

# AL HABIB ASSET MANAGEMENT LIMITED

A wholly owned subsidiary of Bank AL Habib Limited



# Fund Manager's Report

June 2021

Rated 'AM2' by PACRA





We are pleased to announce that under the patronage of Bank AL Habib Limited,

Habib Asset Management Limited  
is now re-named as

**AL Habib Asset Management Limited**





## 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

During FY21, Money market yields in shorter tenor increased by average 55 bps while yields in longer tenor increased by average 90bps.

The monthly National CPI figures for June'21 clocked-in at 9.70% Year on Year (YoY) compared to 8.60% YoY in June'20 and 10.87% in May'21, respectively, taking FY21 average inflation to 8.90% YoY compared to 10.64% in FY20. On a Month on Month (MoM) basis, CPI was down by 0.24% in June'21 compared to an increase of 0.1% in May'21 and an increase of 0.8% in June'20. Monthly inflation was mainly driven by surging Transport index (1.9% MoM) and Restaurants and Hotels (0.7% MoM), however, this effect was dragged down by 1.8% MoM decline in food inflation having highest weight in CPI basket.

SBP conducted T-Bills auction on June 16, 2021. SBP raised PKR 1,106.43 billion against the auction target of PKR 1,100 billion. SBP accepted bids worth PKR 382.31 billion, PKR 681.86 billion and PKR 23.22 billion in 3M, 6M and 12M tenor at a cut-off yield of 7.3259% and 7.5894% and 7.6700% respectively. PKR 42.23 billion was received in NCB. Auction for fixed coupon PIB bond was held on June 09, 2021. SBP raised PKR 158.92 billion against the auction target of PKR 125 billion. State bank of Pakistan accepted bids worth PKR 152.17 billion in 3 years, PKR 6.66 billion in 5 years, PKR 87.92 million in 10 years at a cut off rate of 8.6900%, 9.2000%, and 9.8390% respectively. No bids were received in other tenors.

Pakistan's total liquid foreign exchange reserves slightly increased to USD 23.29 billion as against USD 23.27 billion in the previous month. The foreign reserves held by SBP decreased from USD 16.13 billion in previous month to USD 16.11 billion in this month while the foreign reserves held by the Commercial Banks increased to USD 7.17 billion as compared to USD 7.13 billion in the previous month.

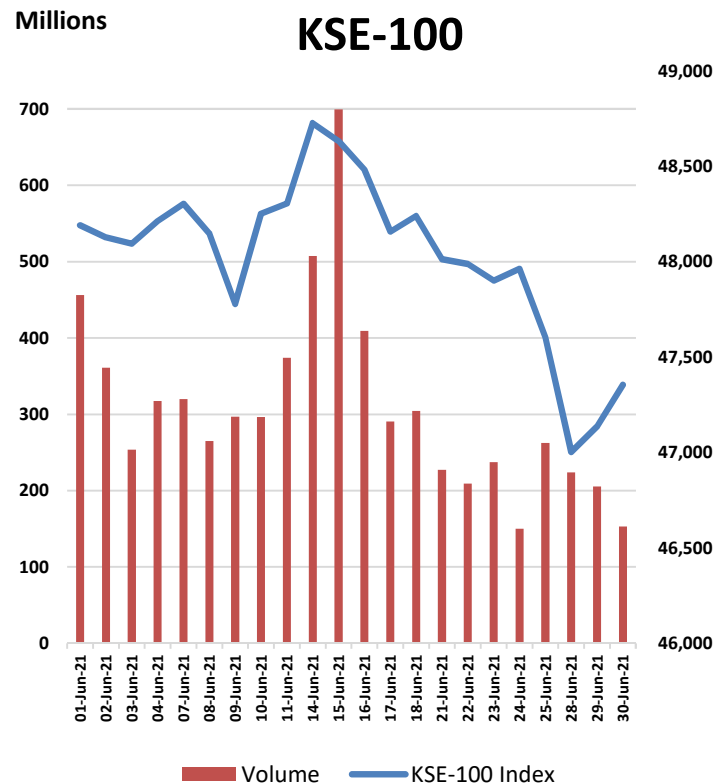
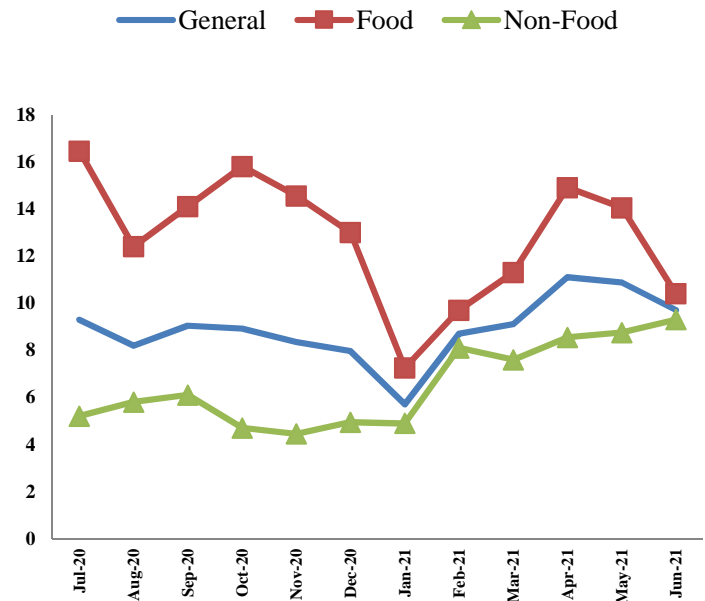
Equity Market Review

The benchmark KSE-100 posted a stellar performance in FY21 of 37.60% (USD-based 47%) gaining 12,934 points to close at 47,356. During the year, there were several events which adversely affected the market including political unrest amid alliance of opposition parties in senate election, re-emergence Covid'19 waves in Oct'20 and Feb'21. However, the market sustained positive trajectory throughout the year due to monetary easing coupled with notable improvement in macroeconomic indicators. Amnesty in construction sector drove a rally in the construction sector and its allied industry. During the year under review, cyclical sectors performed better on the back of reduction in interest rates and V-shaped economic recovery post advent of corona virus pandemic. Other notable achievements of the incumbent govt included i) Launch of Roshan Digital account (RDA) and robust remittances growth that aided the influx of FX reserves, ii) Reduction in mark-up on Long Term Financing Facility (from 6% to 5%) and Temporary Economic Refinance Facility (from 7% to 5%) by SBP, iii) Resumption the USD 6bn EFF with the IMF. Another major issue of circular debt was addressed through negotiations with Independent Power Producers (IPPs) regarding their tariffs after partial payment of their outstanding dues.

Average traded volume attained the highest ever level at 528mn shares in FY21 (up by 169% from 196mn shares in FY20) while average traded value during the year went up by 163% YoY to USD 120mn, highest after FY17 (USD 146mn). On the local front, Individuals, companies and other organization remained the largest accumulators amounting to USD 332.07, USD 137.80 and USD 45.04 million respectively while Banks/DFIs, Broker Proprietary and Insurance Companies sold stocks worth USD 94.76, USD 32.19 and USD 10.49 million respectively. During FY21, foreigners (FIPI) sold stocks worth USD 387.42 million. Positive contributions to index were led by Technology (2,489pts), Cement (2,064pts) and Banks (2,059pts). Negative contributors were Tobacco (60pts), followed by Miscellaneous (52pts) and Sugar (4pts).

Going forward, we believe the growth inducing measures adopted in the budget for FY22 including rationalization of CGT for stock market participants, a record increased in PSDP to Rs. 900 bn for FY22 and reduction in duties of major raw materials to stimulate the economy and therefore helping the benchmark KSE-100 index to continue its North-bound drive. The KSE-100 index is currently trading at a PER of 6.8x (2021) compared to Asia Pacific regional average of 16.5x and offering a DY of ~7.0% versus ~2.3% offered by the region.

CPI



**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)

June 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 underperformed its benchmark by 117bps as it posted a MTD return of 6.53% as against the benchmark of 7.70%. The Weighted Average Time to Maturity of Net Assets remained at 276 days.

Fund Type	Open-ended
Fund Category	Income Scheme
Net Assets	Rs. 1.41 Billion (June 30, 2021)
NAV per Unit	Rs. 100.8186 per unit (June 30, 2021)
Total Expense Ratio	1.46% as on (June 30, 2021) (Including 0.25% 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

FUND'S PERFORMANCE*	YTD	MTD	Trailing Twelve Months	Since Inception (10 Years basis)
<b>FHIF (Annualized)**</b>	6.43%	6.53%	6.43%	8.01%
<b>Benchmark ***</b>	7.43%	7.70%	7.43%	8.23%

\*Performance data does not include the cost incurred directly by an investor in the form of sales loads.

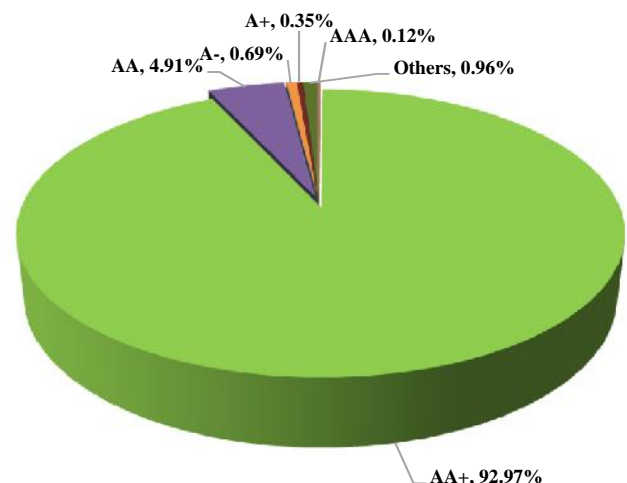
\*\*Basic computation of performance (i.e. NAV to NAV as with Dividend reinvested)

\*\*\* Benchmark of the Scheme has been changed - vide SECP Direction # 27/16 dated June 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)	5.26%
Askari Bank Ltd. - TFC (17-03-20)	4.20%
International Brands Limited-Sukuk (15-11-2017)	0.71%
Ghani Chemicals Industries Limited-Sukuk (02-02-2017)	0.69%
AGP Limited-Sukuk (09-06-2017)	0.35%
<b>Top Holdings make 11.21% of Total Assets</b>	

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



\*Actual Management Fee charged is 0.75% based on average net assets (annualized).

Asset Allocation	June 21	May 21
Cash	87.84%	10.46%
T-Bills	Nil	33.50%
PIBs	Nil	44.89%
TFC	9.45%	7.81%
Sukuk	1.76%	1.57%
Others Including receivables	0.95%	1.77%

**SWWF DISCLOSURE:** The scheme has maintained provisions against Sindh Worker's Welfare Fund's liability to the tune of Rs. 6.60 mn. If the same were not made the NAV per unit / return of the Scheme would be higher by Re. 0.82 / 0.77% p.a. respectively. For details investors are advised to read the Note 7 of the Financial Statements of the Scheme for the Quarter ended March 31, 2021.

**Dispute Resolution/Complaints Handling:** Investors June 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 June 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.

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