



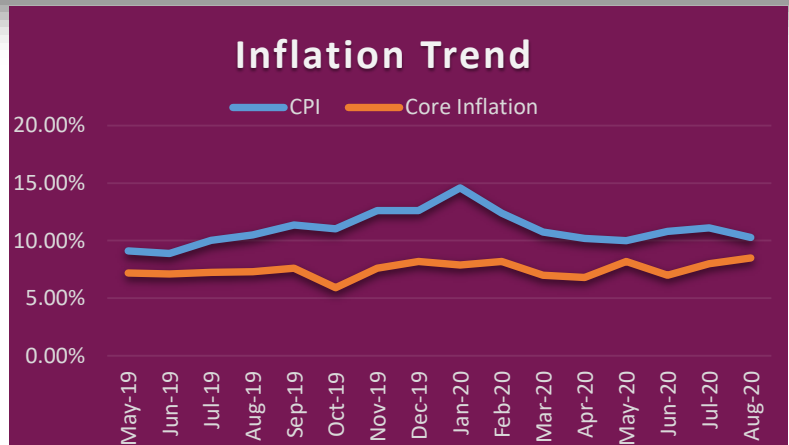
FUND MANAGER'S REPORT

For the Month of August 2020

Economic Review

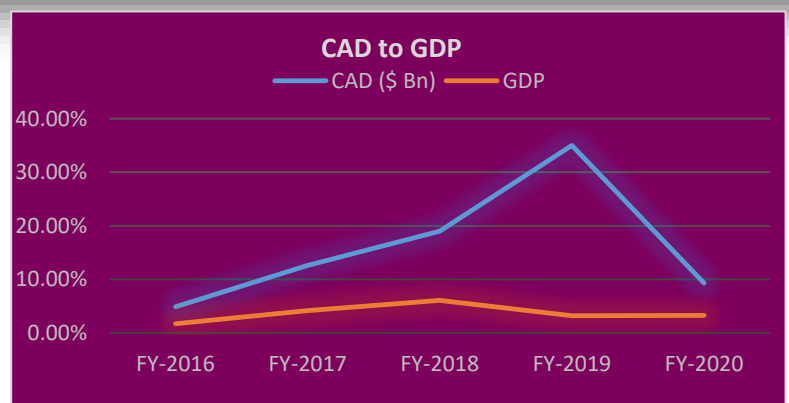
Economic growth to pick-up in the coming months due to emerging of pent-up demand in some sectors of the economy, steady increase in investment activity as a result of aggressive monetary easing, and recovery in the agriculture, real estate & services sectors. The development of an effective and universally available vaccine, researchers are testing vaccines in clinical trials on humans, nine are in large-scale efficacy test, and three are approved for limited or early use. While the possibility of subsequent waves cannot be ruled out, as being witnessed in several countries, relatively low death rate and higher recovery rate raise hope that Pakistan has escaped the worst as earlier feared. A National robust development that now Non-Resident Pakistanis

will be able to place FCY in deposit products, invest in Pakistan Stock Exchange & buy/sell Naya Pakistan Certificates to be launched in Sep20 in USD\$ & PKR, at attractive rates in conventional & Sharia-compliant. Banks will offer tax-free RDA services. FCY funds held in RDA are fully convertible on a real-time online basis in PKR and repairable without any regulatory approval. RDA structure looks attractive & may alter holdings of FCY funds currently held in govt. existing FE-25 FCY deposit scheme. As events transpire towards the success of RDA, it may separate local & NRP FCY deposits' holders in the banking system, inflation for FY21 is expected to moderate to 7%-8% after clocking-in at 10.7% in FY20. After an aggressive 6.25% reduction in the Policy Rate by the SBP in this easing cycle, in our view interest rates have bottomed out. We expect the central bank to continue with the accommodative monetary policy stance in the near term to stimulate the economy that is hit hard by the Covid-19 induced economic disruption, Once out from FATF grey-list, FIs renewed investment interest may emerge in domestic debts as global interest rates are on rock bottom. Consequently, from peak pandemic Mar20 levels, Pakistan's Eurobonds & Sukuks YTM's. After an aggressive 6.25% reduction in the Policy Rate by the SBP in this easing cycle, in our view interest rates have bottomed out. We expect the central bank to continue with the accommodative monetary policy stance in the near term to stimulate the economy that is hit hard by the Covid-19 induced economic disruption. FY2021 against the government target of 7.0% due to elevated debt servicing cost, shortfall in revenue collections amid economic slowdown, and continuation of the additional government expenditures. However additional revenue measures by the government to bridge the shortfall in revenues cannot be ruled out. Although External account with CAD to widen to a still manageable level of USD 4.4 bn (1.7% of the GDP) in FY21 with Real Effective Exchange Rate (REER) at 93.0 approx. and a manageable CAD, a gradual 5% to 6% devaluation of the PKR against the US Dollar in FY2021.



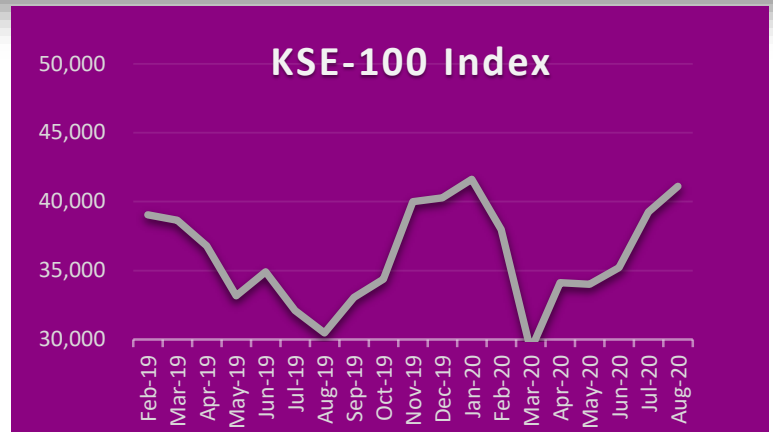
Money Market Review

Fresh liquidity injections from local and foreign investors amidst soft monetary policy outlook in the near to medium term is expected to instil further optimism in equities. We believe the latest run up of the benchmark index along with the stable Pakistani Rupee will generate interest of foreign investors. Record high monthly remittances of USD 2,768Mn during the month of Jul'20. This is of already high levels of USD 2,466Mn recorded in Jun'20 which contained an element of delayed disbursements carrying over from previous months (Apr-May'20) as lockdowns across the globe hindered transfers to Pakistan, majority of its remittances were from the Middle East. Stable PKR/USD parity should help attract fresh investments into the country, especially in equities. Continuing FDI inflows, especially from CPEC-related inflows from China, FPI should also continue to improve going forward as attractive fundamentals. Global rating agencies also reaffirmed their confidence in Pakistan's macroeconomic and currency outlook as S&P maintained Pakistan's long term outlook as 'Stable' and Fitch Ratings also re-affirmed long term foreign currency outlook as 'Stable'. SBP held two T-Bill auctions with a combined target of Rs.600 billion against the maturity of Rs.832 billion. In the first T-Bill auction, an amount of Rs.111 billion was accepted at a cut-off yield of 6.99%, 7.18% and 7.15% for 3-month, 6-month and 12-month tenures, respectively. In the second T-Bill auction, an amount of Rs.532 billion was accepted at a cut-off yield of 7.15%, 7.18% and 7.30% for 3-month, 6-month and 12-month tenures, respectively. In the PIB auction, bids worth Rs.45 billion were realized for 3-year, 5-year, 10-year, 15-year & 20-year at a cut-off yield of 8.20%, 8.45%, 8.99%, 9.98% and 10.55%, respectively. Furthermore, SBP in the recent floating rate PIB auction as at 27th August, attracted bids worth around Rs.218 billion. Out of the total bids, only Rs.88 billion was accepted at a cut-off margin of 30 basis points for 3 year tenure, 37 basis points for 5 year, and 54 basis points for 10 year over the benchmark.



Stock Market

The PSX derived its optimism from improving business environment as Covid-19 related restrictions were further lifted from the remaining sectors, and the entire economy was re-opened, backed by major decline in new Covid-19 cases as well as total active cases. However, the high frequency economic data released during August also points to normalization of economic and trade activities, the benchmark KSE-100 Index surged by around 1,853 points on a month-on-month basis. The key factor was the record workers' remittances, which clocked in at USD 2.77 billion during July leading to a large current account surplus of USD 424 million. Though, the market remained didn't react to the negative news related to the GIDC decision by the SC, As per Market Research houses ,economic activity is gathering pace as corroborated by high frequency economic data. We expect continuation of monetary easing going forward given benign near-term inflation outlook. Though one cannot rule out second wave of the Coronavirus pandemic that might again impede the economic activity; the repair/policy response market phase is likely to be followed by the recovery phase where the economic fundamentals would improve and catch-up investors' optimism. term given attractive stock market valuations and the returns on alternative fixed income avenues have come down after a large 6.25% reduction in the Policy Rate that has strengthened the flow of funds towards equal and an expected strong build-up in future.



UNIVERSAL LIFE



Investment Committee

Members	Designation
Malik Riffat Mahmood	Chairman
Maj Gen Akhtar Iqbal (Retd)	Member
Jehanzeb Zafar	CEO (Member)
Noman Noor Muhammad	COO (Member)
Rehan Mobin	CFO (Member)

Fund Returns

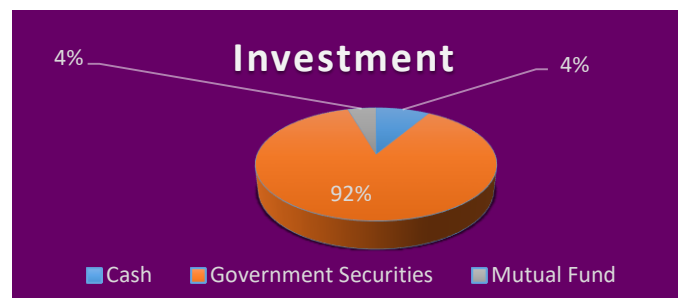
Period	Return
I Month	10.32%
YTD	11.28 %

Terms and Structure

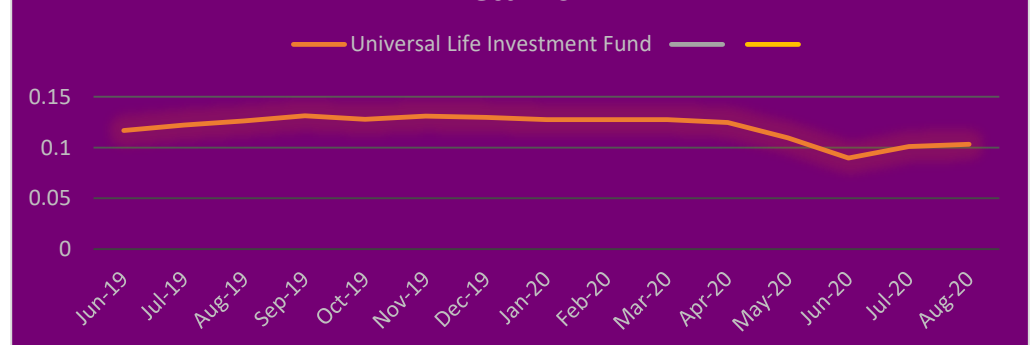
Type of Scheme	Balanced Fund
Nature of Scheme	Income Scheme
Inception Date	Jan 9 th , 2007
Fund Size	PKR 321 mn
Auditor	Awais Hyder Liaquat Nauman C.A
Legal Advisor	Saiduddin & Co

Asset Mix

Assets	Aug	July
Cash and short term deposit	4%	3%
Government Securities	92%	94%
Mutual Fund	4%	2%
%Total Allocation	100%	100%



Returns



Disclaimer: publication is for informational purposes only and nothing herein should be construed as a solicitation or recommendation. The above information and statistics are based on facts and opinions deemed to be reliable at the time of publication. All investments are subject to market risks. Past performance is not necessarily indicative of future results.



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