

# Portfolio Manager Report - SMA (Discretionary)

## Feroze and Shernaz Bhandara Charitable Trust

For the month ended 30-Apr-22



Founded in 1995, JS Investments is the oldest and one of the leading private sector Asset Management Companies in Pakistan with assets under management spread across various mutual funds (open-end and closed-end), pension funds and separately managed accounts (i.e., customized investment solutions). JS Investments is now a subsidiary of JS Bank Limited and is listed on the Karachi Stock Exchange and has a Management Quality Rating of "AM2-, with Stable Outlook" assigned by JCR-VIS and Credit Rating of "A+/ A1 (Long/ Short-term)"



## Performance data and analytics

### Investment policy

All investments shall be made in accordance with the provisions of discretionary portfolio management agreement dated October 27, 2014.

### Investment objective

Aim to achieve capital preservation and inflation adjusted growth in principal investment over the long-term (i.e. 1-3 years) through participation in money market, fixed income and high quality equity securities listed on the Karachi Stock Exchange.

### Key information

Account type	Discretionary Portfolio Management Services
Account start date	04 January, 2018
Net assets (PKR mn)	236.45
Benchmark (BM)	80% 1 Year PKRV & 20% KSE 100 Index
Management fee	0.40% (Fixed income) & 1.25% (Equity) p.a. on average daily net assets
Custodian	Digital Custodian Company Limited
Risk profile	Low to Medium
AMC Rating	AM2 (By JCR-VIS)

### Monthly performance (%)

	Portfolio	Benchmark
31-Jul-21	-0.37	0.40
31-Aug-21	0.19	0.68
30-Sep-21	-1.97	-0.55
31-Oct-21	1.43	1.20
30-Nov-21	0.17	0.18
31-Dec-21	0.51	0.59
31-Jan-22	2.10	1.12
28-Feb-22	0.29	0.27
31-Mar-22	-1.26	1.04
30-Apr-22	-1.19	1.04
<b>Portfolio return*</b>	<b>35.53</b>	
<b>Benchmark return*</b>	<b>43.03</b>	
<b>Difference</b>	<b>-7.50</b>	

\* Since account start date

### Asset allocation (%)

	30-Apr-22	Exp. Limit
Cash	4.17	0 - 100
Equity	14.14	0 - 20
T-Bills	-	0 - 100
PIBs	68.26	0 - 100
TFCs	-	0 - 100
Mutual Funds (JSIL)	8.81	0 - 100
Other including receivables	4.62	n/a
<b>Total</b>	<b>100.00</b>	

### Equity sector breakdown (%)

	30-Apr-22
Cement	4.04
Fertilizer	4.02
Glass & Ceramics	3.73
Commercial Banks	1.99
Power Generation & Distribution	0.36
<b>Total</b>	<b>14.14</b>

### Top 5 equity holdings (%age of Net assets)

Engro Fertilizers Ltd.	4.02
Tariq Glass Industries Ltd.	2.87
Lucky Cement Ltd.	2.40
Bank Al - Habib Ltd.	1.99
Ghani Global Glass Ltd.	0.86

### TFC/Ijara Sukuks/PIBs/T-Bills holdings (%)

PIB 5YEARS 15/10/2020	68.26
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### Details of benefits (%)

Realized loss on Marketable Securities	(414.37)
Dividend Income	557.74
Unrealized gain/loss on Marketable Securities	(1,977.06)
Return On Pls Accounts	332.64
Markup on Debt Securities	1,401.05

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## Feroze and Shernaz Bhandara Charitable Trust

### For the month ended 30-Apr-22

#### Portfolio Manager Review

The month of April 2022 noted a flat stock market performance despite volatile trading sessions. The benchmark KSE-100 Index settled at 45,249 index points after inching up by 0.71% MoM. Similarly, the KSE-30 index was up by 1.5%, while the KMI-30 index stood higher by 1.5% MoM.

On the activity front, investor participation visibly increased by 40% MoM, with average daily traded volumes at 290 million shares. This was the highest participation recorded since the start of the year. Similarly, the average value traded for the month was PKR 8.3 billion, up by 32% MoM.

This month, politics remained at the forefront with the uncertainty induced by the vote of no-confidence and the ensuing regime change. The economic landscape saw increasing external vulnerability from trade imbalances and low reserves. The resumption of the IMF programme under the new set-up continues to remain in limbo as pre-requisites to the program, such as the removal of energy subsidies, are yet to be addressed. On the other hand, the State Bank of Pakistan (SBP) held an emergency Monetary Policy Committee (MPC) meeting in early April, hiking the Policy Rate by 250bps to 12.25%.

During the month, Refinery, Cable and Electrical Goods, Glass & Ceramics, Chemical, and Fertilizer sectors outperformed the benchmark. On the flip side, Engineering, Textile Weaving, Cements and Power sectors emerged as major laggards.

Foreign participation was seen on the selling end, offloading USD 5 million worth of equities during the month of April 2022. This was concentrated in Commercial Banks and Cements. Buying interest was witnessed in Technology and Textile composite sectors. Amidst local participants, mutual funds and insurance companies were seen offloading equities worth USD 54 million. This was absorbed primarily by Individuals emerging as the largest net buyers with USD 48.6 million worth of equities.

On the economic front, CPI inflation rose to 13.38% YoY in April 2022 compared to 12.72% in the previous month. On a month-on-month basis, the National CPI noted an increase of 1.62%. The advent of Ramadan festivities led to higher food prices. Food inflation reached 16.42% YoY, up from 14.89% in the previous month. Core inflation was seen at 9.82%.

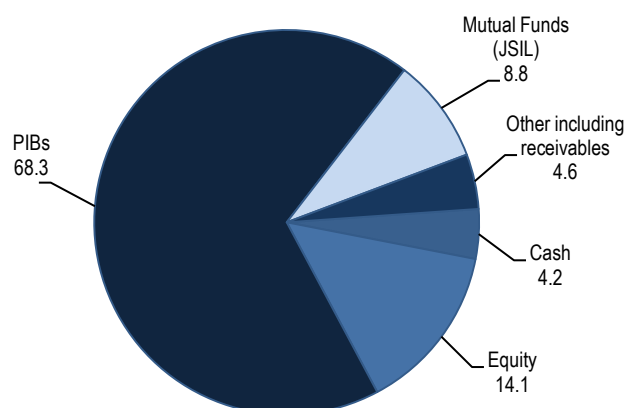
On the external front, the Current Account Deficit (CAD) reported a deficit of USD 1.03 billion in March 2022 after the trade balance settled at USD 3.2 billion. The cumulative current account deficit for 9MFY22 now stands at USD 13.2 billion, up against a surplus of USD 630 million in the same period last year.

The trade deficit has reached USD 30.1 billion during 9MFY22 because of rising imports that are now at USD 53,796 million after an increase of 43% from USD 37,535 million last year. The country's exports totaled USD 23,699 million, a 27% increase over the previous year. Remittances of USD 22,952 million were higher by 7% YoY. Foreign exchange reserves dropped by USD 0.9 billion from March 2022 levels to stand at USD 16.6 bn at the end of the month.

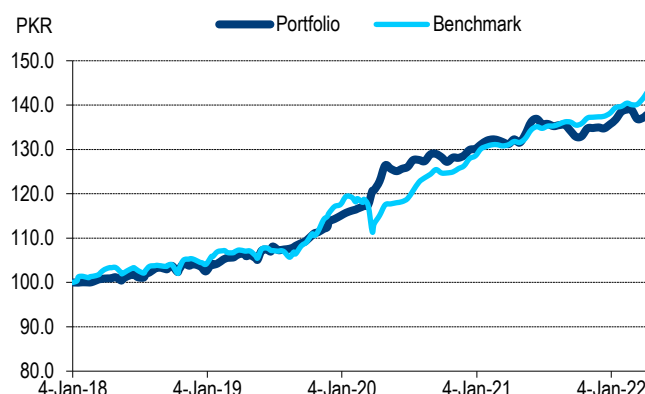
The money market saw the yield curve shift upwards after the policy rate was increased to 12.25% in the emergency MPC meeting. The secondary market yields were on the shorter end, witnessing an uptick between 210-265 bps. Longer tenor yields increased by 58-160 bps. The SBP held three T-bill auctions during the month, accepting bids worth PKR 1.8 trillion against a maturity of PKR 1.6 trillion.

The first T-bill auction saw cutoffs at 12.80%, 13.25%, and 13.3% for 3M, 6M, and 12M, respectively. In the second T-bill auction, SBP accepted bids worth PKR 568 billion with the cut-off at 13.50%, 13.85%, and 13.85% for 3M, 6M, and 12M, respectively. In the last auction held, cut-off yields settled at 14.79%, 14.99%, and 14.81% for 3M, 6M, and 12M, respectively. The increasing yields have widened the delta to the Policy Rate as money managers look at higher inflation amid rising commodity rates and expectations of further rate hikes.

#### Asset allocation (%)



#### Relative performance since inception



#### RETURN SUMMARY

	Portfolio	Benchmark
April-22	-1.19%	1.04%
FY 2020 return	16.68%	10.95%
FY 2021 return	7.70%	13.31%
CY 2020 return	13.04%	9.33%
CY 2021 return	4.24%	7.48%
YTD 2022 return	-0.17%	6.14%
CYTD 2022 return	-0.10%	3.52%
Since account starts	35.53%	43.03%

#### Contact us

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