

Funds Management Report  
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**Macro Review and Outlook:**

May-21: CPI slightly eases to 10.9% y/y

Headline inflation for the month of May-21 eased to 10.9%/y/y as compared to a growth of 11.1% last month. On a monthly basis inflation was up by +0.1%/m/m as compared to an increase of +0.6% last month and +0.3% during same period last year. This takes 11MFY21 average inflation reading to +8.8% y/y compared to last year's +10.9% y/y. Urban indices posted a growth of +0.2%/m/m to 10.84%. Meanwhile rural indices inched down by -0.03%/m/m to 10.9% largely due to decline in rural food inflation (perishables).

Food Inflation inches up by +0.67%/m/m

For the month, food inflation inched up by +0.67%/m/m, key among which are prices of non-perishable food items which were up by +2.15%/m/m (weight: 29.6%). Rise in food prices was largely driven by Chicken (+16.9%) Wheat flour (+9.8%) and Fruits (10.5%). Perishable food items made a negative contribution to the food index, down by -8.51%, notably due to a decline in vegetables prices which went down by -18.84%

Non-food inflation to aid in restricting CPI growth

Growth in non-food index remained restricted due to downwards revision in electricity tariff (-5.61%). As a result utilities index saw a -1.21% m/m decline

Current account balance posts \$773 million surplus in 10MFY21

According to Data released by SBP, Current Account Balance posted a deficit of USD 200mn in Apr-21, shrinking from a deficit of USD 510mn in the same period last year. On a cumulative account, 10MFY21 c/a balance remains in surplus at USD 773mn compared to a deficit of USD 4.6bn last year same period.

Under the trade balance, total import of goods posted a decline of -5%/m/m (+52%/y/y) to USD 5.5bn taking 10MFY21 balance to USD 48.6bn (+8%/y/y). Exports of goods, during the month were down by -11%/m/m (-59%/y/y) to USD 2.8bn taking period total to USD 25.8bn, down by -6%/y/y. Foreign Direct Investment also displayed a contraction of 7%/m/m (+18%/y/y). FX reserves remain stable, up by +10%/m/m (+21%/y/y) for the month under review bring 10MFY21 reserves to USD 202mn.

Worker remittances made a significant contribution to ten month CA surplus. The inflow of remittances was up by +2%/m/m (+55%/y/y) to arrive at USD 24.2bn as compared to USD 18.8bn in the corresponding period in last fiscal year.

May-21: Rate hike delayed until economic recovery finds its firm footing

The State Bank of Pakistan (SBP) in its latest Monetary Policy Statement (MPS) announcement for the next two months on Friday 28th May, 2021 kept policy rate 'unchanged'.

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

The latest monetary policy highlighted favorable 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 demand side pressures arising as economic recovery progresses.

## FUNDS MANAGEMENT REPORT

### For the month of May 2021



#### Equity Market Review and Outlook:

May-21: Market remains upbeat with positive investor sentiments

After witnessing lackluster performance during preceding three months, the local equity market came back with a strong recovery in May with the benchmark KSE100 Index increasing by 8.2%MoM. The positive momentum is largely driven by 1) improving macroeconomic indicators (above-expected GDP growth, higher remittances flows and strong balance of payment position) 2) noticeable decline in Covid-19 cases from peak of 6,000 to below 2,000 cases and 3) improving political situation (end to PDM opposition alliance and TLP protests). Besides, encouraging news flow on the upcoming FY22 federal budget also reinforced the uptrend and investors' confidence. Depicting rising investor interest, market activity also improved with traded value and volumes increasing by 21.3%/58.9MoM, respectively. Foreigners remained net sellers offloading shares amounting to USD43.4mn during the month. Among domestic investors, individuals and other organization remained net buyers, mopping up shares worth USD26.1mn and USD17.1mn, respectively.

The increase in the index was led by the Banking sector which contributed 767pts amid attractive valuations. Cement sector added 591pts due to expectation of higher allocation to PSDP in the upcoming budget. E&P Sector rallied by 338pts as the government shelved its plan to divest OGDCL and PPL, whereas the OMC and Power sectors rallied by 285 and 160 points respectively due to upcoming circular debt payment

Pakistan equities are likely to continue the positive momentum and attract flows owing to cheaper valuation (trading at a Forward P/E of 6.2x against peer average 15.5x) and improvement in the macroeconomic landscape. Barring any external shock, we think equities have potential to provide decent returns to investors.

#### Money Market Review and Outlook:

During the month of May-21, SBP conducted two T-bills auctions with a target of PKR 1,000bn against the maturity of PKR 674bn. The total accepted amount was PKR 1,051bn. The cut-off yields in the last T-Bills Auction were 7.35%, 7.60% and 7.69% for 3M, 6M and 12M tenor. SBP conducted Fixed PIB auction with a target of PKR 125bn. The government accepted a cumulative PKR 179bn, and the cut off yields were 8.70%, 9.20%, 9.84%, 10.40% and 10.56% for the 3Y, 5Y, 10Y, 15Y and 20Y tenor respectively. The government did not accept any amount through the Floater PIB Auctions held in the month. On the Islamic Front, government did not had any auction. During May-21, secondary market yields of T-Bills increased by an average of 5bps while yields of longer tenor bonds declined by an average of 14bps as there is a general market consensus that due to the ongoing third wave of Covid-19, the SBP would not increase interest rates in the near future. Going forward, we expect the SBP to maintain status quo in the Monetary Policy Statements for the next few months to support the recovery of the economy. The SBP considers the present accommodative monetary policy to be appropriate and it will aim for positive real rates only gradually. The next monetary policy decision in July 2021 is likely to be influenced by details of the upcoming Budget, the future trajectory of Covid-19 cases in Pakistan, and global commodity price trends.

Source: SBP, PBS, Bloomberg

# IGI Takaful Aggressive Fund For the month of May 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.

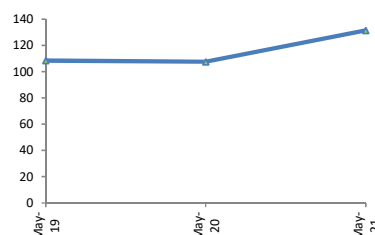
## FUND INFORMATION:

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 6.53% against its last month absolute return of -2.20%.

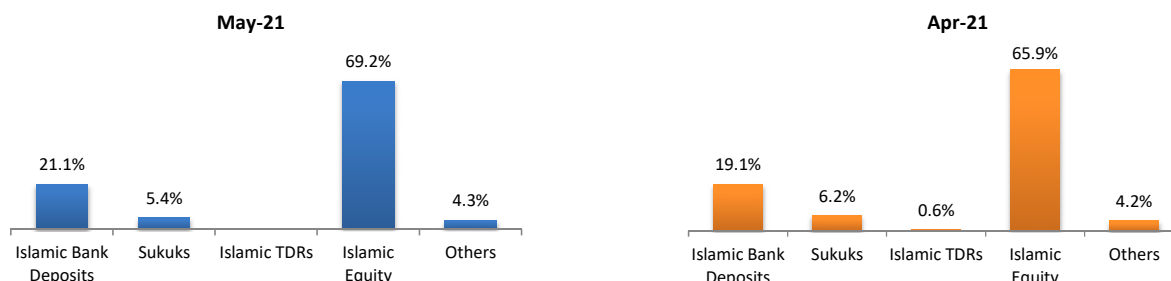
### Value of 100 Rupees invested since inception



## ASSETS UNDER MANAGEMENT:

	May-21	Apr-21	MoM %
NAV per Unit (PKR)	131.4	123.3	6.53%
Net Assets Value (PKR '000)	667,535	618,137	7.99%

## ASSET ALLOCATION \*:



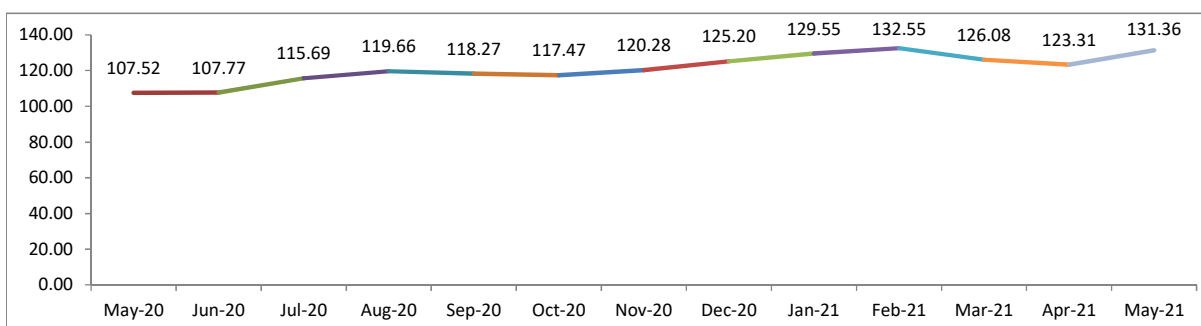
\* Asset Allocation have been developed by looking through the underlying assets of mutual funds investments.

## FUND PERFORMANCE:

	Absolute Return						Annualized Return
	30 Days	60 Days	90 Days	180 Days	365 Days	CYTD	Since Inception
IGI Aggressive Fund - IAF	6.53%	4.19%	-0.90%	9.21%	22.17%	4.92%	4.90%

**Note: All returns are gross of Fund Management Charges.**

## IGI Takaful 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 May 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.

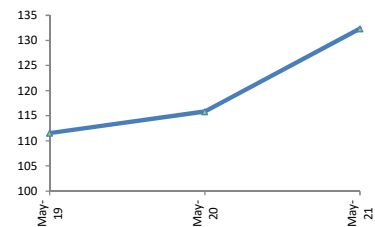
## FUND INFORMATION:

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

## RETURNS:

During the month the fund generated an absolute return of 2.41% against its last month absolute return of -0.66%.

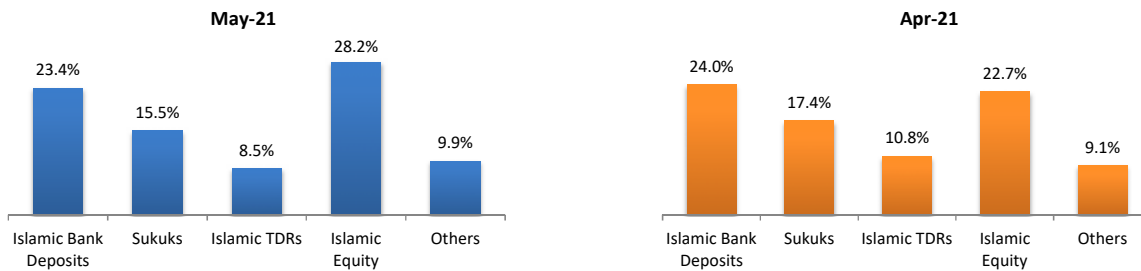
### Value of 100 Rupees invested since inception



## ASSETS UNDER MANAGEMENT:

	May-21	Apr-21	MoM %
<b>NAV per Unit (PKR)</b>	132.3	129.2	2.41%
<b>Net Assets Value (PKR '000)</b>	1,767,526	1,707,767	3.50%

## ASSET ALLOCATION \*:



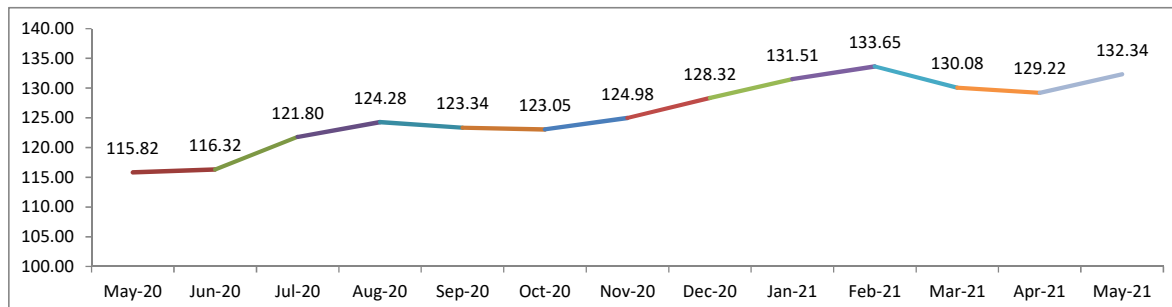
\* Asset Allocation have been developed by looking through the underlying assets of mutual funds investments.

## FUND PERFORMANCE:

	Absolute Return						Annualized Return
	30 Days	60 Days	90 Days	180 Days	365 Days	CYTD	Since Inception
<b>IGI Balanced Fund - IBF</b>	2.41%	1.73%	-0.98%	5.88%	14.26%	3.13%	5.04%

**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 May 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.

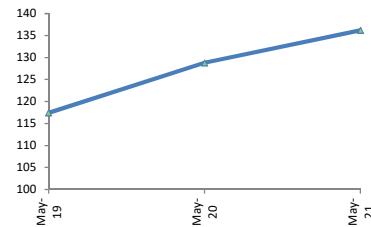
## FUND INFORMATION:

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 0.32% against its last month absolute return of 0.45%.

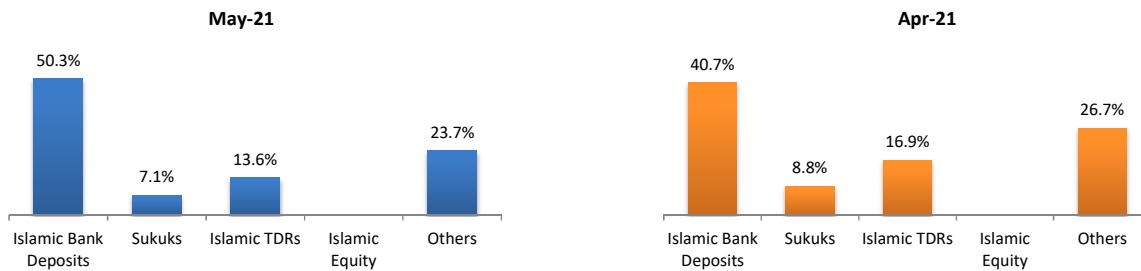
### Value of 100 Rupees invested since inception



## ASSETS UNDER MANAGEMENT:

	May-21	Apr-21	MoM %
NAV per Unit (PKR)	136.2	135.8	0.32%
Net Assets Value (PKR '000)	929,142	739,359	25.67%

## ASSET ALLOCATION \*:



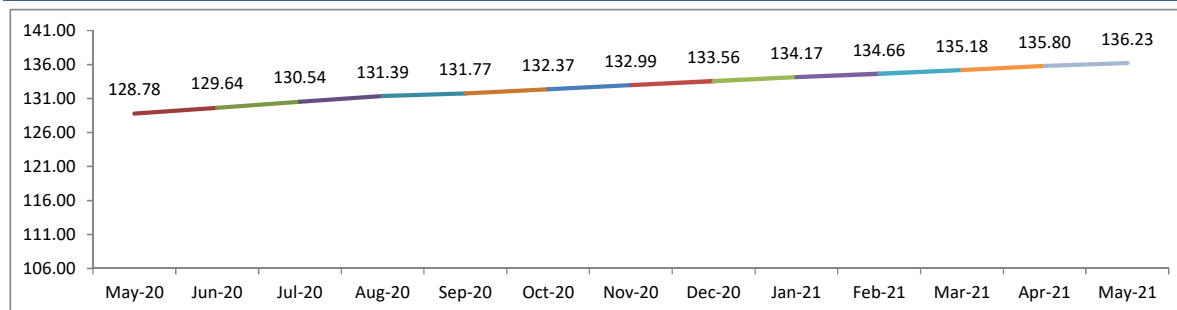
\* Asset Allocation have been developed by looking through the underlying assets of mutual funds investments.

## FUND PERFORMANCE:

	Absolute Return					Annualized Return	
	30 Days	60 Days	90 Days	180 Days	365 Days	CYTD	Since Inception
IGI Conservative Fund - ICF	0.32%	0.77%	1.17%	2.43%	5.78%	4.82%	5.58%

*Note: All returns are gross of Fund Management Charges.*

## IGI Takaful Conservative Fund - ICF 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.*