

JUNE 2024

# Fund Manager Report



# CIO's Note



**Mubashir Zuberi, CFA**

Chief Investment Officer

Dear Valued Client,

June witnessed significant strides in Pakistan's economic environment, continuing the positive trend from previous months. The KSE-100 Index continued its stellar performance, returning 3% during June and bringing the CYTD return to 26%. This rally was driven by positive macroeconomic developments, continued foreign participation, and improved investor sentiment. The reduction in Central Bank policy rate, favorable external account readings and lower-than-expected inflation played pivotal roles in boosting market confidence.

The State Bank of Pakistan (SBP) released its decision to cut the Policy Rate by 1.5% to 20.5% on June 10. This significant shift in monetary policy, following a four-year period of tightening and stable rates. The decline in policy rates was priced into the secondary market yields to a great extent, and further declines in yields during the month highlighted room for additional rate cuts.

In other key events during the month, the government passed the FY25 Budget in parliament on June 28, paving the way for the resumption of negotiations with the IMF for a new program. This legislative success underscores the government's commitment to economic stability and reform.

June 2024 external balances, released during the month, saw a negative turn in the current account, recording a deficit of \$270 million. This was primarily due to an increased import bill and a \$1.4 billion income deficit as the backlog of profit repatriations was cleared. Despite this, the SBP's foreign reserves reached a two-year high of \$9.4 billion by the time of writing this report, indicating improved external resilience.

On the economic front, the CPI for June 2024 stood at 12.6%, taking the FY24 average inflation to 23.4%. While inflation remains a concern, the outlook is cautiously optimistic with the SBP expected to maintain a careful approach to further rate cuts.

While the outlook remains positive with increased foreign participation and continued stability on the external front, potential short-term tax measures on the banking sector, specifically related to the Asset-to-Deposit Ratio (ADR), could impact the equity market's performance in the short term. Despite a controlled inflation outlook, we expect the central bank to maintain a cautious stance and avoid aggressive rate cuts.

We hope you find this newsletter informative and useful. Stay tuned for more updates and detailed analyses in our upcoming issues.

## 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.

ma • ha • na

(ماہانہ)

**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 the fund increased allocation in Short term Sukuks and GoP Ijarah Sukuks at higher yields amidst declining policy rate. The fund continues to balance between higher yielding assets and liquidity while generating alpha.

### Key Facts

Item	Details
Net Assets	PKR 385.0 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	0.36% (MTD) 0.17% (YTD)
Total Expense Ratio (without Govt. levy)	0.25% (MTD) 0.08% (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)	30

## Performance

As of 30 June 2024	MTD	YTD	90 Days	180 Days	1 Year	3 Years	Since Inception *
<b>MICF Return (annualized)</b>	20.00%	23.43%	20.57%	21.24%	23.43%	N/A	23.51%
<b>Benchmark Return (annualized)</b>	11.22%	10.28%	11.22%	11.19%	10.28%	6.73%	9.38%

\* Since Mar 2023 - MICF launch date

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

## Ratings

Type	Percentage %
AAA	32.75%
AA	46.96%
A1	20.21%

## Asset Allocation

Type	May 24	June 24
Bank Deposits	62.24%	46.96%
GoP Ijarah Sukuks	19.50%	32.75%
Short Term Sukuk	18.20%	20.21%
Other assets	0.06%	0.08%

## Sukuk Holdings

Instrument	Percentage %
OBS Pharma - STS 1	11.49%
PAK Elektron - STS	5.01%
ISMAIL INDUSTRIES - STS	3.71%

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

The Net Assets of MIIETF increased to PKR 54.3 million at the end of month returning 0.79% during the month. The fund also declared its' first dividend during the month.

### Key Facts

Item	Details
Net Assets	PKR 54.3 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	<span>1.06% (MTD)</span> <span>1.07% (YTD)</span>
Total Expense Ratio (without govt. levy)	<span>0.88% (MTD)</span> <span>0.91% (YTD)</span>
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 30 June 2024	MTD	YTD	30 Days	90 Days	180 Days	1 Year	3 Years	Since Inception *
<b>MIIETF Return</b>	0.79%	14.50%	0.79%	-	-	-	-	14.50%
<b>Benchmark Return</b>	1.07%	16.01%	1.07%	-	-	-	-	16.01%
<b>KMI30 Return</b>	0.51%	13.56%	0.51%	-	-	-	-	13.56%

\* Since 11 Mar 2024 - MIIETF launch date

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

## Asset Allocation

Type	May 24	June 24
Equity	<b>96.46%</b>	<b>96.56%</b>
Cash	<b>3.54%</b>	<b>3.44%</b>

## Sector Allocation

Sector	Percentage %
OIL & GAS EXPLORATION COMPANIES	<b>18.09%</b>
FERTILIZER	<b>17.44%</b>
CEMENT	<b>15.08%</b>
POWER GENERATION & DISTRIBUTION	<b>12.84%</b>
COMMERCIAL BANKS	<b>9.20%</b>
OTHERS	<b>23.91%</b>

## Top Holdings

Instrument	Percentage %
Hub Power Energy Company	11.65%
Engro Fertilizers Limited	8.06%
Meezan Bank Limited	7.81%
Engro Corporation	7.04%
Oil & Gas Development Company	6.80%
Pakistan Petroleum Limited	6.51%
Lucky Cement Limited	6.40%
Systems Limited	6.27%
Millat Tractors Limited	5.05%
Mari Petroleum Limited	4.78%

## Distributions

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

*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.*



LICENSED & REGULATED BY  
**Securities & Exchange  
Commission of Pakistan (SECP)**



CUSTODIANS  
**Central Depository Company (CDC)**



## Email us

Write to us for any queries  
[company@mahaana.com](mailto:company@mahaana.com)



## Karachi

203, The Forum, Clifton  
Block 9, Karachi, Sindh



## Islamabad

Emirates Tower, 2nd & 3rd Floor,  
M-13, F-7 Markaz, Islamabad.