



INVESTMENT FACT SHEET
FOR THE MONTH OF JANUARY 2019

FROM INVESTMENT DESK

ECONOMY AND CAPITAL MARKETS UPDATE

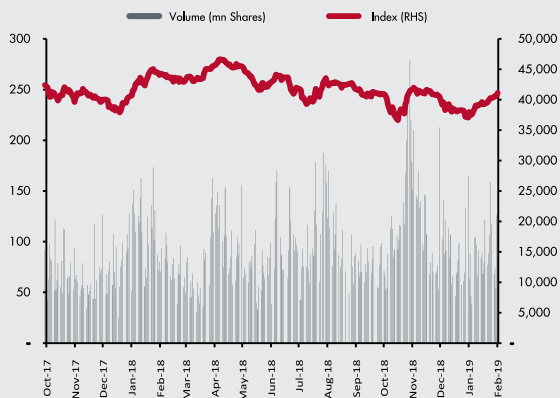
ECONOMIC SUMMARY

| KEY INDICATORS | REPORTED MONTH | CURRENT | PREVIOUS | YTD |
|----------------------------|----------------|---------|----------|----------|
| CPI Inflation | Jan | 7.19% | 6.17% | 6.20% |
| Trade Deficit (USD mn) | Dec | (2,624) | (2,291) | (15,550) |
| Remittances (USD mn) | Dec | 1,690 | 1,609 | 10,719 |
| Current A/C (USD mn) | Dec | (1,660) | (1,209) | (7,983) |
| FDI (USD mn) | Dec | 319 | 280 | 1,199 |
| Tax Collection ** (PKR bn) | Jan | 280 | 350 | 2,055 |
| M2 Growth* | | | | 1.80% |
| FX Reserves* (USD bn) | Jan | | | 14.80 |

Source SBP, FBS

* Latest monthly figures **provisional figures

KSE-100 ONE YEAR PERFORMANCE



SECONDARY MARKET PKRVs

| TENOR | JAN-19 | DEC-18 | CHANGE (bps) |
|----------|--------|--------|--------------|
| 30 Days | 10.25 | 10.23 | 2 |
| 60 Days | 10.27 | 10.30 | -3 |
| 3 Months | 10.31 | 10.30 | 1 |
| 6 Months | 10.62 | 10.58 | 4 |
| 1 Year | 11.05 | 11.18 | -13 |
| 3 Year | 11.88 | 12.22 | -34 |
| 5 Year | 12.32 | 12.70 | -38 |
| 10 Year | 13.20 | 13.16 | 4 |

Source: MUFAP

ECONOMIC REVIEW

CPI rose by 1.0% MoM to touch 7.20% in January 2019, highest monthly number for the last four years. Rent & utilities (up 3% MoM), and food items (up 0.3% MoM) were the highest contributors, while transport prices continued to decline due to falling global oil prices. As a result, CPI for 7MFY19 is now stand at 3.19%, almost twice that of SPLY (1.89%). On the other hand, current account deficit worsened by 37% MoM in Dec-18 to USD 1,660 mn due to surge in imports (+10.6% MoM) despite slight improvement in exports (+5.81% MoM) and remittances (+5.03% MoM). Nevertheless, CAD for 1HFY19 showed improvement of 4.43%YoY to USD 7,983 mn compared to USD 8,353 mn. On the back of multilateral and bilateral inflows, forex reserves jumped by USD 1,050 mn MoM to settle at USD14.80 bn in Jan-19. State Bank of Pakistan (SBP) in its monetary policy statement hiked policy rate by 25bps to 10.25% for a period of two months expressing concern over fiscal deficit and core inflation. On fiscal side, FBR collected PKR 280 bn for Jan-19, +2.64% YoY/-20% MoM taking 7MFY19 collection to PKR2,055 billion (+8%YoY), though short by PKR180 bn to the target. Standard and Poor's (S&P) has downgraded Pakistan's long-term sovereign credit rating to 'B-' from 'B' on the diminished growth prospects as well as elevated external and fiscal stresses. Moving ahead, an entry to IMF program is inevitable for long term sustainability of the economy but foreign inflows from allies (including the latest announcement of a package of USD 6 bn from UAE) are likely to provide much needed relief in short term.

EQUITY MARKET REVIEW

Equities ushered in the year 2019 with a bang; KSE-100 posted phenomenal return of 10.1% for Jan-19, the best monthly performance since last two years. Investors' confidence strengthened due to supportive supplementary budget, stronger FX position as inflows came from GCC and allies, and amended Pak-US relations which would lead to soft IMF negotiations. Overall trading activity improved by 4.1% MoM in January to reach 136 mn shares. Foreigners turned net buyers with net inflows of USD 16.18 mn during the month. Sector wise, Banks recorded highest inflow of USD 19.68 mn, followed by Fertilizer (+USD 2.55 mn). Major sellers were Insurance (-USD 19 mn), Banks (-USD 10 mn), and Individuals (-USD 9 mn) on the local side. Banks led sectoral performance (+13.6% MoM), followed by E&Ps (+17.6% MoM), and Fertilizer (+12.9% MoM), while Tobacco showed dismal return of -7.5%, along with Paper & Board (-4.6% MoM).

Going forward, Pakistan with forward P/E of 7.9x is trading at 37.3% discount compared to Asia Pacific regional average of 12.6x, along with a dividend yield of 7.0%. We expect attractive valuations, foreign inflows, and improvement in macros are expected to keep investors interest alive.

DEBT MARKET REVIEW

During the month, market remained volatile as investors continue to speculate over policy action amid soft inflation of December 2018. After a long time, PIB auction witnessed hefty participation across all tenors with cumulative bids worth pkr 353 bn against target of pkr 50bn with majority participation in 10-yr bonds. The SBP accepted bids worth pkr 53.8bn in 3yr & 5yr tenors with cut-off yields at 12.24% and 12.70% respectively while all other bids were rejected. As a result, secondary market yields have adjusted downwards in 3 yr and 5yr tenors in the range of 34-38 bps. With three T-Bill auctions held during the outgoing month, Investors continued to show interest in short-term papers wherein Central Bank picked up PKR 962 bn at cut off yield of 10.30% in three-month tenor while all other bids were rejected. Currently the real interest rate is hovering at 3.06%, almost twice of Pakistan's historical average of ~2-2.2%, signalling peaked out of interest rates. Thus, in the near to mid-term investors are expected to shift towards longer tenor government bonds.

MANAGED FUND

FUND OBJECTIVE

To maximize capital appreciation by investing in a balanced portfolio of wide range of shares, Government and other fixed income securities and bank deposits.

FUND INFORMATION

| DESCRIPTION | INFORMATION |
|---------------------------|--|
| Fund Name | Managed Fund |
| Fund Size | PKR 80,748 Million |
| Launch Date | 31.12.1996 |
| Bid Price (31.12.1996) | PKR 99.50 |
| Bid Price (31.01.2019) | PKR 1,121.51 |
| Category | Balanced Fund |
| Pricing Mechanism | Forward on daily basis |
| Management Fee | 1.50% p.a. |
| Pricing Days | Monday to Friday |
| Auditors | KPMG |
| Appointed Actuary | Nauman Cheema, Nauman Associates, Lahore |

INVESTMENT COMMITTEE

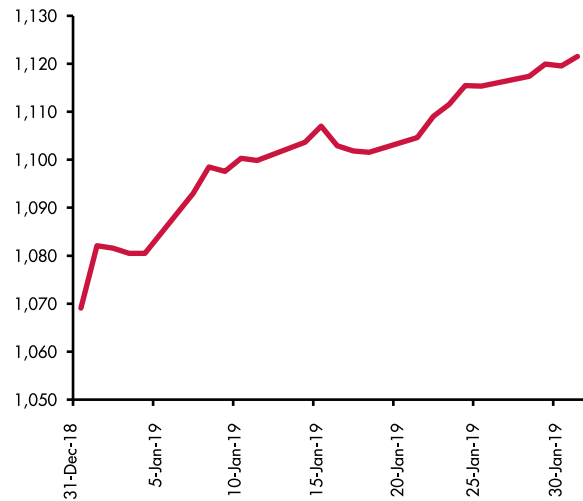
| MEMBERS | DESIGNATION |
|-------------------------|--------------|
| Shahid Ghaffar | Chairman |
| Javed Ahmed | Member / CEO |
| Rafiuddin Zakir Mahmood | Member |
| John Joseph Metcalf | Member |
| Lilly R. Dossabhoy | Member |
| Shan Rabbani | Member |

FUND RETURNS

| PERIOD | RATE OF RETURN |
|------------------------------|----------------|
| 1 month | 4.91% |
| 3 months | 0.05% |
| 12 months | -1.05% |
| Calendar YTD | 4.91% |
| Since Inception | 1027.14% |
| Since Inception (annualized) | 11.58% |
| 5 Years | 45.38% |
| 10 Years | 207.19% |

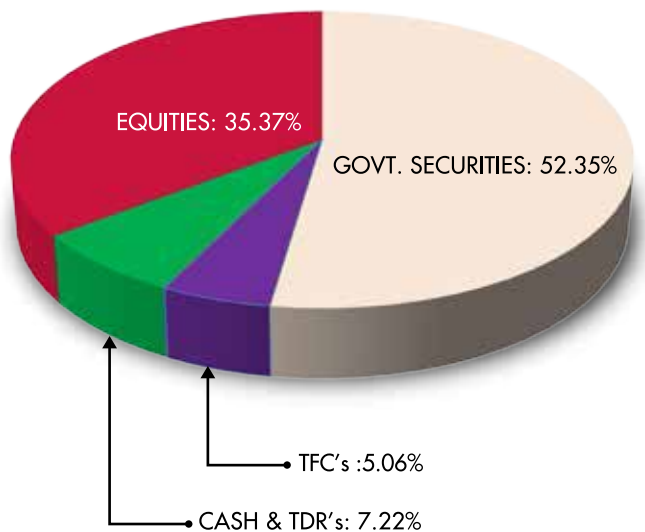
FUND MANAGER'S COMMENTS

During the month of January 2019 Managed Fund's (MF) Unit Price increased by PKR 52.44 (4.91%) net of fund management fee.



ASSET ALLOCATION

| ASSETS | JANUARY 2019 | DECEMBER-18 |
|------------------------------|--------------|-------------|
| Government Securities | 52.35% | 52.39% |
| Term Finance Securities | 5.06% | 5.30% |
| Cash and Short Term Deposits | 7.22% | 9.43% |
| Stocks & Mutual Funds | 35.37% | 32.87% |



CAPITAL GROWTH FUND

FUND OBJECTIVE

The objective of the fund is to maximize returns to policyholders by investing mainly in equity portfolio and partly in Government securities, Term Finance Certificates and bank deposits.

FUND INFORMATION

| DESCRIPTION | INFORMATION |
|---------------------------|--|
| Fund Name | Capital Growth Fund |
| Fund Size | PKR 21,897 Million |
| Launch Date | 28.07.2004 |
| Bid Price (28.07.2004) | PKR 100 |
| Bid Price (31.01.2019) | PKR 880.83 |
| Category | Equity Fund |
| Pricing Mechanism | Forward on daily basis |
| Management Fee | 1.50% p.a. |
| Pricing Days | Monday to Friday |
| Auditors | KPMG |
| Appointed Actuary | Nauman Cheema, Nauman Associates, Lahore |

INVESTMENT COMMITTEE

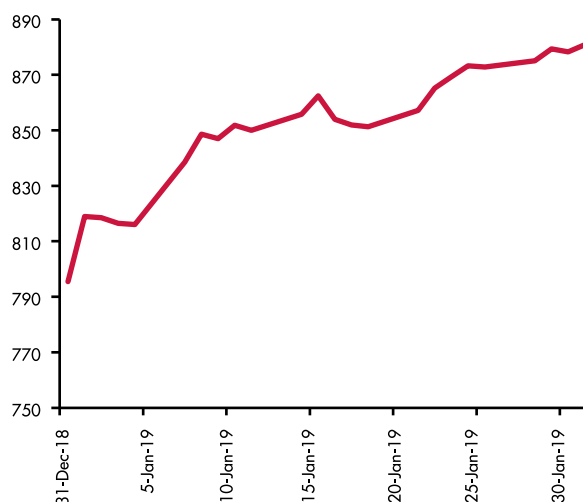
| MEMBERS | DESIGNATION |
|-------------------------|--------------|
| Shahid Ghaffar | Chairman |
| Javed Ahmed | Member / CEO |
| Rafiuddin Zakir Mahmood | Member |
| John Joseph Metcalf | Member |
| Lilly R. Dossabhoy | Member |
| Shan Rabbani | Member |

FUND RETURNS

| PERIOD | RATE OF RETURN |
|------------------------------|----------------|
| 1 month | 10.73% |
| 3 months | -3.21% |
| 12 months | -9.56% |
| Calendar YTD | 10.73% |
| Since Inception | 780.83% |
| Since Inception (annualized) | 16.16% |
| 5 Years | 82.50% |
| 10 Years | 426.34% |

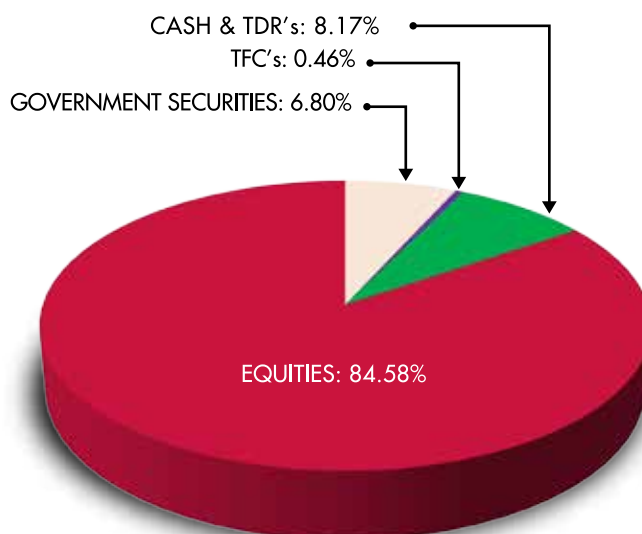
FUND MANAGER'S COMMENTS

During the month of January 2019 Capital Growth Fund's (CGF) Unit Price increased by PKR 85.36 (10.73%) net of fund management fee.



ASSET ALLOCATION

| ASSETS | JANUARY 2019 | DECEMBER-18 |
|------------------------------|--------------|-------------|
| Government Securities | 6.80% | 9.58% |
| Term Finance Securities | 0.46% | 0.54% |
| Cash and Short Term Deposits | 8.17% | 10.01% |
| Stocks & Mutual Funds | 84.58% | 79.87% |



MEESAQ FUND

FUND OBJECTIVE

The objective of the Meesaq fund is to provide an opportunity to investors who want interest free returns. The instruments in which the Meesaq fund invests are selective stocks, sukuk, short term deposits in Islamic banks / Islamic bank branches, Islamic mutual funds and other valid interest-free investments.

FUND INFORMATION

| DESCRIPTION | INFORMATION |
|---------------------------|--|
| Fund Name | Meesaq Fund |
| Fund Size | PKR 9,361 Million |
| Launch Date | 27.03.2008 |
| Bid Price (27.03.2008) | PKR 475.00 |
| Bid Price (31.01.2019) | PKR 1,035.89 |
| Category | Non-interest bearing Investment portfolio |
| Pricing Mechanism | Forward on daily basis |
| Management Fee | 1.50% p.a. |
| Pricing Days | Monday to Friday |
| Auditors | KPMG |
| Appointed Actuary | Nauman Cheema, Nauman Associates, Lahore |

INVESTMENT COMMITTEE

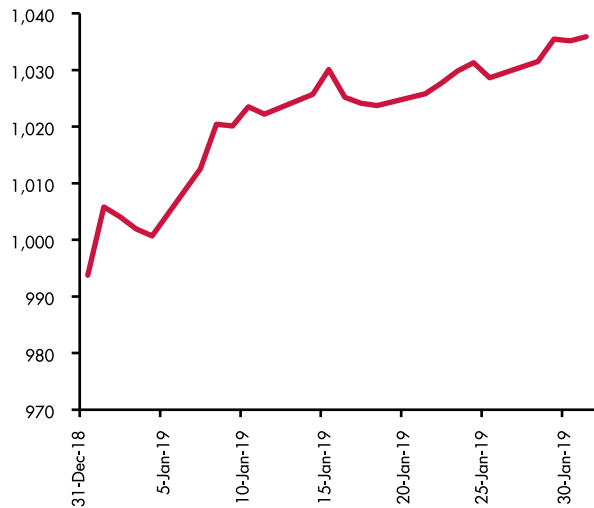
| MEMBERS | DESIGNATION |
|-------------------------|--------------|
| Shahid Ghaffar | Chairman |
| Javed Ahmed | Member / CEO |
| Rafiuddin Zakir Mahmood | Member |
| John Joseph Metcalf | Member |
| Lilly R. Dossabhoy | Member |
| Shan Rabbani | Member |

FUND RETURNS

| PERIOD | RATE OF RETURN |
|------------------------------|----------------|
| 1 month | 4.24% |
| 3 months | -2.40% |
| 12 months | -1.46% |
| Calendar YTD | 4.24% |
| Since Inception | 118.08% |
| Since Inception (annualized) | 7.45% |
| 5 Years | 44.07% |

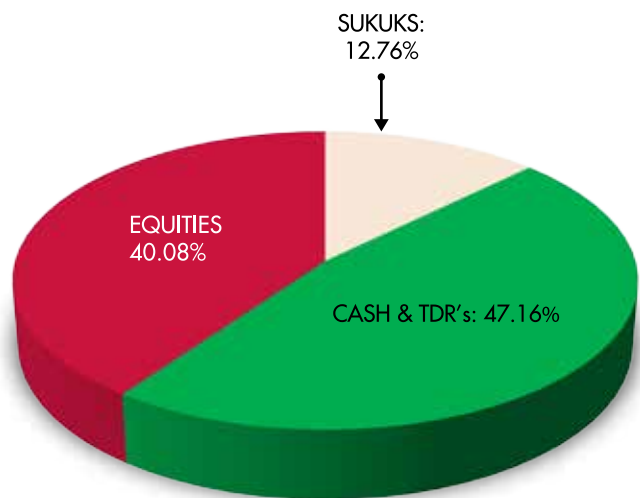
FUND MANAGER'S COMMENTS

During the month of January 2019 Meesaq Fund's (MEF) Unit Price increased by PKR 42.13 (4.24%) net of fund management fee.



ASSET ALLOCATION

| ASSETS | JANUARY 2019 | DECEMBER-18 |
|------------------------------|--------------|-------------|
| Sukuks | 12.76% | 13.37% |
| Cash and Short Term Deposits | 47.16% | 50.09% |
| Stocks & Mutual Funds | 40.08% | 36.54% |



YAQEEEN GROWTH FUND

FUND OBJECTIVE

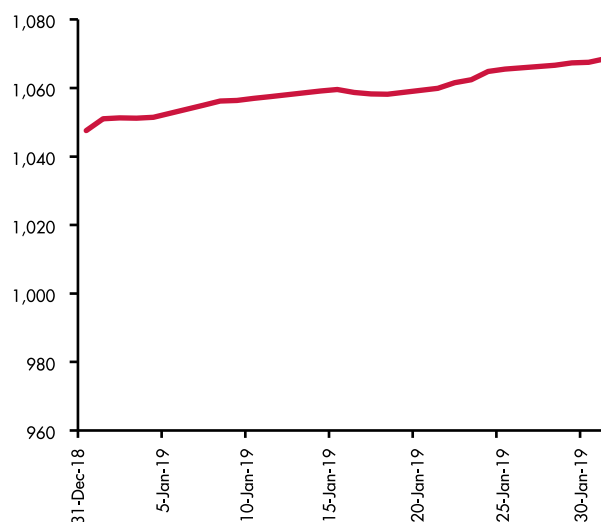
This fund has been formed to enable Jubilee Life's policyholders to participate in a diversified portfolio of Fixed Income Securities with minimal exposure to equity. Yaqeen Growth fund is suitable for those who wish to earn steady returns on investments through full exposure to debt securities and minimum risk of capital erosion.

FUND INFORMATION

| DESCRIPTION | INFORMATION |
|---------------------------|--|
| Fund Name | Yaqeen Growth Fund |
| Fund Size | PKR 2,094 Million |
| Launch Date | 01.06.2009 |
| Bid Price (01.06.2009) | PKR 475.00 |
| Bid Price (31.01.2019) | PKR 1,068.58 |
| Category | Capital Protected Fund |
| Pricing Mechanism | Forward on daily basis |
| Management Fee | 1.50% p.a. |
| Pricing Days | Monday to Friday |
| Auditors | KPMG |
| Appointed Actuary | Nauman Cheema, Nauman Associates, Lahore |

FUND MANAGER'S COMMENTS

During the month of January 2019 Yaqeen Growth Fund's (YGF) Unit Price increased by PKR 21.04 (2.01%) net of fund management fee.



INVESTMENT COMMITTEE

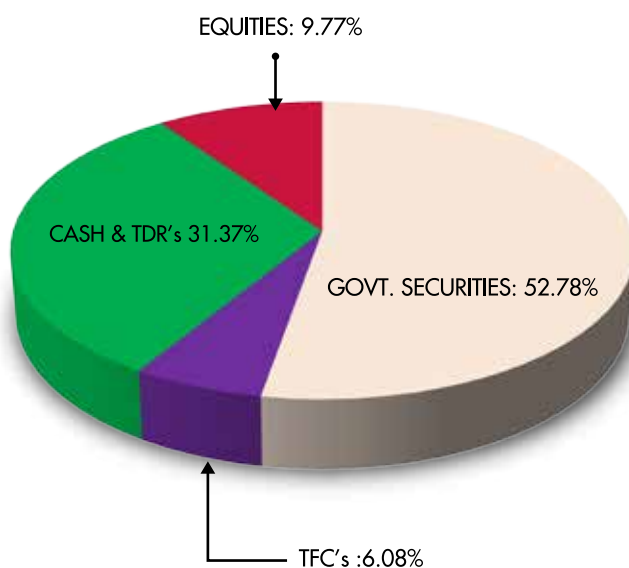
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| John Joseph Metcalf | Member |
| Lilly R. Dossabhoy | Member |
| Shan Rabbani | Member |

ASSET ALLOCATION

| ASSETS | JANUARY 2019 | DECEMBER-18 |
|------------------------------|--------------|-------------|
| Government Securities | 52.78% | 71.52% |
| Term Finance Securities | 6.08% | 5.79% |
| Cash and Short Term Deposits | 31.37% | 14.43% |
| Stocks & Mutual Funds | 9.77% | 8.26% |

FUND RETURNS

| PERIOD | RATE OF RETURN |
|------------------------------|----------------|
| 1 month | 2.01% |
| 3 months | 1.70% |
| 12 months | 3.81% |
| Calendar YTD | 2.01% |
| Calendar YTD (annualized) | 26.39% |
| Since Inception | 124.96% |
| Since Inception (annualized) | 8.74% |
| 5 Years | 45.18% |



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