

# AL HABIB ASSET MANAGEMENT LIMITED

A wholly owned subsidiary of Bank AL Habib Limited



# Fund Manager's Report

August 2021

Rated 'AM2' by PACRA





## AL HABIB ASSET MANAGEMENT LIMITED

### Risk Profile Of Collective Investment Schemes/Funds

S. No.	Fund Name	Fund Category	Fund Risk Profile	Risk of Principal Erosion
1	First Habib Cash Fund	Money Market	Very Low	Principal at very low risk
2	First Habib Income Fund	Income	Medium	Principal at medium risk
3	First Habib Islamic Income Fund	Islamic Income	Medium	Principal at medium risk
4	First Habib Asset Allocation Fund	Asset Allocation	High	Principal at high risk
5	First Habib Stock Fund	Equity	High	Principal at high risk
6	First Habib Islamic Stock Fund	Islamic Equity	High	Principal at high risk

Money Market Review

Money market yields in short tenor almost remained flat in ongoing month, however, yield for the longer tenor went down by averagely 12bps during the month.

The monthly National CPI figures for August'21 clocked-in at 8.35% Year on Year (YoY) compared to 8.21% YoY in August'20 and 8.40% in July'21 respectively. On a Month on Month (MoM) basis, CPI was up by 0.6% in Aug'21 compared to an increase of 1.30% in July'21 and an increase of 0.6% in Aug'20. Monthly inflation was driven by surge in all index mainly by in Food, Housing and transport index each up by 0.7% MoM. This has led the CPI for the first two month of current FY to 8.38%.

SBP conducted T-Bills auction on August 25, 2021. SBP raised PKR 614.36 billion against the auction target of PKR 800 billion. SBP accepted bids worth PKR 121.31 billion, PKR 409 billion in 3M and 6M tenor at a cut-off yield of 7.2347% and 7.4389% respectively. Bids were rejected in 12M tenor. PKR 84.29 billion was received in NCB. Auction for fixed coupon PIB bond was held on Aug 05, 2021. SBP raised PKR 142.09 billion against the auction target of PKR 125 billion. State bank of Pakistan accepted bids worth PKR 64.08 billion in 3 years, PKR 31.96 billion in 5 years, PKR 4.50 billion in 10 years and PKR 41.55 billion in 15 years at a cut off rate of 8.8800%, 9.1980%, and 9.839% and 10.4000 respectively. No bids were received in other tenors.

Pakistan's total liquid foreign exchange reserves reached to highest ever level to USD 27.23 billion as against USD 24.78 billion in the previous month. The foreign reserves held by SBP increased from USD 17.84 billion in previous month to USD 20.14 billion in this month while the foreign reserves held by the Commercial Banks increased to USD 7.08 billion as compared to USD 6.93 billion in the previous month.

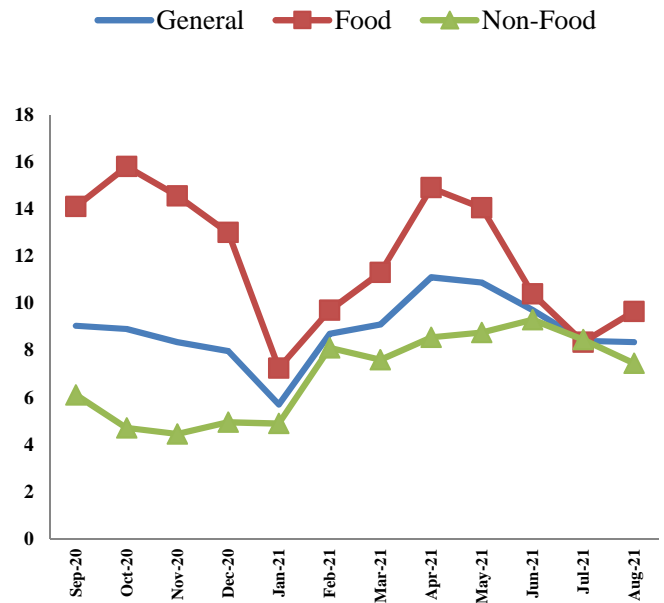
Equity Market Review

The benchmark KSE-100 closed August with a modest gain of 0.8% at 47,420 level. The precarious security situation of Afghanistan amidst US pull-out from the region kept investors at bay. However, increased vaccination drive along with the receipt of USD 2.75 billion from IMF lent support to the market. Notwithstanding, PKR depreciated against USD due to growing concerns over external account with recent uptick in imports. Current account deficit was recorded at USD 773 mn in July 2021 due to 41% YoY increase in imports and a decline of 2% YoY in remittances. Roshan digital account fetched USD 2 Billion in 11 months while LSM surged by 14.85% YoY in FY2021.

Average traded volume and value during Aug'21 went down by 21% to 364 mn shares and 17% to USD 78 mn respectively. On the local front, companies, other organization and Broker remained the largest accumulators amounting to USD 12.66, USD 7.77 and USD 2.26 million respectively while insurance companies and Banks sold stocks worth USD 14.42 and 1.54 million respectively. During the month under review, foreigners (FIPI) sold stocks worth USD 9.86 million. Positive contributions to index were led by Banks (234pts), Technology (219pts) and Power sector (71pts). Negative contribution to the index was led by Cement (-155pts), Fertilizers (-37pts) and OGM (-29pts).

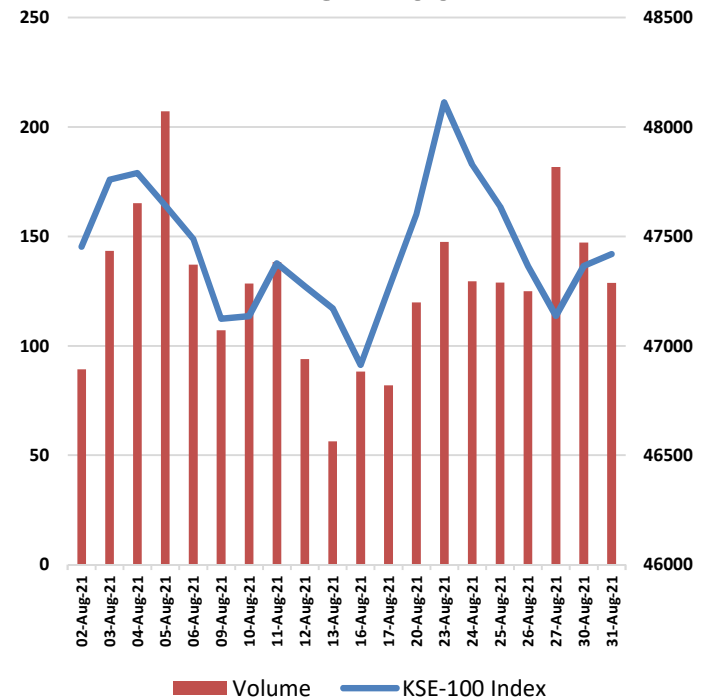
Going forward, we believe the market to enter a consolidation phase as rising global commodity prices specifically oil continues to hurt the precarious external account position. Any silver lining for continuation of growth process is hinged on stellar performance of country's exports and its ability to attract remittances in line with previous year. However, in the medium to long run we believe the market to continue to rise to new highs as growth momentum continues with Current Account Deficit position currently in a manageable position and in line with SBPs forecast of 2-3% of GDP. The KSE-100 index is currently trading at a PER of 5.9x (2022) compared to Asia Pacific regional average of 14.2x and offering a DY of ~7.0% versus ~2.6% offered by the region.

CPI



Millions

KSE-100



**Risk Disclosure:** "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 risk. The NAV based prices of units and any dividends/ returns thereon are dependent on forces and factors affecting the capital market. These may go up and down based on market conditions. Past performance is not necessarily indicative of future results".



# First Habib Income Fund (FHIF)

August 2021

## INVESTMENT OBJECTIVE

To provide reasonable rate of return consistent with reasonable concern for safety of principal amount to the Unit Holders, along with facility to join or leave the fund at their convenience. The management team would seek to enhance returns through active portfolio management using efficiency tools.

## FUND MANAGER'S REVIEW

The Fund outperformed its benchmark by 602bps as it posted a MTD return of 13.59% as against the benchmark of 7.57%. The Weighted Average Time to Maturity of Net Assets remained at 1.68 Years.

Fund Type	Open-ended
Fund Category	Income Scheme
Net Assets	Rs. 1.94 Billion (August 31, 2021)
NAV per Unit	Rs. 102.6151 per unit (August 31, 2021)
Total Expense Ratio	1.71% as on (August 31, 2021) (Including 0.18% Government Levies)
Trustee	Central Depository Company of Pakistan Ltd.
Auditors External	KPMG Taseer Hadi & Co. Chartered Accountants.
Management Fee*	Up to 10% of the gross earnings of the Scheme
Front-end-Load	1.00% (Management has the discretion to reduce or waive load on any transaction)
Back-end-Load	Nil
Launch Date	June 02, 2007
Benchmark	Six (6) months KIBOR rates.
Dealing Days	Monday to Friday
Cut-off Timings	09:00 am to 4:30 pm
Pricing Mechanism	Forward Pricing
Minimum Subscription	Initial investment of Rs. 5,000/- Subsequently Rs. 1,000 per transaction.
AMC Rating	"AM2" by PACRA (June 26, 2020)
Fund Stability Rating	"AA (f)" by PACRA (March 04, 2021)
Risk Profile	Medium (Principal at medium risk)
Fund Manager	Mr. Ahmed Abbas
Investment Committee	Mr. Kashif Rafi Mr. Zahid Hussain Vasnani Mr. Talha A. Siddiqui Mr. Ahmed Abbas Mr. Muhammad Tahir
Leverage	Nil

\*Actual Management Fee charged is 1.15% based on average net assets (annualized).

Asset Allocation	August 21	July 21
Cash	57.95%	0.41%
PIBs	24.02%	Nil
TDR	5.05%	Nil
T-Bills	Nil	86.91%
TFC	10.72%	10.04%
Sukuk	1.15%	1.79%
Others Including receivables	1.11%	0.85%

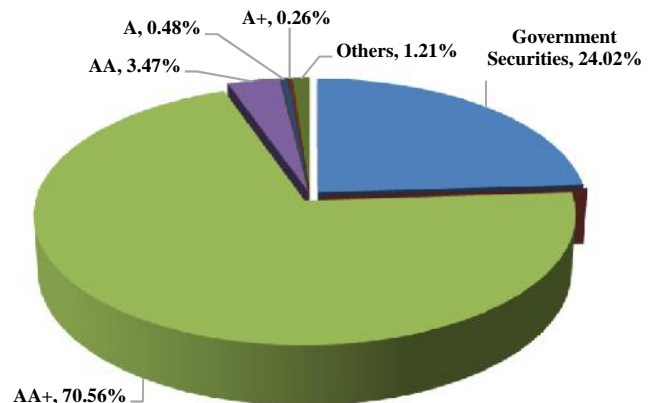
FUND'S PERFORMANCE*	YTD	MTD	Trailing Twelve Months	Since Inception (10 Years basis)
<b>FHIF (Annualized)**</b>	10.49%	13.59%	7.88%	8.03%
<b>Benchmark ***</b>	7.60%	7.57%	7.53%	7.83%

\*Performance data does not include the cost incurred directly by an investor in the form of sales loads.  
\*\*Basic computation of performance (i.e. NAV to NAV as with Dividend reinvested)  
\*\*\* Benchmark of the Scheme has been changed - vide SECP Direction # 27/16 dated August 25, 2016

FUND PERFORMANCE HISTORY	FY21	FY20	FY19	FY18	FY17
<b>FHIF (Annualized) – YTD</b>	6.43%	12.79%	8.09%	5.24%	6.29%
<b>Benchmark (Annualized)</b>	7.43%	11.94%	10.43%	6.39%	6.03%

TOP HOLDINGS (% of Total Assets)	
INVESTEE NAME	% OF TOTAL ASSETS
Bank AL Habib Ltd. TFC (06-12-18)	7.66%
Askari Bank Ltd. - TFC (17-03-20)	3.06%
Ghani Chemicals Industries Limited-Sukuk (02-02-2017)	0.48%
International Brands Limited-Sukuk (15-11-2017)	0.41%
AGP Limited-Sukuk (09-06-2017)	0.25%
<b>Top Holdings make 11.87% of Total Assets</b>	

## Credit Quality of Portfolio (% age of Total Assets)



**Provision against Sindh Workers' Welfare Fund's Liability:** During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by FHIF amounting to Rs. 7.49 million has been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Funds Association of Pakistan. This reversal of provision has contributed towards an unusual increase in NAV of the FHIF by 0.56% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

**Dispute Resolution/Complaints Handling:** Investors August lodge their complaints to our Investor Services Department through any of the following options: Call us at (+92-21) 111-342-242, Email us at [complaints@alhabibfunds.com](mailto:complaints@alhabibfunds.com) or submit through our Website <https://www.alhabibfunds.com/>. In case your complaint has not been properly addressed by us, you August lodge your complaint with SECP at <https://sdms.secp.gov.pk/>. Please note that SECP will entertain only those complaints which were at first directly requested to be addressed by the Company and the Company has failed to address the same.

The FMR is as per MUFAP's Recommended Format.

**Risk Disclosure:** "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. Past performance is not necessarily indicative of future results. Please read the Offering Document to understand the investment policies and risks involved."

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