

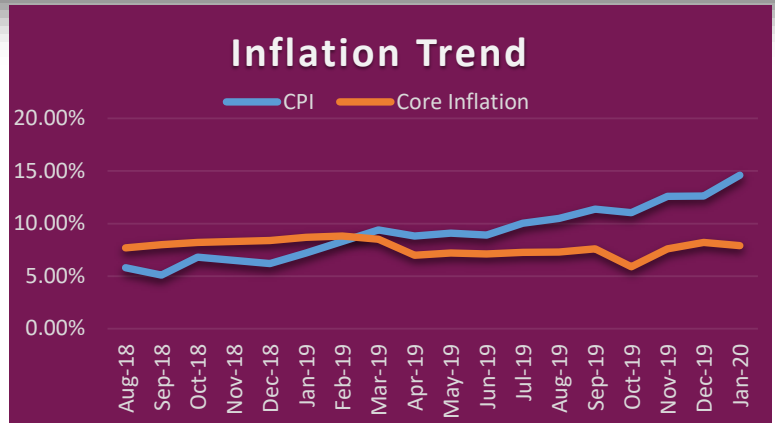


FUND MANAGER'S REPORT

For the Month of January 2020

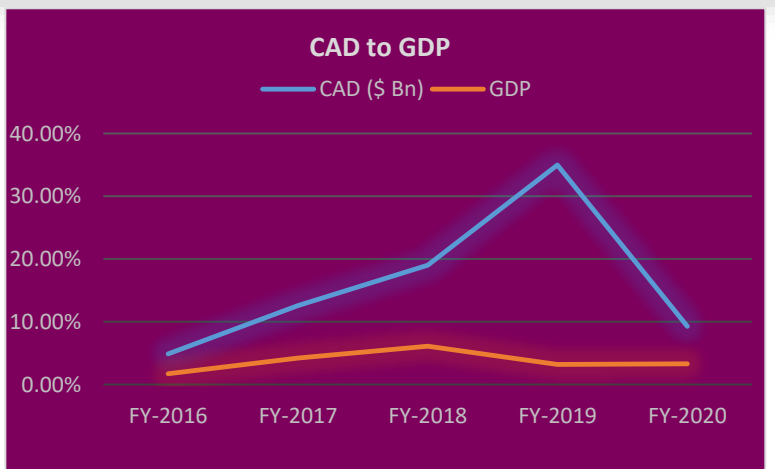
Economic Review

The Current inflationary trends appear to show an upward stickiness despite elevated interest rates, although with realizing the limited impact of interest rates towards the prevailing cost-push inflation. In Pakistan, inflation as more of perception with sellers reluctant on reducing prices on fears of additional inflationary pressures. This scenario can be prevailed into the broader horizon, leading to heightened inflation levels for the overall economic indicators. Incorporating this apparent trend, expected inflation analysis outlook in which CPI inflation to remain at double digits till Aug'20. A rise is used to curb PKR value decline, inflation, excessive credit growth or capital outflow trend. Though on the contrary, by cutting policy rate, state banks might be seeking to boost economic activity by fostering credit growth. Consequently, when global central banks were cutting policy-rate, Pakistan used 8 occasions in 19M to hike rate by 725bps to anchor Rupee value & tackle large fiscal deficits. At the start of 2020, amid better control over external debt, stabilized exchange rate & improved fiscal discipline, state bank will announce 1st month PS at the end of Jan'20. It remains on a cross-road whether to declare that its economy is out of 2018/19 struggles & expected a cut policy-rate (25bps) by risking inflationary pressure - a vital U-turn likely to increase feel-good sentiments. SBP has kept the policy rate unchanged after increasing it by 100 basis points in July 2019 to 13.25 per cent. The bank had highlighted exchange rate imbalances and inflationary pressures as key drivers behind rate hike.



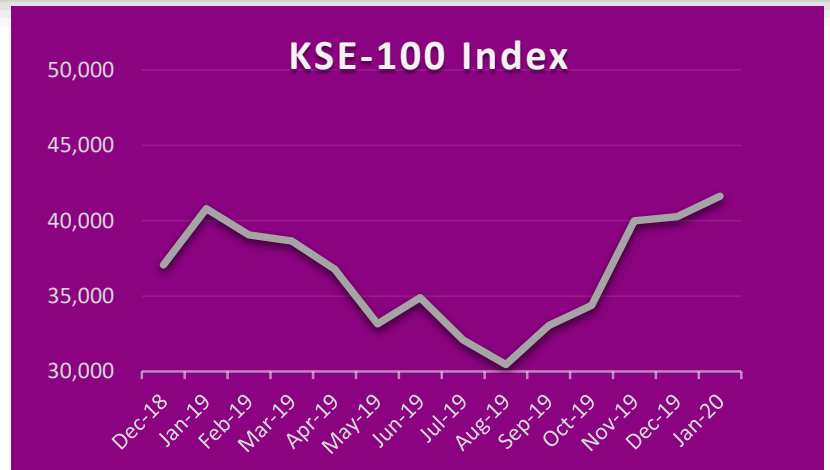
Money Market Review

The Rupee closed @154.17 increase of 24 paise due to regular SCRA account the USD \$ supply by FIs to invest in T-bills. FORWARD premium 3M @ 4.21(4.15) & 6M @ 7.49(7.32) traded close to implied rates. On Week to Week basis, FX reserves went up to \$90m to \$ 18.73b(\$18.64b). In kerb, USD\$ closed @154.50. FATF report on Pakistan this week may dominate market proceedings as chances to slip into the blacklist have completely disappeared, 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 31 Dec 18 closing, YTM 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. The SBP's reserve adequacy stemmed from the improvement in the current account, not portfolio inflows and current inflows comprised only 3.8 per cent of total marketable government debt. Although inflows at current levels represented limited risks. Governor SBP categorically said that the SBP continues to monitor developments carefully on external sector particularly relate to massive foreign portfolio investment in government securities and has more than adequate buffers to manage any outflows in an orderly manner. Foreign investment in treasury bills has crossed the \$3 billion-mark, showed the State Bank's latest data. The investment inflows in T-bills in the ongoing month was relatively slower at \$215 million taking the total to \$3.114bn. If we talk only of January, the government securities attracted an investment of \$1.5bn. Positive remarks by the IMF on the growth of the economy, more foreign investors are expected to buy T-bills. Data showed that out of the total inflow of \$3.114bn, the investment in PIBs was just \$35.8m while the rest was parked in T-bills. It can also make sure that the foreign investment that leads the market demographics into a positive canvas suppressing the negativity and can be revealed through the perspective that can be related to the economic equilibrium of the market.



Stock Market

The Karachi stock market week started on a rough note with the index losing 847pts by day's end. Weakened investor sentiments were largely a result of an uncertain economic climate amid heightened inflationary pressures. Moreover, regional uncertainty was also a primary theme at the start of the week due to China's coronavirus outbreak, sparking fears of a potential slowdown in regional economies. Key institutions provided a much-needed breather and helped uplift the index by 1,234pts during the next 2 trading sessions. The remaining two sessions, however, adopted the prevalent economic theme and caused the index to lose 288pts, with the KSE-100 ultimately closing at 40,243 (+100pts) by the end of the week. Weak sentiments prevailed in the market during the week as Monetary Policy Committee (MPC) kept interest rates unchanged citing medium-term inflationary pressures. Moreover, the rollover week saw market under selling pressure in the absence of fresh liquidity. Consequently, the market activity slowed down as evident by 13% WoW drop in ADTO to 45mn shares whereas activity was noted at USD188mn as ADTV stood flat Wow. All in all the market was seen losing 1,002 points by the end of the week to stand at 41,631 points, down 2.4% Wow. However, the market picture would be substantially more towards a positive direction.



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

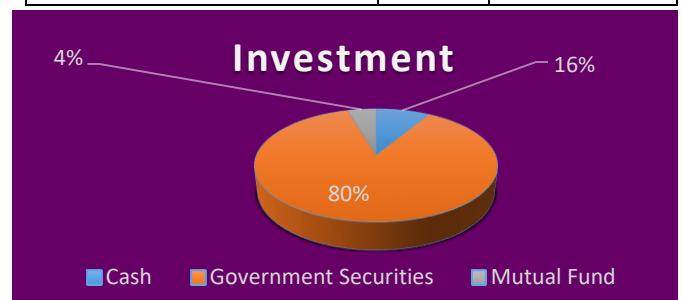
Period	Return
I Month	12.75%
YTD	12.75%

Terms and Structure

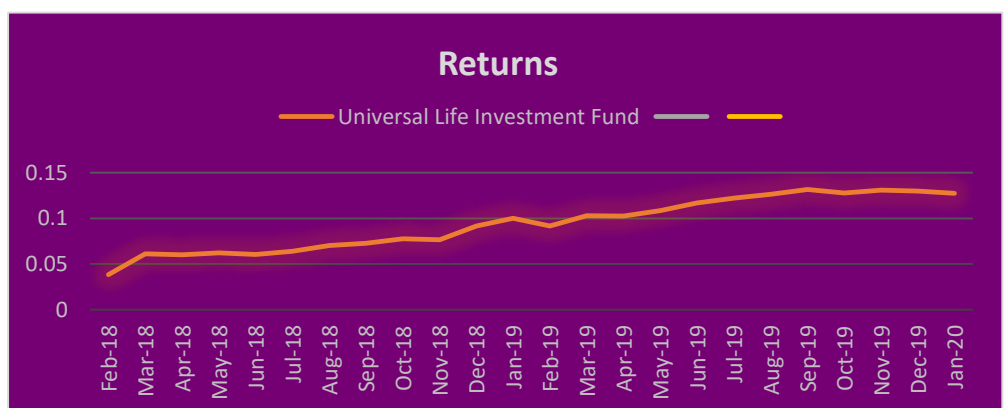
Type of Scheme	Balanced Fund
Nature of Scheme	Income Scheme
Inception Date	Jan 9 th , 2007
Fund Size	PKR 308 mn
Auditor	Grant Thornton Anjum Rahman (C.A)
Legal Advisor	Saiduddin & Co

Asset Mix

Assets	Jan	Dec
Cash and short term deposit	16%	13%
Government Securities	80%	83%
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.



askarilife

Askari Life Assurance Company Limited

Emerald Tower, Office No. 1104, 11th Floor, Plot G-19, Block 5,
KDA Improvement Scheme No. 5, Clifton, Karachi.

021-111-225-275 | info@askarilife.com | www.askarilife.com