

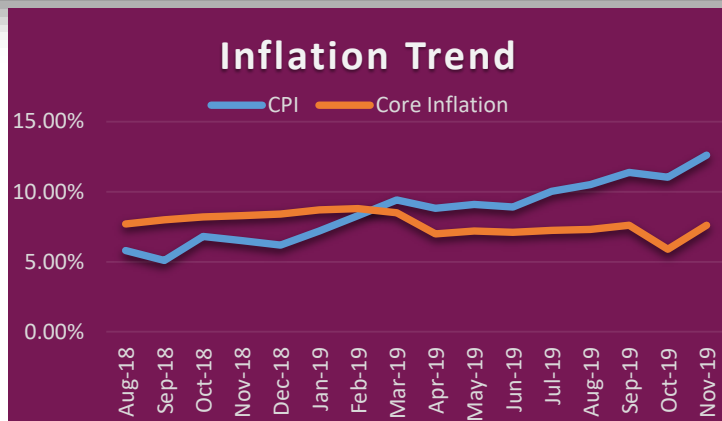


FUND MANAGER'S REPORT

For the Month of November 2019

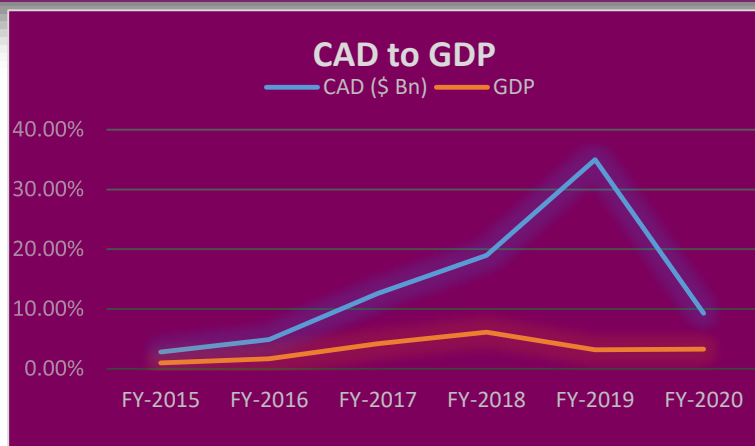
Economic Review

Pakistan looks on a recovery path due to growing investors' willingness & confidence to buy public debts and basic economic criteria have performed by good margins and the economy is continuing to get better as supported and confirmed by the IMF. The IMF mission is satisfied with the overall performance on the fiscal front so there is no urgent need to bring changes in macro and fiscal targets of the country. The State Bank of Pakistan (SBP) expected consumer inflation in the range of 11 to 12 percent during the current fiscal year. The FBR's annual collection target of Rs5,503 billion will remain unchanged for time being and recent decline in govt. debts & National Saving Scheme YTM's indicate market expectations that interest rates have peaked out covering a short cycle, as fiscal room expands; but it all depends on how govt. will lift sentiments & spur public spending to steer investments mix. However, the fiscal side is improving FX reserves cross \$20b and not necessarily need to be linked to the myth of the CA deficit. Since inflation is expected to fall at a single digit in the next six months, there is a likelihood of a policy rate cut. Economic slowdown warrants a cut from a 13.25 percent rate to revive up growth. On the macro front, encouraging CAD Statistics may keep the market upbeat. Monetary Policy has remained the same as (SBP) to the SBP Policy Rate by points to 13.25, the contraction of the economy, decreasing inflation and less impact of devaluation has not been made part of the impact on revenue projection. Keeping in view the government's policies, the IMF has started to bear fruit, helping to reverse and restore economic stability. The external and fiscal deficits are narrowing, inflation is expected to decline, and growth, although slow, remains positive. Inflation rose to 12.7% year-on-year as per the Pakistan Bureau of Statistics (PBS) though expected to range between the above-mentioned ranges. On the real activity in the economy, SBP stated that development expenditure releases have been increasing in the recent few months, which will help contribute to economic growth in FY20.



Money Market Review

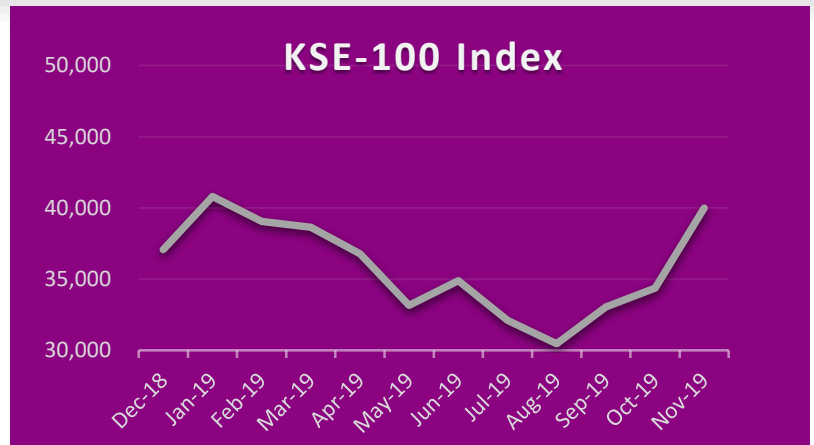
The lifting of 15% cap on banks' floating rate bond (FRB) holdings may provide an avenue to partly adjust circular debt to meet IMF demand. Trading activities remained subdued, T-bills, 1Y @13.30% & bonds 2Y-12.50%, 3Y-11.82%, 5Y-11.40% & 10Y-11.45% with lackluster interest in when-issued bonds were witnessed ahead of next week T-bills auction. As per SBPs data the improvement in the country's external account where the current account deficit (CAD) for Jul-Oct'19 came down to US\$1.5bn (down 74% over last year). Furthermore, the SBP noted that the gross reserves have started to increase while forward liabilities have started to decrease, giving a positive signal for the future



In FY20, the government plans to bring down annual trade gap to \$27.476bn by June 2020. In the year 2018-19, the country's trade deficit narrowed to \$31.82bn, recording a decline of 15.33pc. To meet FATF grey-list exit obligation by Feb20, Pakistan need to upgrade compliance-standard to match global levels. The move may alter banks' deposit profile as some clients may opt for cash hoarding. Further change as stated by The State Bank of Pakistan's foreign exchange reserves moved up by \$1.8 billion during first five months (July-Nov) of FY20. SBP's foreign exchange reserves surged to \$9.113 billion at the end of November 2019 compared to \$ 7.272 billion as on June 28, 2019, showing an increase of \$ 1.84 billion. Total liquid forex reserves held by the country increased by \$ 1.55 billion to stand at \$15.993 billion on November 29, 2019 versus \$ 14.443 billion.

Stock Market

Pakistan's key economic indicators, primarily came on the back of improving economic indicators and reducing political noise. Much of the news regarding Pakistan's economic landscape remained positive during the week. The KSE-100 index staged rally after mid-November recovery, though climbing a 3.7% wow, a rise of 1,444 points, and managed to breach the barrier of 40k index points and session ending at 40,732 index points. This rally was mainly supported by a very positive outlook for Pakistan from negative to stable by Moody's investor services, (2) USD431mn Wow increase in Forex reserves held by SBP. 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 a soft stance in the upcoming monetary policy considering the benign inflation outlook for the next year.



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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

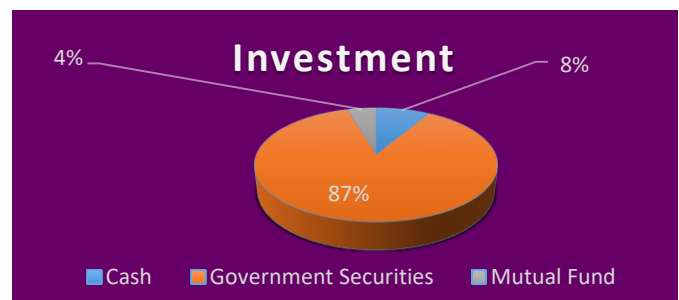
Period	Return
I Month	13.10%
YTD	11.46%

Terms and Structure

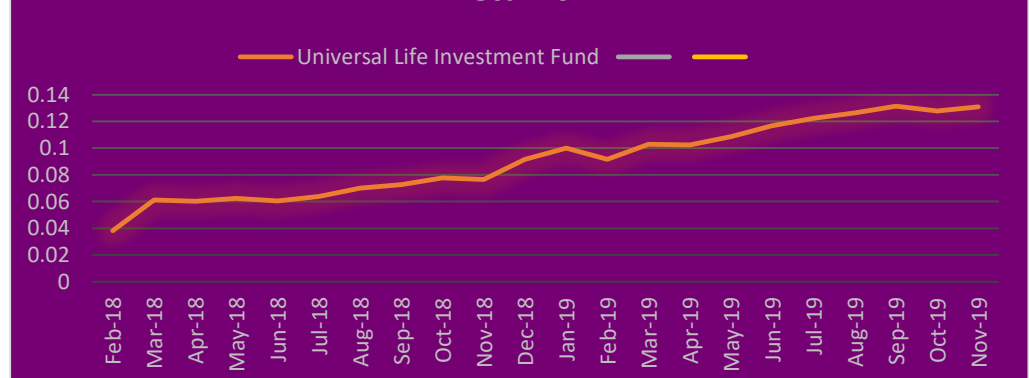
Type of Scheme	Balanced Fund
Nature of Scheme	Income Scheme
Inception Date	Jan 9 th , 2007
Fund Size	PKR 240 mn
Auditor	Grant Thornton Anjum Rahman (C.A)
Legal Advisor	Saiduddin & Co

Asset Mix

Assets	Nov	Oct
Cash and short term deposit	8%	6%
Government Securities	87%	91%
Mutual Fund	4%	3%



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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