

Funds Management Report December - 2020

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Macro Review and Outlook:

Economy

Dec-20, headline inflation settles in at +8.0% y/y

CPI inflation for the month of Dec-20 clocked-in at +8.0% y/y compared to a reading of +8.3% in Nov-20, respectively. This brings 1h FY21 average inflation to +8.63% as compared to +11.09% in the same period last year.

Owing to a notable decline in major food items, national-CPI contracted by 0.7% m/m.

Inflation to average 8-9% in FY21

With food prices finally depicting a downward trend, which makes us to believe that food prices in particularly perishable food items combined with a better crop expectation in 2021 should normalise overall food prices in the remainder of 2021. While ease up in food prices may eventually come as a relief on inflationary front in the near-term but we are not so optimistic on non-food prices. In fact on the non-food prices, given the price gap created government has already started to pass on power tariff adjustments and has gradually increase domestic oil prices.

Looking ahead, resumption of IMF talks, negative real rates, recovering global commodity prices and an eventual pressure on exchange rate seems all inevitable, which will keep inflation downward sticky. Hence post near-term we see disinflationary trend should start to fade, with economic recovery still fragile this would start to transit slowly towards a reflation-like scenario.

We expect inflation to average +8.8% (SBP 7-9%) in FY21 with 4q FY21 estimated to print +9.8% y/y growth compared to +8.5% in 9mFY21.

Higher remittances and lesser decline in export turn Current Account into surplus

Pakistan's Current Account Balance continued to post surplus, with latest Nov-20 recording a USD 447mn, taking 5mFY21 cumulative balance to USD 1.64bn compared to a deficit of USD 1.75bn last year same period.

Strong turnaround is due to higher worker remittances which shot up by +27%/y/y to USD 11.8bn (Nov-20: USD 2.3bn) and recovery in exports on sequential basis. Export declined by 5% on yearly basis to USD 9.6bn (Nov-20: USD 2.2bn) however this decline in exports was more than offset by decline in imports down by 1% to USD 18.2bn (Nov-20: 4.0bn).

Equity Market Review and Outlook:

Dec-20: Market continued to rejoice positive macroeconomic indicators, amnesty extension and vaccine roll out

The KSE-100 index continued to display strong performance during Dec-20, gaining +6.50% MoM (+2,687 points) as benchmark KSE-100 closed at 43,755 level. As a result local bourse gained +7.4%YoY (+3,020 points) during 2020.

The upbeat performance of the market was largely driven by a) roll out of vaccines globally where availability of vaccine in Pakistan is expected by Mar-21, b) relatively stable exchange rate, c) extension in deadline for already announced amnesty scheme for construction sector, d) reduced political noise and; e) favorable macroeconomic data where c/a remained in surplus for fifth consecutive month.

Market activity continued to rise substantially during Dec-20 as the average daily traded volume and value improved to 265mn and USD 84mn, respectively as against 161mn and USD 48mn recorded during Nov-20. Foreign investors during Dec-20 appeared as net sellers of shares worth PKR USD 96bn. Key interest of foreigners remained upon Textile Composite and Technology whereas Banks, Fertilizer, E&Ps and Power were the largest offloaded sector from them. On the domestic front, Companies, Individuals and Insurance Companies led the net buying with USD 57.20mn, USD 32.49 and USD 19.74mn, while Banks and Other Org. were the largest sellers.

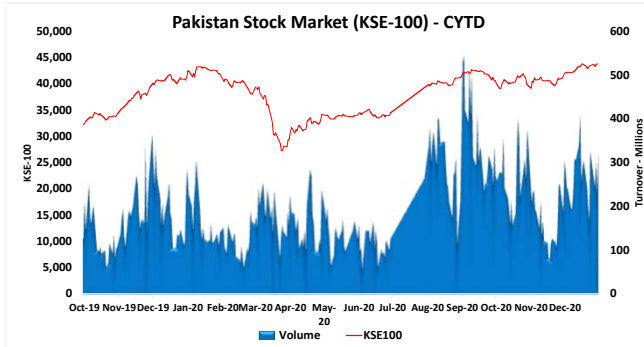
Money Market Review and Outlook:

Dec-20 yields remained relatively unchanged

On fixed PIBs front SBP set the pre-auction target of PKR 125bn. It received total bids of PKR 66.2bn of which it accepted total of PKR 13.2bn at cutoff yields of 8.24%, 10.0% and 10.58% for 3Y, 15Y and 20Y respectively. Bids for 5Y and 10Y paper were rejected. On T-bills front SBP conducted two auctions for total target of PKR 1,200bn against the maturing amount of PKR 1,476bn. Out of this PKR 1,348bn stood accepted. Cutoffs yields at the end of the month stood at 7.15%, 7.20% and 7.29% for 3M, 6M and 12M tenors respectively. The government did not accept any amount through the three PIB Floater Auctions during the month. During the month PKRVs increased by ~2 bps on average across shorter tenors and decreased by average of ~1 bps across longer tenors.

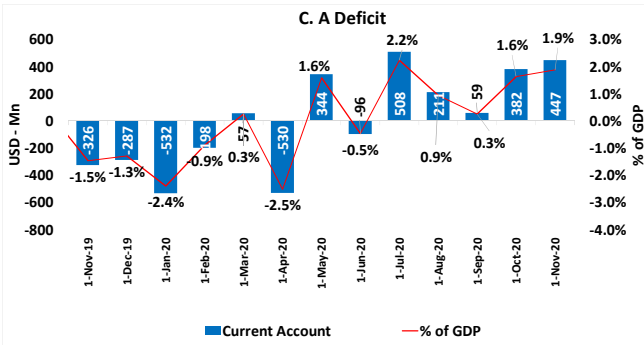
Going forward, with inflation expected to record a downward trend, we view monetary easing will continue to a) stimulate country's economic activity and b) inflation expectation have been considerably lowered down. However, this remains highly contingent on international oil which have started to rebound on positive demand outlook and Vaccine availability worldwide. Furthermore, global commodity prices have also started to rise on expectation of demand pickup as a result of roll out of vaccines globally.

FUND MANAGER REPORT - Key Economic Indicators
As at December 31, 2020

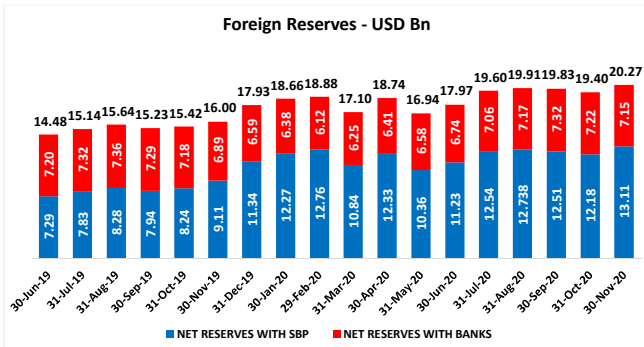


PSX Performance	KSE100	KSE30	KMI30	KSEALL
31-Dec-19	40,735	18,656	66,032	29,012
30-Nov-20	41,069	17,282	66,318	28,849
31-Dec-20	43,755	18,180	71,168	30,780
MTD - %	6.54%	5.20%	7.31%	6.69%
CYTD - %	7.41%	-2.55%	7.78%	6.09%

Portfolio (USD - Mn)	MTD	CYTD
FOREIGN CORPORATES	-67.29	-541.06
FOREIGN INDIVIDUAL	0.02	0.62
OVERSEAS PAKISTANI	-48.85	-30.98
FIPI	-116.12	-571.42
BANKS / DFI	-34.51	-35.79
BROKER PROPRIETARY TRADING	7.88	-16.54
COMPANIES	49.07	100.06
INDIVIDUALS	45.02	233.05
INSURANCE COMPANIES	25.32	233.29
MUTUAL FUNDS	14.42	28.16
NBFC	-0.42	3.06
OTHER ORGANIZATION	-1.11	15.69
LIPI	105.67	560.98

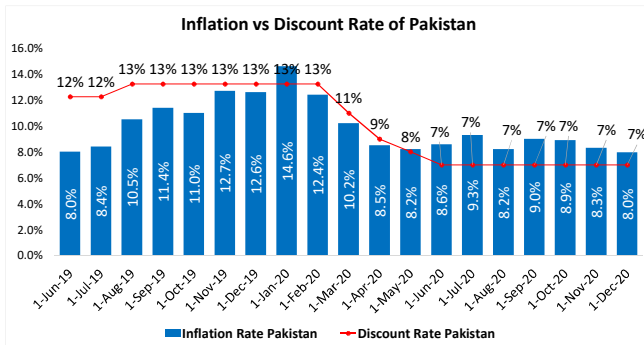


Global Market Performance			MTD - %	CYTD - %
Index				
Karachi 100	Pakistan		6.54%	7.41%
BSE Sensex	India		8.16%	15.75%
Dow Jones	USA		3.27%	7.25%
S&P 500	USA		3.71%	16.26%
Nasdaq	USA		5.65%	43.64%
FTSE 100	UK		3.10%	-14.34%
Euro Stoxx 50	Euro Zone		1.72%	-5.14%
Shanghai	China		2.40%	13.87%
Nikkei 225	Japan		3.82%	16.01%
CAC 40	France		0.60%	-7.14%
MOEX	Russia		5.84%	7.98%



Forex Rates	Dec-19	Nov-20	Dec-20
USD	154.45	159.20	159.90
EUR	172.00	188.50	195.00
JPY	1.39	1.55	1.55
GBP	172.00	188.50	195.00
CNY	22.10	24.25	24.60

PKRVs	Dec-19	Nov-20	Dec-20
3M	13.40%	7.12%	7.08%
6M	13.35%	7.18%	7.17%
1Y	13.10%	7.34%	7.26%
3Y	11.64%	8.28%	8.28%
5Y	10.91%	9.26%	9.25%
7Y	11.00%	9.64%	9.65%
10Y	11.00%	10.00%	10.00%



International Commodities	Dec-19	Nov-20	Dec-20
Arab Light	70.16	46.29	51.18
BRENT CRUDE OIL	66.15	47.88	51.63
WTI CRUDE OIL	17.91	24.20	48.40
Coal (USD/ton)	66.15	47.88	66.10
Steel (USD/ton)	17.91	24.20	4206.03
HRC (USD/ton)	3774.00	4170.00	4539.00
COPPER	66.15	47.88	7748.85
GOLD	66.15	47.88	1898.66
PLATINUM	971.70	1049.00	1074.50
NATURAL GAS	1520.20	1839.00	2.54
SILVER	17.91	24.20	26.40

IGI Takaful Aggressive Fund For the month of December 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.

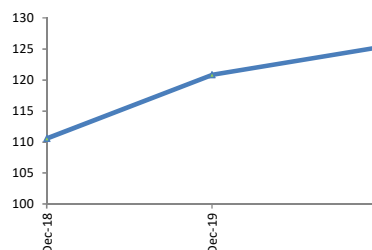
FUND INFORMATION:

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 4.08% against its last month absolute return of 2.39%.

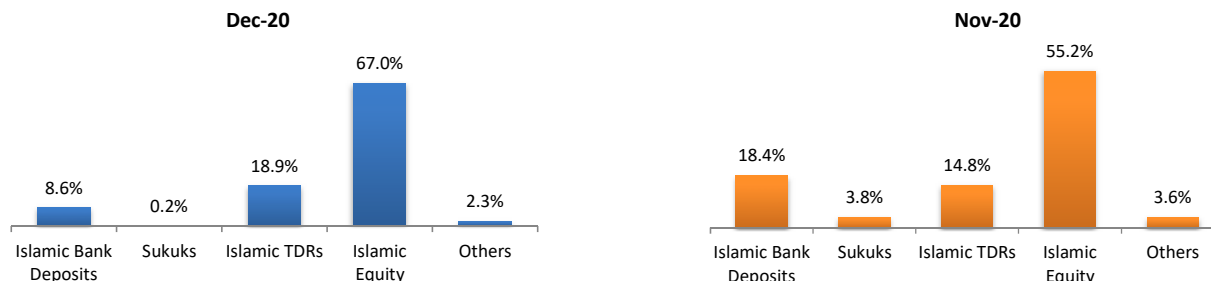
Value of 100 Rupees invested since inception



ASSETS UNDER MANAGEMENT:

	Dec-20	Nov-20	MoM %
NAV per Unit (PKR)	125.2	120.3	4.08%
Net Assets Value (PKR '000)	626,895	578,809	8.31%

ASSET ALLOCATION *:

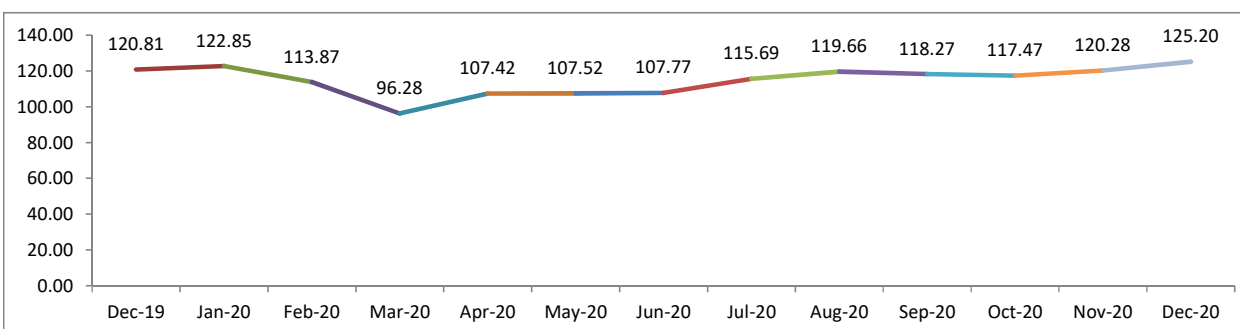


* Asset Allocation have been developed by looking through the underlying assets of mutual funds investments.

FUND PERFORMANCE:

	Absolute Return						Annualized Return
	30 Days	60 Days	90 Days	180 Days	365 Days	CYTD	Since Inception
IGI Aggressive Fund - IAF	4.08%	6.58%	5.86%	16.17%	3.63%	3.63%	4.34%

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 December 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.

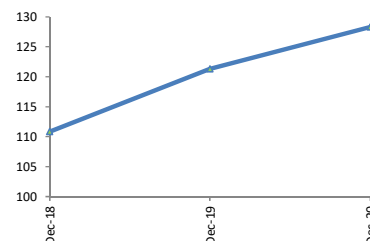
FUND INFORMATION:

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 2.67% against its last month absolute return of 1.57%.

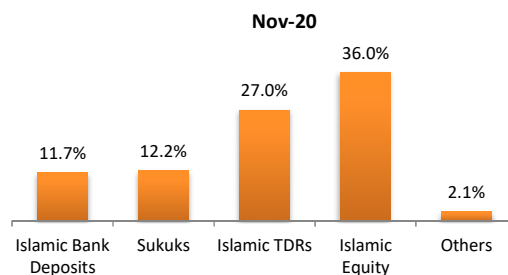
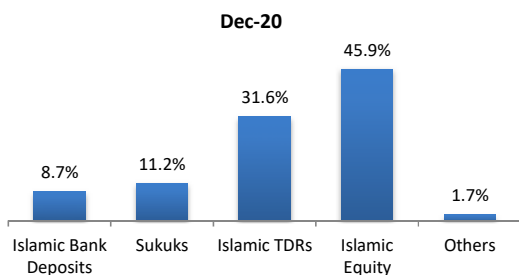
Value of 100 Rupees invested since inception



ASSETS UNDER MANAGEMENT:

	Dec-20	Nov-20	MoM %
NAV per Unit (PKR)	128.3	125.0	2.67%
Net Assets Value (PKR '000)	1,649,196	1,528,705	7.88%

ASSET ALLOCATION *:

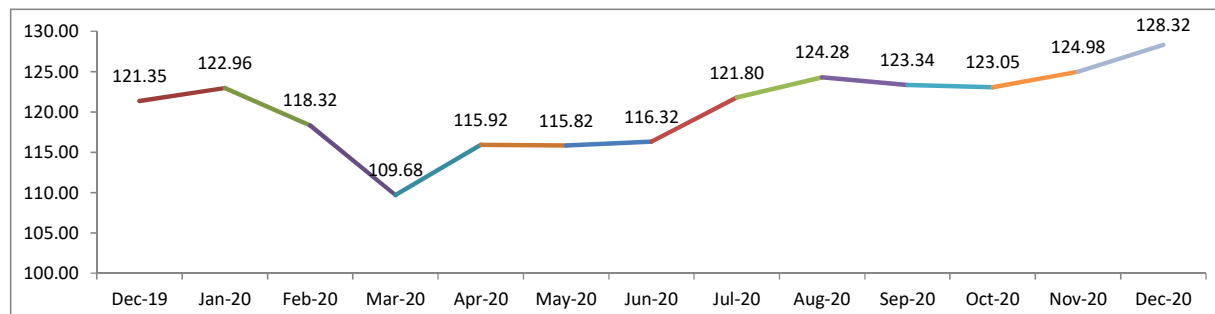


* Asset Allocation have been developed by looking through the underlying assets of mutual funds investments.

FUND PERFORMANCE:

	Absolute Return						Annualized Return
	30 Days	60 Days	90 Days	180 Days	365 Days	CYTD	Since Inception
IGI Balanced Fund - IBF	2.67%	4.28%	4.03%	10.32%	5.74%	5.74%	4.83%

IGI Takaful Balanced Fund - IBF BID PRICE:



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IGI Takaful Conservative Fund For the month of December 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.

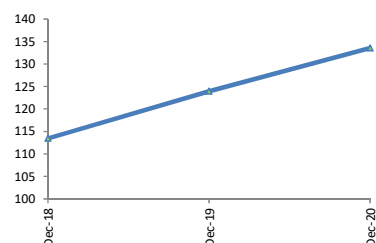
FUND INFORMATION:

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 0.43% against its last month absolute return of 0.47%.

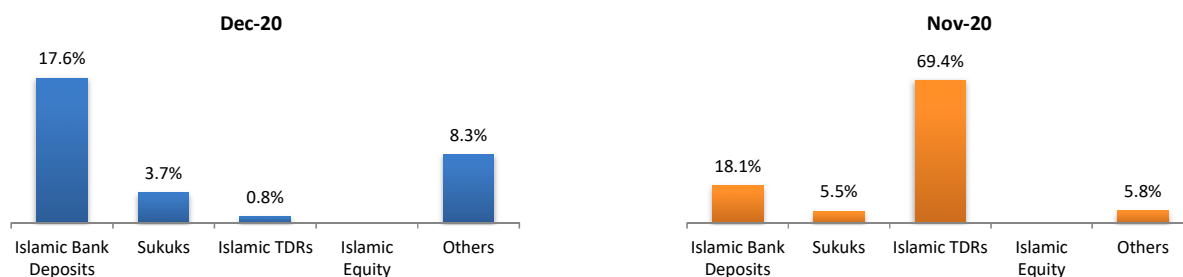
Value of 100 Rupees invested since inception



ASSETS UNDER MANAGEMENT:

	Dec-20	Nov-20	MoM %
NAV per Unit (PKR)	133.6	133.0	0.43%
Net Assets Value (PKR '000)	514,289	461,975	11.32%

ASSET ALLOCATION *:

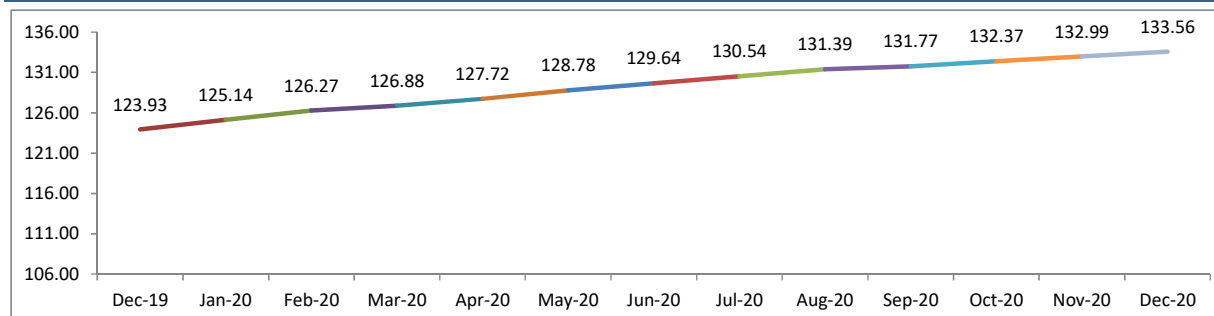


* Asset Allocation have been developed by looking through the underlying assets of mutual funds investments.

FUND PERFORMANCE:

	Absolute Return					Annualized Return	
	30 Days	60 Days	90 Days	180 Days	365 Days	CYTD	Since Inception
IGI Conservative Fund - ICF	0.43%	0.90%	1.36%	3.02%	7.77%	7.77%	5.63%

IGI Takaful Conservative Fund - ICF BID PRICE:



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