

Funds Management Report J u n e 2 0 2 1

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Macro Review and Outlook:

Inflation: Headline CPI clocks in at +9.7%/y/y

Headline inflation for the month of Jun-20 eased to 9.7%/y/y as compared to a growth of 10.9% last month. On a monthly basis inflation was down by 0.2%/m/m as compared to an increase of +0.6% last month and +0.3% during same period last year. This takes FY21 average inflation reading to +8.9% y/y compared to last year's +10.8% y/y which remained in SBPs target range of 7-9%

Urban and Rural indices posted a growth of 9.68%/y/y and 9.73%/y/y while posting a decline of -0.37% and 0.06% respectively on a monthly basis.

Food Inflation softens by -1.77%/m/m to 10.48%/y/y

For the month, food inflation relaxed by -1.77%/m/m, key among which are prices of non-perishable and perishable food items which remained down by -1.77%/m/m (weight: 29.60) and 1.69% (weight:4.99). Decline in food prices was largely led by prices of Chicken (-36.9%) and Fruits (-20.07%).

Non-food inflation on an upwards trajectory

Non-food inflation remained more pronounced in urban areas where it posted an increment of +0.6%/m/m (+8.9%/y/y) whereas in rural areas it declined by -0.6%/m/m (+9.7%/y/y) respectively. This was largely driven by an increase in price of petroleum products (Urban: +26.26%/m/m, Rural: +13.53%/m/m) and motor fuel (Urban: +3.84%/m/m, Rural: 0.93%)

Towards the start of FY22, we see food inflation to increase with Oil and Ghee prices to increase up to PKR 18/litre. However some support to prices of perishable commodities may come from government's decision to import wheat (4mn tonnes) alongside bumper crop production of 27mn tones this year.

Furthermore, administrative decision by the government of an upwards revision in POL prices (Petrol: PKR 2.00, Kerosene: PKR 3.86, LDO: PKR 3.72. HSD: PKR 1.44) and potential increase in petroleum levy under the IMF program for revenue stabilization in the upcoming months may put further pressure on non-food inflation.

May-21: Current account balance posts sixth consecutive deficit since Dec-21

For the sixth consecutive month, current account balance posted a deficit of USD 632mn as compared to a surplus of USD 0.344bn in May 20 reducing 11MFY21 surplus to USD 015bn. The import volume remained notably high at USD 5.5bn, up by +73% on a y/y basis while reducing slightly by 0.14% on a monthly basis. Exports volume on the other hand remained low at USD 2.6bn as compared to a volume of USD 2.8bn in Apr-21, a decline of 7%/m/m (+62%/y/y) which is mainly owing to partial lockdowns in May 21 and reduced number of working days due to Eid holidays. Worker remittances also posted a slowdown of 10%/m/m (-117%/y/y) arriving at USD 2.4bn. This takes 11m cumulative remittances inflow to USD 26.7bn as compared to USD 20.6bn in same period last year (+29%/y/y)

FUNDS MANAGEMENT REPORT For the month of June 2021



Equity Market Review and Outlook:

Jun-21: KSE 100 plummets over 540 points as negative macroeconomic developments overshadow FY22 budgetary incentives and relief measures

After posting a robust performance of 8.2% during May-21, KSE-100 index was down by 1.13%/m/m, closing at 47,356 points, a reduction of 540 points. Overall market volumes for KSE All averaged 912mn during the month compared to 435mn in previous month.

Federal Budget FY22 painted a positive picture for economic growth by putting forward multiple incentives and positive relief measures for various industries. However negative developments in the wider economy led to the Budget measures being sidelined including postponement in IMF review until Sept-22, MSCI proposal to downgrade Pakistan from Emerging Markets to Frontier Market index, political disturbances in Afghanistan owing to abrupt US exit, rising concerns on twin deficits, relatively higher Oil prices and buildup of inflationary pressures. On a monthly basis, average daily traded volume and volume contributed to expansion of market activity by posting growths of +18% and 10% respectively.

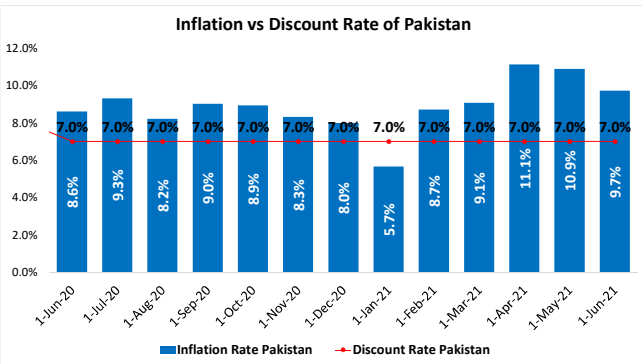
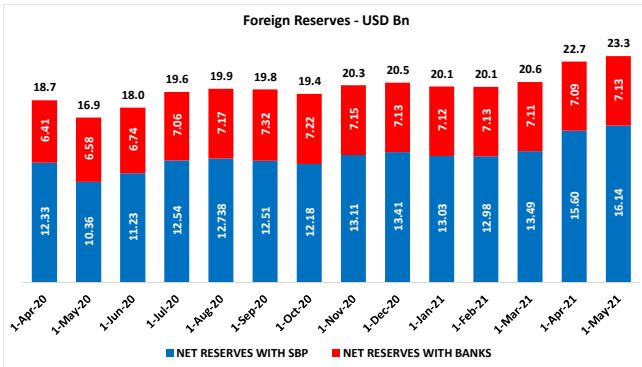
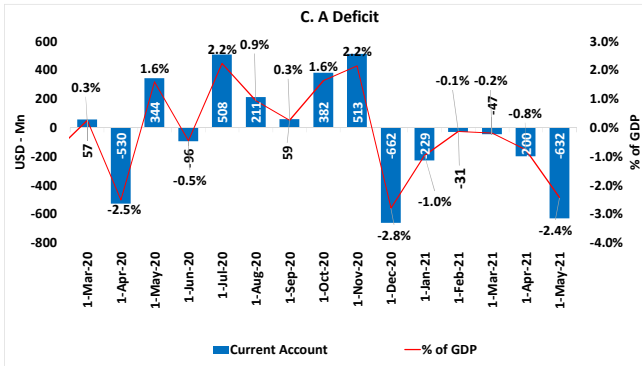
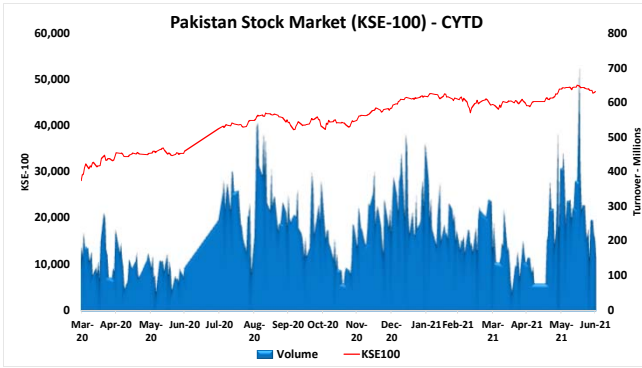
Banking sector with a heavy weight of 23% dragged the index down by -41 pts owing to foreign selling despite attractive valuations leading to the decrease in index. The negative contribution was followed by Cement sector (-335pts) primarily caused by rising coal prices and profit taking. Furthermore, E&P, Chemicals, and OMC sector made negative contributions of -118, -74, & -49pts during the month, respectively. On the other hand, Technology sector added 100pts to index, a return of 16.8% largely driven by the rally in System Limited. The positive momentum in the equity market is likely to continue owing to positive macroeconomic developments coupled with attractive pricing, trading favorably at a forward P/E of 6.1x against a much higher peer average of 15.7x.

Foreigners remained net sellers with a net outflow of USD 31.8mn during the month. Among domestic investors, individuals and companies remained net buyers, taking up shares worth USD50.7mn and USD18.2mn, respectively.

Money Market Review and Outlook:

T-Bill yields remain flattish while long term yields post increments in anticipation of rising inflationary pressures. During the month of June-21, SBP conducted three T-bills auctions with a target of PKR 2,250bn against the maturity of PKR 2,205bn. The total accepted amount was PKR 2,586bn. The cut-off yields in the last T-Bills Auction were 7.31% and 7.58% for 3M and 6M tenor respectively. SBP conducted Fixed PIB auction with a target of PKR 125bn. The government accepted a cumulative PKR 159bn, and the cut off yields were 8.69%, 9.20%, and 9.84% for the 3Y, 5Y, and 10Y tenor respectively. On the Islamic side, government did not hold any auction. During the outgoing month, secondary market yields of T-Bills remained flattish. On the other hand longer tenor bond yield posted increments by an average of 12bps owing to rising international oil prices and controlled covid-19 cases. The market expected that the SBP may initiate monetary tightening cycle sooner than expected. 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. According to the forward looking guidance provided by SBP it is to maintain mildly positive interest rates until economic recovery gains firm footing. Any future increase in the policy rate is expected to be measured and gradual.

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



PSX Performance	KSE100	KSE30	KMI30	KSEALL
31-Dec-20	43,755	18,180	71,168	30,780
31-May-21	47,896	19,602	78,750	32,239
30-Jun-21	47,356	18,962	76,622	32,480
MTD - %	-1.13%	-3.27%	-2.70%	0.75%
CYTD - %	8.23%	4.30%	7.66%	5.52%

Portfolio (USD - Mn)	MTD	CYTD
FOREIGN CORPORATES	-31.67	-130.92
FOREIGN INDIVIDUAL	-1.43	-0.11
OVERSEAS PAKISTANI	1.24	20.59
FIPI	-31.86	-110.44
BANKS / DFI	4.88	-30.43
BROKER PROPRIETARY TRADING	-11.35	-25.32
COMPANIES	18.23	48
INDIVIDUALS	50.79	179.08
INSURANCE COMPANIES	-48.75	-93.15
MUTUAL FUNDS	9.37	-9.6
NBFC	0.34	-0.99
OTHER ORGANIZATION	8.35	42.85
LIPI	31.86	110.44

Global Market Performance			MTD - %	CYTD - %
Index				
Karachi 100	Pakistan		-1.13%	8.23%
BSE Sensex	India		1.05%	9.91%
Dow Jones	USA		-0.08%	12.73%
S&P 500	USA		2.22%	14.41%
Nasdaq	USA		5.49%	12.54%
FTSE 100	UK		0.21%	8.93%
Euro Stoxx 50	Euro Zone		0.61%	14.40%
Shanghai	China		-0.67%	3.40%
Nikkei 225	Japan		-0.24%	4.91%
CAC 40	France		0.94%	17.23%
MOEX	Russia		3.23%	16.81%

Forex Rates	Dec-20	May-21	Jun-21
USD	159.90	154.40	157.50
EUR	195.00	187.00	185.00
JPY	1.55	1.41	1.41
GBP	195.00	187.00	185.00
CNY	24.60	23.50	23.50

PKRVs	Dec-20	May-21	Jun-21
3M	7.12%	7.35%	7.28%
6M	7.18%	7.58%	7.53%
1Y	7.34%	7.70%	7.81%
3Y	8.28%	8.95%	8.99%
5Y	9.26%	9.35%	9.49%
7Y	9.64%	9.55%	9.73%
10Y	10.00%	9.90%	9.94%

International Commodities	Dec-20	May-21	Jun-21
Arab Light	51.18	69.08	74.65
BRENT CRUDE OIL	51.39	69.32	74.62
WTI CRUDE OIL	27.58	28.03	26.11
Coal (USD/ton)	51.39	69.32	74.62
Steel (USD/ton)	27.58	28.03	26.11
HRC (USD/ton)	4572.20	5604.00	5494.00
COPPER	51.39	69.32	74.62
GOLD	51.39	69.32	74.62
PLATINUM	1107.10	1186.01	1076.00
NATURAL GAS	1950.08	1906.42	1770.01
SILVER	27.58	28.03	26.11

IGI Takaful Aggressive Fund For the month of June 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

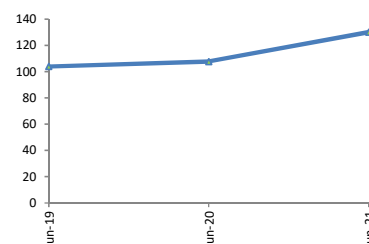
RETURNS:

During the month the fund generated an absolute return of -0.95% against its last month absolute return of 6.53%.

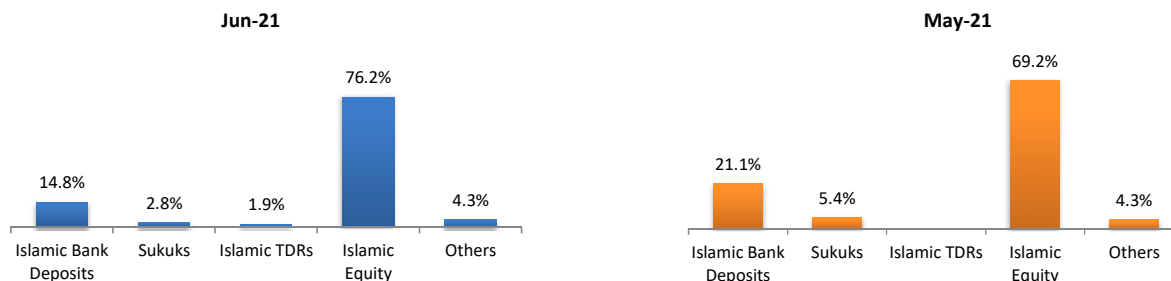
ASSETS UNDER MANAGEMENT:

	Jun-21	May-21	MoM %
NAV per Unit (PKR)	130.1	131.4	-0.95%
Net Assets Value (PKR '000)	671,868	667,535	0.65%

Value of 100 Rupees invested since inception



ASSET ALLOCATION *:



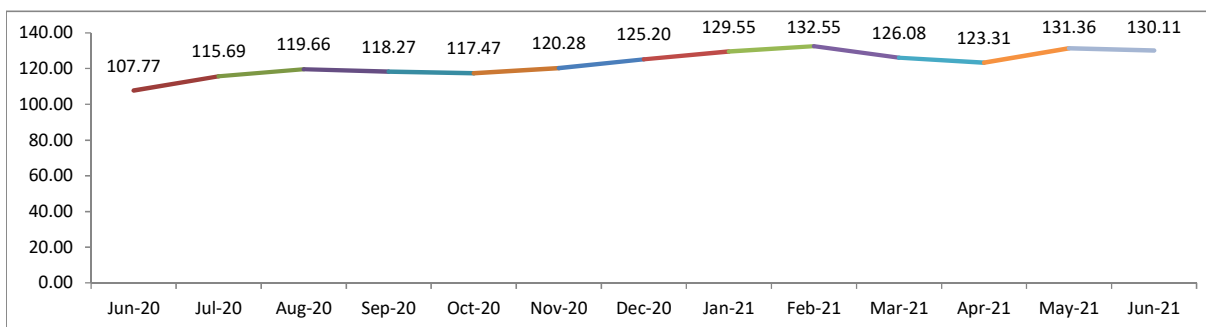
* Asset Allocation have been developed by looking through the underlying assets of mutual funds investments.

FUND PERFORMANCE:

	Absolute Return						Annualized Return
	30 Days	60 Days	90 Days	180 Days	365 Days	CYTD	Since Inception
IGI Aggressive Fund - IAF	-0.95%	5.52%	3.19%	3.92%	20.73%	3.92%	4.66%

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 June 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.

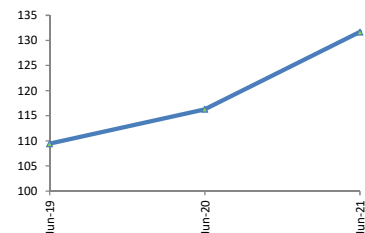
FUND INFORMATION:

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 -0.47% against its last month absolute return of 2.41%.

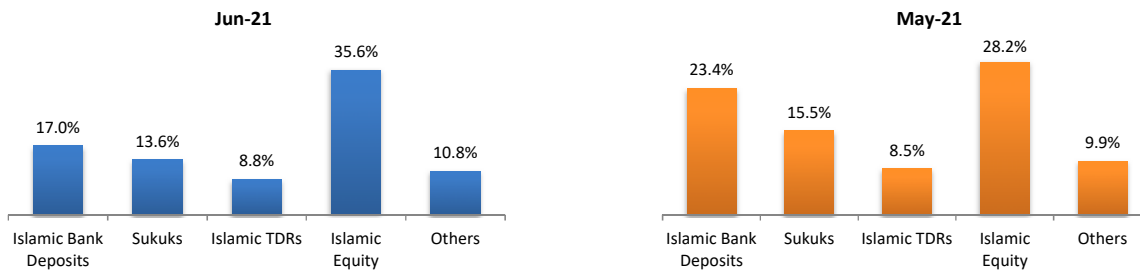
Value of 100 Rupees invested since inception



ASSETS UNDER MANAGEMENT:

	Jun-21	May-21	MoM %
NAV per Unit (PKR)	131.7	132.3	-0.47%
Net Assets Value (PKR '000)	1,797,467	1,767,526	1.69%

ASSET ALLOCATION *:



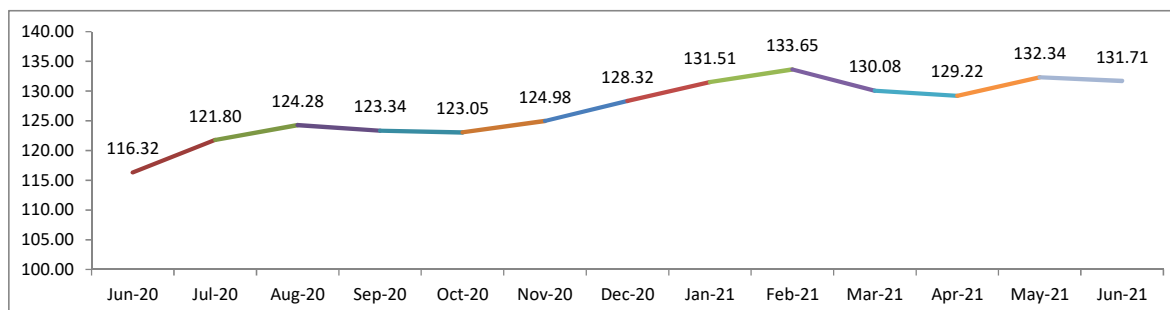
* Asset Allocation have been developed by looking through the underlying assets of mutual funds investments.

FUND PERFORMANCE:

	Absolute Return						Annualized Return
	30 Days	60 Days	90 Days	180 Days	365 Days	CYTD	Since Inception
IGI Balanced Fund - IBF	-0.47%	1.93%	1.25%	2.64%	13.23%	2.64%	4.88%

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 June 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.

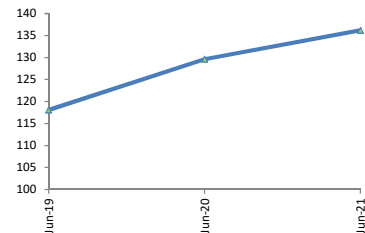
FUND INFORMATION:

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 -0.01% against its last month absolute return of 0.32%.

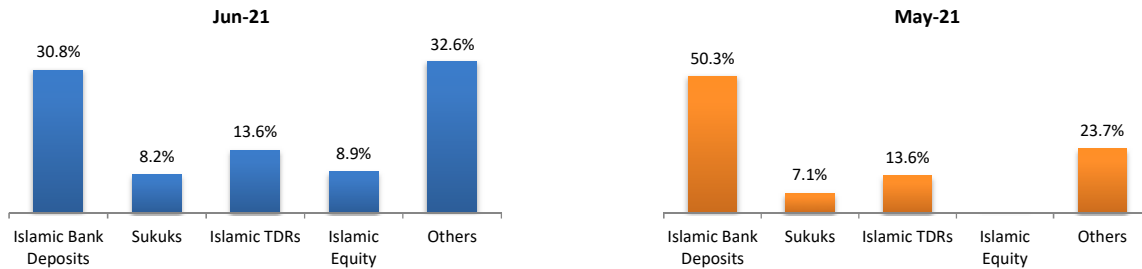
Value of 100 Rupees invested since inception



ASSETS UNDER MANAGEMENT:

	Jun-21	May-21	MoM %
NAV per Unit (PKR)	136.2	136.2	-0.01%
Net Assets Value (PKR '000)	991,297	929,142	6.69%

ASSET ALLOCATION *:



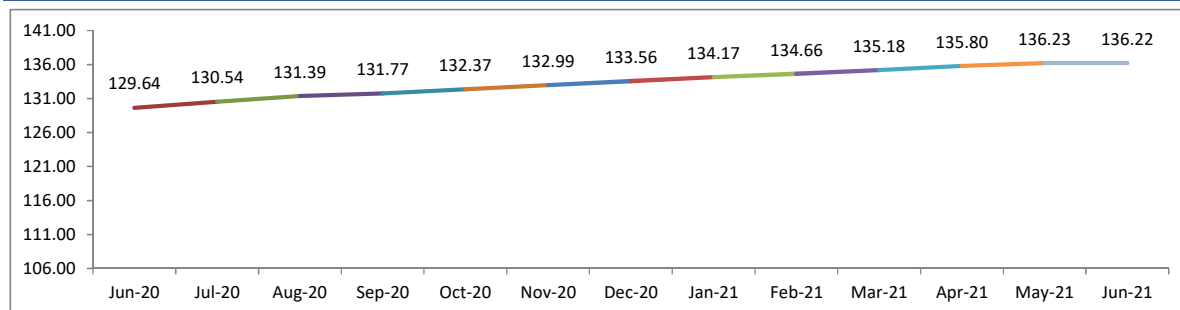
* Asset Allocation have been developed by looking through the underlying assets of mutual funds investments.

FUND PERFORMANCE:

	Absolute Return					Annualized Return	
	30 Days	60 Days	90 Days	180 Days	365 Days	CYTD	Since Inception
IGI Conservative Fund - ICF	-0.01%	0.31%	0.76%	1.99%	5.07%	4.00%	5.49%

Note: All returns are gross of Fund Management Charges.

IGI Takaful Conservative Fund - ICF BID PRICE:



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