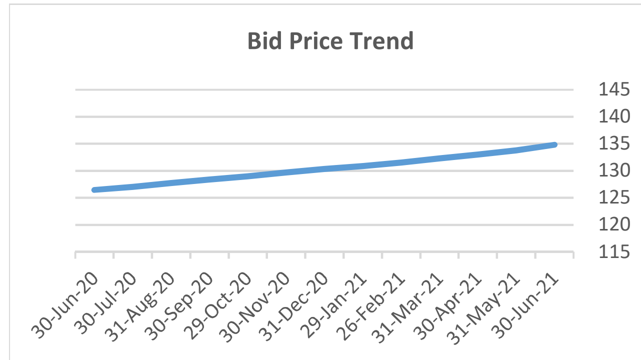
TAMEEN FUND (TAKAFUL)

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 2.6 Billion
Launch Date	July 26, 2016
Bid Price (Inception)	PKR 100
Bid Price (30 June 2021)	PKR 134.8162
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	Average deposit rate of three (3) A rated Islamic Banks or Islamic Windows of Conventional Banks as selected by MUFAP

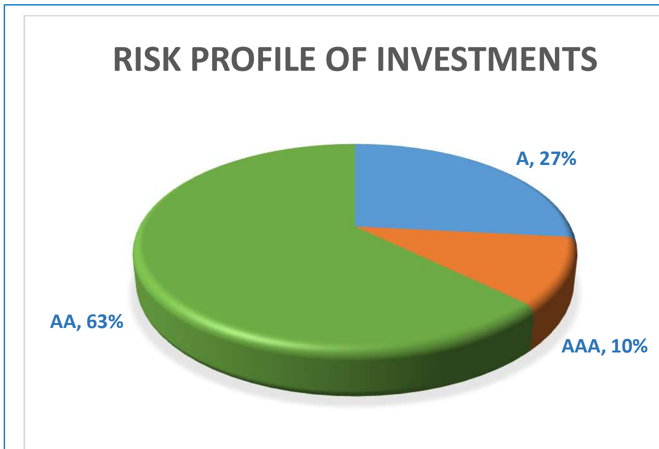


Asset Mix

Assets	June 2021	May 2021
Bank Balances	12.25%	19.93%
Term Deposits	72.68%	60.72%
Mutual Funds	7.95%	12.54%
Fixed Income Securities	3.03%	3.21%
GOP IJARA	2.14%	2.27%
Real Estate	0%	0%
Other Assets	1.95%	1.33%

Fund Returns:

	Absolute	Annualized
Month to Date (MTD)	0.79%	9.58%
180 Days Return	3.44%	6.93%
CYTD	3.44%	6.93%
Since Inception	34.82%	7.03%



Managers' Comments:

During the month of June 2021, the NAV per unit has been Increased by PKR 1.0528 (0.79%) from May.

TOP EQUITY HOLDING

MAZAAF

TOP TEN HOLDINGS

MARI
LUCK
ENGRO
PPL
PKGS
ABOT
POL
OGDC
ILP
MLCF

DISCLAIMER