Shariah compliant mutual funds performance report

June 2023

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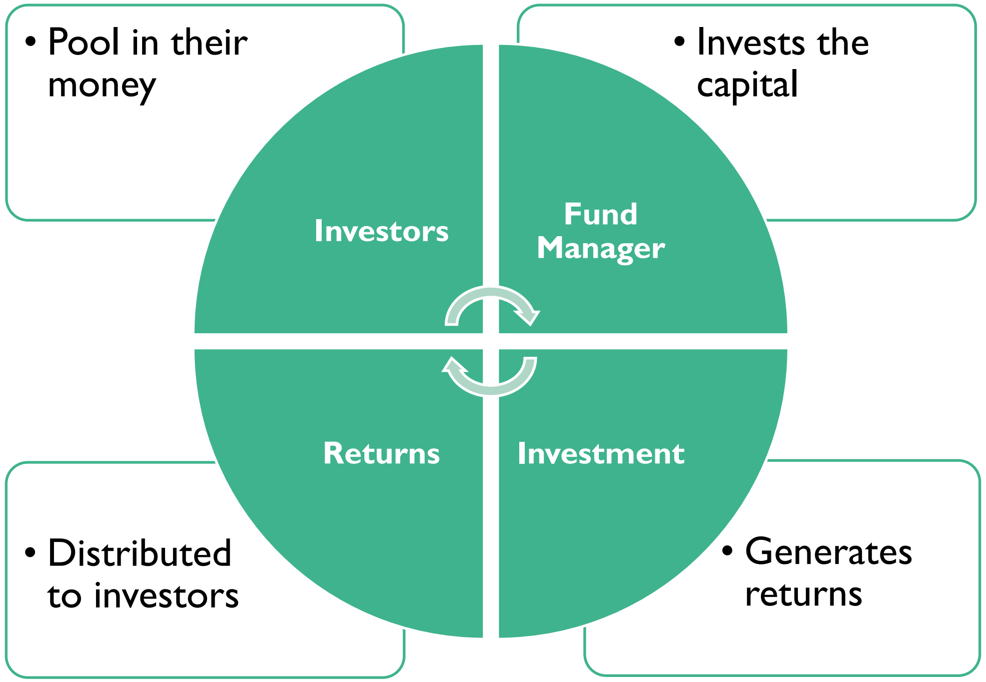
What are mutual funds?

Mutual funds oversimplified:

- A mutual fund is a portfolio consisting of a pool of individual investments by numerous investors sharing a common objective. These investments can range from a few thousand rupees to several millions. The collective money is invested in securities such as stocks, bonds, and short-term debt.

Why investing in mutual funds is an excellent investment choice?

- For investors who lack the necessary expertise to handle their investments independently, mutual funds provide a safe and dependable investment choice. With various risk levels offered by different funds, investors of all kinds can enjoy the advantages. If you are looking for a trustworthy means of generating passive income that offers steady growth and aligns with Shariah principles, Islamic mutual funds are the perfect solution.



Key highlights:

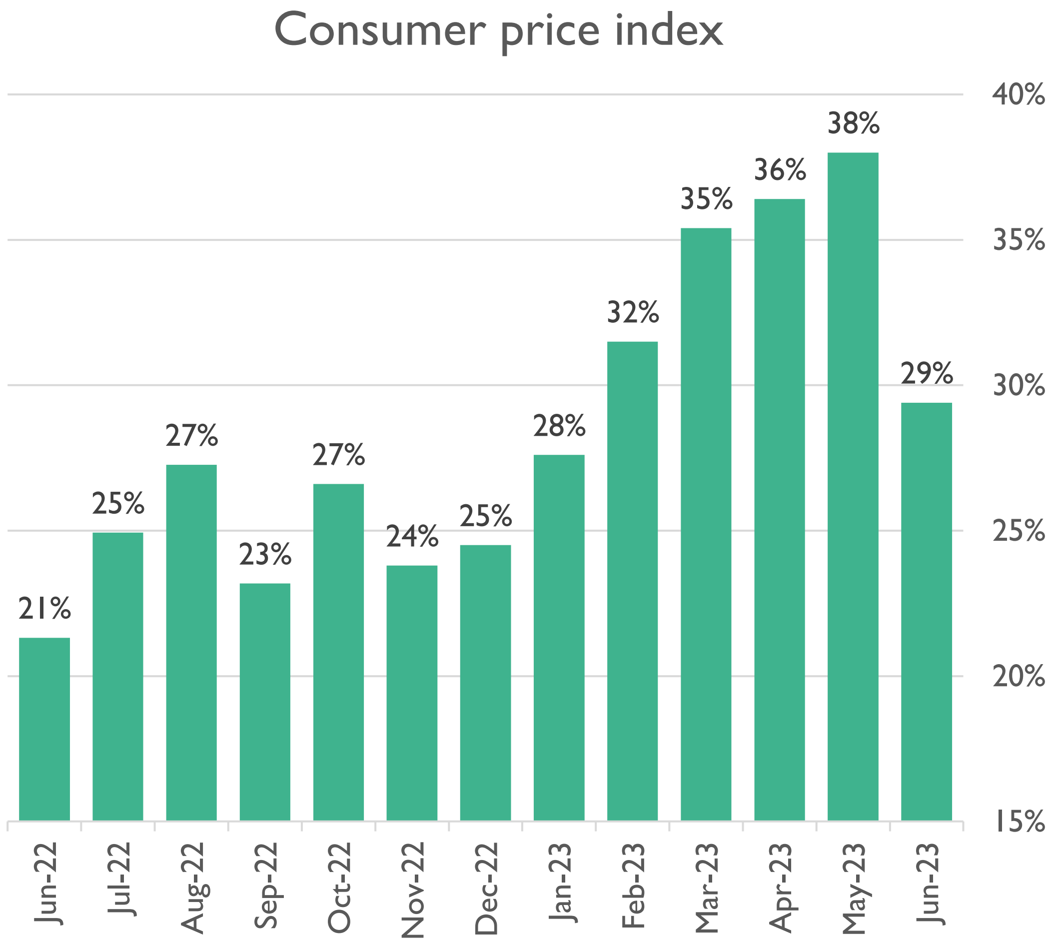
Summary:

- Based on the fund manager reports and MUFAP data, the Shariah-compliant mutual funds industry increased by 5.04% in June 2023, reaching a total of PKR 720,612.20 million from PKR 686,030.30 million.

Market overview:

- In June-23, the KSE-100 and KMI-30 indices rose by 0.3% and 0.9%, respectively. However, future corporate profitability possesses abysmal expectations due to increasing political turbulence, budget-related ambiguity, a stark rise in interest rate, and appalling PKR devaluation,
- Compared to May-23's 38.0%, inflation subsided to 29.4% in June-23 owing to the high base effect. The SBP raised the policy rate to a record high in June, by 22%, to tackle intense inflation and the external account situation. Any further policy rate hike is unlikely according to our predictions due to improving reserves and marginal inflationary increases.
- The valuations front is a silver lining for stock market investors as it continues to remain appealing. The market is trading at a 3.4x forward P/E ratio compared to the long-term average P/E ratio of 8.0x. A promising dividend yield of 9.9%, with selected blue chips offering dividend yields in excess of 15%, is a great sign for individual investors.

Disclaimer: Equity market funds are associated with high volatility, so equity market investors possess a high risk appetite.



Key highlights:

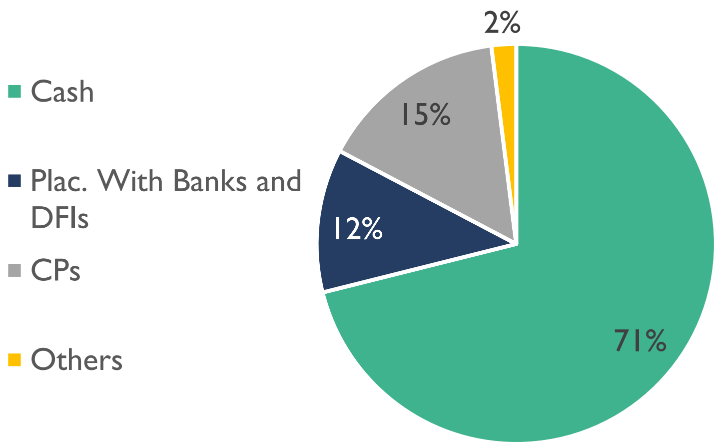
Future outlook:

- Pakistan's real GDP grew by a dismal 0.29% during FY23 due to severe political instability, anarchy caused by floods, high interest rates, and an external account deficit. The FY24 Federal Budget portrays a weak state of the economy as FBR's tax collection is forecasted to remain low given meager industrial production and imports. The forthcoming budget faces a serious dilemma of debt servicing, which is the economy's grim reaper. Vast allocations to debt servicing is inevitable.
- The government, however, is optimistic about FY24 as it estimates a 3.5% GDP growth from expansion in the agricultural sector (3.5%), manufacturing sector (4.3%), and services (3.6%). FBR tax collection is aimed to increase to PKR 9.2 trillion from FY23's 7.2 trillion.
- As the current IMF programme was supposed to expire in June-23, the IMF has reached an agreement with the Pakistani authorities on a nine-month Stand-by Agreement (SBA) to the tune of USD 3 billion. The default-like situation seems distant now, and the PKR is expected to appreciate.
- We expect low risk money market funds will continue to perform well. However with the recent stand by arrangement with the IMF, equity market funds can perform as well.

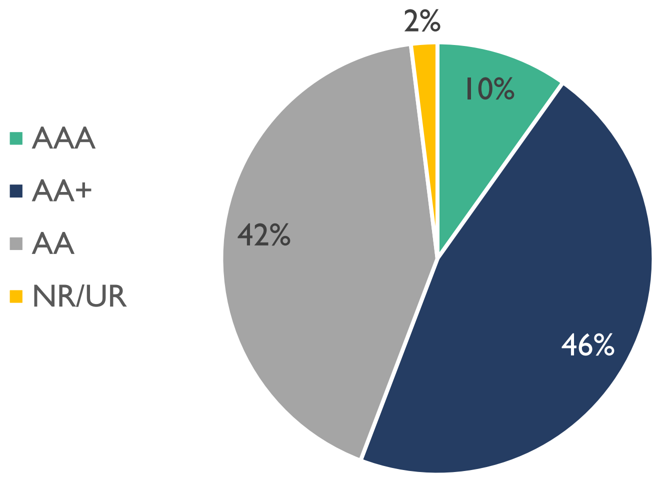
Funds in spotlight: Alfalah Islamic Money Market Fund

- For the month of June 2023, Alfalah Islamic Money Market Fund (AIMMF) posted an annualized return of 19.53% on 30-day basis compared to its 7.16% benchmark.
- The fund excellently met its target of generating regular and stable returns by primarily investing in Shariah Compliant Banks.
- The credit quality of the fund's assets is outstanding, with the majority of assets invested in AA+ securities. We expect the fund to provide above average returns going forward.

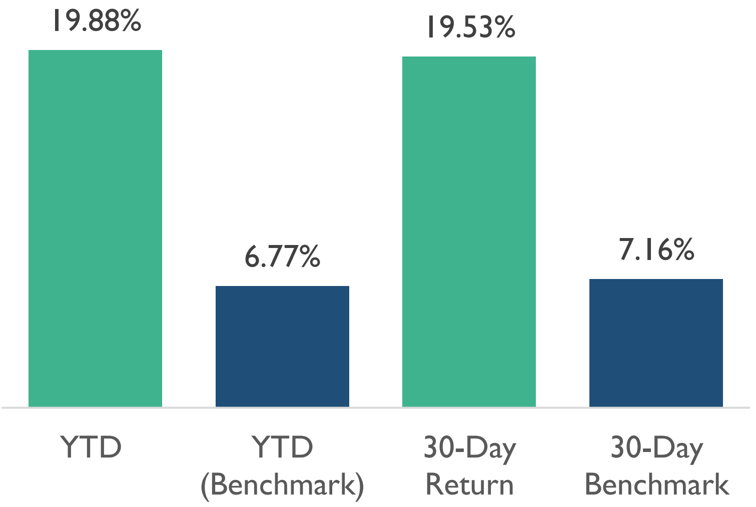
Asset Allocation (%)



Credit Quality



Percentage Returns

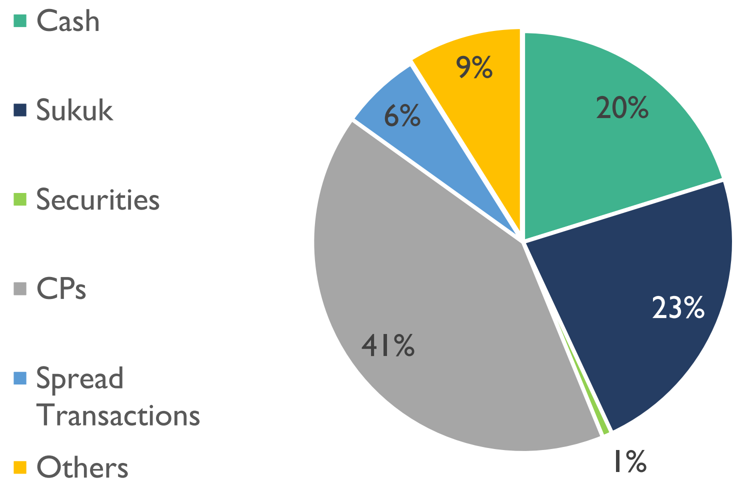


Source: Fund Manager Report

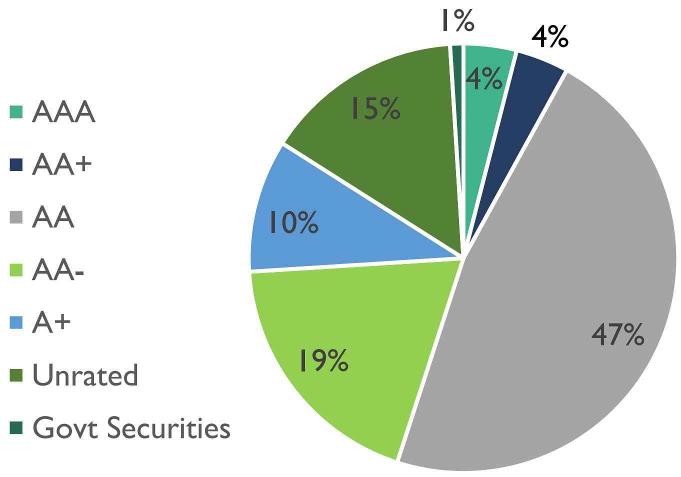
Funds in spotlight: AKD Islamic Income Fund

- For the month of June 2023, AKD Islamic Income Fund (AIIF) produced an excellent 20.33% 30-day return against its 7.08% benchmark, while also having significant AUMs (>1 billion).
- The fund competently enhanced investor capital through regular Halal income by investing in Shariah Compliant income investments.
- The majority of the fund's assets are invested in AA-rated securities, indicating a strong credit quality. As a result, we anticipate competent returns in the future

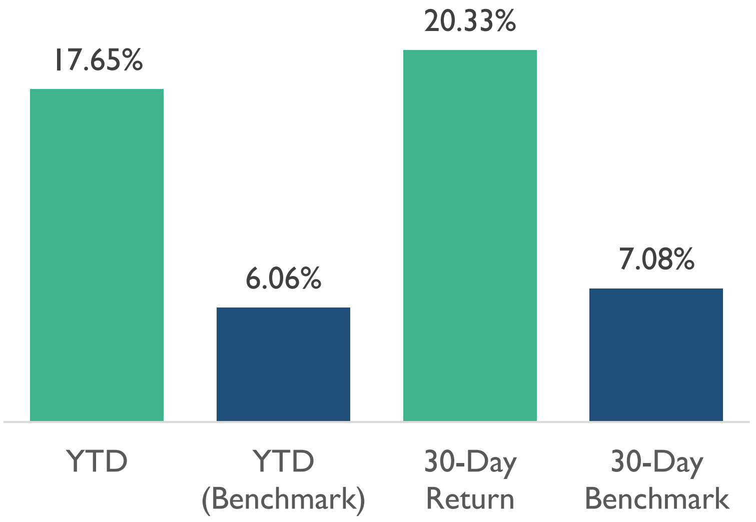
Asset Allocation (%)



Credit Quality



Percentage Returns



Source: Fund Manager Report

AUMs of shariah compliant funds:

Asset management companies	No. of funds	AUMs June 2023 (AUMs in million)	AUMs May 2023 (AUMs in million)	Industry share %
Al-Meezan Investment Management Ltd	20	287,008.81	280,410.83	39.26%
Faysal Asset Management Ltd	7	76,344.00	71,234.00	11.33%
NBP Fullerton Asset Management Ltd	13	62,545.00	64,989.00	9.82%
HBL Asset Management Ltd	8	55,700.00	48,826.00	9.14%
UBL Al-Ameen Funds Manager Ltd	8	55,280.00	48,367.00	7.31%
MCB-Arif Habib Savings and Investments Ltd	8	44,963.94	39,704.89	6.04%
Alfalah GHP Investment Management Ltd	9	40,179.40	41,129.23	4.79%
ABL Asset Management Company Ltd	7	29,733.23	27,187.97	3.61%
AL Habib Asset Management Ltd	4	24,247.28	22,756.48	3.00%
National Investment Trust Ltd	4	11,912.59	10,426.92	1.68%
Atlas Asset Management Ltd	6	10,812.97	9,100.00	1.30%
Pak Qatar Asset Management Limited	7	8,715.00	9,244.54	1.19%
JS Investments Ltd	5	4,278.15	4,017.44	0.54%
Lakson Investments Ltd	2	4,234.61	4,340.00	0.41%
AKD Investment Management Ltd	3	1,897.00	1,909.00	0.27%
786 Investments Ltd	1	1,629.40	1,145.00	0.15%
AWT Investment Management Ltd	2	721.07	1,242.00	0.15%
Pak Oman Asset Management Company Ltd	3	409.76	520.58	0.09%
Total	114	720,612.20	686,030.30	100.00%

Shariah compliant money market (annualized return)

Fund name	YTD	June	3-month	6-month	1-year
Al Ameen Islamic Cash Fund	16.34	21.06	19.49	17.73	16.34
Faysal Islamic Cash Fund	17.43	20.09	18.96	17.62	17.43
Alfalah Islamic Rozana Amdani Fund	17.07	19.71	19.01	17.58	16.83
Al Ameen Islamic Cash Plan I	16.91	19.64	19.27	17.88	16.91
Faysal Halal Amdani Fund	17	19.64	18.52	17.32	17
JS Islamic Daily Dividend Fund	16.91	19.53	18.77	17.45	16.91
Alfalah Islamic Money Market Fund	19.88	19.52	N/A	N/A	N/A
HBL Islamic Money Market Fund	17.24	19.49	19.31	18.06	17.24
Lakson Islamic Money Market Fund	17.07	19.43	19.02	17.64	N/A
NIT Islamic Money Market Fund	16.95	19.42	18.43	17.18	16.45
NBP Islamic Money Market Fund	17.3	19.3	18.27	16.89	15.7
Atlas Islamic Money Market Fund	16.75	19.29	19.14	17.91	16.75

Fund name	YTD	June	3-month	6-month	1-year
Alhamra Islamic Money Market Fund	16.97	19.25	18.61	17.73	16.97
Pak Qatar Daily Dividend Plan	17.59	19.2	19.12	18.02	N/A
Meezan Rozana Amdani Fund	16.83	19.18	19	17.7	16.83
Pak Qatar Cash Plan	17.07	19.15	19.12	17.72	N/A
Meezan Cash Fund	16.11	19.13	18.9	17.26	16.11
NBP Islamic Daily Dividend Fund	17.7	19.1	18.53	17.27	16.4
ABL Islamic Cash Fund	16.91	19.07	19.03	17.68	16.91
AL Habib Islamic Cash Fund	17.28	18.78	18.26	16.92	16.69
Alhamra Cash Management Optimizer	18.49	19.03	N/A	N/A	N/A
Pak Qatar Asan Munafa Plan	15.92	18.31	18.68	16.93	N/A
Pak Oman Daily Dividend Fund	16	18.27	15.63	15.18	16.03
AKD Islamic Daily Dividend Fund	17.6	18.22	N/A	N/A	N/A

Shariah compliant income (annualized return)

Fund name	YTD	June	3-month	6-month	1-year
Pak Oman Advantage Islamic Income Fund	17.7	24.46	19.29	18.13	17.66
Alfalah GHP Islamic Income Fund	15.12	23.51	17.04	15.7	14.28
Pak Qatar Monthly Income Plan	16.97	22.03	19.59	17.94	N/A
JS Islamic Income Fund	15.63	21.31	17.84	16.63	14.76
Meezan Sovereign Fund	15.37	20.99	18.31	16.89	15.37
AWT Islamic Income Fund	17.06	20.98	20.28	18.27	17.06
Pak Qatar Khalis Bachat Plan	15.79	20.73	19.19	18.08	N/A
Pak Qatar Income Plan	17.29	20.66	20.86	18.83	N/A
NIT Islamic Income Fund	16.54	20.47	19.37	17.23	15.97
NBP Islamic Mahana Amdani Fund	16.5	19.9	17.34	15.86	15
AKD Islamic Income Fund	17.65	19.73	19.44	18.36	17.65
Alhamra Islamic Income Fund	15.56	19.72	16.93	16.4	15.56
AL Habib Islamic Income Fund	15.58	19.71	17.89	16.08	15.58
AL Habib Islamic Savings Fund	16.12	19.71	18.79	16.2	15.64

Fund name	YTD	June	3-month	6-month	1-year
Meezan Islamic Income Fund	14.86	19.66	17.26	15.93	14.33
Meezan Daily Income Fund (MDIP I)	16.86	19.29	19.06	17.76	16.86
NBP Islamic Income Fund	16.4	19.2	19.37	17.23	15.97
Atlas Islamic Income Fund	15.76	19.09	17.89	16.59	15.76
Al Ameen Islamic Sovereign Fund	14.06	18.94	16.64	15.18	14.06
NBP Riba Free Savings Fund	15.7	18.9	16.22	15.16	14.1
786 Smart Fund (Formerly: Dawood Income Fund)	17.14	18.84	18.19	17.3	10.81
Meezan Daily Income Fund (Meezan Mahana Munafa Plan)	15.28	17.89	17.58	15.96	N/A
Faysal Islamic Savings Growth Fund	14.32	17.79	16.74	14.96	13.84
ABL Islamic Income Fund (Formerly: ABL Islamic Cash Fund)	12.42	17.67	15.39	13.97	12.42
Alhamra Daily Dividend Fund	15.73	17.64	16.89	16.14	15.73
NBP Islamic Savings Fund	15.6	17.1	16.35	15.18	14.2

Shariah compliant equity (annualized return)

Fund name	YTD	June	3-month	6-month	1-year
HBL Islamic Equity Fund	-5.88	3.03	-0.04	-1.5	-5.88
HBL Islamic Stock Fund	-11.83	1.21	-0.09	-2.25	-11.83
JS Islamic Fund	-2.17	1.19	2.53	-1.28	-4.19
Al Meezan Mutual Fund	-0.28	0.88	3.89	0.3	-0.28
Meezan Islamic Fund	-2.54	0.48	1.97	-0.66	-2.54
NBP Islamic Stock Fund	-0.1	0.4	-4.6	-0.83	-5.3
NBP Islamic Energy Fund	0.3	0.3	-5.26	5.25	4
Meezan Energy Fund	-2.13	0.28	-2.77	-3.33	-2.13
AKD Islamic Stock Fund	-17.92	0.08	-0.68	12.26	-17.92
Al Ameen Shariah Stock Fund	-1.9	0.07	1.27	0.31	-1.9
Alhamra Islamic Stock Fund	-0.99	-0.33	-1.3	2.85	-0.99
ABL Islamic Stock Fund	-0.91	-0.52	0.67	0.89	-0.91
Alfalah GHP Islamic Stock Fund	1.26	-0.63	-1.22	2.19	4.31
Al Ameen Islamic Energy Fund	1.68	-0.66	0.77	2.63	1.68
Atlas Islamic Stock Fund	-3.36	-0.7	0.1	0.06	-3.36
Pak Qatar Islamic Stock Fund	0.42	-0.72	-0.78	0.93	N/A
NIT Islamic Equity Fund	-2.66	-0.83	-1.49	-1.49	0.59
AWT Islamic Stock Fund	-0.67	-0.9	-2.07	1.29	-0.67
AL Habib Islamic Stock Fund	0.87	-1.3	1.15	2.08	0.87
Faysal Islamic Stock Fund	-10.97	-1.68	-5.36	-10.64	-10.97

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