

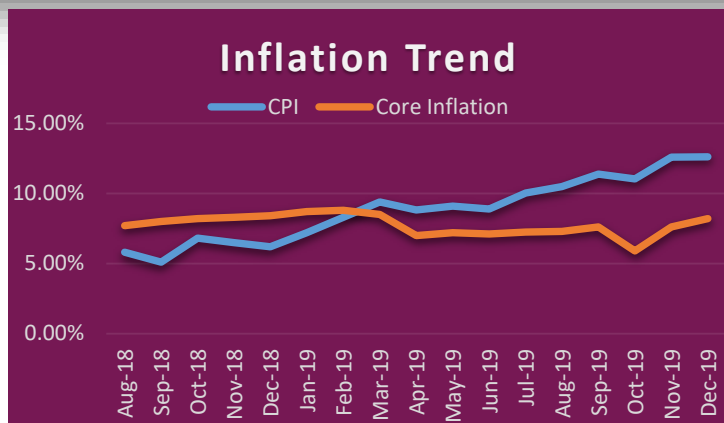


FUND MANAGER'S REPORT

For the Month of December 2019

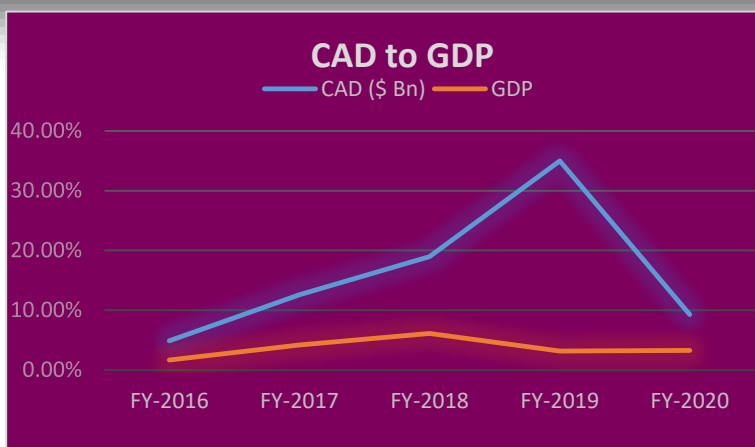
Economic Review

A decisive policy with strong implementation by the Pakistani authorities is helping to preserve economic stability aiming to put the economy on the path of sustainable growth. Transition to a market-determined exchange rate has been orderly. Inflation has started to stabilize, mitigating the impact on the most vulnerable groups of the population. The government and the State Bank are making extra efforts to keep the demand conditions in check by following stringent fiscal and monetary policies. The first quarter of the current fiscal year, circular debt showed a significant decline as it fell to 84.7 per cent of Gross Domestic Product (GDP). However, by the end of the previous year, the country's debt had risen to 88 per cent of GDP. Before the beginning of every fiscal year, to ensure recoveries in line with the \$6bn IMF programme the rising tax collections due to the documentation drive in addition to improving current account has afforded the GOP to shift its focus back towards growth. Consequently, the expected recovery in economic activity. Meanwhile, the strong consensus is building up that FATF may not blacklist Pakistan in Feb20 – a move politically motivated by a rival. However, it may remain in grey-list until First Half of 2020 as considerable time is required to implement all conditions for FATF. Resultantly, once black-swan risk fades, FIs already endorsing present govt polices, may consider pouring in billions of \$ into different sectors of the economy. It is evident by the government policy inducing efforts that it is trying to reduce the rate of inflation by measures that are sound and would yield long-term benefits to the economy and not through administrative measures which could prove counter-productive. CPI inflation registered at 12.63% for Dec'19, down from 12.67% during Nov'19 by hikes in oil & electricity tariffs. In 1Q20 inflationary pressure may push CPI to cross the IMF target of 13%. Consequently, chances of a cut in policy rate (13.25%) at month-end look remote. Under improving economic conditions, yearend bull-run at PSX may continue for an extended period in 2020 as investors are not keen to invest in NSS (coming under severe AML/compliance surveillance) or real estate.



Money Market Review

Improving CAD, the Pak Rupee has started gaining strength, recovering from a low of PKR 165/USD to current levels of PKR 155/USD. Closed @155.24 down 24 paise after IMF view that average exchange rate at the end of FY may range 160 levels. FWD premium moved down 3M@3.06(3.18) & 6M@5.83(6.10) maintaining a gap of less than 3% against implied rate due to exporters' FWD supply in regular intervals putting pressure on banks'. FX reserves went down by \$55m to \$17.59b (\$17.65b). IMF 2nd tranche of \$454m was received & will appear in FX reserves next week. In kerb, \$ closed @155.10 Going forward, with added bilateral flows expected, the Pak Rupee to gain additional grounds during CY20. Money Market remained quiet ahead of New Year closing. OMO injection fell to 975b (from 1,126tr). T-bills traded at 6M 13.35%, 1Y 13.10%, & bonds 2Y-12.30%, 3Y-11.60%, 5Y-11% & 10Y-11%. FIs' \$209m fresh inflow in short term LCY debt was seen, totalling \$1.456b. In comparison to 31Dec18 closing, YTM's of long term bonds have declined by 20bps, which will bring a positive impact on banks' CAR at year-end. Elevated debt levels & large CA deficits are usually exposed to a sudden tightening in liquidity conditions that may trigger a sharp increase in borrowing costs & obstruct capital inflows. Pakistan faces a similar situation with regular issuance of LCY debt securities to facilitate rollovers.

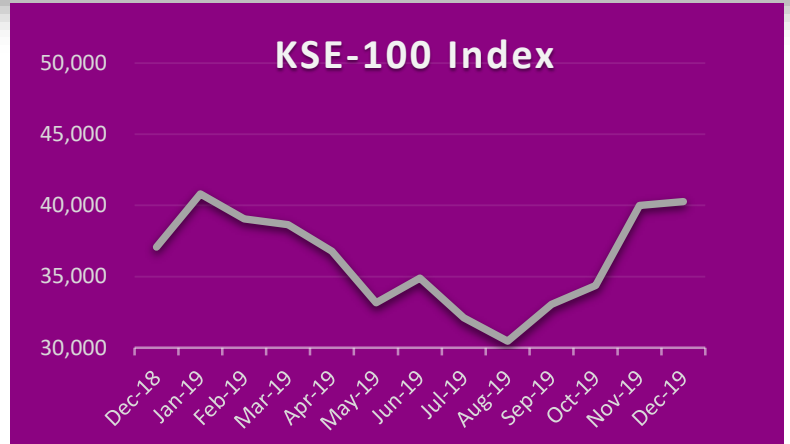


MARKET REVIEWS



Stock Market

During the last session of Dec KSE100 index gained just 213 points (up 0.63% WoW) to close last trading session of the week at 33,657 level. ADT clocked in at 125mn (down 11% WoW) .Although the average daily traded value (ADTV) was at USD25mn (down 16% WoW). From the outlook, if the KSE-100 index sustains above 33,500 level, it may increase to 34,500 and can achieve 35,500. Substantially Index has continued to face resistance at 34,000 level during the last few trading sessions. Otherwise predictively, closing below 32,500 may kick start profit taking/loss as we might witness again a range movement with low volumes. Support for the week resides around 33,000 and then 32,500 points level. The ranging movement will be as the threshold will at a given monument. Furthermore, headline inflation was noted at 12.67%, owing to supply shock led price hike in perishable food items. However, weekly inflation depicted a decline that eased off concerns on continuity of the same trend. Market participation, during the week as evident by 34% Wow rise and ADTV to 465mn shares and USD104mn central bank has kept medium stance in the upcoming monetary policy considering the benign inflation outlook for the New Year.



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

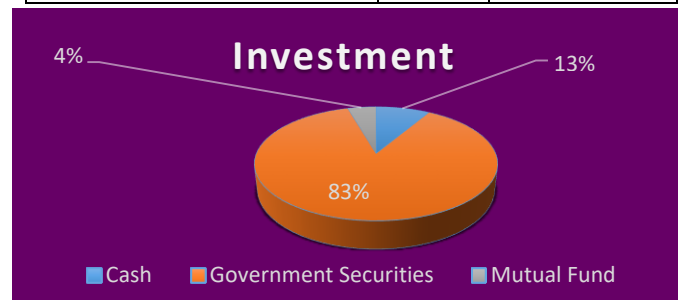
Period	Return
I Month	12.97%
YTD	11.59%

Terms and Structure

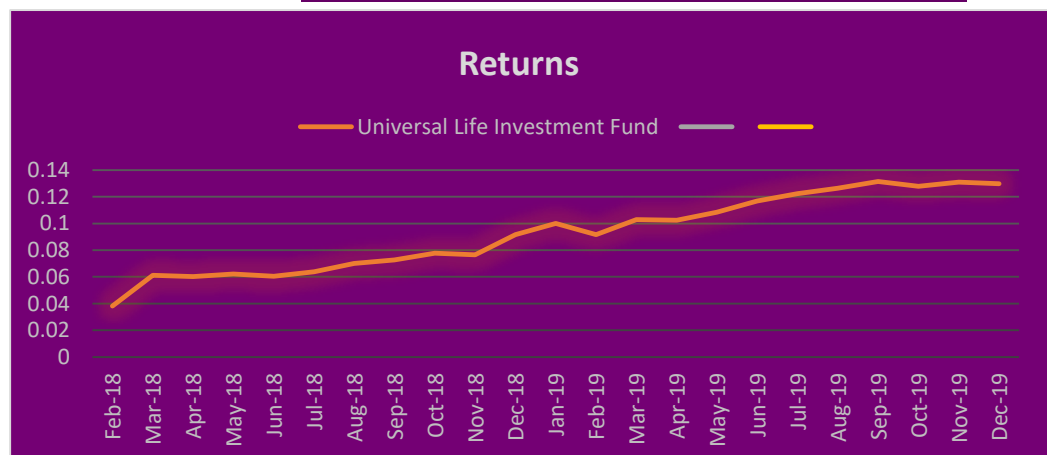
Type of Scheme	Balanced Fund
Nature of Scheme	Income Scheme
Inception Date	Jan 9 th , 2007
Fund Size	PKR 240 mn
Auditor	Grant Thornton Anjum Rahman (C.A)
Legal Advisor	Saiduddin & Co

Asset Mix

Assets	Dec	Nov
Cash and short term deposit	13%	8%
Government Securities	83%	87%
Mutual Fund	4%	4%
%Total Allocation	100%	100%



Returns



Disclaimer:

This 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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