



**Bachat** ka Doosra Naam

# Bachat Nama

Fund Manager's Report (August-2014)



MCB-Arif Habib Savings and Investments Limited

# MCB Islamic Income Fund

August 31, 2014

NAV - PKR 101.2343



## General Information

|                      |   |             |
|----------------------|---|-------------|
| Fund Type            | An Open End Scheme  |             |
| Category             | Shariah Compliant (Islamic) Income Scheme   |             |
| Asset Manager Rating | AM2 (AM Two) by PACRA   |             |
| Stability Rating     | AA-(f) by PACRA   |             |
| 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*      | Transaction less than or equal to Rs 15m  | 1.5%        |
|                      | Transaction more than Rs15m   | Nil         |
|                      | For Corporate   | Nil         |
|                      | Class "B"   | 0%          |
| Back end Load*       | 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)                        | 101.2343 |
| Net Assets (PKR M)                        | 1,960    |
| Weighted average time to maturity (Years) | 1.4      |
| Sharpe Measure                            | 0.20     |
| Correlation                               | 13.2%    |
| Standard Deviation                        | 0.04     |
| Alpha                                     | 0.827%   |

## Top Sukuk Holdings (% of Total Assets)

|                                     |       |
|-------------------------------------|-------|
| Engro Fertilizers Limited (Pre-IPO) | 5.90% |
|-------------------------------------|-------|

## Members of the Investment Committee

|                   |                          |
|-------------------|--------------------------|
| Yasir Qadri       | Chief Executive Officer  |
| Mohammad Asim CFA | SVP-Head of Equities     |
| Saad Ahmed        | Sr. Manager Fixed Income |
| Mohsin Pervaiz    | VP-Investments           |
| Manal Iqbal, CFA  | Senior Analyst           |

## 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 4.14% as against its benchmark return of 5.89%. The fund decreased its exposure in GoP Ijara Sukuk from 65.0% last month to 56.3% at the month end. Moreover, around 35.8% 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

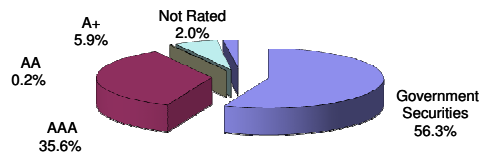
MCB-IIF has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs 10.66 million, if the same were not made the NAV per unit of MCB-IIF would be higher by Rs. 0.5509 and YTD return would be higher by 0.55%. For details investors are advised to read Note 7 of the latest Financial Statements for the nine months ended March 31, 2014 of MCB-IIF.

| Asset Allocation (%age of Total Assets) | Aug-14 | Jul-14 |
|---|--------|--------|
| Cash                                    | 35.8%  | 27.5%  |
| GoP Ijara Sukuk                         | 56.3%  | 65.0%  |
| Others including receivables            | 2.0%   | 1.6%   |
| Sukuk                                   | 5.9%   | 5.9%   |

| Performance Information (%)       | MCB IIF | Benchmark |
|-----------------------------------|---------|-----------|
| Year to Date Return (Annualized)  | 6.83    | 6.01      |
| Month to Date Return (Annualized) | 4.14    | 5.89      |
| 180 Days Return (Annualized)      | 7.34    | 6.23      |
| 365 Days Return (Annualized)      | 8.24    | 6.16      |
| Since inception (CAGR)            | 9.08    | 6.39      |

| Annualized    | 2010 | 2011 | 2012 | 2013 | 2014 |
|---------------|------|------|------|------|------|
| Benchmark (%) | NA   | NA   | 6.6  | 6.3  | 6.09 |
| MCB IIF (%)   | NA   | NA   | 10.4 | 8.90 | 8.38 |

## Asset Quality (%age of Total Assets)



MUFAP's Recommended Format.

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# Pakistan International Element Islamic Asset Allocation Fund

August 31, 2014

NAV - PKR 48.12



## General Information

|                      |  |
|----------------------|--|
| Fund Type            | An Open End Scheme   |
| Category             | Shariah Compliant Islamic Asset Allocation Scheme  |
| Asset Manager Rating | AM2 (AM Two) by PACRA  |
| 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%<br>Type C & D: 1.33%  |
| Front end Load *     | Type A: Transaction less than or equal to Rs 15m 2%<br>Transaction more than Rs 15m Nil<br>For corporate Nil |
| Back end Load*       | Type B,C & D: None<br>Type A: None   |
| Min. Subscription    | Type B,C& D: Yr 1:3%, Yr 2:2%, Yr 3:1%<br>A & B PKR 5,000<br>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 -4.9% as against its benchmark return of -3.46% during the month. Exposure in equities was increased to 69.2% compared to 65.2% the previous month. Major sector level increase was witnessed in Construction & Materials, Oil & Gas, Electricity & Automobile and parts while exposure was decreased in General Industries.

## Provision against WWF liability

PIEIF has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs 5.79 million, if the same were not made the NAV per unit of PIEIF would be higher by Rs. 0.7089 and YTD return would be higher by 1.44%. For details investors are advised to read Note 8 of the latest Financial Statements for the nine months ended March 31, 2014 of PIEIF.

| Fund Facts / Technical Information | PIEIF    | KMI-30 |
|------------------------------------|----------|--------|
| NAV per Unit (PKR)                 | 48.12    |        |
| Net Assets (PKR M)                 | 393      |        |
| Price to Earning (x)               | 6.66     | 9.05   |
| Dividend Yield (%)                 | 0.05     | 0.06   |
| No. of Holdings - Equity           | 26       | 30*    |
| Wt. Avg Mkt Cap (PKR Bn)           | 78.32    | 258.79 |
| Sharpe Measure                     | 0.03     | 0.05   |
| Beta                               | 0.64     | 1.00   |
| Correlation                        | 80.7%    |        |
| Max draw up                        | -28.9%   | -39.6% |
| Max draw Down                      | 218.2%   | 502.9% |
| Standard Deviation                 | 0.77     | 0.98   |
| Alpha                              | -0.0012% |        |
| *prospective earnings              |          |        |

| Performance Information (%) | PIEIF  | Benchmark |
|-----------------------------|--------|-----------|
| Year to Date Return         | -2.39  | -1.46     |
| Month to Date Return        | -4.90  | -3.46     |
| 180 Days Return             | 3.23   | 5.22      |
| 365 Days Return             | 12.21  | 21.58     |
| Since inception             | 117.39 | 242.10    |

| Asset Allocation (%age of Total Assets) | Aug-14 | Jul-14 |
|---|--------|--------|
| Cash                                    | 19.3%  | 24.6%  |
| Stock /Equities                         | 69.2%  | 65.2%  |
| Sukuk                                   | 8.7%   | 7.9%   |
| Others including receivables            | 2.8%   | 2.3%   |

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

|                                    |        |      |
|------------------------------------|--------|------|
| Engro Fertilizer Limited (Pre-IPO) | Sukuk  | 8.7% |
| Pakistan Oilfields Limited         | Equity | 7.9% |
| Hub Power Company Limited          | Equity | 7.3% |
| Pakistan Petroleum Limited         | Equity | 6.7% |
| Lucky Cement Limited               | Equity | 6.3% |
| Kot Addu Power Company Limited     | Equity | 5.4% |
| Pakistan State Oil Company Limited | Equity | 4.9% |
| Maple Leaf Cement Factory Limited  | Equity | 3.9% |
| Attock Cement Pakistan Limited     | Equity | 3.7% |
| Bata Pakistan Limited              | Equity | 3.0% |

## Members of the Investment Committee

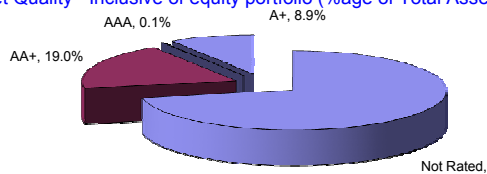
|                    |                          |
|--------------------|--------------------------|
| Yasir Qadri        | Chief Executive Officer  |
| Muhammad Asim, CFA | SVP - Head of Equities   |
| Saad Ahmed         | Sr. Manager Fixed Income |
| Mohsin Pervaiz     | VP - Investments         |
| Manal Iqbal, CFA   | Senior Analyst           |

|               | 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 |

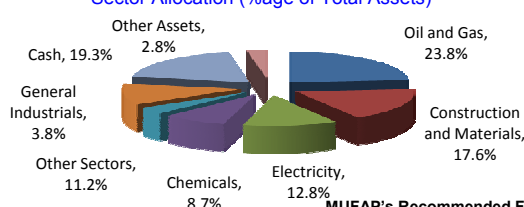
## Details of non-compliant investments with the investment criteria of assigned category (Rs. in millions)

| Name & Type of Non-Compliant Investment | Outstanding face value | Value of investment before provision | Provision held, if any | Value of investment after provision | % of Net Assets | % of Gross Assets |
|---|------------------------|--------------------------------------|------------------------|-------------------------------------|-----------------|-------------------|
| Pak Elektron Limited- Sukuk             | 1.07                   | 0.99                                 | 0.99                   | -                                   | 0.00%           | 0.00%             |

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



## Sector Allocation (%age of Total Assets)



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## MUFAP's Recommended Format.

# Pakistan Islamic Pension Fund

August 31, 2014



## General Information

|                        |  |
|------------------------|--|
| Fund Type              | An Open End Scheme   |
| Category               | Islamic Voluntary Pension Scheme                                   |
| Asset Manager Rating   | AM2 (AM Two) by PACRA  |
| Stability Rating       | Not Applicable   |
| Launch Date            | 15-Nov-07  |
| Fund Manager           | Manal Iqbal, CFA   |
| Trustee                | Habib Metropolitan Bank 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 -6.04% during the month against KSE-100 index return of -5.76%. Many changes in sector and company allocations were made in response to changing sector and company fundamentals. Allocations to Oil & Gas and Electricity sectors were increased while the fund reduced its exposure in Construction & Materials.

Debt sub-fund generated an annualized return of 2.21% during the month. The fund has maintained exposure in cash and slightly reduced its exposure towards GoP Ijarah Sukuk.

Money Market sub-fund generated an annualized return of 2.26% during the month. The fund has slightly reduced its exposure in cash and GoP Ijarah Sukuk.

## 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 1.3988 and YTD return would be lower by 0.51%. For details investors are advised to read Note 9 of the latest Financial Statements for the nine months ended March 31, 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 0.5017 and YTD return would be lower by 0.29%. For details investors are advised to read Note 9 of the latest Financial Statements for the nine months ended March 31, 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 0.5535 and YTD return would be lower by 0.35%. For details investors are advised to read Note 9 of the latest Financial Statements for the nine months ended March 31, 2014 of PIPF.

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

|                                    |       |
|------------------------------------|-------|
| Hub Power Company Limited          | 10.3% |
| Pakistan Petroleum Limited         | 9.3%  |
| Pakistan Oil Fields Limited        | 9.2%  |
| Pakistan State Oil Company Limited | 7.3%  |
| Kot Addu Power Company Limited     | 7.1%  |
| Lucky Cement Limited               | 6.6%  |
| Bata Pakistan Limited              | 5.5%  |
| Maple Leaf Cement Factory Limited  | 4.1%  |
| Indus Motor Company Limited        | 3.7%  |
| Millat Tractors Limited            | 3.6%  |

| PIPF -Money Market ( %age of Total Assets) | Aug-14 | Jul-14 |
|--|--------|--------|
| Cash                                       | 17.1%  | 17.5%  |
| GoP Ijarah Sukuk                           | 80.4%  | 80.7%  |
| Others including receivables               | 2.5%   | 1.8%   |

| PIPF-Debt (%age of Total Assets) | Aug-14 | Jul-14 |
|----------------------------------|--------|--------|
| Cash                             | 8.2%   | 8.2%   |
| GoP Ijarah Sukuk                 | 89.1%  | 89.8%  |
| Sukuk                            | 0.0%   | 0.0%   |
| Others including receivables     | 2.7%   | 2.0%   |

| Performance Information & Net Assets |                      |       | PIPF-EQ* | PIPF-DT** | PIPF-MM** |
|--------------------------------------|----------------------|-------|----------|-----------|-----------|
| Year to Date Return (%)              |                      |       | -2.65    | 2.63      | 2.22      |
| Month to Date Return (%)             |                      |       | -6.04    | 2.21      | 2.26      |
| Since inception (%)                  |                      |       | 166.12   | 10.32     | 8.28      |
| Net Assets (PKR M)                   |                      |       | 132.78   | 119.77    | 69.10     |
| NAV (Rs. Per unit)                   |                      |       | 266.65   | 170.83    | 156.90    |
|                                      | 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) | Aug-14 | Jul-14 |
|------------------------------------|--------|--------|
| Oil and Gas                        | 33.4%  | 32.6%  |
| Electricity                        | 17.3%  | 14.3%  |
| Construction and Materials         | 15.7%  | 17.3%  |
| Automobile and Parts               | 7.0%   | 4.1%   |
| General Industrials                | 5.6%   | 6.8%   |
| Other equity sectors               | 10.6%  | 10.1%  |
| Cash                               | 8.0%   | 11.7%  |
| Others including receivables       | 2.4%   | 3.1%   |

## Members of the Investment Committee

|                    |                          |
|--------------------|--------------------------|
| Yasir Qadri        | Chief Executive Officer  |
| Muhammad Asim, CFA | SVP - Head of Equities   |
| Saad Ahmed         | Sr. Manager Fixed Income |
| Mohsin Pervaiz     | VP - Investments         |
| Manal Iqbal, CFA   | Senior Analyst           |

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# MCB-Arif Habib Savings and Investments Limited

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## BACHAT GHAR

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## UAN & TOLL FREE NUMBERS

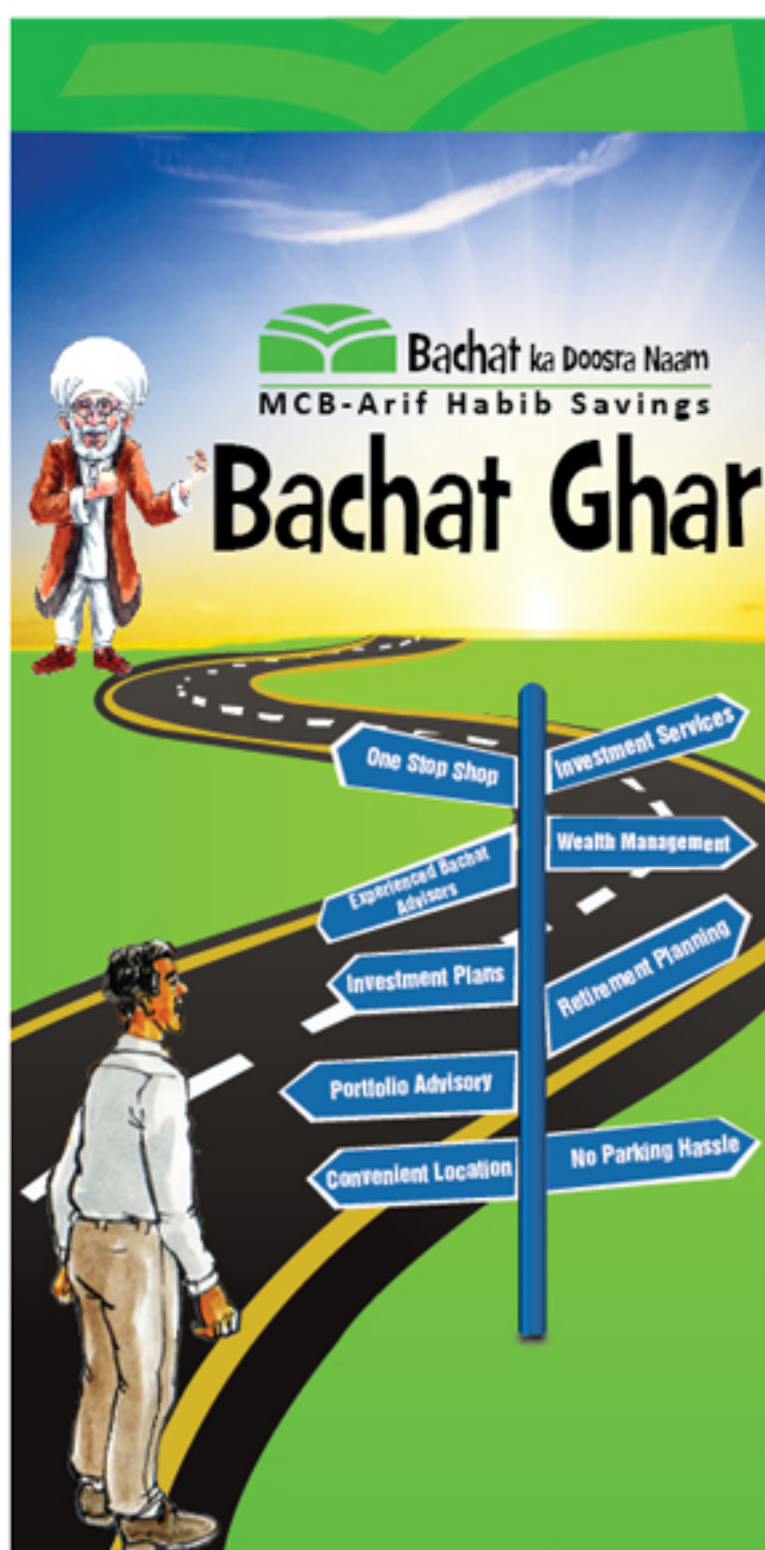
UAN: 11-11-622-24 (11-11-MCB-AH): Karachi, Lahore, Islamabad.  
UAN: 111-468-378 (111-INVEST): Karachi, Lahore, Islamabad & Multan.  
BACHAT CENTER (TOLL FREE): 0800-62224 (0800-MCBAH)

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Please find us on



by typing: **Bachat Ka Doosra Naam**

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

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