



**INVESTMENT FACT SHEET**  
FOR THE MONTH OF MARCH 2018

# FROM INVESTMENT DESK

## ECONOMY AND CAPITAL MARKETS UPDATE

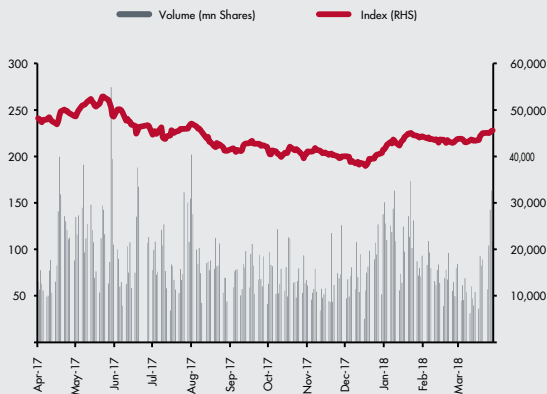
### ECONOMIC SUMMARY

KEY INDICATORS	REPORTED MONTH	CURRENT	PREVIOUS	YTD
CPI Inflation	Mar	3.25%	3.80%	3.78%
Trade Deficit (USD mn)	Feb	(2,895)	(3,636)	(24,495)
Remittances (USD mn)	Feb	1,450	1,639	12,834
Current A/C (USD mn)	Feb	(1,241)	(1,617)	(10,478)
FDI (USD mn)	Feb	285	106	1,735
Tax Collection ** (PKR bn)	Mar	362	265	2,621
M2 Growth*				2.94%
FX Reserves* (USD bn)	Mar			17.80

Source SBP, FBS

\* Latest monthly figures \*\*provisional figures

### KSE-100 ONE YEAR PERFORMANCE



### SECONDARY MARKET PKRVs

TENOR	MAR-18	FEB-18	CHANGE (bps)
30 Days	6.24	6.06	18
60 Days	6.34	6.14	20
3 Months	6.40	6.21	19
6 Months	6.57	6.36	21
1 Year	6.75	6.62	13
3 Year	7.91	7.81	10
5 Year	8.51	8.35	16
10 Year	8.86	8.64	22

Source: MUFAP

### ECONOMIC REVIEW

CPI Inflation eased off to 3.25%YoY in March 2018 against 3.80%YoY in February 2018, taking average 9MFY18 inflation to 3.78% compared to 4.02% during SPLY. Similarly, external account position also improved as current account deficit for Feb'18 clocked at US\$1.2bn, down 25.4%MoM compared to US\$1.65 for Jan'18 primarily due to curtailment of trade deficit (US\$2.7bn; down 16.5%MoM). However, CAD for 8MFY18 swelled by 50%YoY to US\$10.8 bn owing to substantial widening of 22.7% in trade deficit where significant jump in imports (up 17% YoY to US\$ 36.0bn) offset the 12% YoY (US\$15.9 bn) growth in exports. Moreover, FX reserves held by central bank were also down to US\$17.9 bn from peak level of US\$23.0 bn. As a result of weak external account, PKR lost 4.4% against green back during the month. On the fiscal front, FBR provisionally collected around PKR 2.62 trn during the 9MFY18 as compared to PKR 2.20 trn SPLY, posting a solid growth of 16% YoY. In the Monetary Policy Meeting, the SBP maintained the policy rate at 6%, against broad expectation, taking on an optimistic stance on the recent policy measures to contain the C/A deficit. 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

Equities posted a decent return of 5.4% as benchmark KSE100 index closed the month at 7 months high of 45,560pts. Overall participation remained on the lower side in Mar'18 with average volume at 192.7mn as against 203.7mn in Feb'18, down by -5.4%. The sector-wise performance was led by cement sector (+10.8% MoM) as manufacturers increased prices by approx. PKR50/bag. It was followed by banking sector on broad expectation of interest rate hikes amid inflationary pressures from currency devaluation of 4.4%. Foreign institutional investors were net seller during the month with net outflow of USD 22.4mn in Mar 2018, taking cumulative FIPI for CY18 to USD31.3mn whereas local liquidity led by Companies (USD+40mn) followed by Insurance (+USD 20mn). Going forward, we feel upcoming budget and expected tax amnesty scheme is expected to keep investors' interest alive. Pakistan with forward P/E of 10.9x is trading around average historical discount of 28% as compared to MSCI EM P/E of 15.9 and offers an attractive dividend yield of 4.9% vs 2.2% in the Asia-Pacific Region.

### DEBT MARKET REVIEW

During the month of March, SBP held two T-Bill auctions with cumulative target of PKR 1,300 bn where central bank accepted bids worth PKR 73 bn all in 3 months' tenors whereas bids in 6 months and 12 months papers were rejected due to low participation. On the other hand, PIB auction witnessed a subdued participation of PKR 10 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 broader range of 24-56 bps while yields in the longer tenors (1-yr to 5-yr) adjusted upwards by 106-140 bps during the month as investors see upside risks to inflation and interest rates.

# 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 2,307 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.03.2018)	PKR 621.31
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 March 2018 Managed Takaful Fund's (MTF) Unit Price increased by PKR 6.98 (1.14%) net of fund management fee.



## INVESTMENT COMMITTEE

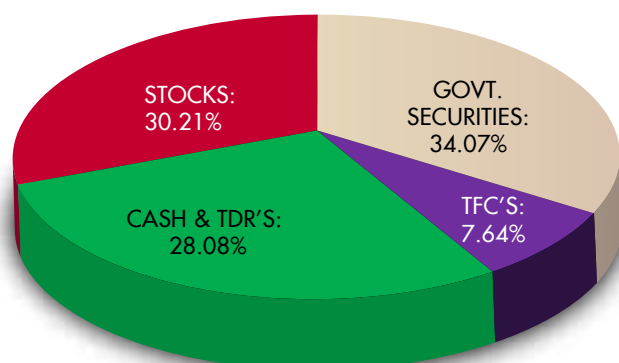
MEMBERS	DESIGNATION
Shahid Ghaffar	Chairman
Javed Ahmed	Member / CEO
Rafiuddin Zakir Mahmood	Member
John Joseph Metcalf	Member
Lilly R. Dossabhoy	Member
Shan Rabbani	Member

## ASSET ALLOCATION

ASSETS	MARCH-18	FEBRUARY-18
Government Securities	34.07%	37.90%
Term Finance Securities	7.64%	8.60%
Cash and Short Term Deposits	28.08%	22.92%
Stocks	30.21%	30.58%

## FUND RETURNS

PERIOD	RATE OF RETURN
1 month	1.14%
3 months	3.16%
12 months	0.02%
Calendar YTD	3.16%
Since Inception	24.26%



# CAPITAL GROWTH TAKAFUL FUND

## FUND OBJECTIVE

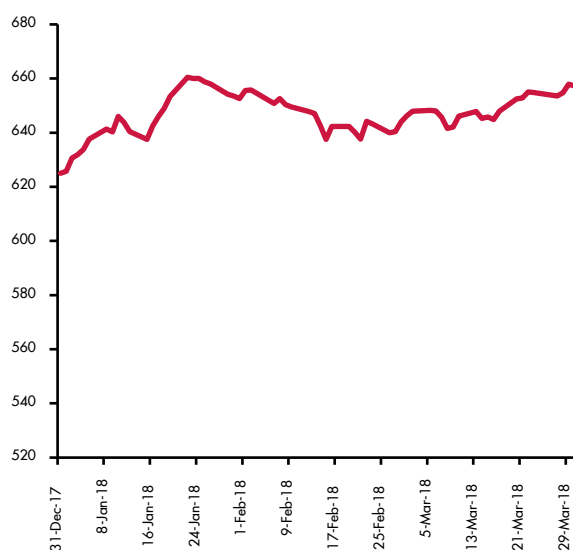
To optimize aggregate long term risk adjusted return through capital appreciation, dividend and profit income by investing in an Aggressive Portfolio primarily comprising of Shariah compliant equities and equity mutual funds with any excess liquidity being invested in Sukuks (Government and Corporate) 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 3,704 Million
Launch Date	07.07.2015
Bid Price (07.07.2015)	PKR 500.00
Bid Price (31.03.2018)	PKR 657.28
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 March 2018 Capital Growth Takaful Fund's (CGTF) Unit Price increased by PKR 13.31 (2.07%) net of fund management fee.



## INVESTMENT COMMITTEE

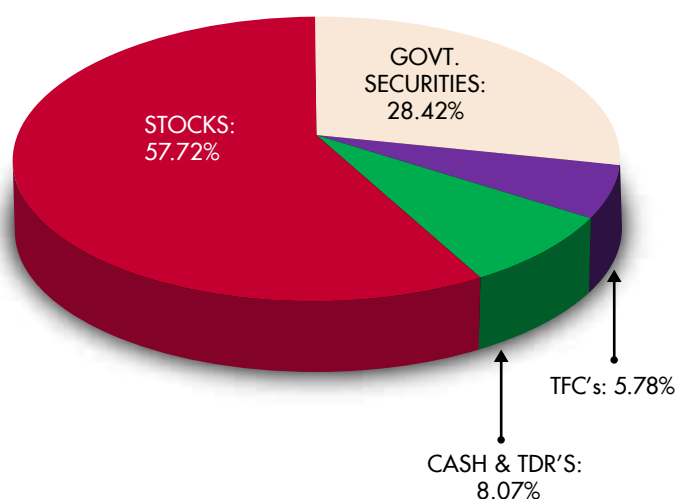
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Shahid Ghaffar	Chairman
Javed Ahmed	Member / CEO
Rafiuddin Zakir Mahmood	Member
John Joseph Metcalf	Member
Lilly R. Dossabhoy	Member
Shan Rabbani	Member

## ASSET ALLOCATION

ASSETS	MARCH-18	FEBRUARY-18
Government Securities	28.42%	31.45%
Term Finance Securities	5.78%	6.33%
Cash and Short Term Deposits	8.07%	12.08%
Stocks	57.72%	50.14%

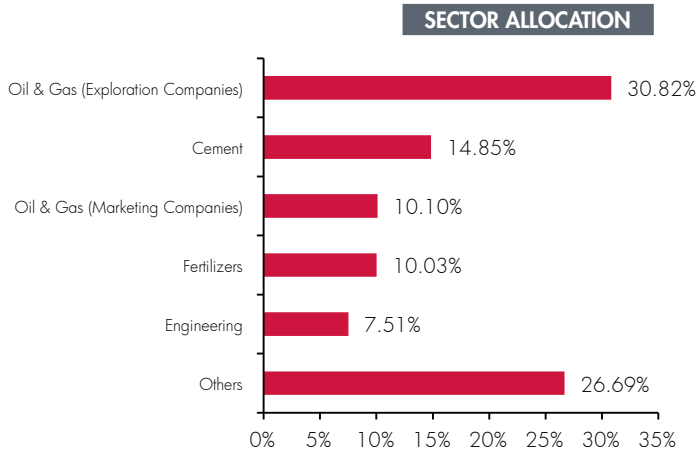
## FUND RETURNS

PERIOD	RATE OF RETURN
1 month	2.07%
3 months	5.16%
12 months	-5.10%
Calendar YTD	5.16%
Since Inception	31.46%



# EQUITY PORTFOLIO DETAILS

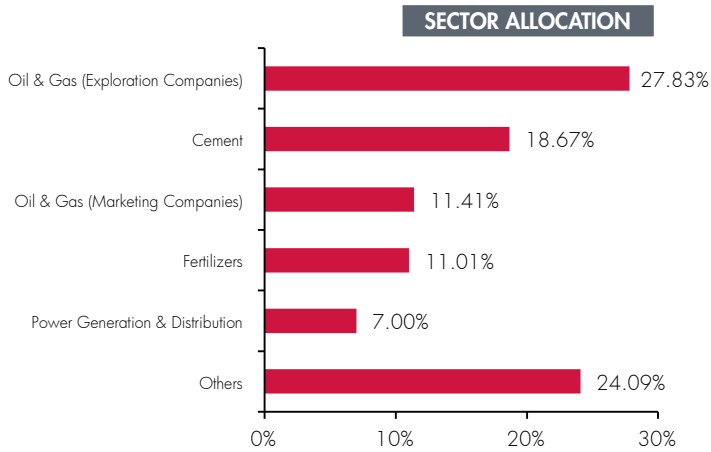
## MANAGED TAKAFUL FUND



### TOP TEN HOLDINGS

ENGRO
HUBC
LUCK
MTL
MUGHAL
OGDC
POL
PPL
SNGP
THALL

## CAPITAL GROWTH TAKAFUL FUND



### TOP TEN HOLDINGS

DGKC
ENGRO
HUBC
LUCK
MEBL
MUGHAL
OGDC
POL
PPL
SNGP

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