

Funds Management Report March 2021

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Macro Review and Outlook:

Mar-21: Monthly inflation prints a +9.05% y/y growth

Monthly inflation rose to 9.05% y/y (+0.4%/m/m) compared to last month, 8.7% (+1.8%/m/m) taking 9mF21 period average to 8.4%/y/y, compared to 11.5% y/y last year. On a monthly basis, urban index experienced a much slower growth +0.27%/m/m to 8.75%/y/y (following a +2.3%/m/m growth last month) compared to rural index up by +0.5%/m/m to 9.5%.

Core prices continue to show a rising trend

The Food prices increase remained much more pronounced in urban index increasing by +10.3% y/y (+1.3% m/m) compared to +9.1% y/y (0.2% m/m) under rural index

Elevated inflation levels are visible across all divisions including core Inflation as measured by non-food, non-energy (NFNE) whereby Urban NFNE inflation swelled by +6.3% y/y (0.2% m/m) and rural NFNE inflation displayed a rise of +7.3% y/y (+0.3% m/m).

Non-food inflation offered some respite easing by 0.38% m/m notable among which is a decline in electricity prices (-8.1%/m/m) and transportation charges (-3%/m/m).

With 'Ramadan' around the corner, we expect seasonal demand stemming from it to drive inflation for FY21. This pent-up demand and low base effect will push inflation in double digits, in the coming months. Moreover, on non-food prices expectation of gas and electricity price hike will potentially add further upward pressure on headline. While, respite amid recent decision to slash POL prices (by up to Rs.3 per litre) may to some extent contain inflationary pressures in Apr-21.

Feb-21: Current account balance posts third consecutive deficit since Dec-21

For the second consecutive month since Dec-21, Pakistan's Current Account Balance posted a deficit of USD 50mn. Nevertheless, on a cumulative account, 8mFy21 c/a balance remain in surplus at USD 881mn compared to a deficit of USD 2.74bn last year same period.

Under the trade balance, total import of goods posted a growth on +18%/m/m to USD 4.5bn taking period total to USD 32.15bn (+8.5%/y/y). Exports of goods, during the month is up by +3.24% to USD 2.17bn taking period total to USD 16.1bn (down by 2.2%). As a result trade deficit size remained relatively unchanged at USD 2.35bn during the month compared to USD 2.34bn (+0.5%).

Worker remittances displayed a contraction USD 8mn to the tune of USD 2.67bn (down by -0.4%/m/m). This takes 8m cumulative remittances inflow to USD 18.7bn (+24%/y/y).

Mar-21: Rate hike delayed until economy finds it firm footing

The State Bank of Pakistan (SBP) in its latest Monetary Policy Statement (MPS) announcement for the next two months on Friday 19th March, 2021 kept rate 'unchanged'.

The decision is in-line with market participants, with majority expecting an unchanged status.

The press release (Link) on monetary policy; highlighted favourable growth and inflation outlook amid recent key data from Jan-21 to Feb-21. Having said that, SBP remained cognizant over uncertainties surrounding Covid19 pandemic third wave and possible second round effects of recently increased utility prices.

Policy rate likely to remain unchanged in the remainder of FY21

For the remainder of FY21, we view SBP is likely to carry on this new path of policymaking, overlooking inflation, supporting economic recovery and facilitating the government in much needed fiscal space, by keeping the monetary policy accommodative if not ultra-accommodative.

SBP clearly laid possible changes on monetary front on account of; supply shocks with the coming of Covid-19 "third wave", when economic recovery displays signs of durability, leading to a potential economy overheating.

However, in our view economy overheating scenario can easily be ruled at least till the Fy21 ends, unless we see major international commodity spike or domestic supply shock leading to a potential permanent dent on headline inflation.

Equity Market Review and Outlook:

Mar-21: Market sentiment marred by rising Covid19 cases, politically uncertainty and amendments in income tax

Continuing with last, the benchmark KSE100 index further dropped by 2.8% m/m to 44,588 points, freezing the market participants' in a red zone.

The dismal performance of the market was largely driven by a) political uncertainty over the senate election, b) rising Covid19 cases leading to potential country-wide lockdowns, c) proposed amendments in income tax ordinance, d) drop in oil prices (E&P sector), and d) stalled payments to IPPS dented the investor's sentiment.

Average traded volume of the KSE100 index plummeted by 29.3%/m/m to 439mn shares. Foreign investors during Mar-21 were the net seller of USD 8.47mn, with major selling was observed in Technology & communication (USD 8.08mn), Power (USD 3.89mn) and fertilizer (USD 3.07mn). While a buying interest was witnessed in other sectors (USD 7.20mn). On the local side insurance and individuals were net buyer of USD 15.80mn and USD 11.07mn while, mutual funds were net seller of USD 16.86mn during the month of Mar-21.

Money Market Review and Outlook:

Mar-21: Yield curve shifted higher despite a softer inflation outlook

The main event during month of Mar-21, was the announcement of Monetary Policy Statement by SBP whereby keeping the rate unchanged at 7.00%. Moreover, SBP expects inflation to fall under its stated target range of 7-9% for FY21, whereas medium-term inflation should continue to descend in the range of 5-7%. Given this underlying inflation trajectory, the MPC continued with their existing accommodative stance to support the recovery while keeping inflation expectations well-anchored while maintaining financial stability.

T-bill saw an increase of nearly 25bps in shorter tenure

During the month, Treasury bills (T-bill) auctions saw considerable participation in 3M and 6M tenors with cutoff yields increasing as market participants expected an increase in the policy rate. SBP conducted two auctions for total target of PKR 875bn against the maturing amount of PKR 1,003bn. Out of this PKR 918bn stood accepted. 3M cut-off yield increased from 7.25% to settle at 7.54% (+29bps), 6M cutoff yield increased from 7.55% to 7.80% (+25bps) however the 12M cutoff yield remained unchanged. Cumulatively during the month, government borrowed a total of PKR 2,179.4bn across 3M, 6M and 12M tenures.

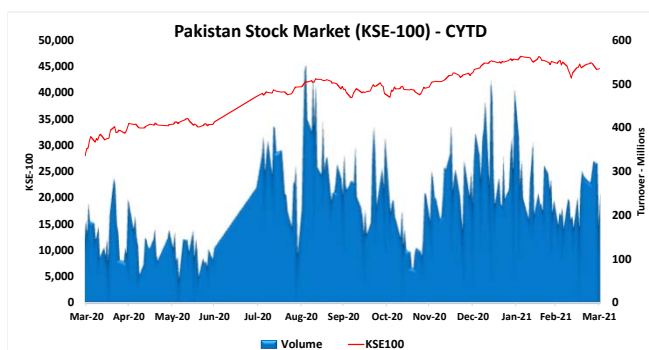
3Yr bond yield inched up as much as 67bps

Pakistan Investment Bond (PIB) auction held during the month also saw significant increase in cut-off yields amid limited supply. 3Yr cutoff yield increased from 8.99% to 9.41% (+67bps), 5Yr up from 9.59% to 9.90% (+31bps) whereas the 10Yr increased from 10.05% to 10.29% (+24bps), shifting the yield curve higher. On fixed PIBs front SBP set the pre-auction target of PKR 100bn. It received total bids of PKR 48.95bn of which it accepted total of PKR 35.3bn at cutoff yields of 8.499%, 9.53% and 9.99% for 3Yr, 5Yr and 10Yr respectively.

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 prices. Moreover, availability of vaccine and considerable slowdown in covid-19 will some of the watch factors.

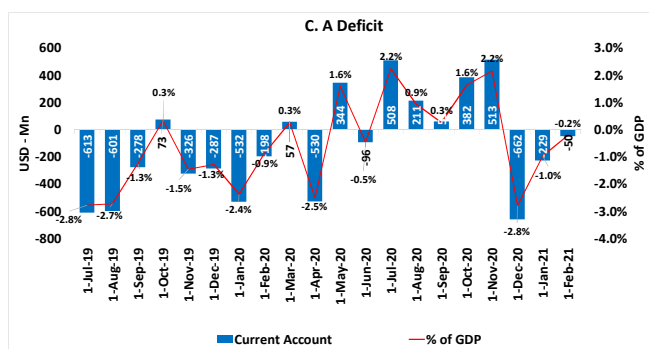
Source: SBP, PBS, Bloomberg

FUND MANAGER REPORT - Key Economic Indicators
As at March 31, 2021

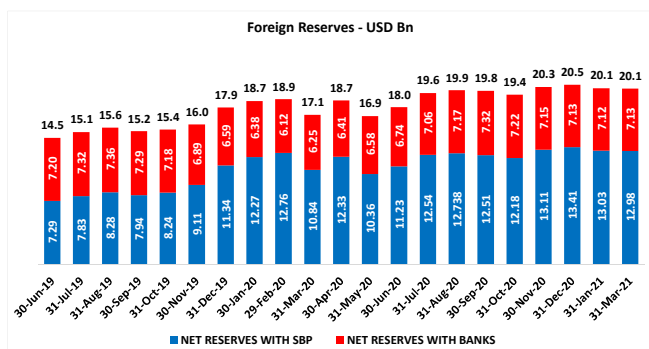


PSX Performance	KSE100	KSE30	KMI30	KSEALL
31-Dec-20	43,755	18,180	71,168	30,780
28-Feb-21	45,865	19,173	76,278	31,436
31-Mar-21	44,588	18,269	73,040	30,498
MTD - %	-2.78%	-4.72%	-4.25%	-2.98%
CYTD - %	1.90%	0.49%	2.63%	-0.91%

Portfolio (USD - Mn)	MTD	CYTD
FOREIGN CORPORATES	-13.52	-46.02
FOREIGN INDIVIDUAL	0.1	1.16
OVERSEAS PAKISTANI	4.94	26.64
FIPI	-8.48	-18.22
BANKS / DFI	3.68	-26.23
BROKER PROPRIETARY TRADING	-2.96	-28.36
COMPANIES	-10.69	28.04
INDIVIDUALS	11.07	95.14
INSURANCE COMPANIES	15.81	-29.67
MUTUAL FUNDS	-16.86	-16.47
NBFC	-0.58	-1.11
OTHER ORGANIZATION	9.01	-3.12
LIPI	8.48	18.22

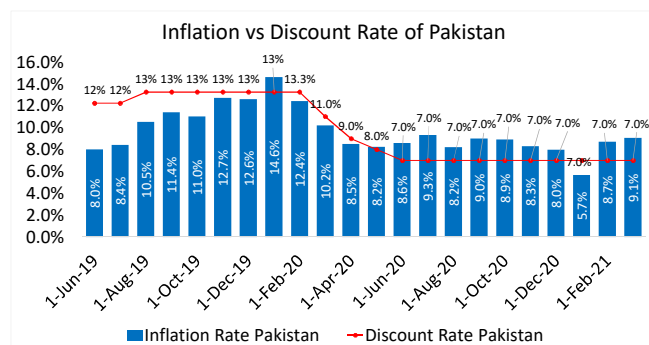


Global Market Performance			MTD - %	CYTD - %
Index				
Karachi 100	Pakistan		-2.78%	1.90%
BSE Sensex	India		0.83%	3.68%
Dow Jones	USA		6.62%	7.76%
S&P 500	USA		4.24%	5.77%
Nasdaq	USA		0.41%	2.78%
FTSE 100	UK		3.55%	3.92%
Euro Stoxx 50	Euro Zone		7.78%	10.32%
Shanghai	China		-1.91%	-0.90%
Nikkei 225	Japan		0.73%	6.32%
CAC 40	France		6.38%	9.29%
MOEX	Russia		5.83%	7.68%



Forex Rates	Dec-20	Feb-21	Mar-21
USD	159.90	158.10	152.00
EUR	195.00	190.00	176.50
JPY	1.55	1.55	1.44
GBP	195.00	190.00	176.50
CNY	24.60	24.90	23.45

PKRVs	Dec-20	Feb-21	Mar-21
3M	7.08%	7.21%	7.42%
6M	7.17%	7.51%	7.77%
1Y	7.26%	7.80%	7.89%
3Y	8.28%	9.21%	9.35%
5Y	9.25%	9.85%	9.86%
7Y	9.65%	9.95%	10.08%
10Y	10.00%	10.20%	10.42%



International Commodities	Dec-20	Feb-21	Mar-21
Arab Light	51.18	65.14	64.26
BRENT CRUDE OIL	51.39	64.42	62.74
WTI CRUDE OIL	27.58	26.72	24.41
Coal (USD/ton)	51.39	64.42	62.74
Steel (USD/ton)	27.58	26.72	24.41
HRC (USD/ton)	4572.20	4900.00	5350.00
COPPER	51.39	64.42	62.74
GOLD	51.39	64.42	62.74
PLATINUM	1107.10	1197.50	1183.92
NATURAL GAS	1950.08	1736.00	1708.47
SILVER	27.58	26.72	24.41

IGI Takaful Aggressive Fund For the month of March 2021



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.

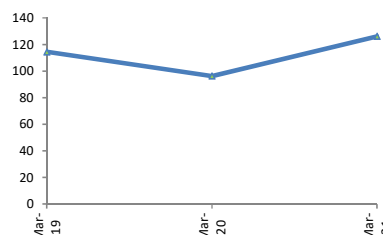
FUND INFORMATION:

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 -4.88% against its last month absolute return of 2.31%.

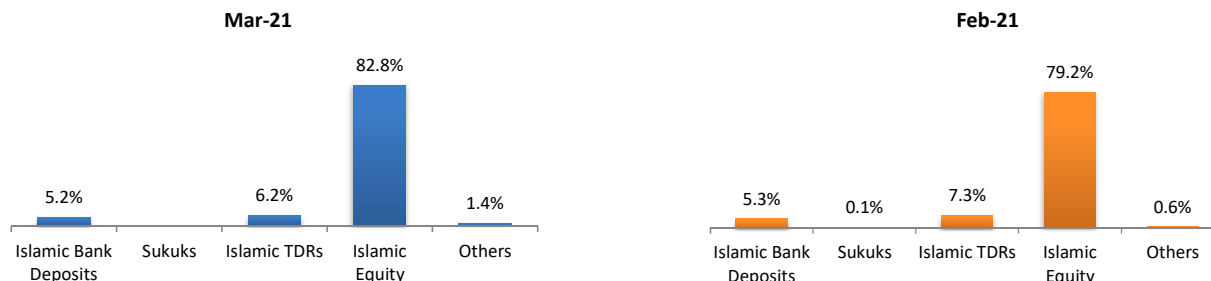
Value of 100 Rupees invested since inception



ASSETS UNDER MANAGEMENT:

	Mar-21	Feb-21	MoM %
NAV per Unit (PKR)	126.1	132.5	-4.88%
Net Assets Value (PKR '000)	624,594	654,276	-4.54%

ASSET ALLOCATION *:



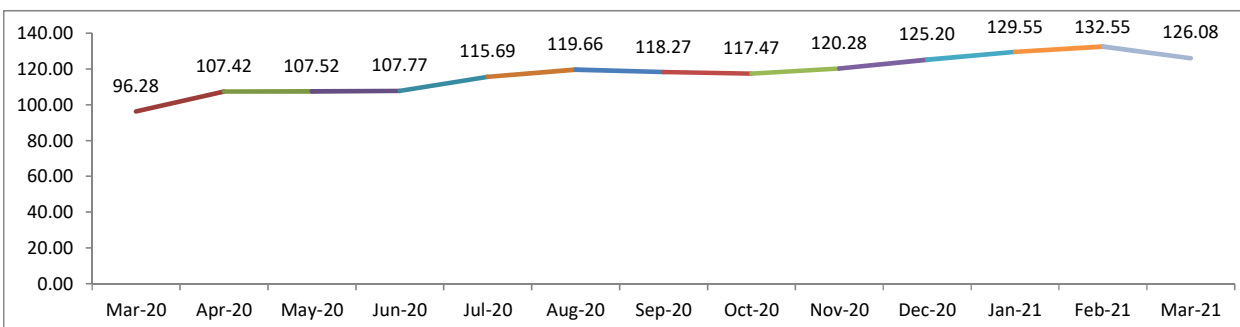
* Asset Allocation have been developed by looking through the underlying assets of mutual funds investments.

FUND PERFORMANCE:

	Absolute Return						Annualized Return
	30 Days	60 Days	90 Days	180 Days	365 Days	CYTD	Since Inception
IGI Aggressive Fund - IAF	-4.88%	-2.68%	0.71%	6.61%	30.96%	0.71%	4.28%

Note: All returns are gross of Fund Management Charges.

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 March 2021



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.

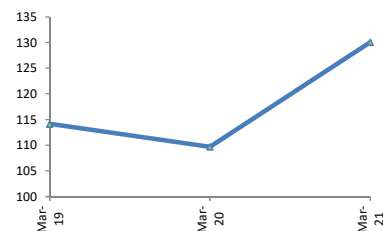
FUND INFORMATION:

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 1.63%.

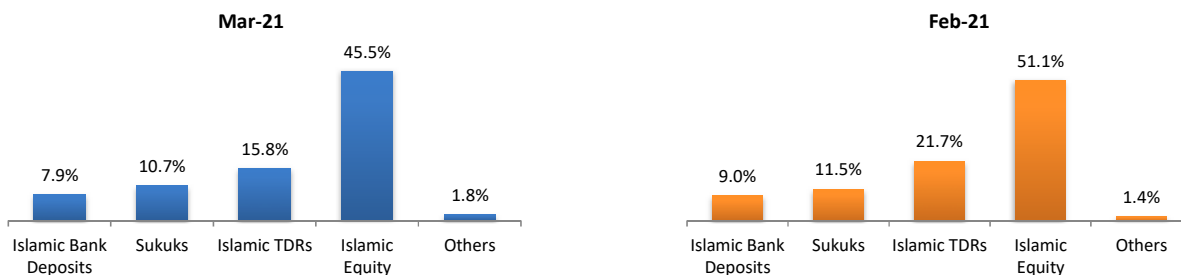
Value of 100 Rupees invested since inception



ASSETS UNDER MANAGEMENT:

	Mar-21	Feb-21	MoM %
NAV per Unit (PKR)	130.1	133.6	-2.67%
Net Assets Value (PKR '000)	1,705,390	1,727,731	-1.29%

ASSET ALLOCATION *:



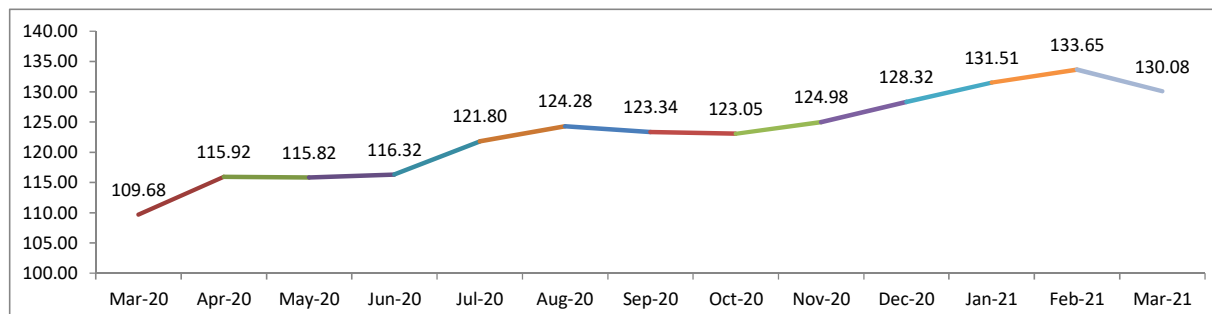
* Asset Allocation have been developed by looking through the underlying assets of mutual funds investments.

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%	-1.08%	1.37%	5.46%	18.60%	1.37%	4.87%

Note: All returns are gross of Fund Management Charges.

IGI Takaful Balanced Fund - IBF 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 Conservative Fund For the month of March 2021



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.

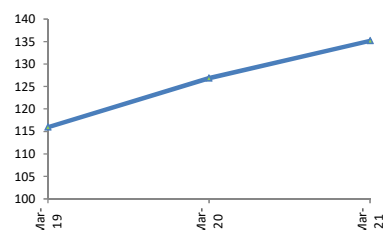
FUND INFORMATION:

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 0.39% against its last month absolute return of 0.37%.

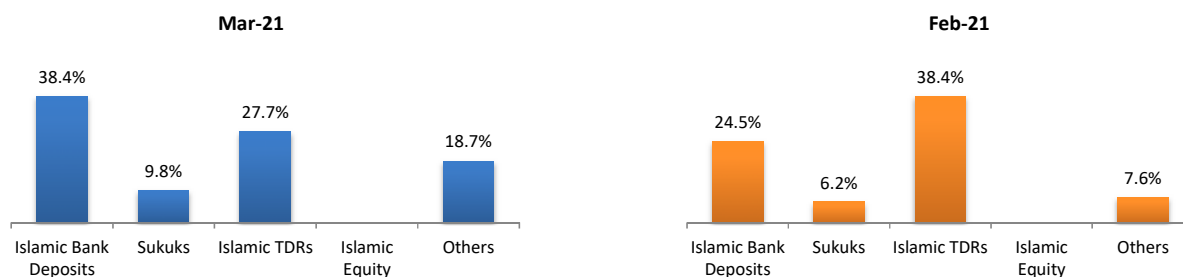
Value of 100 Rupees invested since inception



ASSETS UNDER MANAGEMENT:

	Mar-21	Feb-21	MoM %
NAV per Unit (PKR)	135.2	134.7	0.39%
Net Assets Value (PKR '000)	695,838	628,805	10.66%

ASSET ALLOCATION *:



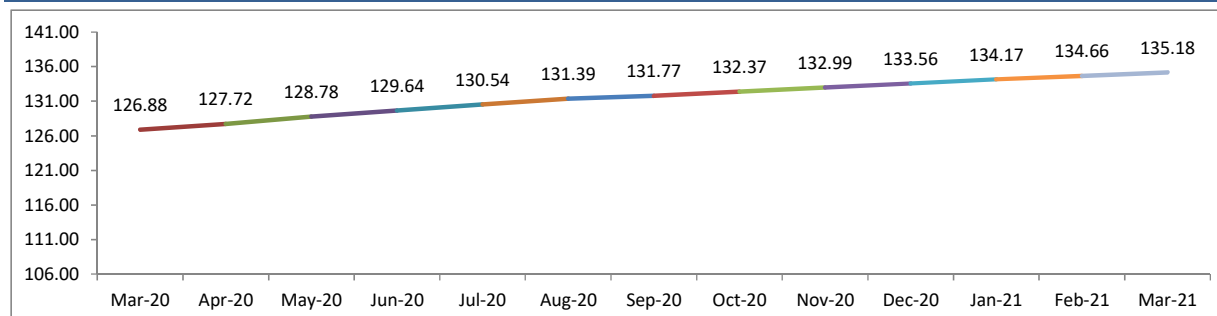
* Asset Allocation have been developed by looking through the underlying assets of mutual funds investments.

FUND PERFORMANCE:

	Absolute Return					Annualized Return	
	30 Days	60 Days	90 Days	180 Days	365 Days	CYTD	Since Inception
IGI Conservative Fund - ICF	0.39%	0.76%	1.21%	2.59%	6.54%	4.92%	5.60%

Note: All returns are gross of Fund Management Charges.

IGI Takaful Conservative Fund - ICF BID PRICE:



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