

UBL Financial Sector Fund

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UBL Financial Sector Fund (UFSF) is an open end sector fund (financial) which aims to provide long term Capital appreciation.



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Risk profile: High / High risk of principal erosion

Type of Fund/ Category: Open End Sector Equity Fund

Benchmark: KSE-100 Index

Disclaimer: All investments in mutual funds are subject to market risks. Past performance is not necessarily indicative of the future results. Please read the Consolidated Offering Document to understand the investment policies and risks involved. Historic returns can be accessed in monthly FMR (<https://bit.ly/3tDyoX0>).

Use of name and logo of UBL Bank as given above does not mean that it is responsible for the liabilities/ obligations of UBL Fund Managers or any investment scheme managed by it.

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Market Review & Outlook

From the CIO's Desk

Fund Managers Report - March 2022



The benchmark KSE 100 Index closed March on a flatter note, posting a return of 1.1% M/M. However, the market exhibited considerable volatility during the month as rising domestic political uncertainty and macroeconomic concerns dampened foreign investor sentiments while extremely attractive valuations evoked domestic investor interest. Trading activity remained dull with daily turnover averaging just USD 25.4mn as compared to USD 28.5mn in Feb-22. Net foreign selling amounted to USD 23.3mn with Banks and Individuals mopping up USD 14.9mn and USD 8.6mn worth of shares during the month.

Mar-22 CPI remained elevated at 12.7% though lower electricity tariffs and fuel prices under PM's relief package depressed the inflation reading for the month. The M/M inflation was driven by higher food (+2.3%) and education (+4.7%) prices. Going forward, we expect inflationary pressures to remain strong over the next few months due to elevated global commodity prices, a weakening rupee and expected sizable increase in administered local fuel and utility prices. Despite formidable inflationary headwinds, SBP preferred to maintain status quo in the last monetary policy review meeting citing moderating economic growth and some abatement in immediate inflationary pressures following cuts in fuel prices and electricity tariffs under PM relief package for status quo decision. However, recently the spread between policy rate and secondary market yields has significantly widened depicting market's expectation of at least 1.0% increase in the policy rate.

On the external front, current account deficit clocked-in at 9 month low of USD 545mn in Feb-22 as compared to a deficit of USD 2,531mn during Jan-21, mainly due to a 40% decline recorded in goods trade deficit (goods import: -18%, goods export: +16%). On an aggregate basis, current account deficit reached USD 12.1bn during 8MFY22 as compared to a surplus of USD 994mn during SPLY. In the absence of immediate remedial measures, we see significant risks to Pakistan's balance of payments position as 1) higher global commodity prices and lack of adequate demand compression measures would continue to keep current account under stress and 2) in case of any disagreements with IMF, it would become very difficult to fund the current account deficit. The above is being manifested in falling reserves position and a weakening currency.

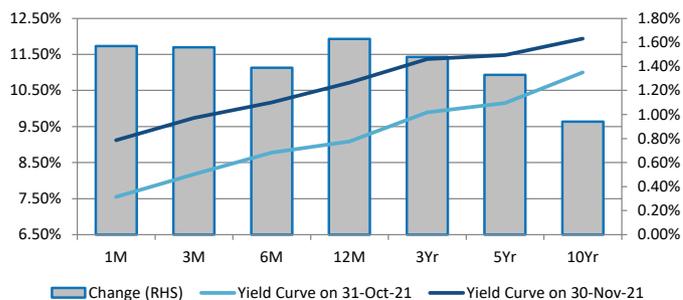
At present, the economy is facing unprecedented uncertainty. The ongoing Ukraine-Russia conflict has resulted in substantial increase in global commodity prices adversely affecting a net commodity importer country like Pakistan. The ongoing political tensions have taken a fresh turn with voting on the no confidence motion against the Prime Minister being deemed unconstitutional by Deputy Speaker of the Parliament. Subsequently, the President has ordered to dissolve the National Assembly. Further, amid political chaos, talks with IMF on the seventh review have been suspended. Supreme Court ruling on the current political impasse will be critical for outlook on markets and economy. However, with the benchmark KSE-100 index trading at a P/E of 4.9x, valuations already capture much of the aforesaid risks. For patient investors, potential catalysts should eventually unlock enormous value in the stock market.

We recommend our investors to invest in our equity funds as per their risk appetite and return expectations. For instance, our UBL Asset Allocation Fund (UAAF) offers an appropriate strategy for investors with low to moderate risk tolerance. This fund invests in a diversified portfolio of stocks, bonds, and money market instruments. It has the potential to earn returns well above those on offer in Money Market and Income Funds, while limiting risk by investing no more than 40% of its assets in stocks at any point in time. For those, with higher risk tolerance and return expectations, we have UBL Stock Advantage Fund which offers pure exposure to the domestic equity market.

We strongly recommend our investors to also invest in our Voluntary Pension Scheme (UBL Retirement Savings Fund) in order to avail tax benefits, grow their long-term savings and achieve retirement security. For those with a longer investment horizon, we recommend a high exposure to Equity Sub-Fund of the Scheme. We have been following an aggressive investment strategy in this Sub-Fund considering its long time horizon and low liquidity/redemption pressures. The strategy has performed well and the Equity Sub-Fund has generated an absolute return of 717.40% (KSE100 Index: 337.41% since inception). This translates to an average annualized return of 19.31% p.a. (KSE-100 Index: 13.20% p.a.) - thus outperforming the KSE-100 Index by a significant margin.

Money Market Review & Outlook

Yield Curve



Equity Market Review & Outlook

KSE- 100 Index



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UBL Pakistan Enterprise Exchange Traded Fund

Fund Managers Report - March 2022



Investment Objective

UBL Pakistan Enterprise Exchange Traded Fund (UBLP-ETF) aims to track the performance of the benchmark index in order to provide long-term capital appreciation and dividend yields to its investors.

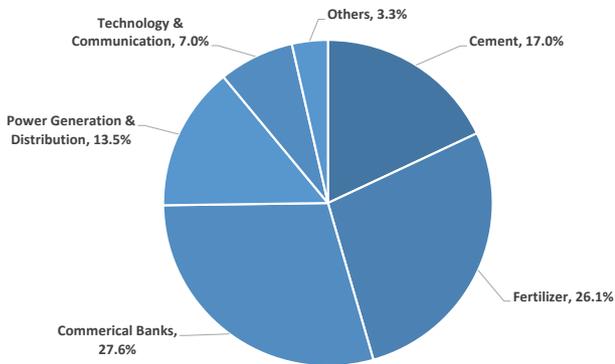
Fund Performance

	UBLP-ETF	Benchmark
FY-YTD (p.a.)	-8.61%	-7.72%
March 2022	0.52%	0.64%
Since Inception (CAGR)	9.87%	11.90%
Standard Deviation*	15.32%	16.05%
Sharpe Ratio**	-0.82%	-0.67%
Expense Ratio ¹	1.19%	

	Feb'22	Mar'22	%
Fund Size (PKR Mn)	43	35	-17.01%
NAV (PKR)	12.4279	12.4929	0.52%

* 12m Trailing | ** 12m Trailing, 3M PKRV yield is used as a risk-free rate
 ***Returns have been annualized using Morningstar Methodology
¹ This includes 0.09% representing government levy, SECP fee.
 Selling & Marketing Expense PKR 0.00mn.

Equity Sector Allocation (% of Total Assets)



Disclosures regarding Sindh Workers Welfare Fund

During the month of August 2021, provisioning against Sindh Workers Welfare Fund by UBLP-ETF amounting to Rs. 0.05 million had been reversed on the basis of clarification received from Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Funds Association of Pakistan, received on August 13, 2021. This reversal of provision has contributed towards an unusual increase in NAV of the UBLP-ETF 0.11%. This is one-off event and is not likely to be repeated in the future.

Return vs Benchmark

	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception
UBLP-ETF	-1.75%	-2.93%	-3.99%	-	-	20.96%
Benchmark	-1.51%	-2.10%	-2.16%	-	-	25.52%

Returns are on absolute basis

Tracking Error Risk

Tracking Error (Absolute)	0.04%
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Asset Allocation (% of Total Assets)

	Jan'22	Feb'22	Mar'22
Equities	93.01%	95.86%	94.50%
Others	2.16%	2.35%	3.15%
Cash	4.83%	1.79%	2.36%
Leverage	Nil	Nil	Nil

Monthly Yield *

	Apr'21	May'21	Jun'21	Jul'21	Aug'21	Sep'21	Oct'21	Nov'21	Dec'21	Jan'22	Feb'22	Mar'22	CYTD
UBLP-ETF	1.88%	7.49%	-4.07%	0.34%	-0.26%	-5.92%	4.76%	-5.55%	-0.15%	0.63%	-2.88%	0.52%	-1.75%
Benchmark	2.10%	8.21%	-4.04%	0.47%	-0.15%	-6.04%	5.11%	-5.39%	-0.04%	0.73%	-2.86%	0.64%	-1.51%

For periodic returns as per SECP SCD Circular No. 16 of 2014, refer to the end of this FMR

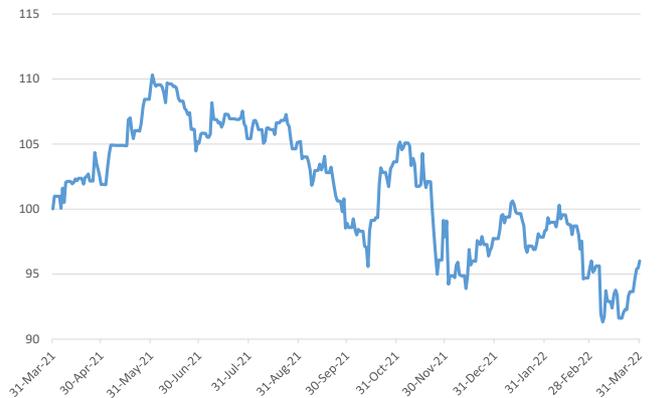
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Fund Information

Fund Type	Open End Fund
Fund Categorization	Exchange Traded Fund
Risk Profile	High
Launch Date	24-Mar-2020
Benchmark	UBL PSX Pakistan Enterprise Index
Listing	Pakistan Stock Exchange (PSX)
Trustee	Central Depository Company Pakistan Limited
Auditor	EY Ford Rhodes
Management Co.Rating	AM1 (VIS) (31-Dec-2021)
Dealing Days	As per PSX
Cut off times	As per Market Hours
Pricing Mechanism	Backward
Management Fee	0.65% p.a.
Fund Manager	Mubashir Anis, CFA (Equity Specialist)

Value of 100 Rupees invested 12 months ago



Top Ten Equity Holdings (% of Total Assets)

Engro Corporation Ltd.	15.42%
Habib Bank Ltd.	14.70%
Lucky Cement Ltd.	13.56%
The Hub Power Co. Ltd.	13.50%
United Bank Ltd.	12.92%
Engro Fertilizers Ltd.	10.65%
Trg Pakistan Ltd.	7.00%
D.G. Khan Cement Co. Ltd.	3.42%
The Searle Co. Ltd.	3.33%

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Disclaimer: All investments in mutual and pension funds are subject to market risk. Past performance is not necessarily indicative of the future results. Please read the offering documents to understand the investment policies and the risks involved.