

Funds Management Report August - 2020

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Macro Review and Outlook:

Aug-20, headline inflation settles in at +8.21% y/y

CPI inflation for the month of Aug-20 clocked-in at +8.21% y/y compared to a reading of +9.30% in Jul-20, respectively.

This brings 2m FY21 average inflation to +8.74% as compared to +9.47% in the same period last year.

On m/m basis, inflation inched up by +0.63% in Aug-20. Inflationary pressure was exerted owing to rise in Transport, miscellaneous and Household indices which surged by 0.77% m/m whereas food was down contributing -0.3% m/m.

Inflation to average 8-9% in FY21

The rising food prices continue to fuel up inflation in the country, wherein food reserves are enough but hoarding and mismanagement kept the supply at bay. We expect rise in inflation moving forward owing to continuation of increase in food prices and recent rain and flooding. Moreover, with the power tariff adjustment due to government's commitment to the IMF for reducing circular debt and a large monetary overhang with M2 having grown by ~14% in FY20 will also keep inflation at higher levels. Accordingly, we foresee FY21 inflation hovering in the range of +8-9% as against government estimates of ~6.5% (Annual Plan, FY21).

Higher remittances and recovery in export turn Current Account into surplus

Pakistan's Current Account Balance swung into surplus of USD 424mn in July 2020 as compared to deficit of USD 100mn in Jun 20. Strong turnaround is due to higher worker remittances which shot up by 36% y/y and recovery of exports on sequential basis. On the export front it declined by 15% on yearly basis however, it posted a growth of 20%, thanks to end of lock down and restoration of export orders.

Same has been the case for Imports which plummeted by 13.3% on yearly basis however meager upsurge witnessed of 2% on sequential basis primarily due to increase import of petroleum products

Jul-20 MPC meeting not held by SBP, next meeting to be convened in Sep-20.

Owing to the number of MPC meetings that have been conducted in the recent months, the MPC did not consider it necessary to hold its scheduled meeting of Jul-20. The next meeting will therefore be held in Sep-20 as per schedule.

However the MPC stated that it will closely monitor the economic progress in the meanwhile and may intervene if need arises. The policy rate stands at 7%, after a drop of 100bps issued in 26-Jun-20.

Equity Market Review and Outlook:

Aug-20: Index continues strong performance as economy reopens completely and positive economic numbers take lead. The KSE-100 index continued to display strong performance during Aug-20, gaining +4.72% MoM (+1,852 points) as benchmark KSE-100 closed at 41,111 level.

The strong performance of the market was largely driven by a) conducive business environment as Covid-19 restrictions were completely done with upon remaining sectors, b) elevated industrial volumetric numbers for Aug-20 as released by industrial associations that included cements, fertilizers autos and POL products, and; c) improved macro numbers as released by Pakistan Bureau of Statistics and the State Bank of Pakistan which included a current account surplus driven from high remittances.

Market activity continued to rise substantially during Aug-20 as the average daily traded volume and value improved to 290mn and USD 92mn, respectively as against 250mn and USD 70mn recorded during Jul-20. Similarly, foreign investors during Aug-20 appeared as net buyers of shares worth PKR USD 6.85bn. It is pertinent to mention that foreigners have become net buyers after a continued selling spree of more than 2 years. Key interest of foreigners remained upon Fertilizers, Cements and Oil & Gas Exploration Companies whereas Commercial Banks were the largest offloaded sector from them. On the domestic front, individuals led the net buying with USD 59mn followed with Mutual Funds at USD 12mn, while Insurance and Banks remained the largest sellers.

Money Market Review and Outlook:

Aug-20 yields increased further

On fixed PIBs front SBP set the pre-auction target of PKR 140bn. It received total bids of PKR 111bn of which it accepted PKR 16.1bn, 0.2bn and 0.1bn for 3Y, 5Y and 10Y at cutoff yields of 8.20%, 8.45% and 8.99% respectively. On T-bills front SBP conducted two auctions for total target of PKR 600bn against the maturing amount of PKR 832bn. Out of this PKR 510bn stood accepted. Cutoffs yields at the end of the month stood at 7.15%, 7.18% and 7.30% for 3M, 6M and 12M tenors respectively. During the month PKRVs increased by 6-25 bps across shorter tenors and increased by 14-33 bps across longer tenors.

Going forward, with inflation expected to record a downward trend in the remainder of the Fy20 and 1qFy21, we view monetary easing will continue to a) stimulate country's economic activity and b) inflation expectation have been considerably lowered down. However, this remains highly contingent on international oil which have remained depressed owing to weak global outlook fortified by recent global outbreak of coronavirus as most of the countries remain under lockdown.

Source: SBP, PBS, Bloomberg

IGI Takaful Aggressive Fund For the month of August 2020



INVESTMENT OBJECTIVE:

To provide investors with an opportunity to earn long-term capital appreciation optimizing through broad mix of asset classes largely driven by Shariah compliant equity with a proportion of Shariah compliant fixed income & money market instruments.

FUND INFORMATION:

Strategy	Fixed Income / Equity
Risk Profile	High
Pricing Mechanism	Daily Forward Pricing
Pricing Days	Monday to Friday
Management Fee	1.5%
Launch Date	21-Sep-15

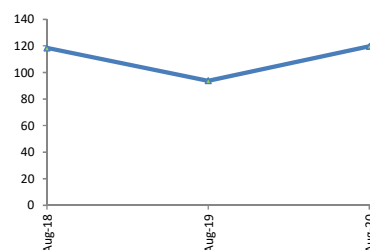
RETURNS:

During the month the fund generated an absolute return of 3.43% against its last month absolute return of 7.35%.

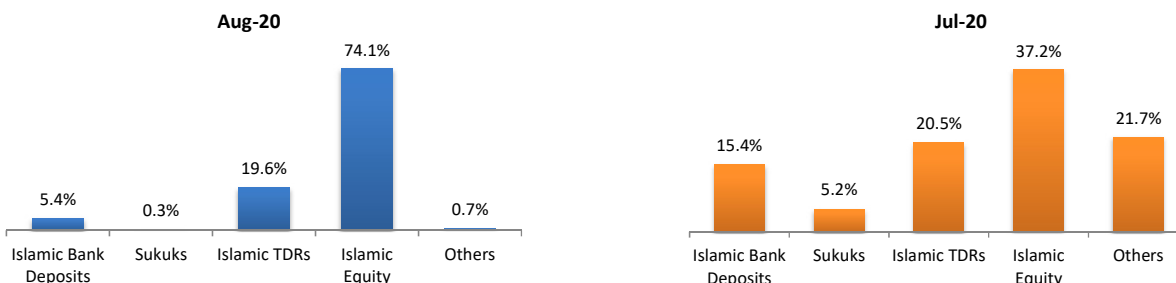
ASSETS UNDER MANAGEMENT:

	Aug-20	Jul-20	MoM %
NAV per Unit (PKR)	119.7	115.7	3.43%
Net Assets Value (PKR '000)	551,668	519,328	6.23%

Value of 100 Rupees invested since inception



ASSET ALLOCATION *:

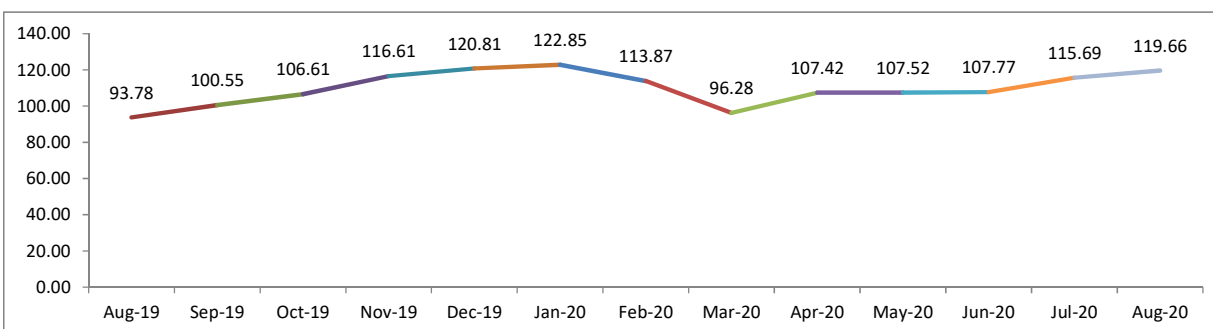


* Asset Allocation have been developed by looking through the underlying assets of mutual funds investments.

FUND PERFORMANCE:

	Absolute Return						Annualized Return
	30 Days	60 Days	90 Days	180 Days	365 Days	CYTD	Since Inception
IGI Aggressive Fund - IAF	3.43%	11.03%	11.29%	5.08%	27.60%	-0.96%	3.69%

IGI Talaful Aggressive Fund - IAF BID PRICE:



Disclaimer: Past performance is not indicative of future performance. Market volatility can significantly affect short-term performance. The value of investment can fall as well as rise.

IGI Takaful Balanced Fund For the month of August 2020



INVESTMENT OBJECTIVE:

The investment objective of the Fund is to earn competitive long term return by investing in mix of Shariah compliant equity, fixed income and money market instruments. This fund is suited for investors with moderate risk tolerance.

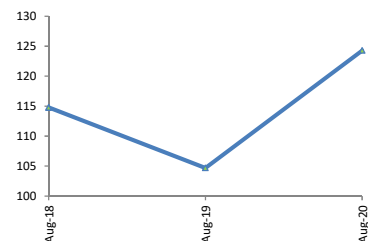
FUND INFORMATION:

Strategy	Fixed Income / Equity
Risk Profile	Moderate
Pricing Mechanism	Daily Forward Pricing
Pricing Days	Monday to Friday
Management Fee	1.5%
Launch Date	21-Sep-15

RETURNS:

During the month the fund generated an absolute return of 2.04% against its last month absolute return of 4.71%.

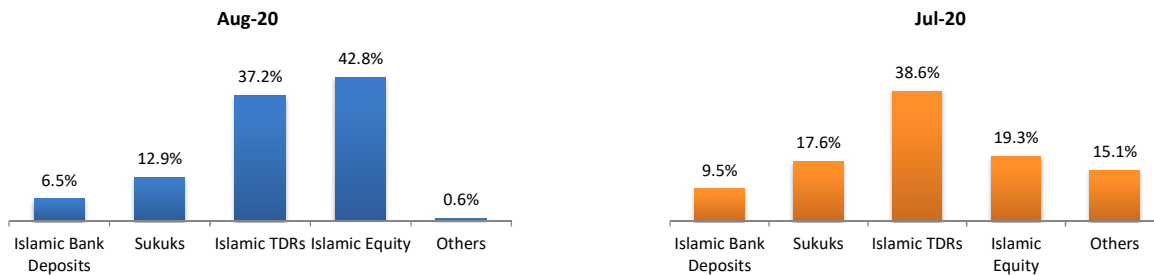
Value of 100 Rupees invested since inception



ASSETS UNDER MANAGEMENT:

	Aug-20	Jul-20	MoM %
NAV per Unit (PKR)	124.3	121.8	2.04%
Net Assets Value (PKR '000)	1,463,210	1,405,021	4.14%

ASSET ALLOCATION *:

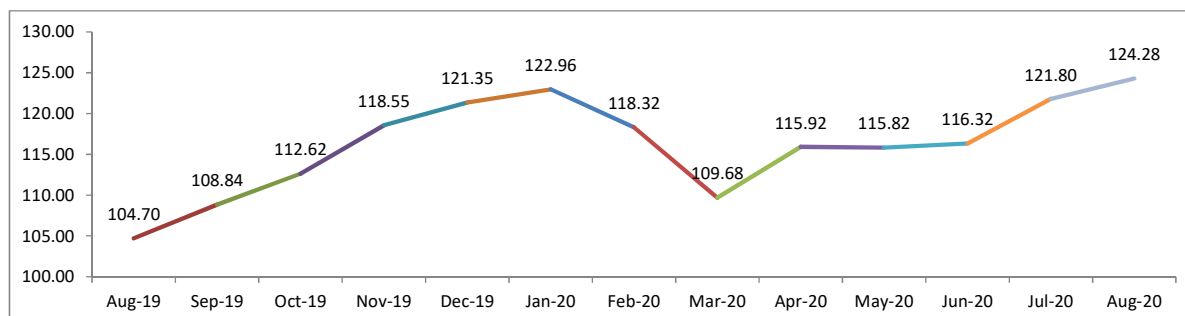


* Asset Allocation have been developed by looking through the underlying assets of mutual funds investments.

FUND PERFORMANCE:

	Absolute Return						Annualized Return
	30 Days	60 Days	90 Days	180 Days	365 Days	CYTD	Since Inception
IGI Balanced Fund - IBF	2.04%	6.84%	7.30%	5.04%	18.70%	2.41%	4.49%

IGI Takaful Balanced Fund - IBF BID PRICE:



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IGI Takaful Conservative Fund For the month of August 2020



INVESTMENT OBJECTIVE:

To provide stable and competitive returns in line with the money markets exhibiting low volatility consistent with capital preservation by constructing a liquid portfolio of low risk short term Shariah compliant investments yielding competitive returns.

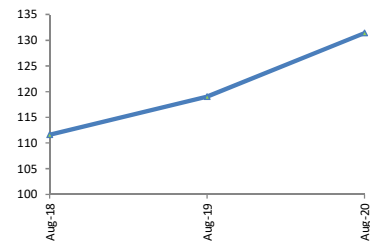
FUND INFORMATION:

Strategy	Fixed Income / Equity
Risk Profile	Low
Pricing Mechanism	Daily Forward Pricing
Pricing Days	Monday to Friday
Management Fee	1.5%
Launch Date	21-Sep-15

RETURNS:

During the month the fund generated an absolute return of 0.65% against its last month absolute return of 0.69%.

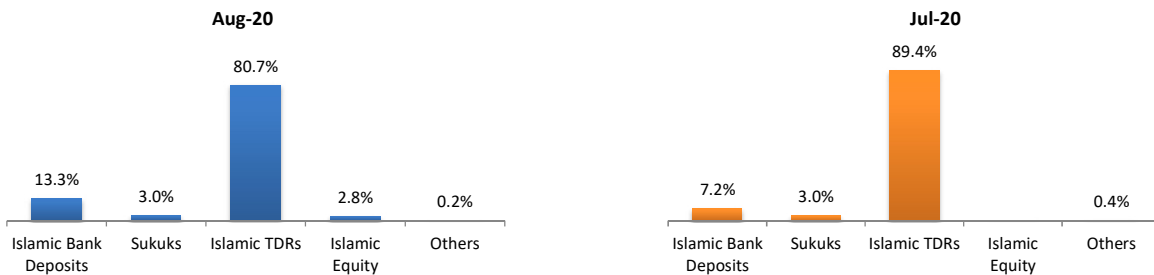
Value of 100 Rupees invested since inception



ASSETS UNDER MANAGEMENT:

	Aug-20	Jul-20	MoM %
NAV per Unit (PKR)	131.4	130.5	0.65%
Net Assets Value (PKR '000)	369,419	331,729	11.36%

ASSET ALLOCATION *:

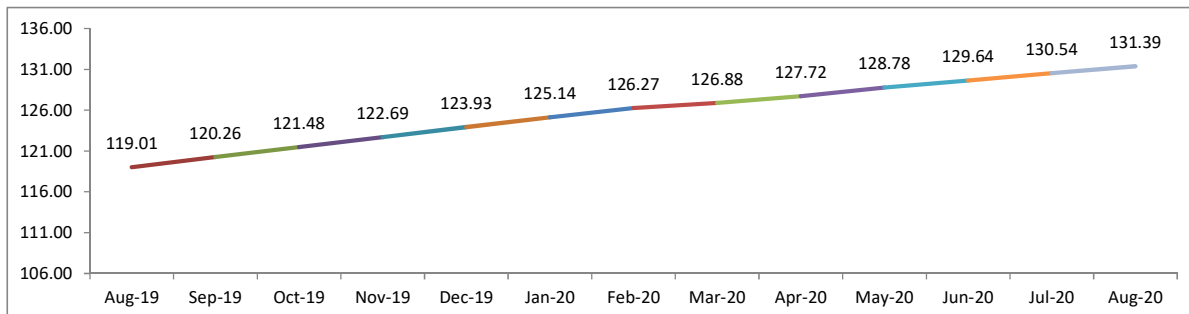


* Asset Allocation have been developed by looking through the underlying assets of mutual funds investments.

FUND PERFORMANCE:

	Absolute Return					Annualized Return	
	30 Days	60 Days	90 Days	180 Days	365 Days	CYTD	Since Inception
IGI Conservative Fund - ICF	0.65%	1.34%	2.02%	4.05%	10.40%	9.00%	5.67%

IGI Takaful Conservative Fund - ICF BID PRICE:



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