



**Bachat** ka Doosra Naam

# Bachat Nama

Fund Manager's Report (November-2014)



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





**Macro-Environment Review and Outlook**

The combined effect of higher base, stable food prices and drop in energy prices brought YoY CPI to multi year low at 3.96 percent resulting in average inflation of 6.47 percent during first five months. Sustained lower prices of energy products may keep inflation at low levels while full year average is expected to remain below 7 percent.

In light of subdued inflationary pressure, the monetary policy committee also announced 50 bps cut in the discount rate in the last monetary policy meeting held in November. Widening gap between interest rate and inflation has further strengthened the case for 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 \$1.75 billion during the first four months of the current fiscal year, as opposed to the deficit of around \$1.36 billion during the same period last fiscal year. The current account deficit has widened due to increase in imports in the face of higher remittance proceeds.

Although foreign inflows failed to pick up pace, successful sukuk auction helped the country to raise \$ 1 billion in the international market in November. The market is expecting resumption in flow of foreign funds after the release of 4th and 5th tranche by IMF in December.

**Equities Market Performance Review and Outlook**

Stock Market stayed active, with benchmark KSE-100 index closed the month at 31,197.98 points, marking a growth of 2.7 percent in November. Pharma and Bio Tech, Construction and Materials, and Electricity sector posted strong returns, while the performance of Oil and Gas sector remained dull.

Pharma and Bio Tech stocks performed on the back of growing expectation that the government will revise pricing formula. Cement sector benefited from lower coal prices and increase in volumetric sales. While, Power companies remained in the limelight on the back of higher dividend yield.

On the back of improvement in the market confidence stemming from stable economic outlook and subsiding of political crisis, the average turnover improved to 253 million shares in November as opposed to average turnover of 152 million shares during the past three months. Foreign investors remained net buyers with a cumulative net inflow of US\$ 38.29 million during the month.

With market expecting further cut in the discount rate in next monetary policy, profitability of debt laden companies are expected to improve.

**Money Market Performance Review and Outlook**

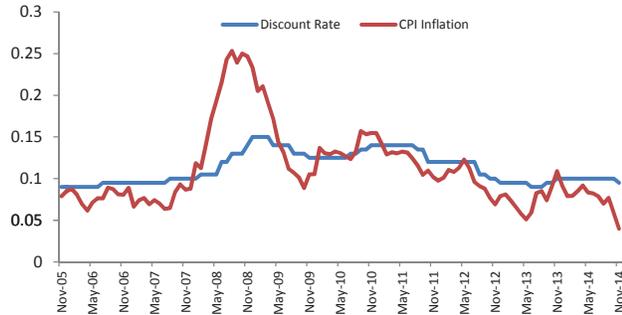
The SBP in its Monetary Policy Statement released in November slashed the policy rate by 50bps to 9.5 percent. The key decision factor includes favorable trend in global commodity prices. Activity in the money market remained quite active where major interest was once again witnessed in longer tenor bonds mainly after further decline in international oil prices. The market throughout the month stayed illiquid mainly because of high participation in Treasury bills and PIB auctions. Hence, State Bank on number of times intervened in the market to inject sizeable amount of liquidity.

The State Bank of Pakistan conducted PIB auction in the month of Nov'14 with majority of bids received in 3 years (48 percent) whereas participation in 5 years and 10 years were 18 percent and 34 percent, respectively. However, bids in 20 years were rejected. Total bids of Rs 154.76 billion were received. Surprisingly, bids of Rs 141 billion were accepted against target of Rs 50 billion. As compared to last auction cut-off yields for 3 years tenor declined by 158 bps to 10.90 percent while yields for 5 years and 10 years tenor declined by 188 bps and 145 bps to settle at 11.10 percent and 11.99 percent respectively.

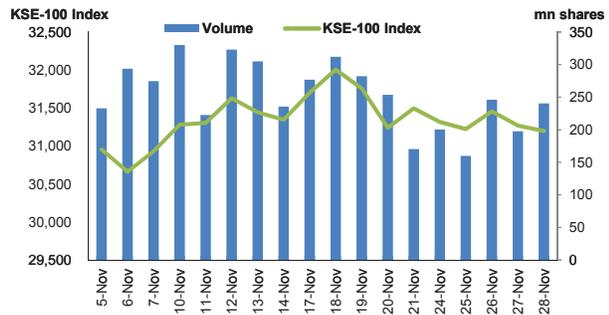
The State Bank of Pakistan accepted an amount of Rs 193.56 billion against bids of Rs 193.89 billion in Treasury bills auction held in Nov'14. The auction target was Rs 260 billion while the maturing amount was Rs 230.6 billion. Participation was majorly skewed towards 6M tenor whereas yield for 3M, 6M and 12M tenors stood at 9.4568 percent, 9.4940 percent and 9.4951 percent respectively.

The market will continue to remain active as all the economic indicators are encouraging. It is widely expected that investment in longer tenor bonds will remain on the high side.

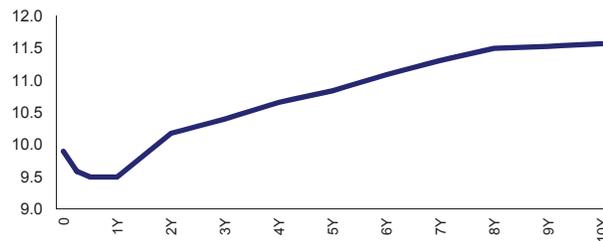
Discount Rate vs. CPI Inflation



KSE During November 30, 2014



Yield Curve (November 2014)



# MCB Islamic Income Fund

November 30, 2014

NAV - PKR 102.1202



## 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*	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)	102.1202
Net Assets (PKR M)	1,564
Weighted average time to maturity (years)	1.17
Sharpe Measure	0.17
Correlation	13.4%
Standard Deviation	0.04
Alpha	0.007%

## Top Sukuk Holding (% of Total Assets)

Engro Fertilizers Limited (09-Jul-14)	7.6%
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## 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 0.05% as against its benchmark return of 6.12%. The fund decreased its exposure in GoP Ijara Sukuk from 83.2% last month to 81.5% at the month end. Around 8.2% 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 10.84 million, if the same were not made the NAV per unit of MCB-IIF would be higher by Rs. 0.7079 and YTD return would be higher by 0.71%. 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)

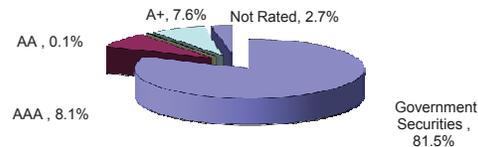
	Nov-14	Oct-14
Cash	8.2%	7.8%
GoP Ijara Sukuks	81.5%	83.2%
Others including receivables	2.7%	2.2%
Sukuk	7.6%	6.8%

## Performance Information (%)

	MCB IIF	Benchmark
Year to Date Return (Annualized)	4.98	6.23
Month to Date Return (Annualized)	0.05	6.12
180 Days Return (Annualized)	4.85	6.29
365 Days Return (Annualized)	6.87	6.32
Since inception (CAGR)	8.69	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

November 30, 2014

NAV - PKR 55.43



## 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: 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	
	Type B,C & D: None		
Back end Load*	Type A: None		
	Type B,C& D: Yr 1:3%, Yr 2:2%, Yr 3:1%		
Min. Subscription	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 5.72% as against its benchmark return of 1.98% during the month. Exposure in equities was decreased to 74.9% as compared to 77.7% in the previous month. Major sector level increase was witnessed in Electricity & Automobile and Parts, whereas, exposure in Engineering was decreased.

## Provision against WWF liability

PIEIF has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs 6.72 million, if the same were not made the NAV per unit of PIEIF would be higher by Rs. 0.8899 and YTD return would be higher by 1.81%. 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)	55.43	
Net Assets (PKR M)	419	
Price to Earning (x)	8.71	5.13
Dividend Yield (%)	3.6%	5.7%
No. of Holdings - Equity	27	30*
Wt. Avg Mkt Cap (PKR Bn)	84.33	195.22
Sharpe Measure	0.04	0.06
Beta	0.64	1.00
Correlation	80.6%	
Max draw up	246.0%	524.3%
Max draw Down	-28.9%	-39.6%
Standard Deviation	0.77	0.97
Alpha	0.0055%	
*prospective earnings		

Performance Information (%)	PIEIF	Benchmark
Year to Date Return	12.43	4.23
Month to Date Return	5.72	1.98
180 Days Return	13.00	6.39
365 Days Return	24.90	18.73
Since inception	150.41	261.85

Asset Allocation (%age of Total Assets)	Nov-14	Oct-14
Cash	15.3%	10.3%
Stock /Equities	74.9%	77.7%
Sukuk	8.3%	8.7%
Others including receivables	1.5%	3.3%

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

Hub Power Company Limited	Equity	9.9%
Engro Fertilizers Company Limited (09-Jul-14)	Sukuk	8.3%
Attock Petroleum Limited	Equity	6.4%
Pakistan Petroleum Limited	Equity	5.8%
Indus Motors Company Limited	Equity	5.3%
Pak Suzuki Motors Company Limited	Equity	4.7%
DG Khan Cement Company Limited	Equity	4.3%
Millat Tractors Limited	Equity	3.7%
Maple Leaf Cement Factory Limited	Equity	3.7%
Kohat Cement Limited	Equity	3.5%

## Members of the Investment Committee

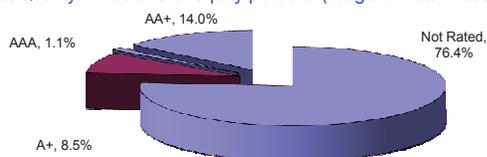
Yasir Qadri	Chief Executive Officer
Muhammad Asim, CFA	Chief Investment Officer
Saad Ahmed	Sr. Manager Fixed Income
Mohsin Pervaiz	VP - Investments
Manal Iqbal, CFA	Head of Research

	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

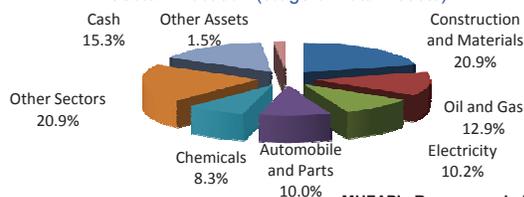
## Details of non-compliant investments with the investment criteria of assigned category (Rs. in millions)

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	6.43	6.43	6.43	-	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

November 30, 2014



## 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 4.65% during the month against KSE-100 index return of 2.7%. Many changes in sector and company allocations were made in response to changing sector and company fundamentals. Allocations to Oil & Gas and Engineering sectors were decreased while the fund increased its exposure in Construction & Materials, Electricity and Automobile & Parts sectors.

Debt sub-fund generated an annualized return of -2.55% during the month. The fund has maintained exposure in cash and marginally decreased its exposure towards GoP Ijarah Sukuk from 93.1% to 93.0%.

Money Market sub-fund generated an annualized return of -2.08% during the month. The fund has significantly increased its exposure in GoP Ijarah Sukuk from 78.5% to 94.5%.

## 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 1.3448 and YTD return would be lower by 0.49%. 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 0.4921 and YTD return would be lower by 0.29%. 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 0.5688 and YTD return would be lower by 0.36%. 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)

Hub Power Company Limited	9.8%
Pakistan Petroleum Limited	8.1%
Indus Motors Company Limited	6.3%
Lucky Cement Limited	5.6%
Attock Petroleum Limited	4.7%
Millat Tractors Limited	4.5%
Fauji Cement Company Limited	4.2%
Attock Cement Limited	4.2%
Bata Pakistan Limited	4.2%
Pak Suzuki Motors Company Limited	3.8%

PIPF -Money Market (%age of Total Assets)	Nov-14	Oct-14
Cash	1.8%	18.8%
GoP Ijarah Sukuk	94.5%	78.5%
Others including receivables	3.7%	2.7%

PIPF-Debt (%age of Total Assets)	Nov-14	Oct-14
Cash	3.6%	4.3%
GoP Ijarah Sukuk	93.0%	93.1%
Sukuk	0.0%	0.0%
Others including receivables	3.4%	2.6%

## Performance Information & Net Assets

	PIPF-EQ* PIPF-DT** PIPF-MM**				
	2010	2011	2012	2013	2014
Year to Date Return (%)			14.39	1.92	1.86
Month to Date Return (%)			4.65	-2.55	-2.08
Since inception (%)			212.70	10.04	8.08
Net Assets (PKR M)			162.29	122.53	67.51
NAV (Rs. Per unit)			313.33	171.44	157.53
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)	Nov-14	Oct-14
Construction and Materials	21.6%	16.0%
Oil and Gas	20.3%	23.6%
Electricity	13.5%	11.7%
Automobile and Parts	10.1%	8.5%
General Industrials	6.7%	6.5%
Other equity sectors	20.7%	18.6%
Cash	5.2%	10.1%
Others including receivables	1.9%	5.0%

## 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

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## UAN & TOLL FREE NUMBERS

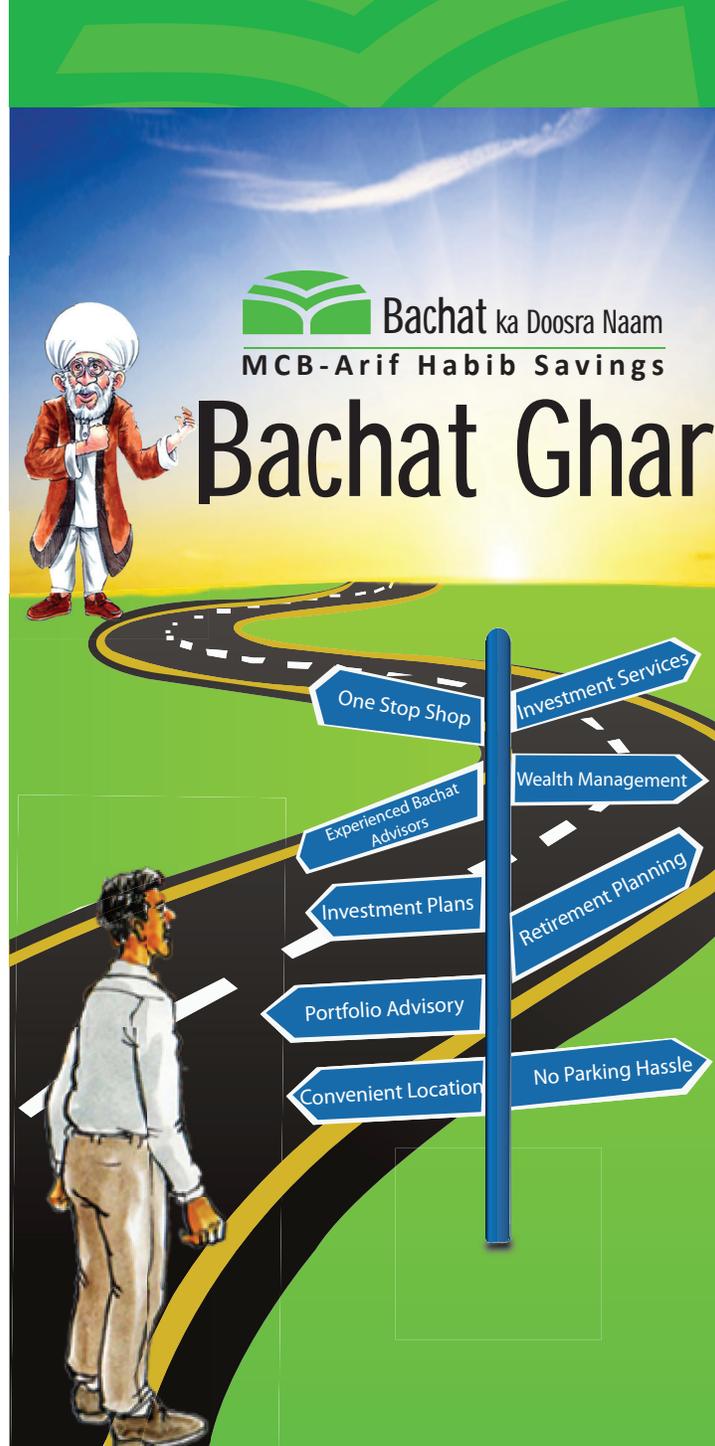
UAN: 11-11-622-24 (11-11-MCB-AH): Karachi, Lahore, Islamabad.  
UAN: 111-468-378 (111-INVEST): Karachi, Lahore, Islamabad & Multan.  
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