



INVESTMENT FACT SHEET
FOR THE MONTH OF FEBRUARY 2018

FROM INVESTMENT DESK

ECONOMY AND CAPITAL MARKETS UPDATE

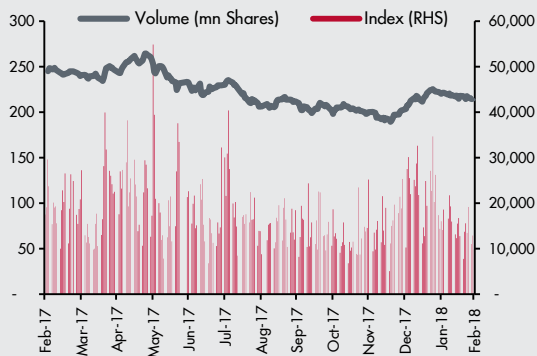
ECONOMIC SUMMARY

KEY INDICATORS	REPORTED MONTH	CURRENT	PREVIOUS	YTD
CPI Inflation	Feb	3.80%	4.42%	3.84%
Trade Deficit (USD mn)	Jan	(3,636)	(2,933)	(21,600)
Remittances (USD mn)	Jan	1,639	1,724	11,383
Current A/C (USD mn)	Jan	(1,617)	(1,130)	(9,237)
FDI (USD mn)	Jan	106	197	1,450
Tax Collection ** (PKR bn)	Feb	265	272	2,259
M2 Growth*				3.11%
FX Reserves* (USD bn)	Jan			18.41

Source SBP, FBS

* Latest monthly figures **provisional figures

KSE-100 ONE YEAR PERFORMANCE



SECONDARY MARKET PKRVs

TENOR	FEB-18	JAN-18	CHANGE (bps)
30 Days	6.06	6.09	-3
60 Days	6.14	6.10	4
3 Months	6.21	6.14	7
6 Months	6.36	6.22	14
1 Year	6.62	6.30	32
3 Year	7.81	7.60	21
5 Year	8.35	8.16	19
10 Year	8.64	8.59	5

Source: MUFAP

ECONOMIC REVIEW

CPI Inflation eased off to 3.80%YoY in February 2018 against 4.42%YoY in January 2018, taking average 8MFY18 inflation to 3.84% compared to 3.90% during SPLY. On the other hand, external account position continued to remain fragile as current account deficit for Jan'18 clocked in at US\$1.6bn, up 43.1%MoM compared to US\$1.13 for Dec'17 primarily due to widening of trade deficit (US\$3.6bn; up 23.9%MoM) together with muted inflows of workers' remittances (US\$1.6bn in Jan'18; down 4.9%MoM). Similarly, CAD for 7MFY18 swelled by 48%YoY to US\$9.2 bn owing to substantial increase of 21.4% in trade deficit where significant jump in imports (up 18% YoY to US\$ 31.0bn) offset the 12% YoY (US\$13.9 bn) growth in exports. Moreover, weak financial and capital account resulted into drop in FX reserves held by central bank to US\$18.4 bn from peak level of US\$23.2 bn. On the fiscal front, FBR provisionally collected around PKR 2.25 trn during the 8MFY18 as compared to PKR 1.9 trn SPLY, posting a solid growth of 18% YoY. Moving ahead, we feel that vulnerable external account due to expected increase in import bill amid recovery in commodity prices and uptick in machinery imports is expected to remain key challenges for the economy.

EQUITY MARKET REVIEW

After posting a solid start in Jan-18, equities took a breather in Feb 2018 with a drop of 810 points (down 1.8% MoM) in benchmark KSE 100 index to close at 43,239 points. Major reason for negative performance of the bourse was Pakistan's scheduled inclusion in the FATF's grey list from Jun'18. Furthermore, political noise once again took its toll when Supreme Court dismissed ex-Premier Nawaz Sharif to lead his political party, keeping investors side-line. On the other hand, majority of the corporate results (Banks, Fertilizers, steel, E&Ps etc.) outperformed consensus estimates except for cement sector where overall sectors' profitability was down 26% YoY owing to depressed retention prices and higher coal prices during the quarter. Overall activity remained dull as average daily traded volumes/value during the month declined by 15%/21% MoM to 204mn shares/USD 75mn. Foreign institutional investors were net seller during the month with net outflow of USD 32.1mn in Feb 2018, taking cumulative FIPI for CY18 to USD53.6mn. Pakistan with forward P/E of 9.3x is trading at a steep discount of 36% as compared to MSCI EM P/E of 14.4 and offers an attractive dividend yield of 5.1% vs 2.4% in the Asia-Pacific Region.

DEBT MARKET REVIEW

During the month of February, SBP held two T-Bill auctions with cumulative target of PKR 1,700 bn where central bank accepted bids worth PKR 1,345 bn mainly in 3 months' tenors whereas bids in 6months papers were rejected due to low participation. As a result, cut off rates for 3 months increased slightly to 6.2591% from 6.2144% in last T-bill auction. On the other hand, PIB auction witnessed a subdued participation of PKR 33 bn in 3-yr tenor only. Though, SBP scrapped the auction owing to insignificant participation at higher yields. Overall activity remained healthy as secondary market yields in the shorter tenors increased within a range of 7-14 bps while yields in the longer tenors (1-yr to 5-yr) adjusted by 18-32 bps during the month as investors see upside risks to inflation and interest rates. Going forward, market is expected to remain volatile amid divided views on upcoming MPS (due in March-18).

MANAGED TAKAFUL FUND

FUND OBJECTIVE

To optimize aggregate long term risk adjusted return through capital appreciation, dividend and profit income by investing in a Balanced Portfolio comprising of Shariah compliant equities, equity mutual funds, Sukuks (Government and Corporate), deposits with Islamic Banks and Windows or any other approved Shariah compliant avenues.

The Fund was launched on July 7, 2015.

FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Managed Takaful Fund
Fund Size	PKR 2,084 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (28.02.2018)	PKR 614.33
Category	Shariah Compliant Balanced Fund
Pricing Mechanism	Forward on daily basis
Management Fee	1.50% p.a.
Pricing Days	Monday to Friday
Auditors	KPMG
Appointed Actuary	Nauman Cheema, Nauman Associates, Lahore

FUND MANAGER'S COMMENTS

During the month of February 2018 Managed Takaful Fund's (MTF) Unit Price decreased by PKR 4.77 (-0.77%) net of fund management fee.



INVESTMENT COMMITTEE

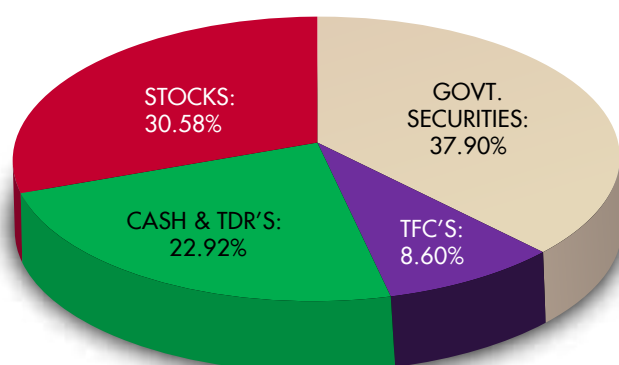
MEMBERS	DESIGNATION
Shahid Ghaffar	Chairman
Javed Ahmed	Member / CEO
Rafiuddin Zakir Mahmood	Member
John Joseph Metcalf	Member
Lilly R. Dossabhoy	Member
Shan Rabbani	Member

ASSET ALLOCATION

ASSETS	FEBRUARY-18	JANUARY-18
Government Securities	37.90%	40.51%
Term Finance Securities	8.60%	5.07%
Cash and Short Term Deposits	22.92%	22.33%
Stocks	30.58%	32.09%

FUND RETURNS

PERIOD	RATE OF RETURN
1 month	-0.77%
3 months	2.44%
12 months	0.17%
Calendar YTD	2.00%
Since Inception	22.87%



CAPITAL GROWTH TAKAFUL FUND

FUND OBJECTIVE

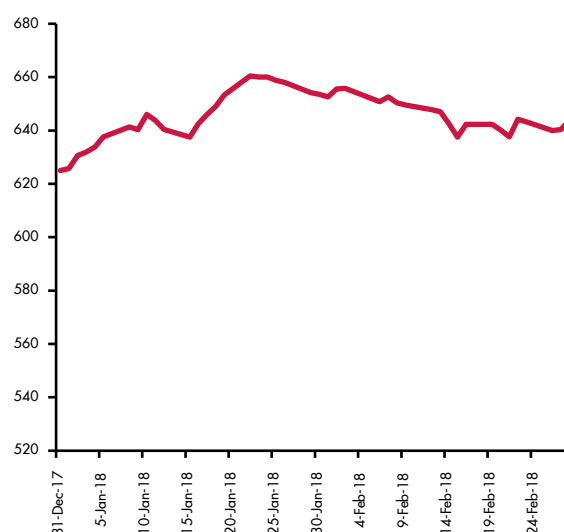
To optimize aggregate long term risk adjusted return through capital appreciation, dividend and profit income by investing in an Aggressive Portfolio primarily comprising of Shariah compliant equities and equity mutual funds with any excess liquidity being invested in Sukuks (Government and Corporate) or deposits with Islamic Banks and Islamic Windows of Conventional Banks. The Fund was launched on July 7, 2015.

FUND INFORMATION

DESCRIPTION	INFORMATION
Fund Name	Capital Growth Takaful Fund
Fund Size	PKR 3,368 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (28.02.2018)	PKR 643.98
Category	Shariah Compliant Equity Fund
Pricing Mechanism	Forward on daily basis
Management Fee	1.50% p.a.
Pricing Days	Monday to Friday
Auditors	KPMG
Appointed Actuary	Nauman Cheema, Nauman Associates, Lahore

FUND MANAGER'S COMMENTS

During the month of February 2018 Capital Growth Takaful Fund's (CGTF) Unit Price decreased by PKR 8.62 (-1.32%) net of fund management fee.



INVESTMENT COMMITTEE

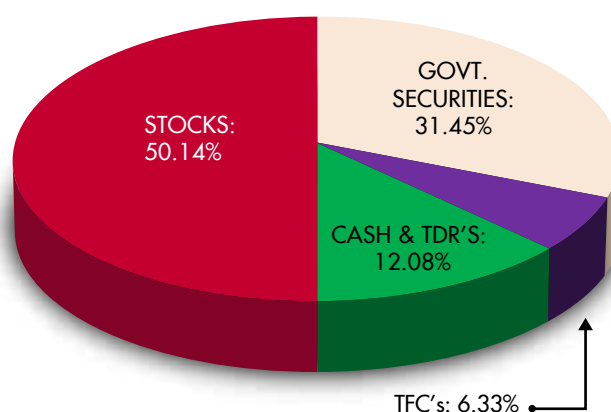
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Javed Ahmed	Member / CEO
Rafiuddin Zakir Mahmood	Member
John Joseph Metcalf	Member
Lilly R. Dossabhoy	Member
Shan Rabbani	Member

ASSET ALLOCATION

ASSETS	FEBRUARY-18	JANUARY-18
Government Securities	31.45%	29.56%
Term Finance Securities	6.33%	2.04%
Cash and Short Term Deposits	12.08%	15.47%
Stocks	50.14%	52.92%

FUND RETURNS

PERIOD	RATE OF RETURN
1 month	-1.32%
3 months	3.42%
12 months	-5.18%
Calendar YTD	3.03%
Since Inception	28.80%



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