FUND MANAGER'S REPORT

For the Month of March 2020

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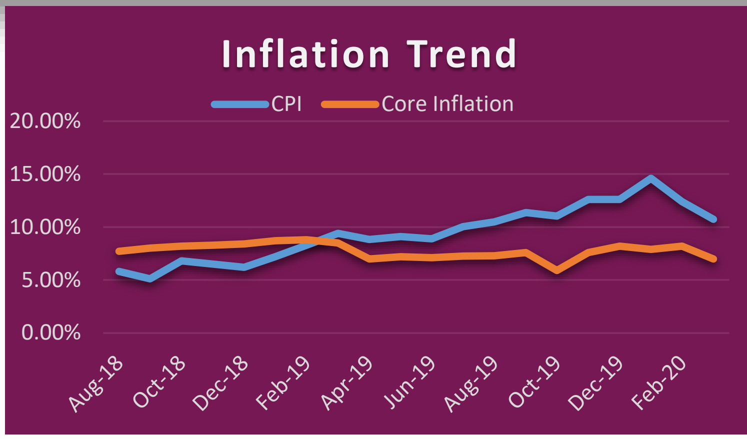
MARKET REVIEWS

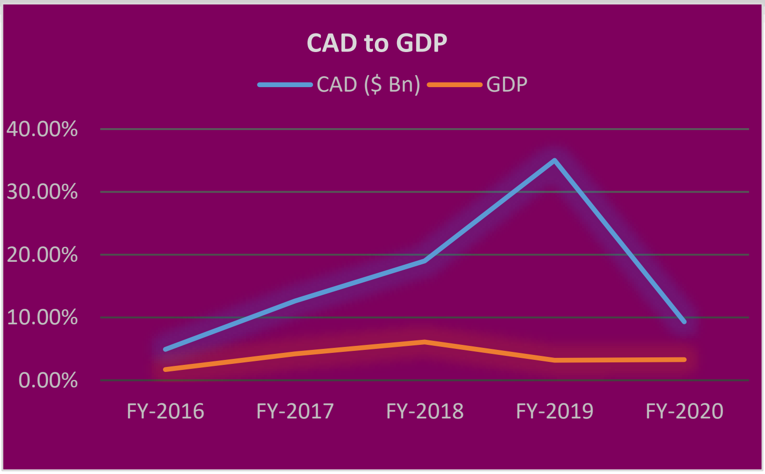
Economic Review

Pakistan effected and confronted by the global pandemic amid surprise from inflation numbers that remained lower than expectations at 12.4% compared to consensus of over 13% igniting expectations of earlier than expected interest rate easing. Inflation as more of perception. Though no theory exists for dealing with likely monetary menace. However, we view that this consistency in the inflationary side will remain for few months ahead impacting financial markets and producing a wave of rectification. Inflation trajectory points towards further room for a policy rate cut in mid-May 2020.Current macroeconomic scenario and cash flow stress in the economy combined with decelerating inflation numbers. Positively Govt. has announced economic package extending relief for labour 200bn, allow tax refund to exporters 100bn, and defer interest payments on concessional loans100b and cutting gasoline prices by 13Rs plus measures for homeless and daily-wage workers. On the other hand, during the month of March, the FBR sanctioned refunds worth Rs25bn to a total of 56bn since July-19 to date through the Fully Automated Sales Tax e-Refund (FASTER) system to support exporters combat the impact of coronavirus on their businesses and liquidity issues. Managing Director of the IMF lauded the government for speedily giving green signal to the relief package worth Rs 1.2 trillion and the State Bank of Pakistan for its timely set of measures. View of monetary side, the SBP has slashed the Policy Rate by a cumulative 2.25% in two rounds within a week. To support businesses and keep credit flowing, the SBP has made amendments in prudential regulations for corporates / commercial banks with a predicted expectation of Pakistan's economy will come back to normalcy around June 2020. The loss of government revenues and additional government expenditures will be partially offset by savings from debt servicing cost due to lower interest rates. Positively side, the IMF has agreed to exclude the expenditures incurred to fight the pandemic from the country's fiscal targets. This will give a positive boost to the economic equilibrium and recovery boost for balance of payments.



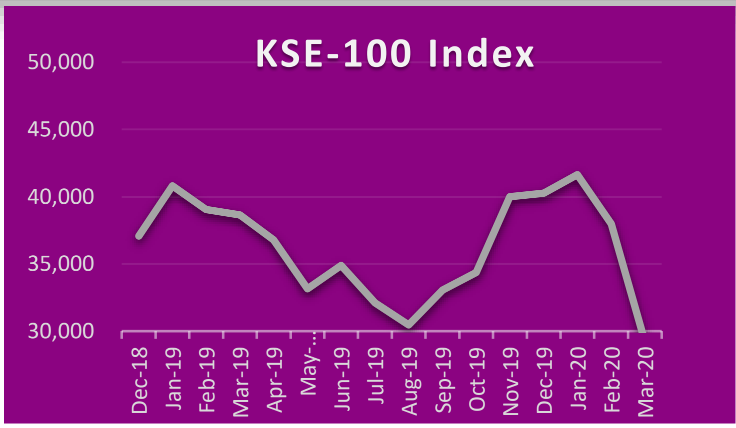
Money Market Review

The Covid-19 has changed the Global financial markets outlook rapidly, have seen a synchronized sell-off in stocks, bonds & commodities as investors, have raced to boost cash in an effort to help buffer themselves from widening economic damage. COVID-19 adverse impact to economies continues to evolve at an unprecedented speed. What lies ahead for markets is perhaps a global recession & series of policy responses as everyone is engaged to assess, which sector will be hit the hardest. In case this crisis extends for over more months a global new economic order is likely to prevail globally impacting economic structures and rebuilding new avenues for economic development. Simultaneously, SBP held an emergency MPC meeting & slashed policy rate by 150bps to 11% in its meeting held on 24th march 2020. Economic impact of all measures taken by Pakistan, a more prolonged and severe phase of weak demand in Pakistan's major export and remittance markets and depressed sentiment among domestic consumers and businesses could have a more material impact on growth SBP is expecting a modest recovery next year provided that the spill over impact of the coronavirus outbreak on global trade and financial markets is moderate and short-lived. The export slowdown and market volatility should be contained while the benign growth and inflation impacts of lower global commodity prices. As for march 31st Rupee closed @165.54 down Rs: 6.87. Forward premium 3M@2.08 (0.80) & 6M@4.08 (3.20) moved-up after SBPs intervention to provide FCY liquidity to interbank. However, market remained under growing pressure of market-risk to raise FCY in nostros accounts to avoid future settlement risk .On week to week, SBP's forex reserves went down by $640m to $18.10b ($18.74b) mainly due to investments' outflow of SCRA. In kerb $ traded @166n a regular T-bills auction (Target450bMaturity 815b), against bids of 1,247b, accepted 522b, 3M-236b@11.29 %(down144bps), 6M143b@11.29 %(down121bps) & 12M-142b@10.86 %(down114bps). In a bid to combat growing uncertainty of COVID-19 & rise in market-risk volatility, there're chances that banks may cut greater than 937@11.01% long positions in Govt. securities funded from weekly Open market operations.



MARKET REVIEWS

Stock Market



March turned out to be a massive panic run for the stock market KSE-100 Index due to Highly contagious Coronavirus (Covid-19) fuelled indiscriminate selling at the local bourse with the benchmark KSE 100 Index falling by a massive 8,754 points (23%) on a month-on-month basis. This dismal performance of the stock market coincided with the rout in global equities and collapse in global oil prices due to weakening demand for the fossil fuel and breakdown in supply arrangement among the OPEC members, though the previous month market decline by a hefty 3,647 points (8.8%) during February 2020. From the fundamental standpoint, the stock market is trading at an extremely attractive forward Price-to-Earnings (P/E) multiple of 5.7 against the 10-year average of 8 multiple. Reviewing the participants-wise activity during the month, Foreign Investors remained the major sellers in the market, liquidating positions to the tune of USD 85 million. Alongside, Mutual Funds emerged as other main sellers, with outflows of USD 14 million. On the other hand, Insurance Companies, Banks/DFIs, and Individuals emerged as large buyers in the market, accumulating fresh positions to the tune of USD 59 million and USD 22 million, and USD 19 million, respectively. Though this market turmoil is suggestively short-lived and once this necessitated lock-down ends, long-term investment with consolidated position by investors will be bring back fruitful results with good impact of recovery and liquidity balance in the upcoming time for the market.

UNIVERSAL LIFE

Investment Committee

Members	Designation
Malik Riffat Mahmood	Chairman
Maj Gen Akhtar Iqbal (Retd)	Member
Jehanzeb Zafar	CEO (Member)
Noman Noor Muhammad	COO (Member)
Rehan Mobin	CFO (Member)

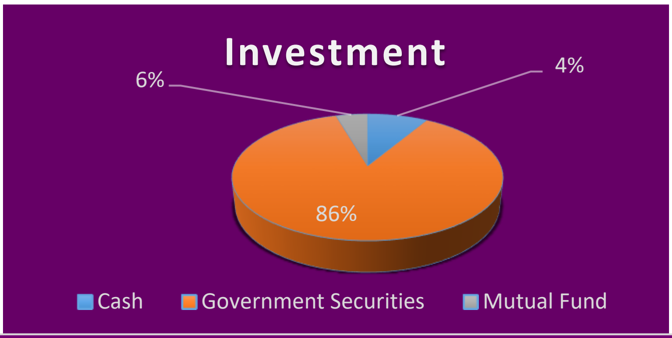
Fund Returns

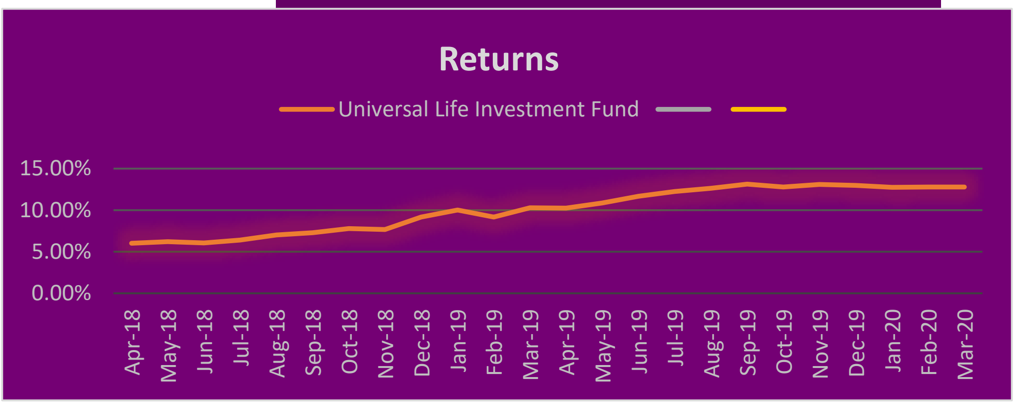
Period	Return
I Month	12.76%
YTD	12.76%

Terms and Structure	
Type of Scheme	Balanced Fund
Nature of Scheme	Income Scheme
Inception Date	Jan 9th, 2007
Fund Size	PKR 311 mn
Auditor	Grant Thornton Anjum Rahman (C.A)
Legal Advisor	Saiduddin & Co

Asset Mix

Assets	March	Feb
Cash and short term deposit	8%	10%
Government Securities	86%	86%
Mutual Fund	6%	4%
%Total Allocation	100%	100%





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