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Market Review & Outlook

From the CIO's Desk

Fund Managers Report - June 2022



Continuing its losing streak from previous month, the local bourse gave up further ground in June with the benchmark KSE 100 declining by 3.6% during the month. Notwithstanding favorable news flow on FATF, improvement in forex reserves and progress on IMF-Pakistan talks, a tough FY23 final budget, with inflationary bias and disproportionate taxation measures for the corporate sector/salaried individuals, dampened investor sentiments leading to a sell-off during the last few trading sessions of the month. The original budget failed to get the nod from IMF, forcing the government to roll back most of the relief measures. Large corporations now face additional 10% tax in 2022, which reduces to a permanent 4% in subsequent years. Foreigners remained net sellers offloading shares amounting to USD12.4mn during the month. Among domestic investors, companies and individuals remained net buyers, mopping up shares worth USD22.2mn and USD20.9mn.

June headline inflation arrived well above market consensus at 21.3%Y/Y (6.3%M/M) mainly due to long-delayed revision in retail fuel prices and electricity tariffs and their second-round impact on other prices such as food, clothing, furnishings, health etc. Moreover, inflationary pressures are also getting broad-based as captured in significant jump in NFNE core inflation to 12.3%YoY (2.1%MoM) in June. Going forward, we expect inflation to remain elevated during the next 3-4 months as second round impact of higher administered prices (retail fuel, electricity, gas etc.) sweeps through the economy. However, we believe interest rates have nearly peaked now as we foresee significant decline in demand-led inflationary pressures in the coming months on policy-induced economic slowdown and as fiscal policy picks up the slack from here. We anticipate inflation to start abating significantly in 2HFY23 with our view premised on a decline in global commodity prices and local demand softness.

Due to lower exports and remittances, improving trend in current account deficit (CAD) reversed in May with monthly deficit widening to USD1.4bn from 0.6bn in April. For 11MFY22, CAD increased to USD15.2bn from USD1.2bn during SPLY. With imports remaining elevated in June as well, Pakistan is likely to end FY22 with a CAD of USD 16.5-17.0bn. Going forward, we expect CAD to decline to USD9-10bn in FY23 on lower imports due to demand slowdown and softer commodity prices. However, overall balance of payments is likely remain difficult due to heavy loans repayments on financial account over the next 12 months. As per provisional fiscal numbers, FBR collected PKR 6.125 trillion during FY22, exceeding the revised target of PKR 6.100 trillion. However, overall FY22 fiscal deficit is expected to come at 7.5-8.0% of GDP due to higher current expenditures. For FY23, government has set fiscal deficit target at 4.9% of GDP on the back of aggressive revenue assumptions. We believe lower than targeted revenue collection and provincial surplus amid economic slowdown could limit the ability to achieve this target.

Over the last many years, Pakistan's economy has been caught up in a boom and bust cycle. There are structural issues with the economy which prevent it from achieving a sustained high economic growth rate without creating macroeconomic stresses. The economy starts performing better when there are cyclical tailwinds and developing stresses whenever it faces cyclical headwinds. One chronic problem is the uncontrollable fiscal deficit. The main issues are 1) a narrow revenue base and a large undocumented economy 2) lopsided revenue and expenditure distribution among federating units and 3) a bloated public sector. Further, the economic growth model is overwhelmingly consumption oriented with little contribution from investments and exports. As per the latest GDP estimate, consumption makes up 96% of GDP, while investment and net exports contribute 15% and -11%.

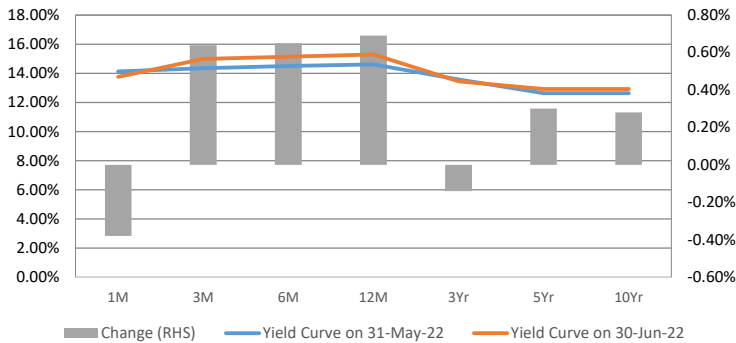
We maintain a sanguine view on equities as the local bourse is currently trading at much discounted forward PE multiple of 4.1x as compared to historical PE of 8.5x. Also, market's current earnings yield differential with 10Y PIB yield is 11.5% (24.4% vs. 12.9%) which is much higher than the average yield gap of 1.1% over the last 15 years.

We recommend our investors to invest in our equity funds as per their risk appetite and return expectations. For instance, our UBL Asset Allocation Fund (UAAF) offers an appropriate strategy 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 on offer in Money Market and Income Funds, while limiting risk by investing no more than 40% of its assets in stocks at any point in time. For those, with higher risk tolerance and return expectations, we have UBL Stock Advantage Fund which offers pure exposure to the domestic equity market.

We strongly recommend our investors to also invest in our Voluntary Pension Scheme (UBL Retirement Savings Fund) in order to avail tax benefits, grow their long-term savings and achieve retirement security. For those with a longer investment horizon, 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 631.12% (KSE100 Index: 304.43% since inception). This translates to an average annualized return of 17.79% p.a. (KSE-100 Index: 12.19% p.a.) - thus outperforming the KSE-100 Index by a significant margin.

Money Market Review & Outlook

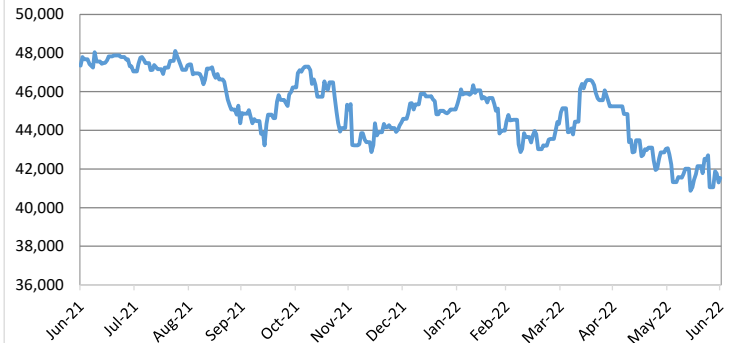
Yield Curve



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Equity Market Review & Outlook

KSE 100 Index



Continuing its losing streak from previous month, the local bourse gave up further ground in June with the benchmark KSE 100 declining by 3.6% during the month. Notwithstanding favorable news flow on FATF, improvement in forex reserves and progress on IMF-Pakistan talks, a tough FY23 final budget, with inflationary bias and disproportionate taxation measures for the corporate sector/salaried individuals, dampened investor sentiments leading to a sell-off during the last few trading sessions of the month. The original budget failed to get the nod from IMF, forcing the government to roll back most of the relief measures. Large corporations now face additional 10% tax in 2022, which reduces to a permanent 4% in subsequent years. Foreigners remained net sellers offloading shares amounting to USD12.4mn during the month. Among domestic investors, companies and individuals remained net buyers, mopping up shares worth USD22.2mn and USD20.9mn.

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UBL Money Market Fund

Fund Managers Report - June 2022



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 a major chunk of the portfolio in short term government securities.

Fund Performance

	UMMF ¹	UMMF ²	Benchmark
FY-YTD (p.a.)	9.39%	9.39%	9.28%
June 2022 (p.a.)	14.11%	15.06%	13.45%
Since Inception (CAGR)		8.32%	8.74%
Standard Deviation*		0.74%	2.29%
Sharpe Ratio**		-1.14	-0.42
Weighted Avg Time to Maturity		10 Days	
Expense Ratio ^{3 4}		1.53%	

	May'22	Jun'22	%
Fund Size (PKR Mn)	3,236	3,482	7.60%
Fund Size excluding FoFs (PKR Mn)	3,236	3,482	7.60%
NAV (PKR)	108.8706	100.7597	1.16%

¹ Simple Annualized Return | ² Morning Star Return

* 12m Trailing | ** 12m Trailing, 3M PKRV yield is used as a risk-free rate

³ This includes 0.09% representing government levy, SECP fee.

Selling & Marketing Expense PKR 14.75 mn. | ⁴ Annualized.

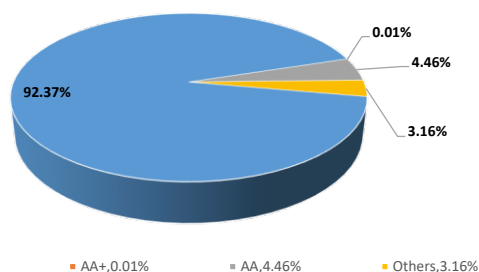
Note: Benchmark has been changed effective from October 2016; Previously 75% 3M PKRV + 25% 3M TDR (with AA or better banks)

Fund Information

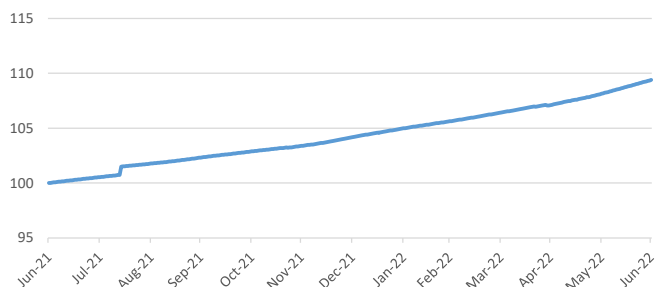
Fund Type	Open End Fund
Fund Categorization	Money Market
Risk Profile	Low
Launch Date	14-Oct-2010
Benchmark	70% Average of 3M PKRV rates + 30% 3M average deposit rate of three 3 AA rated scheduled Banks as selected by MUFAP
Listing	Pakistan Stock Exchange (PSX)
Trustee	Central Depository Company Pakistan Limited
Auditor	A.F. Ferguson & Company
Management Co. Rating	AM1 (VIS) (31-Dec-2021)
Fund Stability Rating	AA+ (f) (VIS) (13-Jan-2022)
Minimum Investment	Rs. 500/- Initial Subsequent
Load	Upto 1% (Front-end) Nil (Back-end)
Dealing Days	Monday to Friday
Cut off times	3:00 PM 4:00 PM (Fri) 9:30 AM (Same Day Redemption)
Pricing Mechanism	Backward
Management Fee*	5% of gross earnings (with min. fee of 0.15% p.a.)
Fund Manager	Syed Sheeraz Ali (Fixed Income Specialist)
Investment Committee	Yasir Qadri Syed Suleman Akhtar, CFA Hadi Mukhi Muhammad Imran Muhammad Ahmed, CFA Syed Sheeraz Ali

* Actual Management Fees charged for the month is 0.81% based on average net assets (annualized).

Portfolio Quality (% of Total Assets)



Value of 100 Rupees invested 12 months ago



Asset Allocation (% of Total Assets)

	Apr'22	May'22	Jun'22
Cash	28.64%	94.07%	92.84%
T-Bills	69.35%	0.00%	0.00%
Commercial Paper	0.00%	4.29%	4.00%
Others	2.01%	1.64%	3.16%
Leverage	Nil	Nil	Nil

Return vs Benchmark

	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception
UMMF (p.a.)	11.15%	10.08%	9.39%	9.25%	8.27%	8.32%
Benchmark	12.62%	11.17%	9.28%	9.21%	8.34%	8.74%

Simple Annualized Returns | Morningstar Returns for period more than one year

Monthly Yield *

	Jul'21	Aug'21	Sep'21	Oct'21	Nov'21	Dec'21	Jan'22	Feb'22	Mar'22	Apr'22	May'22	Jun'22	CYTD
UMMF (p.a.)	6.35%	14.43%	6.49%	6.48%	5.95%	9.09%	9.02%	8.01%	9.00%	7.61%	11.44%	14.11%	10.08%
Benchmark	6.72%	6.71%	6.83%	7.20%	7.88%	9.16%	9.27%	9.55%	10.31%	11.46%	12.94%	13.45%	11.17%

* Simple Annualized Returns | For periodic returns as per SECP SCD Circular No. 16 of 2014, refer to the end of this FMR

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Al-Ameen Islamic Asset Allocation Fund

Fund Managers Report - June 2022



Managed by UBL Fund Managers Limited

Investment Objective

The investment objective of the Fund is to earn competitive riba free return by investing in various shariah compliant asset classes/instruments based on the market outlook.

Fund Performance

	AIAAF	Benchmark
FY-YTD	-0.08%	5.35%
June 2022	-0.03%	5.92%
Since Inception (CAGR)**	7.70%	7.66%
Standard Deviation*	7.12%	28.08%
Sharpe Ratio**	-1.45	-0.17
Expense Ratio ¹	3.54%	

	May'22	Jun'22	%
Fund Size (PKR Mn)	1,900	1,675	-11.82%
NAV (PKR)	126.5472	125.7827	-0.03%

* 12m Trailing | ** 12m Trailing, 3M PKRV yield is used as a risk-free rate

***Returns have been annualized using Morningstar Methodology

¹ This includes 0.31% representing government levy, SECP fee.

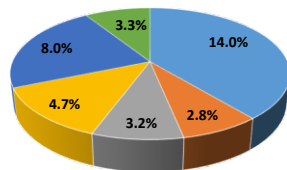
Selling & Marketing Expense PKR 17.59 mn.

Note: Benchmark has been changed effective from 6 December 2017; Previously Average of 6M KIBOR rate + 2%

Fund Information

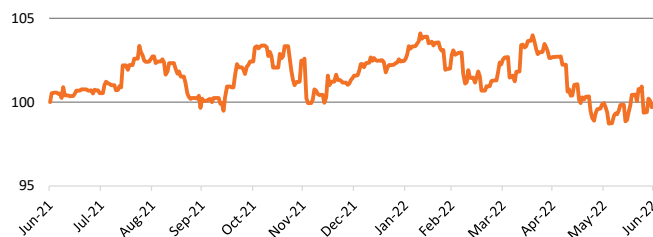
Fund Type	Open End Fund
Fund Categorization	Islamic Asset Allocation
Risk Profile	Medium
Launch Date	10-Dec-2013
Benchmark	Weighted Avg. of 3M deposit rates of 3 AA rated & 6M avg. deposit rates of 3 A rated Islamic Banks or Islamic windows of Conventional Banks as selected by MUFAP and KMI-30 Index based on actual proportion of the scheme
Listing	Pakistan Stock Exchange (PSX)
Trustee	Central Depository Company Pakistan Limited
Auditor	A.F. Ferguson & Co.
Management Co. Rating	AM1 (VIS) (31-Dec-2021)
Minimum Investment	Rs. 10,000/- initial & subsequent
Load	Upto 3% (Front-end) Nil (Back-end)
Dealing Days	Monday to Friday
Cut off times	3:00 PM 4:00 PM (Fri)
Pricing Mechanism	Forward
Management Fee	2% p.a.
Fund Manager	Muhammad Waseem, CFA (Shariah Compliant Equity Specialist), Syed Sheeraz Ali (Shariah Compliant Fixed Income Specialist)
Investment Committee	Yasir Qadri Syed Suleman Akhtar, CFA Hadi Mukhi Muhammad Imran Mubashir Anis, CFA Muhammad Waseem, CFA Muhammad Ahmed, CFA Shahib ul Hasnain Irfan Nepal Syed Sheeraz Ali

Equity Sector Allocation (% of Total Assets)



- Oil & Gas Exploration Companies, 13.99%
- Fertilizer, 3.20%
- Others, 7.98%
- Textile Composite, 2.81%
- Cement, 4.68%
- Power Generation & Distribution, 3.26%

Value of 100 Rupees invested 12 months ago



Asset Allocation (% of Total Assets)

	Apr'22	May'22	Jun'22
Cash	47.57%	58.81%	57.20%
Term Finance Certificates/ Sukuks	1.74%	1.86%	2.09%
Equities	38.82%	35.94%	35.92%
GOP Ijarah Sukuk	0.11%	0.12%	0.14%
Commercial Paper	9.85%	0.00%	0.00%
Others	1.90%	3.28%	4.65%
Leverage	Nil	Nil	Nil

Top Sukuk Holdings (% of Total Assets)

TFC/Sukuk-Javedan Corporation Limited (04-Oct-18)	1.07%
TFC/Sukuk-Ghani Gases Limited (03-Feb-17)	1.02%

Return vs Benchmark

	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception
AIAAF	-2.55%	-1.64%	-0.08%	28.45%	21.47%	88.65%
Benchmark	4.98%	6.56%	5.35%	34.14%	33.17%	88.01%

Returns are on absolute basis

Top Ten Equity Holdings (% of Total Assets)

Mari Petroleum Co. Ltd.	7.56%	Lucky Cement Ltd.	2.62%
Oil & Gas Development Co. Ltd.	3.36%	Kohat Cement Co. Ltd.	2.07%
The Hub Power Co. Ltd.	3.26%	Engro Fertilizers Ltd.	1.70%
Pakistan Petroleum Ltd.	2.91%	Kohinoor Textile Mills Ltd.	1.55%
Meezan Bank Ltd.	2.64%	Interloop Ltd.	1.01%

Monthly Yield

	Jul'21	Aug'21	Sep'21	Oct'21	Nov'21	Dec'21	Jan'22	Feb'22	Mar'22	Apr'22	May'22	Jun'22	CYTD
AIAAF	0.52%	2.19%	-2.46%	2.21%	-0.02%	-0.79%	0.98%	0.22%	-0.26%	0.14%	-2.66%	-0.03%	-1.64%
Benchmark	0.02%	0.88%	-2.50%	1.46%	-0.46%	-0.49%	1.27%	-0.54%	0.77%	0.96%	-1.82%	5.92%	6.56%

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

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Al-Ameen Shariah Stock Fund

Fund Managers Report - June 2022



Investment Objective

ASSF is an open-end Equity Fund, investing primarily in Shariah compliant equities. 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

	ASSF	Benchmark
FY-YTD	-12.28%	-10.25%
June 2022	-1.86%	-1.83%
Since Inception (CAGR)***	11.90%	11.38%
Standard Deviation*	17.48%	77.31%
Sharpe Ratio**	-1.29	-0.27
Beta*	0.08	1.00
Alpha*^	-1.30%	
R-Square^^	11.80%	
Value at Risk	-1.44%	-1.57%
Expense Ratio ¹	4.67%	
Price-to-Earning Ratio^^^	4.82x	6.76x
Dividend Yield^^^	9.24%	9.66%

	May'22	Jun'22	%
Fund Size (PKR Mn)	7,652	7,313	-4.43%
NAV (PKR)	142.7300	140.0700	-1.86%

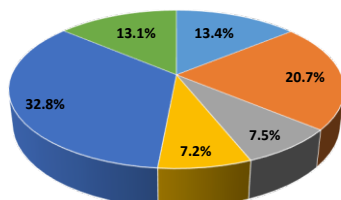
*12M Trailing. | **12M Trailing, 3M PKRV yield used as Risk-Free rate. | ^^ Alpha measures the risk adjusted performance of the fund vs. the benchmark. | ^^ R-Square measures the correlation between the benchmark and the fund. | ^^ Benchmark figures are for KSE-100 Index only. | ***Returns have been annualized using Morningstar Methodology, 1 This includes 0.41% representing government levy, SECP fee. Selling & Marketing Expense PKR 90.20 mn.

Fund Information

Fund Type	Open End Fund
Fund Categorization	Islamic Equity
Risk Profile	High
Launch Date	24-Dec-2006
Benchmark	KMI-30 Index
Listing	Pakistan Stock Exchange (PSX)
Trustee	Central Depository Company Pakistan Limited
Auditor	A.F. Ferguson & Company
Shariah Advisory Board Management Co.Rating	Mufti Hassaan Kaleem & Mufti Najeeb Khan AM1 (VIS) (31-Dec-2021)
Minimum Investment	Rs. 500 - initial & subsequent
Load	Upto 2.5% (Front-end), Nil (Back-end)
Dealing Days	Monday to Friday
Cut off times	3:00 PM 4:00 PM (Fri)
Pricing Mechanism	Forward
Management Fee*	Up to 3% p.a.
Fund Manager	Muhammad Waseem, CFA (Shariah Compliant Equity Specialist)
Investment Committee	Yasir Qadri Syed Suleman Akhtar, CFA Hadi Mukhi Mubashir Anis, CFA Muhammad Waseem, CFA Muhammad Ahmed, CFA Shabih ul Hasnain Irfan Nepal Syed Sheeraz Ali

* Actual Management Fees charged for the month is 2.75% based on average net assets (annualized). Reconstitution of the Fund on 18th July 2012 from "Islamic Balanced to Islamic Equity"

Equity Sector Allocation (% of Total Assets)



■ Cement, 13.38%	■ Others, 20.70%
■ Power Generation & Distribution, 7.49%	■ Commercial Banks, 7.17%
■ Oil & Gas Exploration Companies, 32.79%	■ Fertilizer, 13.15%

Asset Allocation (% of Total Assets)

	Apr'22	May'22	Jun'22
Cash	4.21%	5.71%	4.54%
Equities	94.38%	92.73%	94.69%
Others	1.41%	1.56%	0.77%
Leverage	Nil	Nil	Nil

Top Ten Holdings (% of Total Assets)

Mari Petroleum Co. Ltd.	14.98%	Meezan Bank Ltd.	7.17%
Oil & Gas Development Co. Ltd.	8.47%	Engro Corporation Ltd.	6.79%
Pakistan Petroleum Ltd.	7.86%	Kohat Cement Co. Ltd.	4.90%
Lucky Cement Ltd.	7.72%	Engro Fertilizers Ltd.	4.13%
The Hub Power Co. Ltd.	7.49%	Kohinoor Textile Mills Ltd.	2.99%

Disclosure of Excess Exposure (Per Issue) as at June 30, 2022

Name of Investment	Exposure Type	% of Issue	Limit	Excess
Mari - Ordinary shares	Single entity	15.34%	15.00%	0.34%

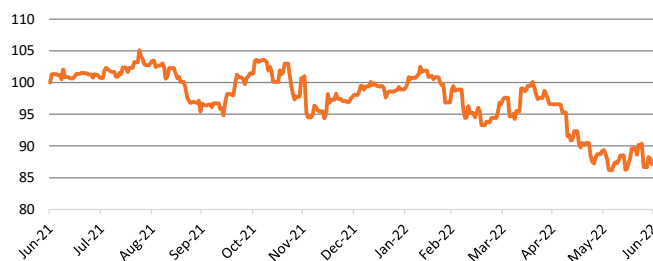
Monthly Yield

	Jul'21	Aug'21	Sep'21	Oct'21	Nov'21	Dec'21	Jan'22	Feb'22	Mar'22	Apr'22	May'22	Jun'22	CYTD
ASSF	0.73%	2.69%	-6.48%	4.86%	-0.90%	-2.43%	1.12%	-0.37%	-1.48%	-0.77%	-7.47%	-1.86%	-10.56%
Benchmark	-0.47%	1.81%	-6.86%	3.11%	-1.81%	-2.08%	2.66%	-1.96%	1.06%	1.50%	-5.36%	-1.83%	-4.07%

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Value of 100 Rupees invested 12 months ago



Return vs Benchmark

	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception
ASSF	-9.89%	-10.56%	-12.28%	29.69%	-7.33%	472.69%
Benchmark	-5.69%	-4.07%	-10.25%	27.07%	-12.51%	433.10%

Returns are on absolute basis

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