

AL HABIB ASSET MANAGEMENT LIMITED

A wholly owned subsidiary of Bank AL Habib Limited



Fund Manager's Report

November 2021

Rated 'AM2' by PACRA



021-111-342-242



www.alhabibfunds.com



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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

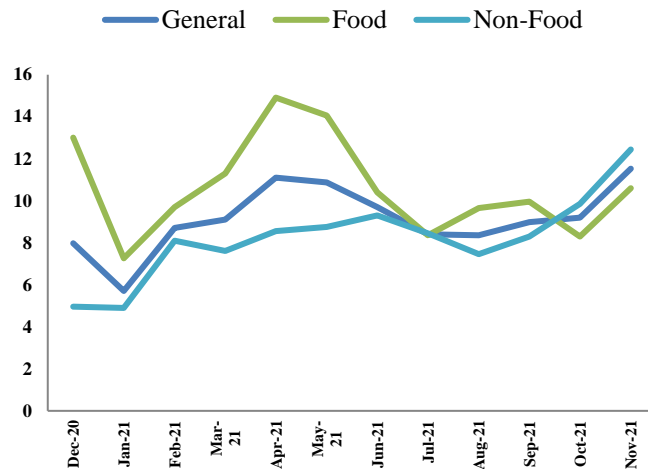
Money Market Review

Yields increased significantly during the month of November at the backdrop of expected monetary tightening and subsequent increase of 150 bps in policy rates. Average yield for 3M and 6M were 97 bps and 91 bps higher in contrast to preceding month, whereas yield for 3Y and 5Y tenor rose 57 bps and 40 bps respectively.

The monthly National CPI figures for November 21 clocked-in at 11.53% Year on Year (YoY) compared to 8.35% YoY in November 20 and 9.2% in October 21. On a Month on Month (MoM) basis, CPI was up by 2.98% in Nov 21 compared to an increase of 1.9% in Oct 21 and an increase of 0.82% in Oct'20. Monthly inflation was driven by a surge in the Food index (4.0% MoM), Housing index (2.4% MoM) and Transport index (6.3% MoM). CPI for 5MFY2022 was recorded at 9.32%.

During the month, T-bill auction was held on 03rd November, 2021 and 17th November, 2021. Outcome of the auction remained underwhelming as PKR 246bn at cutoff yield of 8.5% was raised for 3M tenor and PKR 0.5bn at cutoff yield of 8.5% was raised for 6M tenor. However, yields rose significantly in subsequent auction on Dec 1st, 21 reaching at 10.79% (3M), 11.50% (6M), and 11.51(12M). During fixed-rate PIB auction on 29th November, 2021, PKR 117bn were raised, with the yields increasing on 3Y, 5Y, and 10Y papers as investors expect the interest rates to be hiked further in the coming months. The cut-off yield on the 3Y paper rose by 246 basis points to 11.34% from 8.88% in the auction held on September 15. The yield on 5Y PIB also increased by 241 basis to 11.59%, while yield on a 10Y tenor rose 196 bps to 11.79%. Amount raised for each tenor was: PKR 25bn for 3Y and PKR 56.5bn for 5Y and PKR 35.5bn for 10Y. The government rejected bids for 15Y PIB, whereas, no Bids were received for 20 and 30 years PIBs.

CPI



Equity Market Review

Despite opening the month on a positive note, KSE-100 index dropped 2.5%, closing on 45,072.4 pts. Inflationary pressure along with adverse movements on the external account front contributed to downward trajectory of the market. Uncertainty gripped the exchange as incumbent government moved to complete prior requirements for disbursement under Extended Fund Facility of IMF. Furthermore, market sentiments were adversely affected by 150bps hike in policy rate on November 19, 2021 in conjunction with other monetary tightening measures. Almost monotonic increase in trade deficit caused by unabated rise in imports resulted in rupee reaching all-time low of PKR 176.20 /USD during the month. However, ease in international commodity prices and expectation of USD 3 bn inflow from Saudi Arabia provided some respite to the market.

During the month, average volume stood at 316mn recording 14.7% MoM increase, while value increased by 23.7% MoM to USD 72mn. Highest traded value and volume was recorded in technology sector (69mn shares & USD 14.7mn), whereas food (27mn shares) and banks (22mn shares) were other volume leaders and banks (USD 9.2mn) and Cements (USD 8.9mn) spearheaded traded value. Engineering sector was the major loser (14.1%) followed by Cable & Electric (13.6%), Automobile Parts (7.9%), Food (7.8%) and Pharmaceuticals (7.6%). On the other hand, leathers (9.3%) gained most along with Real Estate (3.0%), Textile Weaving (2.8%), Fertilizer (2.3%), and Automobile Assemblers (1.4%).

International Commodities prices have started to ease off, which may bode well for inflation in going forward. Furthermore, current inflation (5MFY 9.3%) and CAD (4MFY 4.7% of the GDP) beyond SBP's respective inflation and CAD target of 7-9% and 2-3% of the GDP points at monetary and fiscal consolidation, wherein, we believe major restrictive steps; 150bps rate hike, increase in cash reserve requirement for commercial banks, increase in margin requirement on imports of certain goods, increase in duty and outright ban some imports, and decrease in development budget from PKR 200bn, have already been announced. Reclassification of Pakistan from MSCI Emerging Market to MSCI Frontier Market may result in increased foreign activity and inflows. Further hikes in the policy rate also cannot be ruled out. The KSE-100 index is currently trading at a PER of 4.8x (2022) compared to Asia Pacific regional average of 15.0x and offering a DY of ~8.2% versus ~2.2% offered by the region.



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 Asset Allocation Fund (FHAAF)

November 2021

INVESTMENT OBJECTIVE

To provide risk adjusted competitive returns to its investor by investing in multiple assets class based on market outlook.

FUND MANAGER'S REVIEW

The Fund outperformed its benchmark by 541bps as it posted a YTD return of 2.37% as against the benchmark of -3.04%. The Weighted Average Time to Maturity of Net Assets remained less than one day.

Fund Type	Open-ended
Fund Category	Asset Allocation Scheme
Net Assets	Rs. 101.584 million (November 30, 2021)
NAV per Unit	Rs. 105.7817 per unit (November 30, 2021)
Total Expense Ratio	4.07% as on (November 30, 2021) (Including 0.31% Government Levies)
Trustee	Central Depository Company of Pakistan Ltd.
Auditors External	EY Ford Rhodes & Co. Chartered Accountants.
Management Fee	2% per annum
Front-end-Load	2% (Management has the discretion to reduce or waive load on any transaction)
Back-end-Load	Nil
Launch Date	November 08, 2017
Benchmark	Weighted average daily return of PSX-100 + 6M KIBOR
Dealing Days	Monday to Friday
Cut-off Timings	Monday-Thursday 09:00 am to 3:30 pm Friday 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 (September 15, 2021)
Risk Profile	High (Principal at high risk)
Fund Manager	Mr. Talha A. Siddiqui Mr. Kashif Rafi Mr. Zahid Hussain Vasnani Mr. Talha A. Siddiqui
Investment Committee	Mr. Ahmed Abbas Mr. Muhammad Tahir Mr. Zeeshan Masroor Mr. Nabeel Zafar
Leverage	Nil

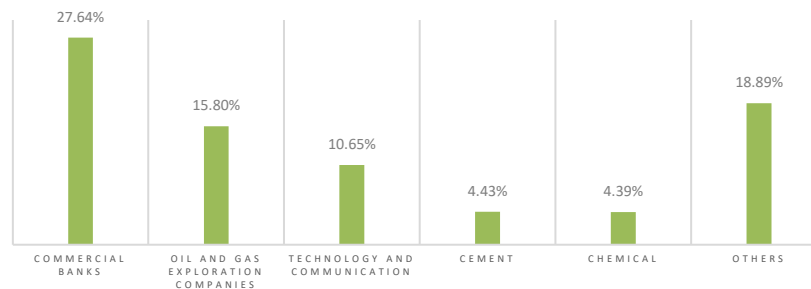
FUND'S PERFORMANCE*	YTD	MTD	Trailing Twelve Months	Since Inception
FHAAF **	2.37%	-1.81%	10.92%	10.14%
Benchmark	-3.04%	-1.77%	9.18%	17.93%

*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)

FUND PERFORMANCE HISTORY	FY21	FY20	FY19	FY18
FHAAF (YTD)	17.22%	-0.55%	-8.43%	0.83%
Benchmark	23.85%	2.09%	-5.70%	1.99%

ASSET ALLOCATION	November 21	October 21
Cash	13.95%	15.85%
Equity	81.81%	78.58%
Others	4.25%	5.57%

SECTOR ALLOCATION (%age of Total Assets)

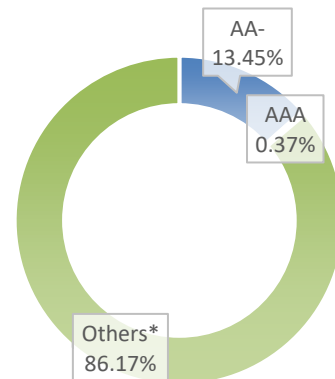


TOP TEN HOLDINGS (% of Total Assets)

INVESTEES NAME	% OF TOTAL ASSETS
Meezan Bank Limited	9.41%
Air Link Communication Limited	5.60%
Oil & Gas Development Company Limited	5.36%
Mari Petroleum Company Limited	5.00%
Faysal Bank Limited	3.44%
Engro Polymer & Chemicals Limited	3.41%
Habib Metropolitan Bank Limited	3.14%
Systems Limited	3.10%
Pakistan Oilfields Limited	3.09%
Tariq Glass Industries Limited	2.73%

Top Ten Holdings make 44.29% of Total Assets

Credit Quality of Portfolio (%age of Total Assets)



*Inclusive of equity portfolio

Provision against Sindh Workers' Welfare Fund's Liability: During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by FHAAF amounting to Rs. 0.45 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 FHAAF by 0.41% on August 13, 2021. This is one-off event and is not likely to be repeated in the future.

Dispute Resolution/Complaints Handling: Investors may 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 or submit through our Website <https://www.alhabibfunds.com/>. In case your complaint has not been properly addressed by us, you may 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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