

Funds Management Report November - 2021

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Macro Review and Outlook:

National Headline inflation climbs to +11.5% y/y, highest since Feb-20

For the month of Nov-21, headline inflation as measured by CPI clocked in at +11.53% Y/y compared to +9.19% and +8.35% Y/y in Oct-21 and Nov-20, respectively. This is the highest monthly Y/y increase since Feb-20.

5MFY22 average inflation up +9.3% compared to +8.8% last year

With this, the average inflation for 5MFY22 arrives at 9.29% Y/y compared to +8.76% Y/y in same period last year.

Nearly all indices showed a growth during Nov-21; with leading the chart up +10.5%/y

The uptick in CPI was led by primarily by Food up by +10.5% Y/y, followed by Transport +24.4% Y/y, Housing +14.8% Y/y, Clothing & Footwear +9.8% Y/y, and Restaurants +11.0% Y/y.

Similar story on a monthly basis

On monthly basis, CPI registered an increase of +2.98% mainly attributable to higher Food index +4% M/m, Housing index +2.4 % M/m, Household Equipment +1.6% M/m and Transport index +6.3% M/m.

Under food index major growth was witnessed for Perishable food index up by +14.82% M/m increase with items such as Mustard Oil, Tomatoes, Potatoes and other fresh vegetables contributing the most. Moreover, the non-perishable food index too posted a jump during the month, up +2.14% M/m.

Energy and POL products all contributed to monthly rise

In addition, an increase in petroleum products- prices on account of higher international oil prices pushed up the Transport Index by +6.31% M/m. This followed by Housing index up by +2.41% M/m on the back of higher electricity charges.

Core-inflation continue to climb unabated

The core inflation inched up Urban +1.1% M/m vs. Rural +1.8% M/m during Nov-21, from last month +0.9% M/m and +1.0% M/m, respectively.

The urban core inflation measured by nonfood, non-energy (NFNE) during Nov-21, increased by +7.6% Y/y as compared to an increase of +6.7% in the previous month and +5.6% in Nov-20. Rural, on the other hand, increased by +8.2% Y/y in Nov-21 as compared to an increase of +6.7% in the previous month and +7.4% in Nov-20.

Rate hiked by 150bps, as to counter rising inflation

The State Bank of Pakistan (SBP) in its latest Monetary Policy Statement (MPS) announcement for the Friday 19th November, 2021 raised the key policy rate by 150bps to 8.75% and subsequently reverse repo and reo rate to 9.75% and 8.75%. The decision is in-line with market participants, with majority expecting a 100-200bps raise. In addition, the SBP has also increased its Monetary Policy Committee meeting frequency from earlier 6 every year to now 8 every year.

Back on the monetary policy statement, the release highlighted reasons to raise the rates;

- 1 #.Rising inflation,
- 2 #.Widening current account deficit, and
- 3 #.Weakening Exchange rate

Inflation worries takes the front seat, as global issues became more permanent at home

To what started off as a global supply-chain disruptions, combined with PKR devaluation have fed into domestic inflation. Nearly all indices including CPI, SPI and core have shown an upward trend. And more so on the domestic front, demand side plus supply side misbalance is further keeping businesses inflation expectations on the higher side, as they factor in higher administrated costs in months ahead. These supply-side issues were initially thought of transitory nature on domestic inflation. However what follows it was widening current account deficit and subsequently devaluing of PKR further exacerbating its impact on domestic inflation, and such making these transitory factor in to more of a permanent in nature. Nevertheless, the burden of these risks have caused SBP to swiftly shift away from its previous stance of growth-over-inflation to inflation-over-growth.

FUNDS MANAGEMENT REPORT For the month of November 2021



Double-digit Inflation needs to be tackled with a double-digit Interest rate

Looking ahead, if arresting further PKR depreciation and subsequently reduce the size of current account deficit is the new objective that SBP will work on, than we most likely to see further monetary tightening in the coming months. Inflation is likely to hit a double-digit growth starting this month Nov-21, projected ~10.2%/y and will continue to do so till 3QFY22, until effects of monetary transmission becomes visible. Hence given the divergence between interest rates and inflation on the horizon will further widen up. As per SBP guidance, future rate hikes will be done to bring the real rates in positive territory.

In continuation of SBP's new objective to arrest PKR devaluation and reduce current account deficit, some positive news received earlier today on 22nd November, 2021 whereby IMF released a statement stating staff level agreement has finally been reached which post final approval from executive will lead to disbursement of USD 1.0bn under its USD 6.0bn Extended Fund Facility (EFF) program 6th review tranche. While we await the full document, among other things more surprisingly IMF highlighted the need to adopt adequate monetary policies as to anchor down inflation, preserve flexible exchange rate regime, and subsequently build-up FX reserves.

Further 100-150bps expected in Dec-21 meeting

Considering the aforementioned developments and SBP guidance, we think rate hikes are likely to come by and this quicker and more significant. We believe to counter double-digit inflation rates too will be pushed in a double-digit. For that matter we expect 100-150bps rise much likely in the remainder of the FY22.

Oct-21: Current account balance registered a deficit of USD 1.663bn despite growth in exports

Current account balance posted a deficit of USD 1.66bn for the month of Oct-21, taking 5MFY22, cumulative deficit to USD 5.08bn compared to a surplus of USD 1.3bn last year.

During the month under exports of goods, declined by 8% to USD 2.45bn taking 5M total exports to USD 9.68bn (USD 7.323bn last year same period; +32%). However, runaway global commodity prices meant country's import bill showed a slight decline of 0.3%/m/m to USD 6.03bn, but was up by +73% to USD 23.48bn during 5M.

Combined trade deficit of goods and services clocked in USD 3.8bn during Oct-21 (USD 3.5bn in Sep-21), but almost doubled to USD 14.85bn during the 5MFY22, versus USD 7.5bn last year same period.

Moreover, worker's remittances received remained flat at USD 2.7bn on down by 3% on m/m basis, taking 5M2022 total to USD 11.32bn up by +4%/y.

Given the current trend in C/a balance we could be looking at a cumulative deficit of USD ~9-10bn by 2022 year end.

Equity Market Review and Outlook:

KSE 100 declined by 2.4%; on monetary policy hangover and weakening currency

The KSE-100 index experienced another round of battering in Nov-21, as it decreased by 1,146 points (-2.4%) to close the month at 45,072 points.

The lackluster performance of the index can be attributed to higher than expected increase in policy rate by SBP and passive outflows on the back of Pakistan's formal downgrade from MSCI Emerging Market Index to Frontier Market. Pakistan reaching staff level agreement with the IMF failed to improve investors' sentiment amid concern over deteriorating macros.

Foreign selling continued in this month where foreign investors' offloaded shares worth USD 141mn compared to USD 31mn in the previous month. Majority of the selling was absorbed by corporates and Insurance companies with a net inflow of USD 49mn and USD 30mn respectively.

The market activity increased as average daily trade value inclined by 23.7% m/m to USD 72mn.

Sectors which declined the most were Engineering sector (-14.1%), Cable and Electric sector (-13.6%), and Auto Parts (-7.9%). On the contrary, Leather, Real Estate and Glass sector witnessed increase by 9.3%, 3.0%, and 2.8% respectively during the month.

The market is expected to remain volatile in short run as concerns over external account position and higher inflation trajectory cast risks in investors' mind. However, we highlight that market is trading at a forward P/E of 6.0x (last 10 year average: 8.1x) and offers an attractive dividend yield of 8.3% indicating deep valuation discount.

FUNDS MANAGEMENT REPORT For the month of November 2021



Money Market Review and Outlook:

Rise in CRR and Policy Rate prompted an early and more pompous rise in yields

During the month, SBP increased the CRR (Cash Reserve Requirement) from 5% to 6% to limit the liquidity in the market and align its decisions to tighten monetary policy.

State Bank of Pakistan conducted a Treasury bill auction on Nov 17th, 2021.

The auction had a total maturity of PKR 527bn against a target of PKR 600bn. Auction witnessed a total participation of PKR 515bn. Out of total participation bids worth, PKR 276bn were received in 3 months' tenor, PKR 105bn in 6 months, and PKR 133bn in 12 months' tenor. SBP accepted total bids worth PKR 54bn in 3 months' tenor at a cut-off yield of 8.5%. Bids for 6 months' tenor and 12 months' tenor were rejected.

Auction for Fixed coupon PIB bonds was held on Nov 29th, 2021 with a total target of PKR 150bn. Total participation of PKR 288bn was witnessed in this auction out of which 3, 5, 10 & 15 tenors received bids worth PKR 84bn, PKR 84bn, PKR 114bn & PKR 4bn respectively. State bank of Pakistan accepted bids worth 25bn in 3 years, 57bn in 05 years & 35bn in 10 years at a cutoff rate of 11.34%, 11.59% & 11.79% respectively. Bids in 15 years tenor were rejected.

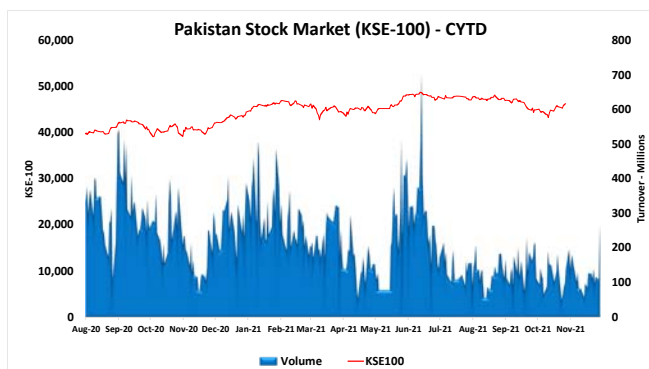
Auction for Semi-annual Floating Rate Bond was held on Nov 17th, 2021 with a total target of PKR 50bn. Bids worth PKR 17.25bn and 10.25bn were received in 5 years and 10 years in this auction, SBP rejected all the bids.

Auction for Quarterly reset floating Rate Bond was held on Nov 17th, 2021 with a total target of PKR 25bn. Bids worth PKR 14.25bn were received in this auction, SBP rejected all the bids.

Auction for Fortnightly Reset - Quarterly Payment Coupon floating Rate Bond was held on Nov 17th, 2021 with a total target of PKR 25bn. Bids worth PKR 64bn were received in this auction out of which SBP accepted bids worth PKR 29bn.

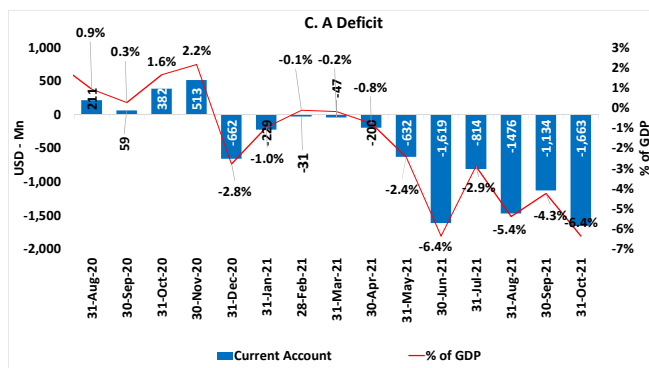
Source: SBP, PBS, Bloomberg

FUND MANAGER REPORT - Key Economic Indicators
As at November 30, 2021

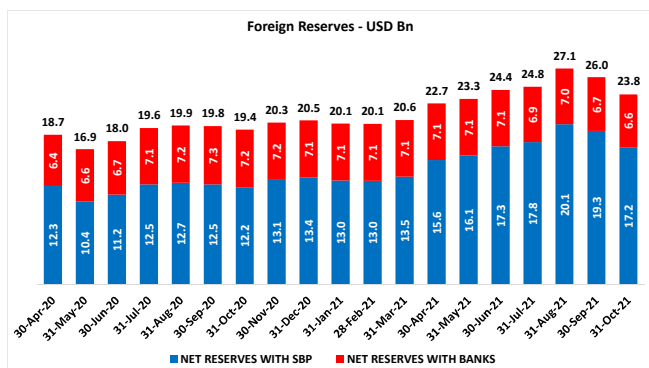


PSX Performance	KSE100	KSE30	KMI30	KSEALL
31-Dec-20	43,755	18,180	71,168	30,780
31-Oct-21	46,185	17,933	74,486	31,597
30-Nov-21	45,072	17,430	73,211	30,832
MTD - %	-2.41%	-2.81%	-1.71%	-2.42%
CYTD - %	3.01%	-4.13%	2.87%	0.17%

Portfolio (USD - Mn)	MTD	CYTD
FOREIGN CORPORATES	-152.27	-430.4
FOREIGN INDIVIDUAL	1.27	4.08
OVERSEAS PAKISTANI	9.66	65.975
FIPI	-141.34	-360.345
BANKS / DFI	8.24	6.38
BROKER PROPRIETARY TRADING	3.68	-31.12
COMPANIES	49.24	90.71
INDIVIDUALS	26.92	237.22
INSURANCE COMPANIES	29.56	-34.96
MUTUAL FUNDS	16.04	4.12
NBFC	0.05	2.54
OTHER ORGANIZATION	7.61	85.46
LIPI	141.34	360.35

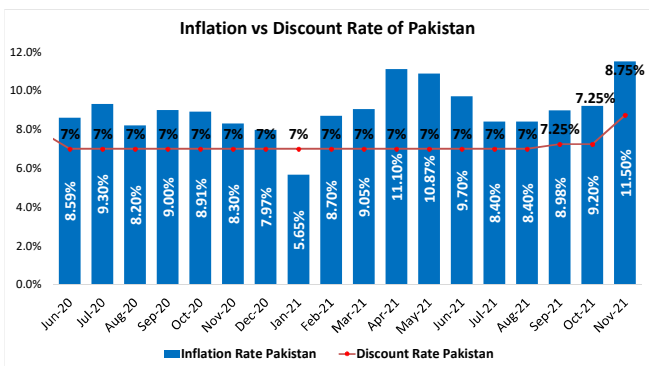


Global Market Performance			MTD - %	CYTD - %
Index				
Karachi 100	Pakistan		-2.41%	3.01%
BSE Sensex	India		-3.78%	19.50%
Dow Jones	USA		-3.73%	12.67%
S&P 500	USA		-0.83%	21.59%
Nasdaq	USA		0.25%	20.56%
FTSE 100	UK		-2.46%	9.27%
Euro Stoxx 50	Euro Zone		-4.41%	14.37%
Shanghai	China		0.47%	2.61%
Nikkei 225	Japan		-3.71%	1.38%
CAC 40	France		-1.60%	21.07%
MOEX	Russia		-6.25%	18.29%



Forex Rates		Dec-20	Oct-21	Nov-21
USD		159.90	171.00	176.60
EUR		195.00	197.00	196.00
JPY		1.55	1.41	1.41
GBP		214.00	235.50	233.50
CNY		24.60	23.75	23.75

PKRVs		Dec-20	Oct-21	Nov-21
3M		7.08%	8.18%	9.74%
6M		7.17%	8.78%	10.17%
1Y		7.26%	9.09%	10.72%
3Y		8.28%	9.89%	11.37%
5Y		9.25%	10.15%	11.48%
7Y		9.65%	10.56%	11.67%
10Y		10.00%	11.00%	11.94%



International Commodities		Dec-20	Oct-21	Nov-21
Arab Light		51.18	81.28	66.18
BRENT CRUDE OIL		51.39	84.71	70.57
WTI CRUDE OIL		49.93	84.05	66.18
Coal [API4 - FOB Richards Bay]		90.35	210.00	118.25
Steel (USD/ton)		1,005.00	1,803.00	1,610.00
HRC (USD/ton)		4,572.20	5,120.00	4,624.00
COPPER USD		3.52	4.37	4.28
GOLD		1,950.08	1,795.55	1,776.50
PLATINUM		1,107.10	1,063.78	933.35
NATURAL GAS		2.67	5.42	4.57
SILVER		27.58	24.02	22.77

IGI Takaful Aggressive Fund For the month of November 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.

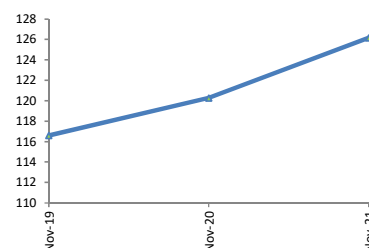
FUND INFORMATION:

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 -1.58% against its last month absolute return of 3.08%.

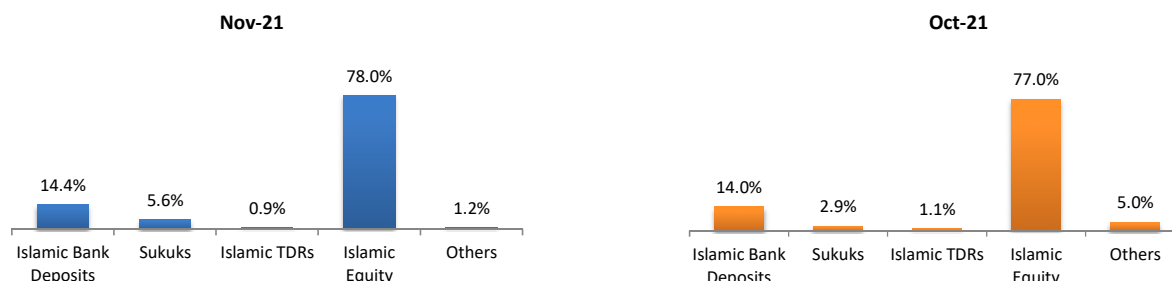
Value of 100 Rupees invested since inception



ASSETS UNDER MANAGEMENT:

	Nov-21	Oct-21	MoM %
NAV per Unit (PKR)	126.2	128.2	-1.58%
Net Assets Value (PKR '000)	676,825	697,775	-3.00%

ASSET ALLOCATION *:



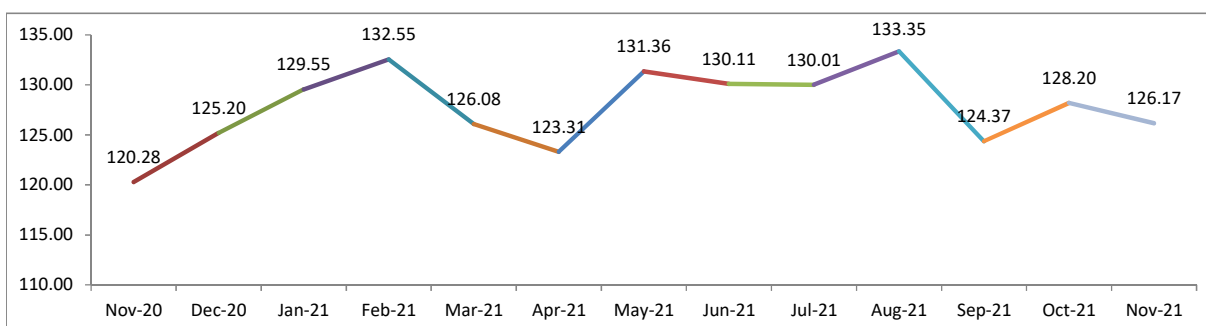
* Asset Allocation have been developed by looking through the underlying assets of mutual funds investments.

FUND PERFORMANCE:

	Absolute Return						Annualized Return
	30 Days	60 Days	90 Days	180 Days	365 Days	CYTD	Since Inception
IGI Aggressive Fund - IAF	-1.58%	1.45%	-5.39%	-3.95%	4.89%	0.78%	3.82%

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 November 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.

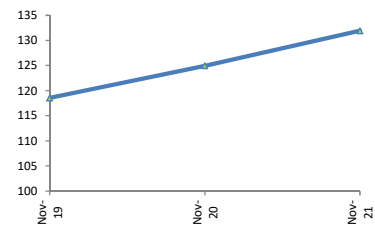
FUND INFORMATION:

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 0.23% against its last month absolute return of 1.25%.

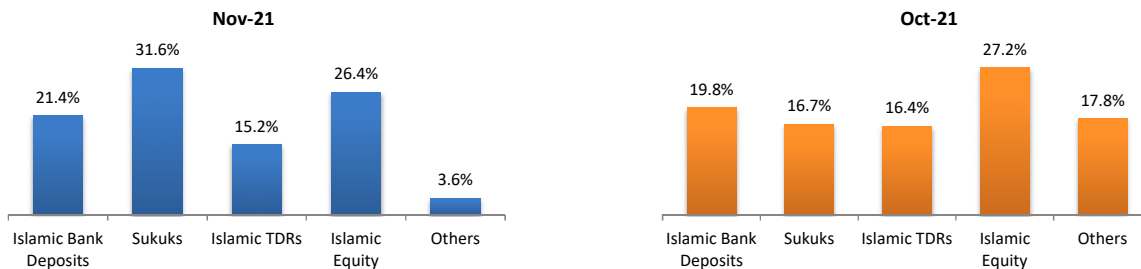
Value of 100 Rupees invested since inception



ASSETS UNDER MANAGEMENT:

	Nov-21	Oct-21	MoM %
NAV per Unit (PKR)	132.0	131.7	0.23%
Net Assets Value (PKR '000)	1,962,748	1,953,687	0.46%

ASSET ALLOCATION *:



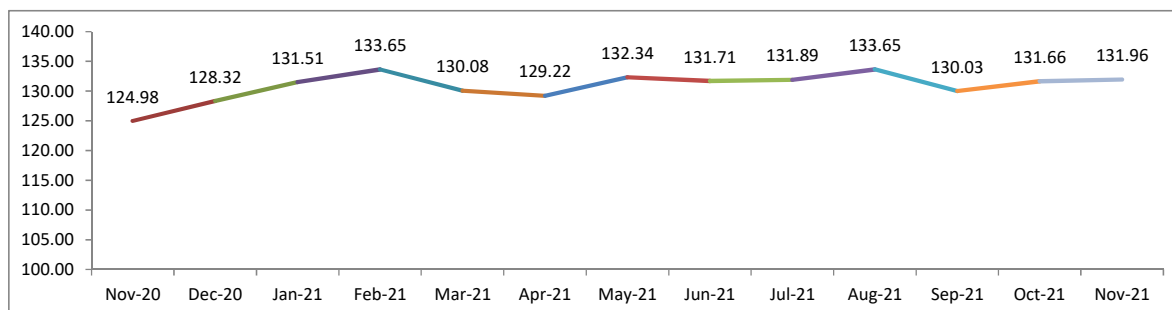
* Asset Allocation have been developed by looking through the underlying assets of mutual funds investments.

FUND PERFORMANCE:

	Absolute Return						Annualized Return
	30 Days	60 Days	90 Days	180 Days	365 Days	CYTD	Since Inception
IGI Balanced Fund - IBF	0.23%	1.48%	-1.27%	-0.28%	5.58%	2.84%	4.57%

Note: All returns are gross of Fund Management Charges.

IGI Takaful Balanced Fund - IBF BID PRICE:



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IGI Takaful Conservative Fund For the month of November 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.

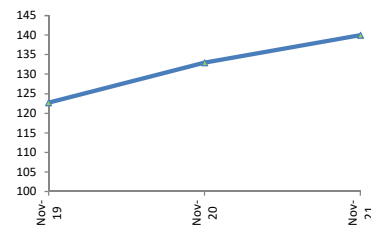
FUND INFORMATION:

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 0.40% against its last month absolute return of 0.71%.

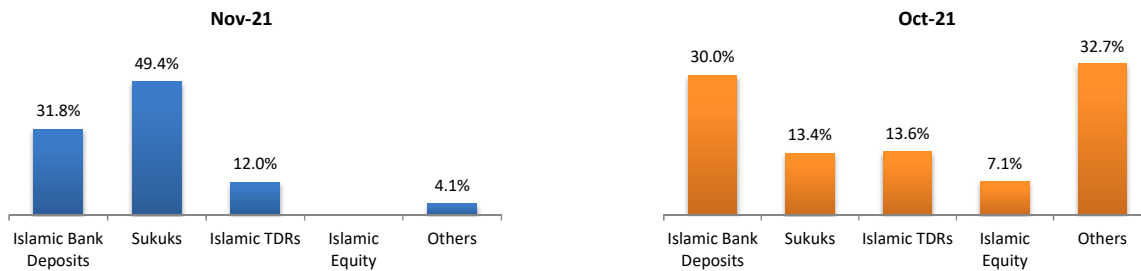
Value of 100 Rupees invested since inception



ASSETS UNDER MANAGEMENT:

	Nov-21	Oct-21	MoM %
NAV per Unit (PKR)	140.0	139.4	0.40%
Net Assets Value (PKR '000)	1,280,348	1,246,510	2.71%

ASSET ALLOCATION *:



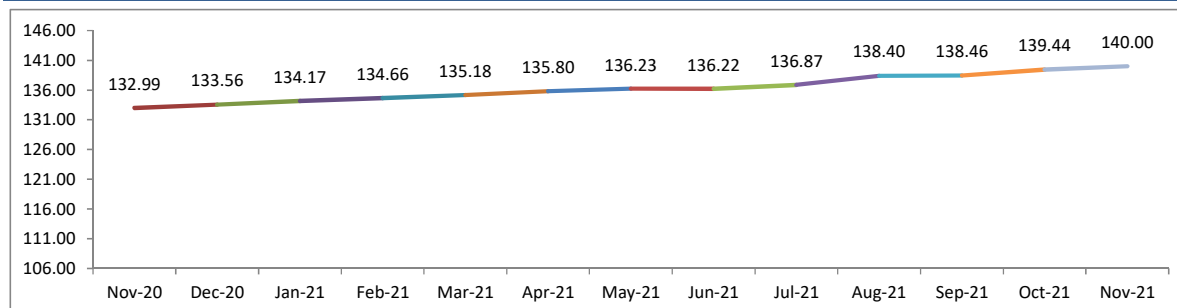
* Asset Allocation have been developed by looking through the underlying assets of mutual funds investments.

FUND PERFORMANCE:

	Absolute Return					Annualized Return	
	30 Days	60 Days	90 Days	180 Days	365 Days	CYTD	Since Inception
IGI Conservative Fund - ICF	0.40%	1.11%	1.16%	2.77%	5.27%	5.27%	5.58%

Note: All returns are gross of Fund Management Charges.

IGI Takaful Conservative Fund - ICF BID PRICE:



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