

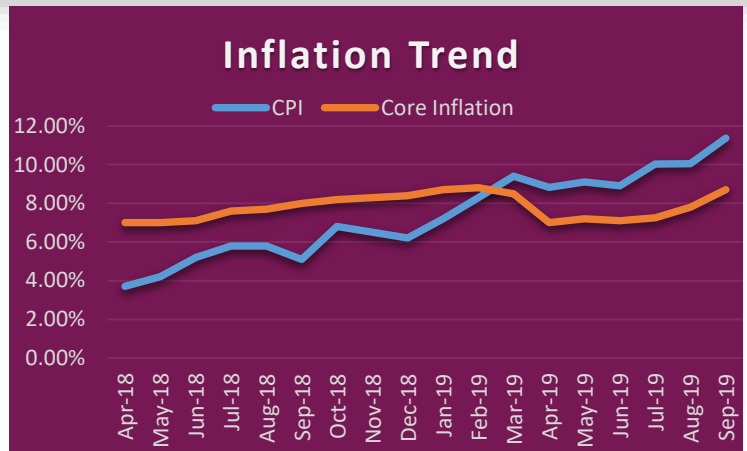


FUND MANAGER'S REPORT

For the Month of September 2019

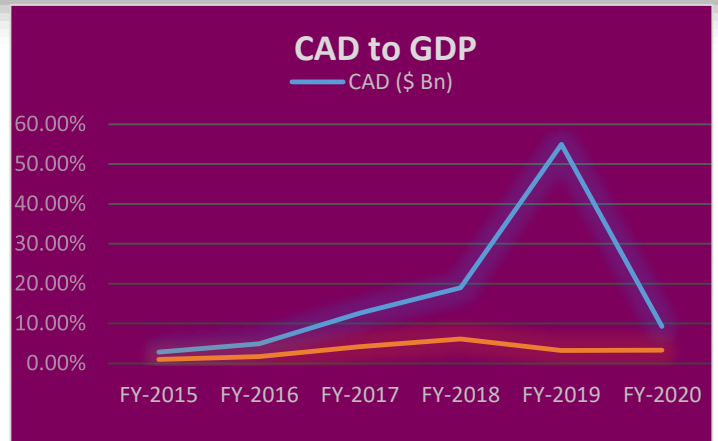
Economic Review

The Economic current layout has shown a strong sign of recovery and after IMF's satisfaction over Govt. Fiscal and Monetary measures and rules out revising program targets which will ease economic overhauling and ambitious revenue collection with anticipated economic targets, Pakistan will be able to finance its gross finance requirements by tapping into international avenues. We expect foreign exchange reserves to increase to USD 13 billion by the end of the current fiscal year FY20. SBP kept its benchmark interest rate on hold at 13.25 percent as expected, noting that inflation risks are roughly balanced amid a gradual slowdown in growth but key economic indicators had begun to improve since the July policy decision. Stabilization measures pursued by the government finally started to bear the fruits as current account deficit (CAD) contracted massively last month and forecasted at 2.7% of GDP. Policy implementation by the central bank in adjusting the currency helped in curtailing the deficit. July-August of 2019-20, the CAD reduced by 54.7pc to \$1.292bn as compared \$2.85bn during same period last year SBP has stated that its inflation expectations are unchanged from previous policy announcement and is sufficient to bring inflation down to target range of 5%-7% over the next 24 months and have maintained the interest rate policy at 13.25% for next two months Pakistan Bureau of Statistics after a delay of 10 days showed that exports contracted both on a month on month and year on year basis in August despite over one-third devaluation of the rupee against the US dollar, inflation peaked in Sep'19. Consumer Price Index (CPI) inflation for Sep'19 was reported at 11.37% & 12.54% on new/old base respectively. Expected average inflation on a new base to be in the range of 10%-10.25% for FY20.



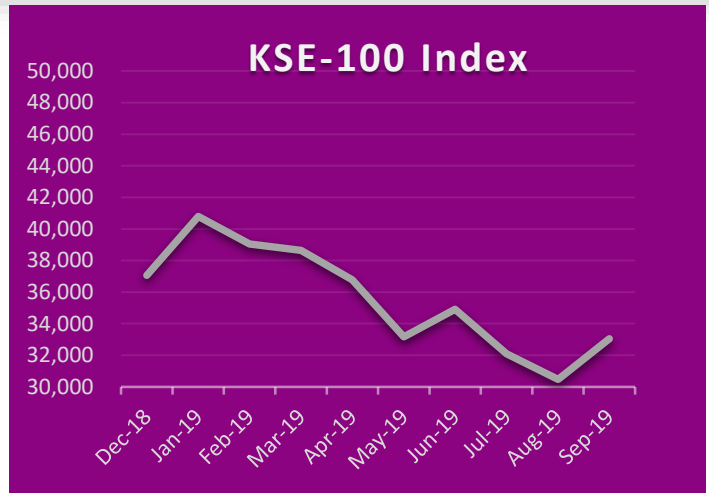
Money Market Review

The Economic Affairs Division data showed that Pakistan received about \$919m (Rs146bn) from multilateral lenders, \$321.5m (Rs51.7bn) from commercial loans and \$382m (Rs61bn) from bilateral lenders. There has been progress in some key areas the transition to a market-determined exchange rate has started to deliver positive results on the external balance, exchange rate volatility has decreased, monetary policy has sufficed to control inflation, and the State Bank has improved its foreign exchange gap though it will completely overcome its buffers in the future. SBP is scheduled to announce its Monetary Policy in mid-November we are of the view that a rate cut of 50 basis points is likely and shall set the tone for further rate cuts in future. Total 478b in 3M-104b@13.73%, 6M-18b@13.84% 1Y-355b@13.85%. 1Y cut off down by up 8bps. In auction trading, 1Y T-bills traded @13.65-70%. In the last 1Y banking sector spread gained 70bps to 5.90% due to lag to tag deposit rates. Controlled exchange rate resulted in a massive devaluation of PKR versus the USD dollar. This has aligned the PKR to its true basic value as reflected by the Real Effective Exchange Rate, presently around 93 versus 120 in July 2017. This, in turn, has decreased the risk of significant currency devaluation. However, a downward trend on sovereign yield continued during the month as the yield on 3-year, 5-year, and 10-year PIBs declined by 115 bps, 80 bps, and 59 bps points. Though the market expectation of the beginning of a reversal of the monetary tightening cycle sooner than later. There was a substantial difference that has been witnessed as The Current Account Deficit (CAD) for FY2020 has dropped to USD 1.29 billion as compared to USD 2.85 billion during the same period last year, a mammoth decline of 55%, which put to rest concerns on the Balance of Payment position to a large extent. Although due to pervasive negativity, despite these positive developments on the economic front and attractive stock market valuations, doubtful investors opted to stay on the side line, awaiting further clarity for the upcoming market trajectory. FX reserves declined by \$120m to \$15.77b which effected the PKR Vs USD parity. SBP is scheduled to announce its Monetary Policy in mid-November we are of the view that a rate cut of 50 basis points is likely and shall set the tone for further rate cuts in future. The first T-Bill auction, an amount of Rs.461 billion was accepted at a cut-off yield of 13.74%, 13.93% and 13.93% for 3-month, 6-month and 12-month tenures, respectively. In the second T-Bill auction, an amount of Rs. 512 billion was accepted at a cut-off yield of 13.73%, 13.84% and 13.85% for 3-month, 6-month and 12-month tenures. In the PIB auction, bids worth Rs. 225 billion were realized for 3-year, 5-year and 10-year maturities at a cut-off yield of 12.95%, 12.50%, and 12.25%, respectively; while bids for 20-year tenure were rejected.



Stock Market

While improving economic indicators may paint a portrait of earlier than expected relief from dampening variables, any potential announcement towards capital restructuring could keep market upside limited. The only way to break this unholy bias in favour of a low/fixed rupee-dollar parity is by raising awareness about its economic flaws and costs. FATF's grey listing removal remains one of the awaited growth spurt factors on the economic front. A positive outcome is highly expected that will revive the market to a new high and boosts investors' confidence. A massive decline of 55%, that puts to rest concerns on the Balance of Payment position to a large extent. Although due to pervasive negativity, these positive developments on the economic front and attractive stock market valuations, there were signs of uncertain investors opted to stay on the side line, awaiting further clarity of the market. **The market staged a robust recovery during September, with the benchmark KSE-100 Index rising sharply by 8.1% on a month-on-month basis, however ongoing corporate results, subdued showing by the cyclical sectors drew investors' attention to the weak economic activity, sending jitters in the market. Though, robust earnings announcement and healthy pay-outs by the select Index heavy companies belonging to the Oil & Gas, Fertilizer, and Banking sectors restored confidence of the market participants to some extent.**



UNIVERSAL LIFE



Investment Committee

Members	Designation
Malik Riffat Mehmood	Chairman
Maj Gen Akhtar Iqbal (Retd)	Member
Jehanzeb Zafar	CEO (Member)
Noman Noor Muhammad	COO (Member)
Rehan Mobin	CFO (Member)

Fund Returns

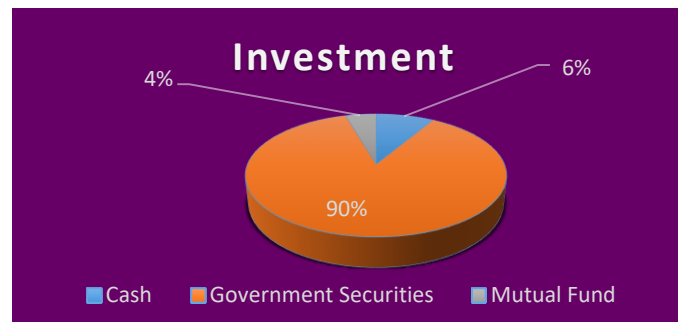
Period	Return
I Month	13.14%
YTD	11.12%

Terms and Structure

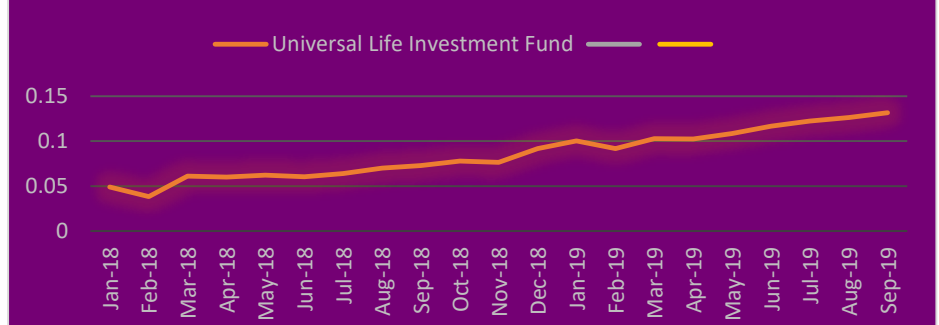
Type of Scheme	Balanced Fund
Nature of Scheme	Income Scheme
Inception Date	Jan 9 th , 2007
Fund Size	PKR 230 mn
Auditor	Grant Thornton Anjum Rehman (C.A)
Legal Advisor	M/s Syed Younus

Asset Mix

Assets	Sep	Aug
Cash and short term deposit	6%	8%
Government Securities	90%	88%
Mutual Fund	4%	4%



Returns





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