



**Bachat** ka Doosra Naam

# Bachat Nama

Fund Manager's Report ( January - 2015 )



MCB-Arif Habib Savings and Investments Limited

January 31, 2015

## PERSPECTIVE



### Macro-Environment Review and Outlook

In consideration of lower food prices and energy cost, headline inflation clocked in at 3.88 percent in January bringing average inflation to around 5.79 percent during the first seven months of the current fiscal year. Continued drop in crude oil prices along with lower food product prices has kept monthly inflation figures below 5 percent since November. The decline in inflation is broad based as both food and non-food inflation has eased. Sustained low price of energy products may keep inflation in check while average CPI is expected to remain below 6 percent in FY15.

Although monetary policy committee has cut the discount rate by 100 basis points in January, the gap between discount rate and inflation supports the case for further monetary easing down the line.

With oil imports accounting for one third of the country's total import bill, trade deficit is forecasted to narrow down in the coming months. As per latest available data, the country's current account deficit stood at \$2.36 billion during the first half of the current fiscal year, as opposed to the deficit of around \$2.0 billion during the same period last fiscal year.

The country's foreign reserve balance stood at around \$15 billion at the end of month (23-Jan-15). With IMF program on course and privatization program up and running, the country's foreign reserves are expected to strengthen further by the end of the current fiscal year.

### Equities Market Performance Review and Outlook

The month ended on a positive note, with the benchmark KSE-100 index closed at 34,444 points at the end of January, marking a growth of 7.2 percent during the month. Construction and Materials, Fertilizer and Electricity sector posted strong returns, while the performance of Oil and Gas sector and Banks remained dull. Cement sector benefited from lower coal prices and increase in volumetric sale while Power and Fertilizer companies remained in the limelight on the back of higher dividend yield.

Improvement in the market confidence stemming from stable economic outlook and subsiding of political crisis, average turnover improved to 304 million shares in January as opposed to average turnover of 228 million shares during the past three months. Foreign investors remained net sellers with a cumulative net outflow of Rs 87 million during the month.

Profitability of debt laden companies is expected to improve, while lower interest rates favor continued upside potential in long term market valuations.

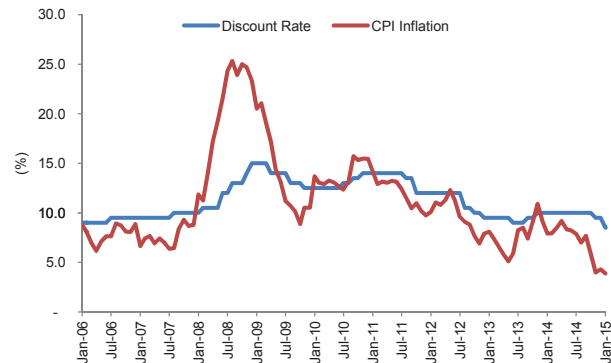
### Money Market Performance Review and Outlook

In anticipation of monetary easing, Money market remained quite active during the month. The monetary policy committee has cut discount rate by 100 bps points in the last monetary policy. Market saw aggressive participation in T-bill & PIB auctions particularly in the longer tenure papers causing strain on short term liquidity. As a result, SBP intervened several times in the market and injected sizeable amount of liquidity through several OMOs.

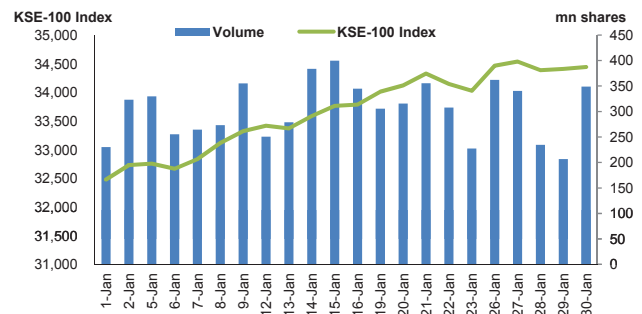
The State Bank of Pakistan accepted an amount of Rs 72.58 billion against bids of Rs 271.31 billion in the PIB auction held January. The auction target was Rs 50 billion while the maturing amount was Rs 183.24 billion. The acceptance was majorly skewed towards 5-Year tenor (89.7%), while acceptance in 3-Year and 10-Year tenors came at around 6.8 percent and 2.8 percent respectively. The yield on 3-Year, 5-Year, 10-Year and 20-Year instruments came at 8.87 percent, 9.40 percent, 10.00 percent and 10.99 percent, respectively.

The SBP accepted an amount of Rs 68.40 billion against bids of Rs 546.27 billion in the last T-Bill auction held in the month of January 2015. The auction target was Rs 175 billion while the maturing amount was Rs 78 billion. The bidding participation was majorly skewed towards the 12-month tenure (78 percent), while participation for 3-month and 6-month tenure came at 1 percent and 21 percent respectively. The yield for 3-month, 6-month and 12-month tenure stood at 8.95 percent, 8.98 percent and 8.86 percent respectively. The market will continue to remain active amid strong macroeconomic indicators largely favoring longer tenor bonds.

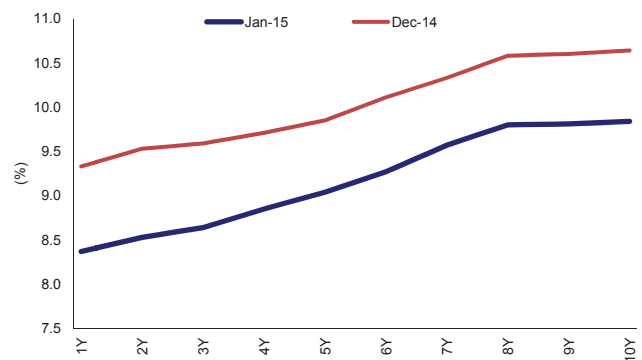
### Discount Rate vs. CPI Inflation



### KSE During January 31, 2015



### Yield Curve



# MCB Islamic Income Fund

January 31, 2015

NAV - PKR 103.6816



## General Information

Fund Type	An Open End Scheme
Category	Shariah Compliant (Islamic) Income Scheme
Asset Manager Rating	AM2 (AM Two) by PACRA (10-Apr-14)
Stability Rating	AA-(f) by PACRA (20-Feb-14)
Risk Profile	Low
Launch Date	20-June-2011
Fund Manager	Mohsin Pervaiz
Trustee	Central Depository Company of Pakistan Limited
Auditor	KPMG Taseer Hadi & Co., Chartered Accountants
Management Fee	10% of Gross Earnings subject to minimum fee of 0.25% of average daily Net Assets
Front end load*	Class "A" Transaction less than or equal to Rs 15m 1.5% Transaction more than Rs15m Nil For Corporate Nil
Back end Load*	Class "B" 0% Class "A" 0%, Class "B" Units: 1.5% on redemption in the 1st year from the date of investment. 1.0% on redemption in the 2nd year from the date of investment. 0.0% on redemption after completion of 2 years from the date of investment.
Min. Subscription	Growth Units PKR 500 Income Units PKR 100,000 Cash Dividend Units PKR 500
Listing	Lahore Stock Exchange
Benchmark	Average of the most recently published three-month profit rates of three Islamic Banks rated A and above.
Pricing Mechanism	Forward
Dealing Days	Monday - Friday
Cut off Timing	Mon-Fri (9:00 AM to 4:30 PM)
Leverage	Nil

\*Subject to government levies

## Fund Facts / Technical Information

NAV per Unit (PKR)	103.6816
Net Assets (PKR M)	1,465
Weighted average time to maturity (days)	343.00
Sharpe Measure	0.17
Correlation	12.5%
Standard Deviation	0.04
Alpha	0.007%

## Top Sukuk Holding (% of Total Assets)

Engro Fertilizers Limited (09-Jul-14)	8.0%
---------------------------------------	------

## Members of the Investment Committee

Yasir Qadri	Chief Executive Officer
Mohammad Asim, CFA	Chief Investment Officer
Saad Ahmed	Sr. Manager Fixed Income
Mohsin Pervaiz	VP-Investments
Manal Iqbal, CFA	Head of Research

## Investment Objective

To generate superior risk adjusted returns by investing in short, medium and long-term Shariah Compliant Fixed Income instruments.

## Manager's Comment

During the month the fund generated an annualized return of 11.67% as against its benchmark return of 6.00%, a clear outperformance of 5.67%. The fund decreased its exposure in GoP Ijara Sukuk from 68.5% last month to 62.5% at month end. Around 27.2% of the fund was kept as cash in bank deposits.

We believe that well-timed accumulation of GoP Ijara Sukuk should contribute towards healthy returns going forward, while the fund would remain cognizant of the changes in the macroeconomic environment in order to deploy assets efficiently in Shariah compliant instruments.

## Provision against WWF liability

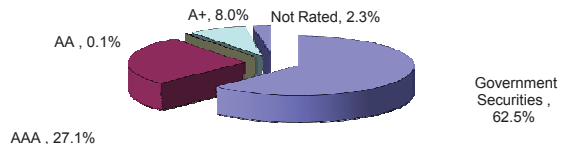
MCB-IIF has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs 11.24 million, if the same were not made the NAV per unit of MCB-IIF would be higher by Rs. 0.7954 and YTD return would be higher by 0.80%. For details investors are advised to read Note 7 of the latest Financial Statements for the quarter ended September 30, 2014 of MCB-IIF.

Asset Allocation (%age of Total Assets)	Jan-15	Dec-14
Cash	27.2%	22.1%
GoP Ijara Sukuks	62.5%	68.5%
Others including receivables	2.3%	1.8%
Sukuk	8.0%	7.6%

Performance Information (%)	MCB IIF	Benchmark
Year to Date Return (Annualized)	6.19	6.27
Month to Date Return (Annualized)	11.67	6.00
180 Days Return (Annualized)	5.54	6.32
365 Days Return (Annualized)	7.02	6.36
Since inception (CAGR)	8.72	6.40

Annualized	2010	2011	2012	2013	2014
Benchmark (%)	NA	NA	6.60	6.30	6.09
MCB IIF(%)	NA	NA	10.40	8.90	8.38

## Asset Quality (%age of Total Assets)



MUFAP's Recommended Format.

## DISCLAIMER

This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. The NAV based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the financial markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results. Performance data does not include the cost incurred directly by an investor in the form of sales loads etc.

# Pakistan International Element Islamic Asset Allocation Fund

January 31, 2015

NAV - PKR 64.67



## General Information

Fund Type	An Open End Scheme
Category	Shariah Compliant Islamic Asset Allocation Scheme
Asset Manager Rating	AM2 (AM Two) by PACRA (10-Apr-14)
Stability Rating	Not Applicable
Risk Profile	Moderate to High
Launch Date	2-May-2006
Fund Manager	Manal Iqbal, CFA
Trustee	Central Depository Company of Pakistan Limited
Auditor	KPMG Taseer Hadi & Co., Chartered Accountants
Management Fee	Type A & B: 2% Type C & D: 1.33%
Front end Load *	Type A: Transaction less than or equal to Rs 15m 2% Transaction more than Rs 15m Nil For corporate Nil
Back end Load*	Type B,C & D: None Type A: None
Min. Subscription	Type B,C & D: Yr 1:3%, Yr 2:2%, Yr 3:1% A & B PKR 5,000 C & D PKR 10,000,000
Listing	Karachi Stock Exchange, Lahore Stock Exchange, Islamabad Stock Exchange.
Benchmark	70% KMI-30 Index + 30% DJIM-World Index
Pricing Mechanism	Forward
Dealing Days	Monday - Friday
Cut off Timing	Mon-Fri (9:00 AM to 5:00 PM)
Leverage	Nil
*Subject to government levies	

## Investment Objective

The objective of the fund is to provide medium to long term capital appreciation through investing in Shariah compliant investments in Pakistan and Internationally .

## Manager's Comment

The fund generated a return of 10.68% as against its benchmark return of 5.20% during the month. Exposure in equities was increased to 77.3% as compared to 73.3% in the previous month. Major sector level increase was witnessed in Electricity and Chemicals, whereas, exposure in Construction & Materials was decreased.

## Provision against WWF liability

PIEIF has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs 7.77 million, if the same were not made the NAV per unit of PIEIF would be higher by Rs. 0.9822 and YTD return would be higher by 1.99%. For details investors are advised to read Note 5 of the latest Financial Statements for the quarter ended September 30, 2014 of PIEIF.

Fund Facts / Technical Information	PIEIF	KMI-30
NAV per Unit (PKR)	64.67	
Net Assets (PKR M)	511	
Price to Earning (x)	6.84	9.51
Dividend Yield (%)	3.7%	5.7%
No. of Holdings - Equity	22	30*
Wt. Avg Mkt Cap (PKR Bn)	32.18	109.02
Sharpe Measure	0.05	0.06
Beta	0.64	1.00
Correlation	80.4%	
Max draw up	302.3%	553.9%
Max draw Down	-28.9%	-39.6%
Standard Deviation	0.76	0.96
Alpha	0.0123%	
*prospective earnings		

Performance Information (%)	PIEIF	Benchmark
Year to Date Return	31.18	10.98
Month to Date Return	10.68	5.20
180 Days Return	30.15	11.06
365 Days Return	37.72	18.87
Since inception	192.16	285.30

Asset Allocation (%age of Total Assets)	Jan-15	Dec-14
Cash	12.3%	17.1%
Stock /Equities	77.3%	73.3%
Sukuk	6.5%	7.1%
Others including receivables	3.9%	2.5%

## Top 10 Holdings (%age of Total Assets)

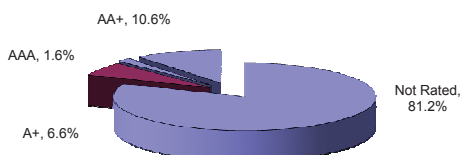
Hub Power Company Limited	Equity	13.4%
Engro Corporation Limited	Equity	8.6%
Kot Addu Power Company Limited	Equity	8.1%
Engro Fertilizers Limited (09-Jul-14)	Sukuk	6.5%
Maple Leaf Cement Factory Limited	Equity	6.3%
Mari Petroleum Company Limited	Equity	4.5%
Ghani Glass Limited	Equity	4.0%
D G Khan Cement Company Limited	Equity	3.9%
Fatima Fertilizer Bin Qasim Limited	Equity	3.9%
Fauji Fertilizer Company Limited	Equity	3.3%

## Members of the Investment Committee

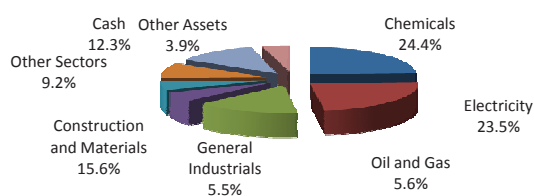
Yasir Qadri	Chief Executive Officer
Muhammad Asim, CFA	Chief Investment Officer
Saad Ahmed	Sr. Manager Fixed Income
Mohsin Pervaiz	VP - Investments
Manal Iqbal, CFA	Head of Research

	2010	2011	2012	2013	2014
Benchmark (%)	30.47	40.60	11.00	46.60	28.51
PIEIF (%)	6.95	15.10	15.70	28.40	18.89

## Asset Quality - Inclusive of equity portfolio (%age of Total Assets)



## Sector Allocation (%age of Total Assets)



## NOTE

The Debt Instrument Rating of Pak Elektron Limited - Sukuk (Issue date: 28-Sep-07 has been upgraded to A- (A Minus) with effect from January 06, 2015. After this upgrading, Pak Elektron Limited- Sukuk has become a compliant investment in accordance with the requirements of constitutive documents

## DISCLAIMER

This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. The NAV based prices of units and any dividends/returns thereon are dependent on forces and factors affecting the financial markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results. Performance data does not include the cost incurred directly by an investor in the form of sales loads etc.

## MUFAP's Recommended Format.

# Pakistan Islamic Pension Fund

## January 31, 2015



### General Information

Fund Type	An Open End Scheme
Category	Islamic Voluntary Pension Scheme
Asset Manager Rating	AM2 (AM Two) by PACRA (10-Apr-14)
Stability Rating	Not Applicable
Launch Date	15-Nov-07
Fund Manager	Manal Iqbal, CFA
Trustee	Central Depository Company of Pakistan Limited
Auditor	Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants
Management Fee	1.5% p.a.
Front / Back end Load*	3% / 0%
Min. Subscription	PKR 1,000
Pricing Mechanism	Forward
Dealing Days	Monday - Friday
Cut off Timing	Mon-Fri (9:00AM to 5:00 PM)
Leverage	Nil

\*Subject to government levies

### Investment Objective

The investment objective of the fund is to seek steady returns with a moderate risk for investors by investing in a portfolio of equity, short medium term debt and money market instruments

### Manager's Comment

Equity sub-fund generated return of 11.82% during the month against KSE-100 index return of 7.20%. Many changes in sector and company allocations were made in response to prudently incorporate the changing local and global dynamics. Allocations to Oil & Gas, Electricity and Construction & Materials were decreased while the fund increased its exposure in General Industrials and Chemicals sectors.

Debt sub-fund generated an annualized return of 11.69% during the month. The fund has maintained exposure in cash and decreased its exposure towards GoP Ijarah Sukuk from 92.7% to 90.6%.

Money Market sub-fund generated an annualized return of 12.42% during the month. The fund has marginally decreased its exposure in GoP Ijarah Sukuk from 95.3% to 95.0%.

### Provision against WWF liability

PIPF-EQ has not made provisions amounting to Rs 0.70 million against Workers' Welfare Fund liability, if the same were made the NAV per unit of PIPF-EQ would be lower by Rs 1.2765 and YTD return would be lower by 0.47%. For details investors are advised to read Note 6 of the latest Financial Statements for the quarter ended September 30, 2014 of PIPF.

PIPF-DT has not made provisions amounting to Rs 0.35 million against Workers' Welfare Fund liability, if the same were made the NAV per unit of PIPF-DT would be lower by Rs 0.4846 and YTD return would be lower by 0.28%. For details investors are advised to read Note 6 of the latest Financial Statements for the quarter ended September 30, 2014 of PIPF.

PIPF-MM has not made provisions amounting to Rs 0.24 million against Workers' Welfare Fund liability, if the same were made the NAV per unit of PIPF-MM would be lower by Rs 0.5885 and YTD return would be lower by 0.38%. For details investors are advised to read Note 6 of the latest Financial Statements for the quarter ended September 30, 2014 of PIPF.

### Top 10 Equity Holdings (%age of Total Assets)

Engro Corporation Limited	10.3%
Hub Power Company Limited	9.1%
Kott Addu Power Company Limited	7.3%
Mari Petroleum Company Limited	6.4%
Fauji Fertilizer Bin Qasim Limited	5.9%
Maple Leaf Cement Factory Limited	5.6%
Fauji Fertilizer Company Limited	5.6%
Ghani Glass Limited	4.3%
Bata Pakistan Limited	4.2%
Lucky Cement Limited	3.9%

PIPF -Money Market ( %age of Total Assets)	Jan-15	Dec-14
Cash	2.6%	3.1%
GoP Ijarah Sukuk	95.0%	95.3%
Others including receivables	2.4%	1.6%

PIPF-Debt (%age of Total Assets)	Jan-15	Dec-14
Cash	7.1%	5.7%
GoP Ijarah Sukuk	90.6%	92.7%
Sukuk	0.0%	0.0%
Others including receivables	2.3%	1.6%

Performance Information & Net Assets			PIPF-EQ*	PIPF-DT**	PIPF-MM**
Year to Date Return (%)			34.06	3.79	3.99
Month to Date Return (%)			11.82	11.69	12.42
Since inception (%)			266.50	10.14	8.23
Net Assets (PKR M)			200.38	126.19	66.27
NAV (Rs. Per unit)			367.23	173.87	159.98
	2010	2011	2012	2013	2014
PIPF - EQ*	23.04	21.30	24.70	41.80	42.10
PIPF - DT**	11.53	8.80	8.40	6.80	8.22
PIPF - MM**	7.13	6.90	8.30	7.70	6.86
* Total Return	** Annualized return				

PIPF-Equity (%age of Total Assets)	Jan-15	Dec-14
Chemicals	24.5%	12.1%
Construction and Materials	16.5%	20.3%
Electricity	16.3%	16.8%
General Industrials	10.5%	6.0%
Oil and Gas	9.2%	12.1%
Other equity sectors	17.7%	20.2%
Cash	0.9%	6.1%
Others including receivables	4.4%	6.4%

### Members of the Investment Committee

Yasir Qadri	Chief Executive Officer
Muhammad Asim, CFA	Chief Investment Officer
Saad Ahmed	Sr. Manager Fixed Income
Mohsin Pervaiz	VP - Investments
Manal Iqbal, CFA	Head of Research

### DISCLAIMER

This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. The NAV based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the financial markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results.

Performance data does not include the cost incurred directly by an investor in the form of sales loads etc



# MCB-Arif Habib Savings and Investments Limited

## HEAD OFFICE – KARACHI

**Contact: Mr. Tanweer Ahmad Haral**  
**(SVP-Head of Sales & Marketing)**

Address: 8th Floor, Corporate Tower,  
Techno City Hasrat Mohani Road, Karachi.  
Tel: (+92-21) 32276910, Ext: 133  
Fax: (021) 32276898, 32276908  
Cell: 0302-8293252, 0322-4435501  
Email: tanweer.haral@mcbah.com

## RETAIL SALES

**Contact: Mr. Yousuf Durvesh**  
**(VP-National Business Manager-Direct Retail Channel)**

Tel: (+92-21) 32463271-73  
Cell: 0321-9215358, 0300-9215358  
Email: yousuf.durvesh@mcbah.com

## LAHORE

**Contact: Mr. Imran Akram**  
**(SAVP, Regional Manager Retail Sales-Central)**

Address: B-403 City Tower, Main Boulevard, Gulberg II, Lahore.  
Tel: (+92-42) 35817511-4, 35817516  
Fax: (+92-42) 35817518  
Cell: 0300-4109675  
Email: imran.akram@mcbah.com

**Contact: Mr. Emmad Aslam**  
**(VP, Head of Corporate Sales-Central & North)**

Address: 6th floor, MCB House, 15-Main Gulberg, Lahore.  
Tel: (+92-42) 36041063, 36041060  
Fax: (+92-42) 35776646  
Cell: 0333-3341466  
Email: emmad.aslam@mcbah.com

## ISLAMABAD

**Contact: Mr. Nadeem Ishtiaq**  
**(SAVP, Regional Manager Retail & Corporate Sales-North)**

Address: MCB Regional Building, 2nd Floor, Blue Area, Islamabad.  
Tel: (+92-51) 2801510  
Fax: (+92-51) 2801510, 2801507  
Cell: 0300-5555925  
Email: nadeem.ishtiaq@mcbah.com

## MULTAN

**Contact: Mr. Syed Nawazish Ali Zaidi**  
**(AVP, Senior Area Manager Retail Sales-East)**

Address: 4th Floor, MCB Building, 59-A, Abdali Road Multan.  
Tel: (+92-61) 4508411, 4508412, 4546235, 4508411-2  
Fax: (+92-61) 4542924  
Cell: 0321-6300498, 0300-6304490  
Email: nawazish.zaidi@mcbah.com

## FAISALABAD

**Contact: Mr. Mughees Ahmad**  
**(Area Manager Retail Sales)**

Address: MCB Madina Town branch, Susan Road Faisalabad.  
Tel: (+92-41) 8009222  
Cell: 0332-8663525  
Email: mughees.ahmad@mcbah.com

## GUJRANWALA

**Contact: Mr. Mudasir Iqbal**  
**(Bachat Advisor)**

Address: 4th Floor, MCB Tower  
Circle Office G.T. Road, Gujranwala.  
Tel: (+92-42) 35817511-4, 35817516  
Cell: 0331-4610459



## BACHAT GHAR

Address: 4-Hanging Garden's Arcade,  
Khayaban-e-Roomi, Clifton Block -5, Karachi  
0800-622-24 (MCB-AH)

## UAN & TOLL FREE NUMBERS

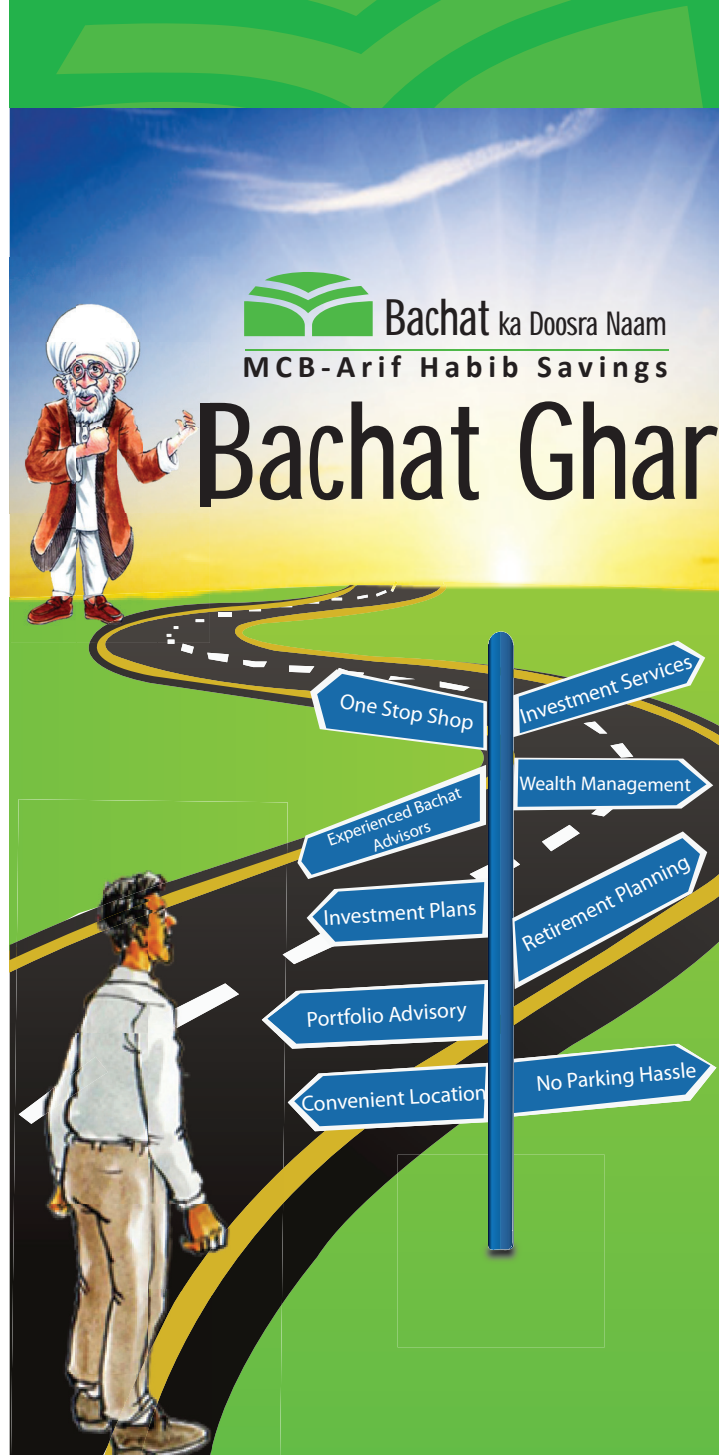
UAN: 11-11-622-24 (11-11-MCB-AH): Karachi, Lahore, Islamabad.  
UAN: 111-468-378 (111-INVEST): Karachi, Lahore, Islamabad & Multan.  
BACHAT CENTER (TOLL FREE): 0800-62224 (0800-MCBAH)

## Website

www.mcbah.com

## Email

info@mcbah.com, marketing@mcbah.com



Please find us on



by typing: Bachat Ka Doosra Naam

**MCB-Arif Habib Savings and Investments Limited**

**Head Office:** 8th Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi.

UAN: 11-11-622-24 (11-11-MCB-AH): Karachi, Lahore, Islamabad.

UAN: 111-468-378 (111-INVEST): Karachi, Lahore, Islamabad & Multan.

**\*BACHAT CENTER:** 0800-622-24 (0800-MCB-AH), Fax: (+92-21)32276898, 32276908

URL: [www.mcbah.com](http://www.mcbah.com), Email: [info@mcbah.com](mailto:info@mcbah.com)