Fund Managers' Report

March 2016

Gain the benefit of hassle-free portfolio diversification in equity, fixed income, & money markets through a single investment!

Invest in UBL Fund Managers' Asset Allocation Funds

Diversified Investments.

Fruitful Results.









Market Review & Outlook

Fund Managers Report - March'16



From the CIO's Desk

CPI inflation in March 2016 scaled slightly down to 3.9% on year-on-year basis from 4.0% recorded in February 2016. Low oil prices resulted in cut in domestic petroleum product prices, which broadly offset the incremental impact of food and general price inflation during the month. While some seasonal uptick in domestic food commodity prices might be seen in coming months, weak international commodity dynamics amid supply concerns and low growth expectations in leading world economies will continue to exert downward pressure on prices and help keep domestic inflation well within existing range of 3.5% to 4.0%.

Despite this, SBP is expected to maintain a prudent stance in its upcoming monetary policy. Even though adequate foreign exchange reserves, low commodity prices and inflows from international financial institutions fend any balance of payments concerns off, slower growth in remittances and foreign direct investments, including delay in the privatization process, are expected to remain concerning factors. The impact of any fiscal consolidation leading up to next budget would also further drive policy direction.

The KSE-100 Index managed to rally in March 2016, gaining 5.6% during the month – outperforming the MSCI-Frontier Markets Index return of 1.1% MoM. Much of the gain was realized early in the month., and the market consolidated during the later part of the month. Foreign investment recorded a net outflow of USD11.3mn during the month as foreign investors reduced Banking sector exposure in favor of Cements.

The market is further gearing up for its possible reclassification into MSCI Emerging Market Index, expected to be reviewed by the end of ongoing fiscal year. Efforts are underway to improve market depth through changes in leverage mechanisms, development of futures market, and introduction of options counter. In addition, the exchange is further considering widening of circuit breakers and introduction of index based halt mechanisms, which will further increase market's appeal for possible reclassification. Given these considerations, we continue to maintain our positive outlook on the local equity market in medium-term. The low interest rates, higher GDP growth and strong corporate earnings growth is expected to fuel the equity market over the long-term. The fundamentals of the stock market are intact and the market is trading at a significant discount as compared to the regional peers.

UBL Asset Allocation Fund (UAAF) offers an appropriate strategy for such times of volatile equity markets for investors with low to moderate risk tolerance. This fund invests in a diversified portfolio of stocks, bonds, and money market instruments. It has the potential to earn returns well above those of Money Market Funds and Income Funds, while limiting risk by investing no more than 40% of its assets in stocks at any point in time.

We strongly recommend our investors to invest in Voluntary Pension Schemes in order to grow their long-term savings and achieve retirement security. We recommend a high exposure to Equity Sub-Fund of the Scheme. We have been following an aggressive investment strategy in this Sub-Fund considering its long time horizon and low liquidity/redemption pressures. The strategy has performed well and the Equity Sub-Fund has generated an absolute return of 427.7% (KSE-100 Index: 222.6%) since inception. This translates to an average annualized return of 32.6% p.a. (KSE-100 Index: 21.9% p.a.) - thus outperforming the KSE-100 Index by a huge margin.

Market Review & Outlook

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Money Market Review & Outlook				
Secondary Market Yields 1st-31st Mar 2016	;			
	31-Mar	High	Low	Avg
0 -7 Days	6.18%	6.18%	5.92%	6.09%
03 Months	6.20%	6.21%	6.17%	6.19%
06 Months	6.20%	6.22%	6.18%	6.20%
12 Months	6.20%	6.22%	6.19%	6.20%
03 Years	6.52%	6.54%	6.49%	6.51%
05 Years	7.08%	7.18%	7.08%	7.14%
10 Years	8.56%	8.61%	8.54%	8.57%

Inflation - Mar 2016					
	СРІ	Core Inflation		Core Inflation	Inflation
	CPI	NFNE	Trimmed Mean		
Year on Year	3.94%	4.70%	3.80%		
12 Monthly Moving Avg	2.68%	4.28%	3.18%		
12 Months High	4.00%	5.40%	3.90%		
12 Months Low	1.30%	3.40%	2.70%		

Treasury Bills Auction 30th Mar 2016					
Amount in PKR Billions	Accepted	Latest Cut-off	Previous Cut-off		
3 Months	1.48	6.17%	6.17%		
6 Months	10.83	6.18%	6.20%		
12 Months	37.00	6.21%	6.22%		
Total	49.31				

Latest PIB Auction 21st Mar 2016						
Amount in PKR Billions	Accepted	Latest Cut-off	Previous Cut-off			
3 Years	34.21	6.32%	6.35%			
5 Years	62.62	7.00%	7.05%			
10 Years	16.42	8.23%	8.25%			
Total	113.25					

Analysis

- Consumer Price Index (CPI) for Mar'16 increased by 0.15% MoM, translating into an increase of 3.9% YoY, which was in line with market expectations, and lower than the inflation of 4.0% reported in Feb'16. Average CPI inflation for 9MFY16 comes to 2.64%. Major contributors to inflation were increase in the prices of perishable and non-perishable food items, beverages and tobacco, while decrease in the price of motor fuel kept the CPI in check.
- During the month, foreign exchange reserves increased by USD 72mn to reach USD 20.42bn, which was mainly attributable to lower oil prices and higher foreign remittances (8MFY16: USD 12.7bn).
- During 8MFY16, exports declined by 9.92% YoY to USD 14.4bn, while imports declined by 5.77% YoY to USD 26.3bn, resulting in the trade deficit to increase by 0.22% YoY to USD 11.9bn.
- Keeping in view the low oil prices, headline inflation for the current fiscal year is expected to close within a range of 3% -4%. Resultantly, SBP is likely to keep interest rates at status-quo in first half of CY16.

Equity Market Review & Outlook					
Performance of 10 stocks with highest weights in KSE-100 index					
Company	Price	% Change			
Habib Bank	171.54	-5.24%			
MCB Bank Ltd	206.03	5.18%			
Engro Corp	315.70	12.50%			
Hub Power Company	104.54	-1.14%			
Fauji Fertilizer Company	106.62	-2.34%			
United Bank Ltd.	151.22	0.19%			
Oil & Gas Development Corporation	114.44	6.90%			
Lucky Cement	538.11	9.84%			
Pakistan Petroleum Limited	128.12	10.55%			
Pakistan State Oil	351.24	9.20%			

Foreign Investors Portfolio Investment (USD Mn)	
Month to date	(11.3)
From 1 July' 15 to Date	(341.3)

Major Commodities		
	Closing Price	% Change
Oil (USD/bbl)	35.18	17.54%
Gold (USD/oz)	1,234.20	0.02%
Silver (USD/oz)	15.46	3.79%
Cotton (PKR/Maund)	5,075.00	3.05%

Performance of Stock Market Indexes and Stock Funds managed by UBL Funds				
FYTD CYTD				
KSE-100 Index	-3.66%	0.98%		
USF	3.98%	-2.10%		
KMI-30	1.65%	4.70%		
ASSF	2.84%	1.10%		

Analysis

- March 2016 turned out to be a productive month for the local equity market as KSE-100 index closed up 5.64% MoM, translating into CYTD gain of 0.98%, and clipping FYTD losses to 3.66%. This was mainly on account of political stability, recovery in international commodities, and a MoM decline in FIPI outflow. Net FIPI outflow during the month amounted to USD 11.27mn, translating into FYTD outflow of USD 341.28mn.
- Oil sector stabilized on the back of rebound in international oil prices resulting from expectations of an agreement between OPEC and non-OPEC countries to freeze output. Activity was also seen in the Cement sector on the back of higher industry dispatches and growth in sector profitability. Furthermore, news regarding inclusion of 9 Pakistani companies in the MSCI Emerging Markets index also helped to improve performance. During the month, Pakistan also received its second-last IMF tranche of USD 500mn, which helped it to repay a maturing Eurobond of USD 500mn.
- Going forward, there is uncertainty associated with curtailment of oil production by leading oil producing countries, which may lead to oversupply concerns in the near term, negatively impacting the E&P sector. However, local volumes and liquidity are expected to improve on the back of MSCI consultation process, improved macroeconomic indicators, and the upcoming earnings season. Furthermore, US Fed's stance on the frequency of interest rate hikes should be positive for global equity markets.

UBL Money Market Fund

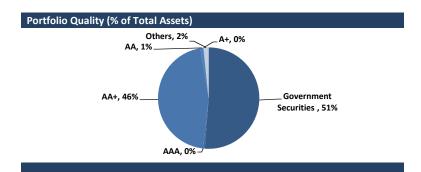
Fund Managers Report - March'16

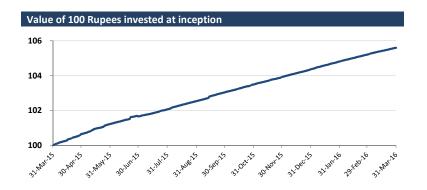


Investment Objective

The objective of UBL Money Market Fund is to generate competitive returns within a low risk portfolio to provide a regular stream of income and easy liquidity to its investors by investing more than 50% of the portfolio in short term government securities

Fund Performance			
	UMMF ¹	UMMF ²	Benchmark
FY-YTD (p.a.)	5.14%	5.17%	6.00%
March 2016 (p.a.)	4.34%	4.43%	5.75%
Since Inception (CAGR)		9.06%	9.88%
Standard Deviation*		0.17%	0.45%
Sharpe Ratio**		(6.32)	(1.08)
Weighted Avg Time to Maturity		64 Days	
	Feb'16	Mar'16	%∆
Fund Size (PKR Mn)	669	637	-4.69%
NAV (PKR)	103.8630	104.246	0.37%
¹ Simple Annualized Return ² Morning Star R * 12m Trailing ** 12m Trailing 3M PKRV vie		k-free rate	





Fund Information	
Fund Information	
Fund Type	Open-end
Fund Categorization	Money Market
Risk Profile	Low
Launch Date	14-Oct-10
Benchmark	75% 3M PKRV + 25% 3M TDR (with AA or
	better banks)
Listing	Pakistan Stock Exchange (PSX)
Trustee	Central Depository Company (CDC)
Auditor	KPMG – Taseer Hadi & Co
Management Co.Rating	AM2+ (JCR-VIS)
Fund Rating	AA (JCR-VIS)
Minimum Investment	Rs. 500
Load	1% (Front-end)
Dealing Days	Monday to Friday
Cut off times	Issuance: 4:00 PM (Mon-Fri)
	Redemption: 9:30 AM (Mon-Fri)
Pricing Mechanism	Backward
Management Fee	10% of all gross earnings (with min. fee of 1%
	p.a. & max. fee of 1.25% p.a.)
Fund Manager	Arsh Kumar
Investment Committee	Yasir Qadri Hasnain Raza Nensey
Members	Ali Alvi Arsh Kumar

Asset Allocation (% of Total Assets)	Jan'16	Feb'16	Mar'16
Placements with Banks	9%	0%	8%
Placements with DFIs	0%	0%	0%
PIB	18%	30%	51%
GOP Ijarah Sukuk	0%	0%	0%
T-Bills	43%	30%	0%
Cash	30%	38%	40%
Others	0%	2%	1%
Leverage	Nil	Nil	Nil

	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception
UMMF (p.a)	4.81%	5.00%	5.57%	7.22%	8.79%	9.06%
Benchmark	5.76%	5.82%	6.17%	8.23%	9.55%	9.88%

Returns are annualized using the Morningstar Methodology

Disclosures In compliance with SECP's "Circular # 17 of 2012"

The Fund/Scheme has maintained provisions against Workers' Welfare Fund liability to the tune of Rs. 4,781,808, if the same were not made the NAV per unit/return of the Scheme would be higher by Rs. 0.78/0.75%.

Consequent to amendments in tax laws through Finance Act 2015 where Mutual Funds & Collective Investment Schemes have been excluded from the definition of "Industrial Establishment", no provision for WWF has been provided after June 30, 2015.

Monthly Yield*	Apr'15	May'15	Jun'15	Jul'15	Aug'15	Sep'15	Oct'15	Nov'15	Dec'15	Jan'16	Feb'16	Mar'16	CYTD
UMMF	8.06%	7.02%	5.32%	4.81%	5.59%	6.14%	5.32%	5.08%	5.19%	5.23%	4.76%	4.43%	4.81%
Benchmark	7.24%	6.54%	6.30%	6.41%	6.43%	6.21%	5.94%	5.82%	5.90%	5.78%	5.77%	5.75%	5.76%

^{*}Returns are annualized using the Morningstar Methodology | For periodic returns as per SECP's SCD Cirular No. 16 of 2014, refer to the end of this FMR

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UBL Stock Advantage Fund

Fund Managers Report - March'16

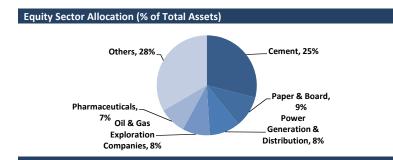


Investment Objective

USF is an open-end Equity Fund, investing primarily in equities listed on the KSE. The Fund seeks to maximize total returns and outperform its benchmark by investing in a combination of securities offering long term capital gains and dividend yield potential.

Fund Performance			
		USF	Benchmark
FY-YTD		3.98%	-3.87%
Mar-16		5.40%	5.88%
Since Inception (CAGR)***		15.27%	10.93%
Standard Deviation*		14.60%	12.30%
Sharpe Ratio**		0.92	0.05
Beta*		1.05	1.00
Alpha*^		12.85%	
R-Square^^		78%	
Price-to-Earning Ratio ^^^		11.32x	7.88
Dividend Yield ^^^		3.61%	6.50%
Value at Risk		-1.09%	-0.95%
	Feb'16	Mar'16	%∆
Fund Size (PKR Mn)	2,954	3,254	10.18%
NAV (PKR)	56.08	59.11	5.40%

^{*12}M Trailing. **12M Trailing, 3M PKRV yield used as Risk-Free rate. *^ Alpha measures the risk adjusted performance of the fund vs. the benchmark. ^^ R-Square measures the correlation between the benchmark and the fund; ^^^ Benchmark figures are for KSE-100 Index only. ***Returns have been annualized using Morningstar Methodology



Top Ten Equity Holdings (% of Total Assets)										
The Hub Power Co. Ltd.	5.9%	Cherat Cement Co. Ltd.	4.2%							
Packages Ltd.	4.6%	Cherat Packaging Ltd.	4.1%							
Engro Corporation Ltd.	4.5%	The Searle Co. Ltd.	3.9%							
Pioneer Cement Ltd.	4.4%	Pakistan State Oil Co. Ltd.	3.8%							
D. G. Khan Cement Co. Ltd.	4.2%	Fauji Cement Co. Ltd.	3.8%							



Fund Information	
Fund Type	Open-end
Fund Categorization	Equity
Risk Profile	High
Launch Date	4-Aug-06
Benchmark	85% of KSE-100 Index + 15% of MSCI-ACW
	Index
Listing	Pakistan Stock Exchange (PSX)
Trustee	Central Depository Company (CDC)
Auditor	Deloitte- M. Yousuf Adil Saleem & Co.
Management Co.Rating	AM2+ (JCR-VIS)
Fund Rating	MFR- 2-STAR (JCR-VIS) - 3 Yr Average
Minimum Investment	Rs. 500
Load	2.5% (Front-end)
Dealing Days	Monday to Friday
Cut off times	4:00 PM
Pricing Mechanism	Forward
Management Fee	2% p.a.
Fund Manager	Syed H. Haider, CFA
Investment Committee	Yasir Qadri Hasnain Raza Nensey
Members	Ali Alvi Syed H. Haider, CFA

Asset Allocation (% of Total Assets)	Jan'16	Feb'16	Mar'16
Equities	77%	86%	85%
International Investments	0%	0%	0%
Cash	19%	9%	12%
Others	4%	5%	3%
Leverage	Nil	Nil	Nil

	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception
USF	-2.10%	5.65%	20.12%	98.92%	185.83%	294.89%
Benchmark	0.85%	3.00%	7.27%	71.15%	148.54%	172.47%

Returns are on absolute basis

Disclosures In compliance with SECP's "Circular # 17 of 2012"

The Fund/Scheme has maintained provisions against Workers' Welfare Fund liability to the tune of Rs. 35,340,985, if the same were not made the NAV per unit/return of the Scheme would be higher by Rs. 0.64/1.09%.

Consequent to amendments in tax laws through Finance Act 2015 where Mutual Funds & Collective Investment Schemes have been excluded from the definition of "Industrial Establishment", no provision for WWF has been provided after June 30, 2015.

Monthly Yield	Apr'15	May'15	Jun'15	Jul'15	Aug'15	Sep'15	Oct'15	Nov'15	Dec'15	Jan'16	Feb'16	Mar'16	CYTD
USF	14.03%	-3.16%	4.61%	4.12%	0.69%	-6.12%	6.13%	-3.03%	4.86%	-1.39%	-5.81%	5.40%	-2.10%
Benchmark	10.20%	-1.75%	3.06%	3.44%	-3.47%	-6.53%	6.37%	-5.13%	1.20%	-4.83%	0.09%	5.88%	0.85%

For periodic returns as per SECP's SCD Cirular No. 16 of 2014, refer to the end of this FMR $\,$

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Disclosure as per SECP's SCD Circular No. 16, 2014

Fund Managers Report





The periodic returns for the funds have been presented below as per SECP's SCD Circular No. 16 dated July 03, 2014. The returns presented below are:

- Yearly returns for the last five fiscal years, and
- Absolute returns for every fiscal year since inception

The returns have been annualized for money market, income and aggressive income schemes where the performance evaluation period is less than one year.

Last 3 & 5 Fiscal Years

	FY'11	FY'12	FY'13	FY'14	FY'15
UBL Money Market Fund	11.85%	12.06%	9.31%	7.81%	7.98%
Benchmark	14.17%	13.03%	10.27%	10.06%	8.61%

UBL Stock Advantage Fund	35.57%	12.40%	55.20%	31.48%	22.05%
Benchmark	27.40%	7.78%	45.98%	38.06%	13.47%

	FY'11	FY'12	FY'13	FY'14	FY'15
AISF	11.78%	11.34%	9.09%	8.10%	6.15%
Benchmark	7.92%	8.10%	7.09%	7.49%	7.66%
ASSF	26.41%	17.70%	49.59%	34.36%	27.07%
Benchmark	26.54%	12.62%	51.20%	29.89%	20.10%

Since Inception Absolute Returns

UMMF vs Benchmark (Fund return in top row)

FY'07	FY'08	FY'09	FY'10	FY'11	FY'12	FY'13	FY'14	FY'15
-	-	-	-	11.9%	21.6%	32.9%	43.2%	54.7%
-	-	-	-	14.2%	24.5%	37.3%	51.1%	64.1%

AISF vs Benchmark (Fund return in top row)

FY'07	FY'08	FY'09	FY'10	FY'11	FY'12	FY'13	FY'14	FY'15
-	-	-	-	11.8%	19.9%	30.8%	41.3%	50.0%
-	-	-	-	7.9%	13.7%	21.7%	30.8%	40.9%

USF vs Benchmark (Fund return in top row)

FY'07	FY'08	FY'09	FY'10	FY'11	FY'12	FY'13	FY'14	FY'15
29.7%	24.4%	-19.5%	0.0%	35.5%	52.4%	136.5%	210.9%	279.5%
29.1%	15.2%	-32.9%	-8.9%	16.1%	25.2%	82.7%	152.3%	186.3%

ASSF vs Benchmark (Fund return in top row)

FY'07	FY'08	FY'09	FY'10	FY'11	FY'12	FY'13	FY'14	FY'15
14.8%	15.8%	-5.5%	9.9%	39.0%	63.6%	144.8%	228.9%	317.9%
13.3%	20.0%	3.5%	32.0%	67.1%	88.2%	184.6%	269.7%	344.0%

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