

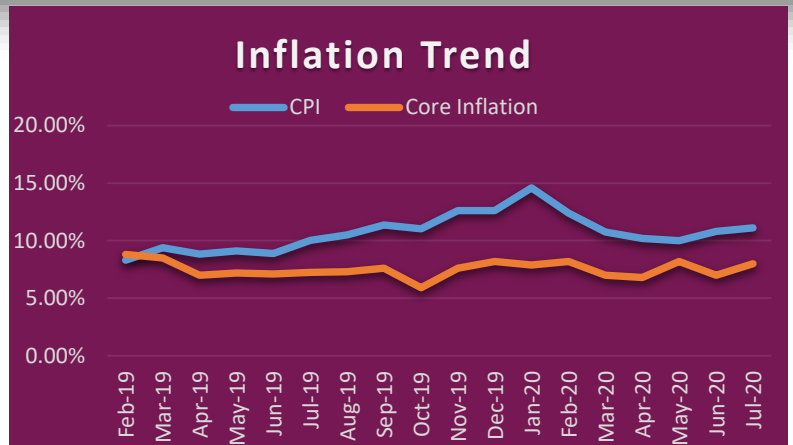


FUND MANAGER'S REPORT

For the Month of July 2020

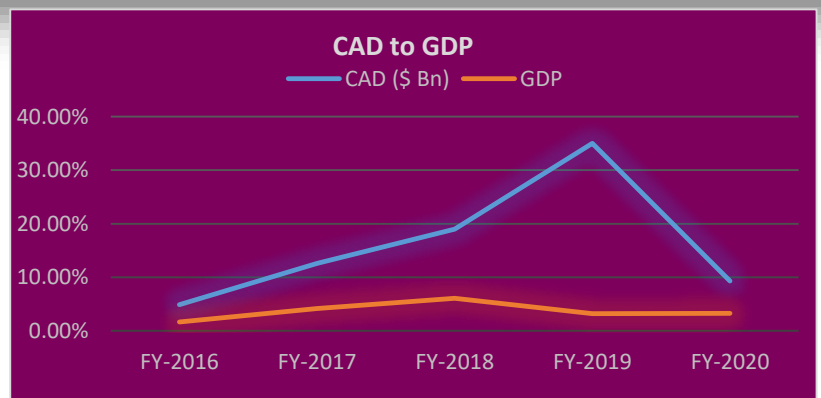
Economic Review

The 2020 year of change due to COVID-19, but resurgence in pandemic infections & a systemic decline in average income could worsen that outlook. Other risks, including a big jump in govt. & corporate debt levels & prospect of a long period of negative or low growth may pose economic propagation of coronavirus shock. A prolonged period to repair global the economy and our west alliance country to pre-pandemic levels may hurt Pakistan's economy too as it has a heavy reliance on US for exports, remittances >20% & other inflows. Alternatively, Pakistan cannot afford any new external factor upsetting forex flows due to global recession post-pandemic, Pakistan appears will get out of the vicious cycle of accommodating interests of economic elites which adversely affects its economy & force it to continue borrowings from international creditors, falling further into debt. Meanwhile, as Pakistan trying to boost its real estate investments thru various incentives schemes, in 1Half 20 global real estate investments fell by 33% as pandemic battered economies & disrupted Real Earning deals. Asia-Pacific region took the biggest hit, down 45%YoY. It dropped by >36% in the US and 19% in Europe. However, present decline is less severe -49% than 2008 financial crisis, which kept falling until the end of 2009. Months since coronavirus was first discovered, countries globally are now loosening lockdown restrictions. And many markets are rebounding, partly on back of large stimulus packages in US & Europe. Biggest surprise thus so far is the speed of recovery. But Pakistan by setting-up smart-lockdown is by no means out of the woods yet. The pace of economic revival is far from certain, & it may emerge that many seem to agree on one thing: Though it's been observed by market experts it's a test for markets depth and budget reforms for a V-curve shaped recovery. Pakistan concerns center on unprecedented policy easing may translate for future macroeconomic stability remains mostly muted. Amid COVID-19, it appears that investors heavily rely or stick more with professional and true research providers for investments. Meanwhile, as international oil prices show no signs of softening \$40, Govt. entirely rolled back in one go the record cuts in domestic oil prices. However, much of the increase-impact from a short lived reduction in fuel prices (making a slow impact on the food price Index), may not bring major hike in inflation & for FY20-21 it may settle CPI for Jun20 inched up to 8.6% and 8.2% May20 as prices of essential food items continue to remain firm with some increase.



Money Market Review

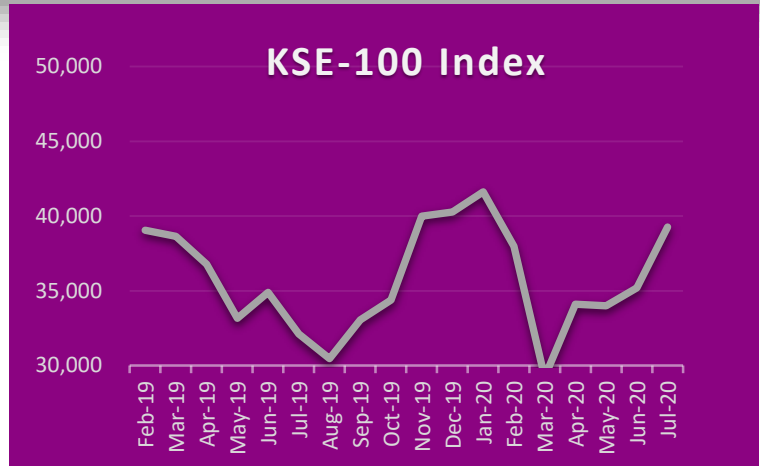
The high & lows after the pandemic unprecedented rise may see total global corporate debt jump by 12% to around \$9.3tr from 8% 2019 . COVID-19 has altered everything & sends a signal to banks/FIs to conserve capital to build a fortified Balance Sheet to protect from future adverse impact since govt. aid had so far cushioned economic fallout from the pandemic. FOREIGN EXCHANGE COVID-19 played a vital role to bring sudden decrease in alternate foreign payment channel increasing Pakistan's home remittances inflows thru official banking channel, Approx. figures as follow up to 50%YoY or \$2.47b\$1.64b Jun19, though Jun20 totalling \$23.12b increase by 6.4% Yo-yeing last



4M of pandemic, NRP home remittances increase by 7.8%, USD \$ traded as high as 168.30 before it closed @167.26 increase 07 paisa. Forward premiums moved up to 3M@2.39(2.31) & 6M@4.03(3.87) & narrowed implied rate gap. FX reserves rose by \$97m to \$19.04b (\$18.95b). SBP has seen an improvement in its foreign exchange reserve as World Bank has given \$500 Million for budgetary support to Pakistan. Inflation for July has been at 9.3% against the market consensus of 8.8%. However, inflation is likely to moderate due to improvement in supply side disruption after reopening of economy, still a weak demand outlook, expectation of stable currency, and low base effect. The Policy Rate after peaking at 13.25% has come down to 7% that in our view has bottomed out Pakistan's Current Account Deficit (CAD) has narrowed to USD 3bn (1.3% of the GDP) in FY20 that is expected to widen to a still manageable level of USD 4.4 bn (1.6% of the GDP) in FY21 In kerb \$ closed at 168.20. For now, gold prices @\$1,930 reach highest level since 2011 & are on track to record new highs. Investors continue to pick safe-haven asset due to coronavirus pandemic. Gold as most popular hedge has rallied as investors wary of a longer-than-expected global recession. in a regular bond auction (Target 140b), against bids of 263b Central bank accepted 199b. In 3Y-97b@7.37%(60bps%), 5Y-57b@ 8.37%(7bps), 10Y-29b@8.99%, 15Y-10b@9.75% & 20Y-5b@ 10.40%. 21b 5Y Ijara-Sukuks were also sold @8.37%. Under present inflation of >8.5%, further rate-cut or dip in debt YTM's may eventually cut-short interest rate cycle as CPI for Jul20 >9% is expected to maintain upward trend. OMO injection of 1,031b @7.01% & trading in T-bills 3M-6.85%, 6M-6.90%, 1Y-6.90%, & bonds 3Y-7.35%5Y-8.45%&10Y-9.05% were carried out.

Stock Market

The stock market depicted a robust performance during the month of July-20 as the benchmark KSE-100 Index surged by a massive 4,837 on a month-on-month basis. Significant foreign currency inflows from multilateral agencies starting from the last week of June helped push the SBP reserves beyond USD 12 billion that had fallen to under USD 10 billion in June that set the stage for this big up month. Flattening of pandemic's curve has sent some positive vibes in Pakistan, PSX & banks resumed normal operational timings to encourage investors & market participants to remain actively engaged in all types of business activities. The economic fallout of the Coronavirus pandemic, the market is still 20% down from its January 2020-peak that priced in a high degree of economic uncertainty, which would eventually decline. Though a reduction in borrowing cost and a decline in global oil prices are also expected to provide a boost to corporate profitability as the spread of pandemic subsides. According to market researchers, these market data factors will affect the upcoming trend of the stock market, as more than 140 Covid-19 vaccines are in the works and many are in the advanced stage. Analysts believe that the stock market would increase sharply on news of the development of an effective vaccine, which is expected by December. Keeping in view, the stock market holds potential to deliver good returns in the medium to long-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 equities and an expected strong build-up in future stock trading.



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

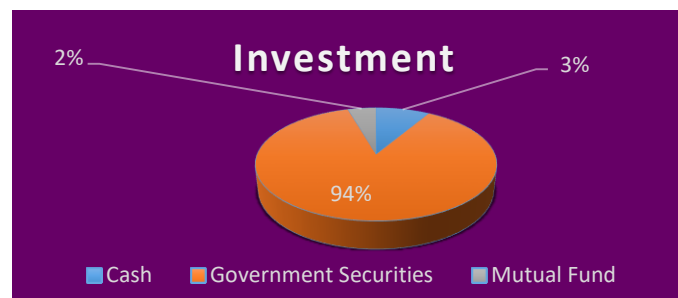
Period	Return
I Month	10.11%
YTD	11.42 %

Terms and Structure

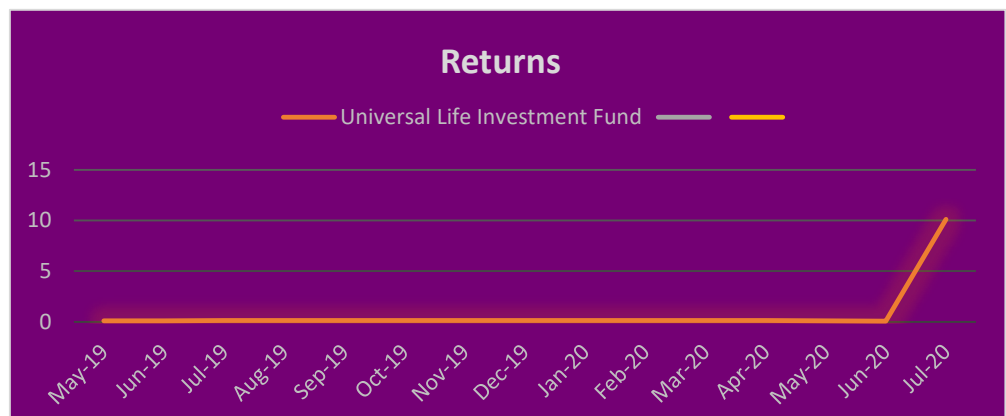
Type of Scheme	Balanced Fund
Nature of Scheme	Income Scheme
Inception Date	Jan 9 th , 2007
Fund Size	PKR 322 mn
Auditor	Awais Hyder Liaquat Nauman C.A
Legal Advisor	Saiduddin & Co

Asset Mix

Assets	July	June
Cash and short term deposit	3%	4%
Government Securities	94%	91%
Mutual Fund	2%	5%
%Total Allocation	100%	100%



Returns



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