

Fund Manager Report - Group 9

Fund Manager: Aamil Khan Mahar

Stock Market Review

The benchmark KSE-100 index faced substantial downward pressure, witnessing a sharp decline of 4,424.93 points on a week-on-week basis. The week concluded with the index closing at 61,705.09 points, reflecting notable market volatility and shifts in investor sentiment.

In terms of market activity, there was a 3.0 percent decrease in the average daily volumes on the ready counter, amounting to 1,215.13 million shares for the week. This decline in trading volumes suggests a potential reduction in overall market participation or a shift in investor focus.

Moreover, the average daily traded value on the ready counter experienced a significant contraction, declining by 27.4 percent to Rs 22.03 billion during the week. This decrease, compared to the previous week's figure of Rs 30.35 billion, indicates a lower value of transactions taking place in the market.

The substantial decline in both the index and trading metrics may be attributed to various factors, including global economic conditions, geopolitical events, or specific market-related news impacting investor confidence and trading activity.

Money Market Review

In December 2023, the State Bank of Pakistan (SBP) maintained its key interest rate at a record 22% for the fourth consecutive meeting. This decision, driven by a cautious approach, allows for an evaluation of the previous rate hikes' impact on the economy and inflation. Despite recognizing potential inflationary pressures from a recent gas price increase, the SBP deemed the effects manageable. The initial rate hike in June to 22% was instrumental in securing a \$3 billion IMF bailout and implementing necessary reforms.

Persistently high inflation, consistently above 20% since June 2022, poses a challenge. However, investors anticipating a peak in interest rates have positively influenced stock markets and the currency. Pakistan's adherence to IMF-required measures led to the release of \$1.2 billion, with an additional \$700 million pending board approval. Foreign reserves improved to around \$7 billion, covering 1.4 months of imports.

The KSE100 index achieved an all-time high, surpassing 66,000 points and gaining 7.3% in the week ending December 8. As Pakistan nears February elections, electoral front-runners aim to reinvigorate economic growth. Despite challenges, the SBP's decision reflects a cautious strategy. Ongoing monitoring of inflation, economic indicators, and global factors remains crucial for sustaining Pakistan's financial stability.

Fund Manager Report - Passive Portfolio - December

Fund Review

As of 22-December the Fund Value stood at Rs. 10,707,850. The fund was 100% Invested in Equity Stocks.

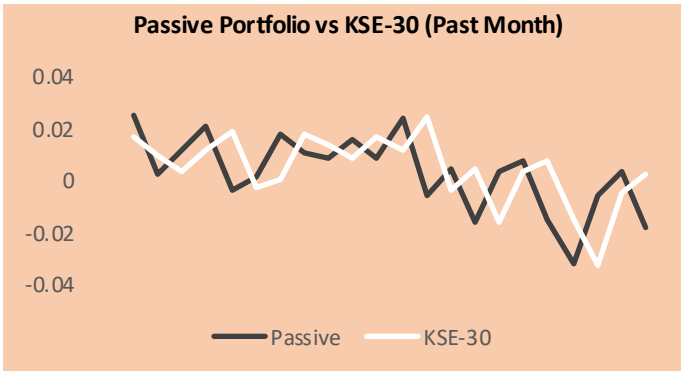
Investment Objective

To Create an Indexed market portfolio which gives us the same returns as the market.

Fund Details

Fund Type	Open End
Fund Category	Equity
Launch Date	22-Nov-23
Listing	Pakistan Stock Exchange (PSX)
Valuation Days	22-Nov-23
Fund Manager	Aamil Khan Mahar
Benchmark	KSE-30

Fund's Performance



Top Ten Holdings

Asset Allocation	Stock Company	M-Cap	Invested (PKR)
Stocks 100%	Hub Power Company Ltd.	8.71%	870,509
Cash 0%	United Bank Limited	6.12%	611,759
	Engro Corporation	5.96%	596,236
	Systems Limited	5.90%	590,396
	Fauji Fertilizer Corporation	5.75%	574,980
	Oil & Gas Development Co.	5.48%	548,300
	Meezan Bank Ltd.	5.06%	506,033
	Lucky Cement	4.96%	496,359
	Multinational Commercial Bank	4.81%	481,135
	Pakistan Petroleum Limited	4.69%	469,187

Performance Measures

Market	Alpha Returns:	-0.257	Alpha TE:	0.243	Alpha IR:	-1.059
CAPM	J-Alpha Returns:	0.337	J-Alpha TE:	0.207	J-Alpha IR:	1.624
M-Squared	M-Alpha Returns:	-0.205	M-Alpha TE:	0.235	M-Alpha IR:	-0.869

Basic Measures

Average Daily Returns	0.32%	Annualized Returns	123.03%
Daily Risk	1.41%	Annualized Risk	22.28%

Fund Manager's Review

Comparing our Passive indexed portfolio to our benchmark market, we saw underperformance. In particular, our portfolio produced a 4.56 excess return per unit of risk, compared to almost double the market's return. This pattern is consistent over a range of ratios and is supported by the M-alpha and Alpha computations. In light of these conclusions, it would be wise to reevaluate the investment plan given the current state of the economy and stock market. The information suggests that the market could not be working effectively. As a result, it might not be wise to keep investing in a passively indexed portfolio. Instead, we should carefully reevaluate our investing strategy in order to better manage the current market conditions.

Fund Manager Report - Active 2 Portfolio - December

Fund Review

As of 22-December the Fund Value stood at Rs. 10,926,675. The fund was 100% Invested in Equity Stocks.

Investment Objective

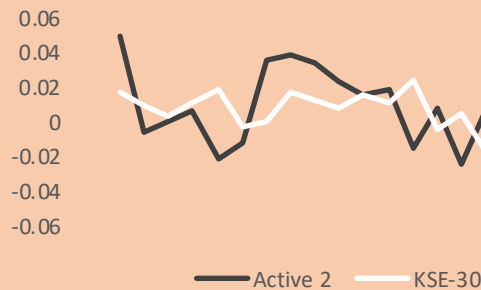
To beat the market and go for Alpha returns without an restrictions.

Fund Details

Fund Type	Open End
Fund Category	Equity
Launch Date	22-Nov-23
Listing	Pakistan Stock Exchange (PSX)
Valuation Days	22-Nov-23
Fund Manager	Aamil Khan Mahar
Benchmark	KSE-30

Fund's Performance

Active 2 Portfolio vs KSE-30 (Past Month)



Basic Measures:

Average Daily Returns	0.43%
Daily Risk	2.40%
Annualized Returns	194.07%
Annualized Risk	37.91%

Asset Allocation

Stocks	100%
Cash	0%

Risk Measures

	Passive	KSE-30
Sharpe Ratio	4.55	8.61
Treynor Ratio	3.41	1.78
Sortino Ratio	4.73	6.706
Martin Ratio	38.01	56.805
Sterling Ratio	49.16	78.404
Calmer	19.15	31.33

Performance Measures

Market	Alpha Returns:	-0.019	Alpha TE:	0.378	Alpha IR:	-0.051
CAPM	J-Alpha Returns:	0.581	J-Alpha TE:	0.364	J-Alpha IR:	1.594
M-Squared	M-Alpha Returns:	0.520	M-Alpha TE:	0.364	M-Alpha IR:	1.428

Fund Manager's Review

As indicated by our passive portfolio, the market appears to be less efficient than initially perceived. Consequently, investing in an active portfolio, such as the one in question, has the potential to yield higher excess returns compared to the market. This is evident in the analysis above, where Alpha returns are nearly zero. In comparison to the benchmark (KSE-30), the active portfolio has demonstrated superior performance. Although the Information Ratio for J-Alpha is comparable to the passive portfolio, a closer examination using M-alpha and Alpha returns reveals that Active-2 has significantly outperformed the market, achieving higher returns.

Fund Manager Report - Active 3 Portfolio - December

Fund Review

As of 22-December the Fund Value stood at Rs. 10,926,675. The fund was Approx. 92%% Invested in Equity Stocks and 8% cash earning KIBOR of 21.5% (Annual).

Investment Objective

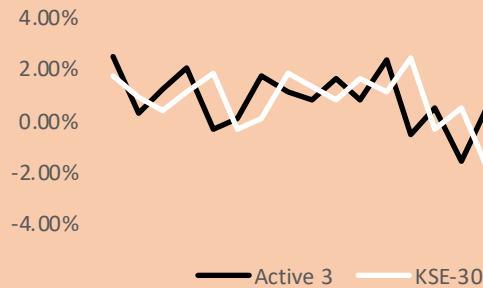
To create a well diversified portfolio and to earn Alpha returns.

Fund Details

Fund Type	Open End
Fund Category	Equity
Launch Date	22-Nov-23
Listing	Pakistan Stock Exchange (PSX)
Valuation Days	22-Nov-23
Fund Manager	Aamil Khan Mahar
Benchmark	KSE-30

Fund's Performance

Active 3 Portfolio vs KSE-30 (Past Month)



Asset Allocation

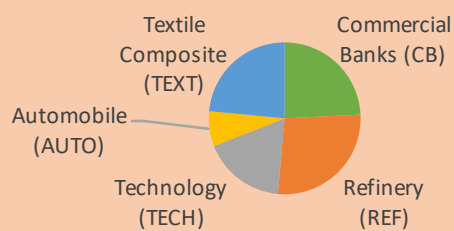
Stocks	92.04%
Cash	7.96%

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	Passive	KSE-30
Sharpe Ratio	4.56	8.61
Treynor Ratio	2.59	1.78
Sortino Ratio	3.80	6.706
Martin Ratio	28.84	56.805
Sterling Ratio	40.76	78.404
Calmer	14.24	31.33

Sector Allocation

Commercial Banks (CB)	22.25%
Refinery (REF)	25.00%
Technology (TECH)	16.18%
Automobile (AUTO)	6.85%
Textile Composite (TEXT)	21.57%



Performance Measures

Market	Alpha Returns:	-0.257	Alpha TE:	0.242	Alpha IR:	-1.062
CAPM	J-Alpha Returns:	0.339	J-Alpha TE:	0.207	J-Alpha IR:	1.639
M-Squared	M-Alpha Returns	-0.208	M-Alpha TE:	0.235	M-Alpha IR:	-0.883

Basic Measures

Average Daily Returns	0.32%	Annualized Returns	122.95%
Daily Risk	1.40%	Annualized Risk	22.19%

Fund Manager's Review

Surprisingly, our Active-3 delivered a performance similar to that of the Passive portfolio. This similarity indicates that our portfolio's non-market risk was well diversified, resulting in returns comparable to our passive portfolio. This leads to the inference that the stocks selected for this portfolio closely mirrored the market, causing it to behave more like a passive portfolio rather than offering improved returns like Active-2. Consequently, we conclude that, given our earlier assessment of the market's inefficiency and potential for alpha returns, a reconsideration of stock choices for Active-3 is in order to get alpha returns.