

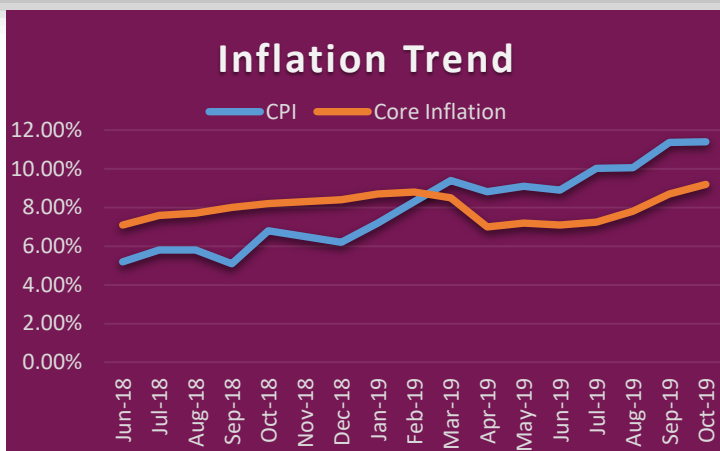


# FUND MANAGER'S REPORT

**For the Month of October 2019**

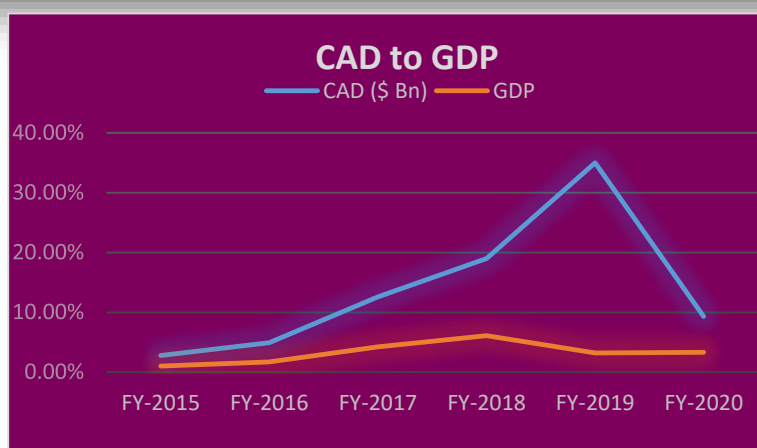
## Economic Review

The economy is now showing signs of stabilization, with IMF's support and planned future capital injections in development projects during the current fiscal year 2019/20 growth target of 4%, GDP growth to remain subdued through early signs of recovery are already visible. Macroeconomic stabilization will be one of the focal points of economic policies FY20. However, CPI monthly standing at 11.40%, inflation is expected to range between 10% to 10.25%. This will take real interest rates to 3% from an average of 2% during the last 3 years given the current SBP Policy Rate of 13.25%. SBP is scheduled to announce its Monetary Policy in mid-November, Governor of SBP stated key takeaways for future economic goals, Governor elaborated that due to currency devaluation and adjustment in utility prices to reduce the fiscal deficit, inflation has risen in Pakistan during last 18-mths from low single digits to double digits. SBP has raised the Policy Rate by 7.5% to 13.25% during the last 18-mths to address the rising inflation. PBS in its quarterly report that the country's trade deficit stood at \$5.727 billion during the quarter ending September 30 as compared to an \$8.791bn deficit during the same period last year. The volume of exports during the three months clocked in at \$5.522bn as compared to \$5.374bn exports during the same period last fiscal, with an increase of non-tax revenue Rs406 billion had been collected in non-tax revenue which was a 140% increase over the previous year. With this big achievement. Governments budgeted target is Rs1, 200 billion, the target will increase by Rs400bn and are expected to take it to Rs1, 600bn. free trade agreement-II with China and preferential trade agreement with Indonesia may also give a boost to exports, To Increase the decline in imports policy-induced compression will be the preferred instrument to curb any adverse effect of price movement for international oil prices. To Increase the decline in imports policy-induced compression will be the preferred instrument to curb any adverse effect of price movement for international oil prices. This will continue to improve the current account position FY20. Stabilization measures pursued by the government finally started to bear the fruits as current account deficit (CAD) contracted, trade deficit fell from \$11.7 billion recorded from July-October of FY18-19 to \$7.8bn during the same period this year and forecasted at 2.7% of GDP. Trade deficit can largely be attributed to a fall in imports, which recorded a decline of 19.3pc, Imports during the period of July-October 2019 amounted to \$15.3bn.



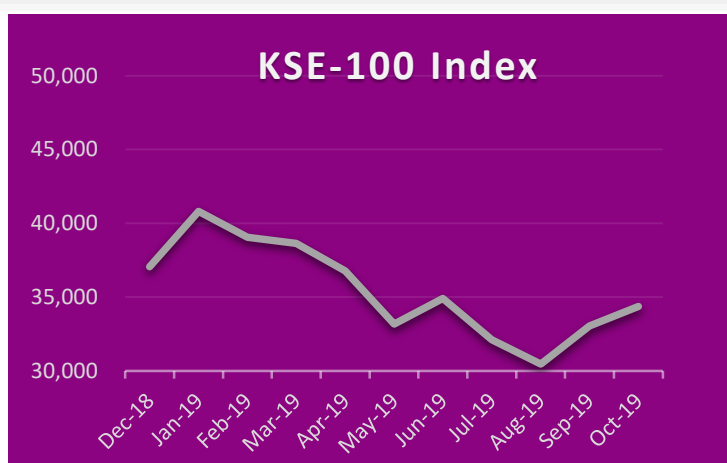
## Money Market Review

FATF's extension of grey-list until Feb20 may dampen rise in FCY inflows & push market to face liquidity constraints for smooth functioning of financial system though once the compliant pointers are provided to the FATF committee the market will be pickup pace from the current slowdown. FDI in local debt via SCRA(Special convertible Rupee Account) is measured as most attractive inflow, but to create a stable base for attracting constant FCY inflows (to improve NFA), it's vital that Pakistan's forex reserves cross a threshold of more than\$25b. Consequently, FDI in LCY debt may boost trading volumes though lower USD\$ liquidity Rupee closed @155.65 +23 paisa with improved exporters' inflow. Forward premiums fell in 3/6M & traded at 3.09 (3.58) & 6.06 (6.55) respectively as falling interest rate outlook is pushing premium lower to align with implied rates. In secondary market brisk trading was witnessed in 3M, 6M & 1Y T-bills @13.14%, @13.16% & @12.80% respectively. SBP will be announcing its Monetary Policy in mid-November that is expected to put up a rate cut of 50 basis points and shall set the tone for further rate cuts in future. The Securities and Exchange Commission of Pakistan (SECP) has been undertaking a reform agenda to revitalize the capital market and promote expansion of investor base. The proposal is in order to provide maximum facilitation to small sized brokers, which would be categorized as trading only brokers and shall not retain custody of client assets, the minimum capital requirements for a brokerage licence are being reduced to Rs.15 million. Though such brokers will have the flexibility to have a satisfactory QCR rating auditor. These brokerage houses would be allowed to carry out transactions in all markets, including derivatives and leveraged products, with no restriction on number of branches. This is to promote ease of doing business in the Pakistani capital market and to enhance the financial system with trading only brokers as they will not be subject to multiple audits of accounts during the year rather a yearly regulatory requirement.



## Stock Market

Good opportunity for value buyers was witnessed after the FATF decision, though the market was on a positive trajectory throughout the last sessions. Although on the market chart pattern, the benchmark index formed a bullish formation and closed above the previous week's high, indicating a further increase. Resistance area resides around 34,500 - 35,000 levels and fresh entry or investors taking long position is advised after a breakout above the mentioned levels. The predicted next Index target is 35,500 for the week. On the downside, as long as KSE100 holds above 33,300 level, the bias will likely remain too positive and any weakness can be used as an opportunity to accumulate in favour. During the previous week, the benchmark index closed 2.1% higher (gained 720pts WoW) at 33,378 points level. Total participation during the week saw ADT clock in at 166mn shares (down 34% WoW) and ADTV was recorded at USD36mn (up 42% WoW). KSE-100 index sustains above 33,500 level, it may increase to 34,500 and then 35,500. The index has continued to face resistance at 34,000 levels during the last few trading sessions. On the other hand, closing below 32,500 may kick off profit-taking/loss booking as we might witness again a range-based movement with low volumes. Predictive support for the week resides around 33,000 and then 32,500 points level.



## 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

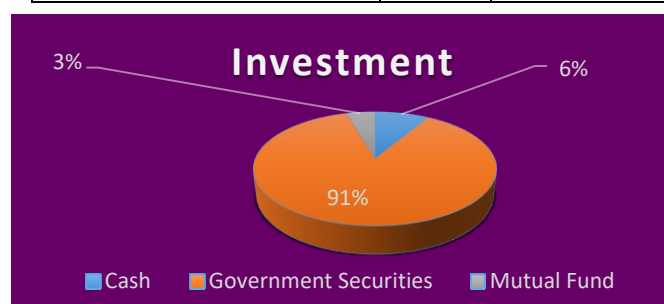
Period	Return
I Month	12.77%
YTD	11.30%

### Terms and Structure

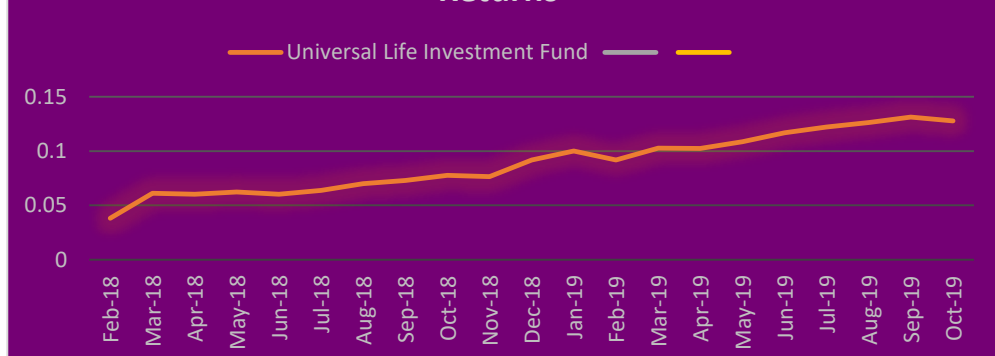
Type of Scheme	Balanced Fund
Nature of Scheme	Income Scheme
Inception Date	Jan 9 <sup>th</sup> , 2007
Fund Size	PKR 239 mn
Auditor	Grant Thornton Anjum Rahman (C.A)
Legal Advisor	Saiduddin & Co

### Asset Mix

Assets	Oct	Sep
Cash and short term deposit	6%	6%
Government Securities	91%	90%
Mutual Fund	3%	4%



### 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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