

JULY 2024

Fund Manager Report



CIO's Note



Mubashir Zuberi, CFA

Chief Investment Officer

Dear Valued Client,

The start of the new fiscal year has been marked by volatility, largely driven by increased political noise following the Supreme Court's ruling in favor of the opposition party concerning reserve seats. Despite this, the economic front showed promising signs, particularly with inflation continuing its downward trajectory. The headline inflation rate dropped to 11.1% in July, the lowest in 33 months, down from 12.6% in June 2024 and significantly below the 28.31% recorded in July 2023.

Remittances surged to US\$3.2 billion in June 2024, a 44% YoY increase, while the current account posted a deficit of US\$329 million. These strong inflows helped central bank reserves reach a two-year high of US\$9.4 billion.

Another significant development was Pakistan reaching a Staff Level Agreement with the IMF for a 3-year, US\$7 billion Extended Fund Facility, pending approval from the IMF's Executive Board. Meanwhile, the State Bank of Pakistan continued its monetary easing, cutting the policy rate by 100 basis points to 19.5%. This led to a decline in yields by up to 70 basis points across shorter tenors, driven by expectations of further rate cuts due to benign inflation forecasts.

The KSE-100 Index hit an all-time high of 81,840 points during July, reflecting a 4.3% increase from June's close. However, political uncertainty eroded these gains, leaving the Index nearly flat by month's end, ending a five-month streak of uninterrupted gains.

Looking ahead, while political developments are likely to keep markets on edge, the positive economic indicators should bolster investor confidence.

We hope you find this report informative and useful. Stay tuned for more updates and detailed analyses .

Our Investment Philosophy

At Mahaana, we have a vision to create a sustainable and financially rewarding future for our clients by leveraging technology to deliver superior returns at a fraction of the costs charged by traditional investment managers. Mahaana's investment philosophy is focused on building portfolios that offer long-term value to clients through two guiding principles. The first is to personalize asset allocation based on each client's unique risk profile, goals, and objectives, while minimizing risk and volatility. The second principle involves using data analytics to analyse market trends, identify investment opportunities, and optimize portfolios to generate consistent returns while adhering to clients' risk profiles. The combination of these principles creates portfolios that are tailored to clients' needs, offer strong risk-adjusted returns, and are constructed using a disciplined, data-driven approach. All of which, is transparent and secure.

As your digital wealth managers, we provide a mere advisory role and no way in your investment journey do we have access to your funds which are held by the CDC as the custodian. Your funds directly flow between your investment account and your personal bank account.



About Mahaana

Mahaana Wealth is your one stop solution to invest and grow your savings. In the most basic sense, we are your digital asset managers who help you along your investment journey. When you begin you will be asked a series of questions to determine your financial goals, risk tolerance, and investment preferences. Based on your answers, our platform will recommend a diversified investment portfolio that is tailored to your needs. Our platform uses algorithms and artificial intelligence to help clients to automatically rebalance their portfolio in order to maintain their desired asset allocation.

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**Mahaana is an urdu
term for monthly**

We believe you should save monthly
to secure your financial future

Mahaana Islamic Cash Fund



Mahaana Islamic Cash Fund

MICF is a Shariah-compliant fund that primarily invests in cash and cash equivalents, such as short-term government bonds and money market instruments. Cash funds are often used as a short-term investment vehicle or as a way to preserve capital while earning a low return. They are typically considered low-risk investments, as they are invested in highly liquid assets, such as Islamic sukuks, that are not subject to significant price fluctuations. Through MICF, our clients gain direct exposure to government Sukuks at a fraction of the cost compared to banks.

Fund Commentary

During the month MICF continued to witness increase in AUMs. The fund outperformed the benchmark index and reduced its WAM towards shorter tenor in light of changing yields and declining rates.

Key Facts

Item	Details
Net Assets	PKR 698.1 mn
Launch Date	March 29, 2023
Fund Type	Open-end
Fund Category	Shariah Compliant Money Market Fund
Investment Objective	Investment objective is to provide competitive returns with maximum possible capital preservation by investing in low risk and liquid Shariah-compliant authorized instruments.
Benchmark	Three months average deposit rates of three (3) AA rated Islamic banks or Islamic windows of conventional banks as selected by MUFAP
Fund Auditors	BDO Ebrahim & Co.
Front End Load/Back End Load	NIL
Cut-off timing	Monday-Friday (4:00 p.m)
Pricing Mechanism	Backward
Custodian	Central Depository Company of Pakistan Limited
Shariah Advisors	Al Hilal Shariah Advisors
Fund Stability Rating	AA+
Fund Manager	Mubashir Zuberi, CFA
Management Fee	Up to 1% of average net assets during the month
Total Expense Ratio	0.59% (MTD) 0.59% (YTD)
Total Expense Ratio (without Govt. levy)	0.47% (MTD) 0.47% (YTD)

Key Facts (continued)

Item	Details
Valuation and Redemption Days	Daily (Monday to Friday) except public holiday
Risk/Risk of Principal Erosion	Low
Weighted Average Time to Maturity (Days)	9

Performance

As of 31 July 2024	MTD	YTD	90 Days	180 Days	1 Year	3 Years	Since Inception *
MICF Return (annualized)	19.35%	19.35%	20.20%	21.02%	23.22%	N/A	23.61%
Benchmark Return (annualized)	11.07%	11.07%	11.16%	11.21%	10.57%	6.95%	6.38%

* Since Mar 2023 - MICF launch date

Returns are computed on the basis of NAV to NAV with dividends reinvested

Ratings

Type	Percentage %
AAA	18.85%
AA	66.82%
A1	14.30%

Distributions

Payout Date	Payout (Per Unit)	Ex - NAV	Yield
13-Jun-23	2.375	101.5469	2.34%
26-Jun-23	2.290	100.0038	2.29%
12-Dec-23	10.700	100.3250	10.67%
7-Jun-24	5.500	105.0288	5.24%

Asset Allocation

Type	June 24	July 24
Bank Deposits	46.96%	66.82%
GoP Ijarah Sukuks	32.75%	18.85%
Short Term Sukuk	20.21%	14.30%
Other assets	0.08%	0.03%

Sukuk Holdings

Instrument	Percentage %
OBS Pharma - STS 1	8.58%
PAK Elektron - STS	3.57%
ISMAIL INDUSTRIES - STS	2.14%

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. The NAV based prices of units and any dividends/returns thereon are dependent on forces and factors affecting the financial markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results. Performance data does not include the cost incurred directly by an investor in the form of sales loads etc.

Mahaana Islamic Index ETF



Mahaana Islamic Index ETF

MIIETF is a Shariah-compliant equity index fund that primarily invests in the top 30, free float weighted Islamic stocks that have an annual average turnover of more than PKR 10 million. MIIETF provides investors the long term benefits of equity markets.

Fund Commentary

During the month the fund recomposed itself based on the reconstituted MII30 index. 4 companies were replaced namely OGDC, NATF, UNITY and APL. Incoming companies included SAZEW, ABOT, ISL and INIL.

Key Facts

Item	Details
Net Assets	PKR 52.7 mn
Launch Date	March 11, 2024
Fund Type	Open-end
Fund Category	Shariah Compliant Equity ETF
Investment Objective	Investment objective is to provide competitive equity market returns with maximum coverage of the broader Islamic index at lowest possible cost.
Benchmark	Mahaana Islamic Index
Pricing Mechanism	Backward
Listing	Pakistan Stock Exchange (PSX)
Valuation Days	As per PSX
Subscription Redemption Days	As per Market hours
Ticker	MIIETF
Front End Load/Back End Load	NIL
Authorized Participant	JS Global Capital Limited
Management Fee	0.5% per annum
Total Expense Ratio	1.51% (MTD) 1.51% (YTD)
Total Expense Ratio (without govt. levy)	1.34% (MTD) 1.34% (YTD)
Trustee	Central Depository Company Pakistan Limited (CDC)
Risk Profile/Risk of Principal Erosion	High

Key Facts (continued)

Item	Details
Fund Auditors	BDO Ebrahim & Co.
Fund Stability Rating	N/A
Fund Manager	Mahaana Wealth Limited

Performance

As of 31 July 2024	MTD	YTD	30 Days	90 Days	180 Days	1 Year	3 Years	Since Inception *
MIETF Return	-2.74%	-2.74%	-2.74%	-	-	-	-	11.50%
Benchmark Return	-2.49%	-2.49%	-2.49%	-	-	-	-	13.12%

* Since 11 Mar 2024 - MIETF launch date

Returns are computed on the basis of NAV to NAV with dividends reinvested

Asset Allocation

Type	June 24	July 24
Equity	96.56%	98.00%
Cash	3.44%	2.00%

Sector Allocation

Sector	Percentage %
FERTILIZER	19.19%
CEMENT	15.79%
POWER GENERATION & DISTRIBUTION	14.30%
OIL & GAS EXPLORATION COMPANIES	11.74%
COMMERCIAL BANKS	10.58%
OTHERS	26.40%

Top Holdings

Instrument	Percentage %
Hub Power Energy Company	13.22%
Meezan Bank Limited	8.91%
Engro Fertilizers Limited	8.52%
Engro Corporation	7.63%
Lucky Cement Limited	6.68%
Pakistan Petroleum Limited	6.66%
Systems Limited	6.39%
Mari Petroleum Limited	5.09%
Millat Tractors Limited	4.22%
Pakistan State Oil Company	3.98%

Distributions

Payout Date	Payout (Per Unit)	Ex - NAV	Yield
24-Jun-24	0.500	10.9000	4.59%

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**Securities & Exchange
Commission of Pakistan (SECP)**



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