



# PRIMUS

Investment Management Limited

## Fund Manager's Report

April 2013

### Upcoming Funds:

PIML - Value Equity Fund  
PIML - Islamic Money Market Fund  
PIML - Islamic Equity Fund



Avail Tax  
Advantage upto  
20% on investments  
made before  
30<sup>th</sup> June 2013

Rated "AM3" by PACRA & JCR-VIS



**Facts you must know before choosing an Investment Partner**

-Minimum Net Equity requirement for an AMC as of 31st December 2012. 150 million

-Minimum Net Equity requirement for IAS issuance as of 31st December 2012. 30 million

**About PRIMUS Investments**

-Net Equity of PRIMUS Investments as of 31st December 2012. 268.59 million

**(Compliant with SECP's requirements)**

**From the CEO's desk**

As you read this month's Fund Manager Report, political reverberation has reached its zenith. Political slogans, blame game and uncertainties are at their peak. The caretaker govt's clear stance to work on given mandate to conduct the elections combined with quarter end results of companies gave boost to the KSE-100 index. PKR faced further depreciation owing to reserve depletion due to lack of inflows and outgoing foreign payments. Inflation continued its declining trend as CPI fell to 5.8%YoY. April 2013 also remained an exciting month for US dollar and Gold market as the precious metal slumped from \$1598 to \$1324 before rebounding to \$1488. We maintain a positive outlook on Gold in the long term.

We expect uncertainties to resolve once the new government setup assumes office and comes up with a clear-cut direction. We continue to keep an eagle's eye on this vague situation and proactively align the portfolios accordingly.

**Economic Snapshot**

- In line with our expectations, Discount Rate was kept unchanged at 9.5% in April's monetary policy. Despite a significant decline in inflation, Central Bank remained wary of external account pressures. In our view, Discount Rate has bottomed out and SBP may start tightening the monetary policy post re-entry into IMF program. According to news, an extended Fund facility (EFF) of USD 5 billion is on the cards. We expect counterparties to reach a deal once the new government assumes office.

- Inflation has continued to decline following a slowdown in food and fuel prices. Headline and core inflation respectively clocked in at 5.8% and 8.7% in April 2013 from 6.6% and 9.0% in March 2013. We anticipate that the recent cut in fuel prices and high base effect will keep the inflation soft in the coming two months. Having said that, we believe that soft inflation has limited implication for policy rate as external account imbalances have started dictating the course of monetary policy.

- Current account posted a deficit of USD 513 million during March 2013 compared to a deficit of USD 596 million in February 2013 (9MFY13 deficit USD 1.11 billion). Moreover, as foreign inflows are drying up, Financial account also posted a deficit of USD 325 million in March 2013. Consequently, overall balance of payment stands at a deficit of USD 1,596 million.

- Although external account numbers are not as bad as they were last year, these are the higher IMF repayments in 2013 that are overwhelming SBP's foreign exchange holdings (SBP does not show IMF purchases or repayments as part of balance of payment accounts). Country's Forex Reserves have come down to USD 11.9 billion, down 28%YoY.

Another USD 840 million repayment will stand due in the coming two months making reserves barely sufficient to cover import bill of two months. Evaporating reserves will continue to put pressures on exchange rate.

**Money Market Review**

- SBP conducted three T-Bill auctions (3rd, 17th and 30th April) with a cumulative target of PKR 575 billion.

- The first auction had a target of PKR 150 billion and the realized amount was PKR 163.22 billion. Cut off yields stood at, 9.3978%, and 9.4135% and 9.4350% for 3-month, 6-month and 12-month T-Bills respectively.

- The second auction had a target of PKR 175 billion and the accepted amount was PKR 39.628 billion. Participation in this auction was focused more towards 3 month T-Bills and cut off yields stood at 9.4112% and 9.428% for 3-month and 6-month T-Bills respectively. No bids were received for 12-month T-Bills.

- The third auction had a target of PKR 250 billion and the realized amount was PKR 168.6 billion. Cut off yields stood at 9.457%, 9.45% and 9.4571% for 3-month, 6-month and 12-month T-Bills respectively.

- SBP also conducted a PIB auction on 24th April, 2013 with a target of PKR 25 billion. Accepted amount was PKR 16.355 billion.

**Key Economic Indicators**

		Apr-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
<b>External Sector Indicators</b>								
Overall Balance of Payments	USD million	109	(423)	357	(191)	(191)	(640)	n.a
Current Account Balance	USD million	(313)	(629)	665	(315)	(596)	(513)	n.a
Exports	USD million	(1,427)	(694)	(910)	(539)	(1,129)	(1,249)	n.a
Imports	USD million	3,147	3,335	3,046	3,398	3,156	3,364	n.a
Worker's Remittances	USD million	-	-	-	-	-	-	n.a
Foreign Direct Investment	USD million	68	62	254	(38)	(14)	118	n.a
Foreign Portfolio Investment	USD million	12	18	(17)	9	30	29	n.a
Forex Reserves	USD billion	16.49	13.53	13.86	13.64	13.19	12.25	11.94
<b>Exchange Rate against PKR</b>								
USD	Month Avg.	90.63	96.0	97.2	97.47	97.97	98.06	98.46
<b>Inflation Indicators</b>								
General CPI	YoY change	11.3%	6.9%	7.9%	8.1%	7.4%	6.6%	5.8%
Food CPI	YoY change	10.7%	5.3%	7.7%	8.1%	7.4%	6.3%	5.5%
Core (NFNE)	YoY change	10.8%	9.7%	9.8%	9.9%	9.6%	9.0%	8.7%
Core (Trimmed)	YoY change	11.0%	8.8%	9.2%	9.9%	9.2%	8.4%	7.6%
<b>Monetary Growth</b>								
Broad Money (M2)	YoY growth	14.1%	17.8%	16.9%	17.3%	15.8%	14.9%	15.3%
GoP's Borrowing from SBP	YoY growth	11.4%	24.6%	12.9%	12.6%	24.2%	23.3%	22.2%
Pvt. Sector Credit	YoY growth	6.4%	7.3%	4.1%	3.2%	3.1%	3.1%	3.5%
<b>Interest Rates</b>								
SBP Policy Rate	Current	12.0%	10.00%	9.50%	9.50%	9.50%	9.50%	9.50%
6 Month KIBOR	Month Avg.	12.0%	9.45%	9.45%	9.36%	9.43%	9.54%	9.58%
12 Month KIBOR	Month Avg.	12.4%	9.77%	9.80%	9.70%	9.78%	9.88%	9.91%
3 Month T-Bill Yield	Month Avg.	11.8%	9.22%	9.25%	9.10%	9.15%	9.31%	9.40%
6 Month T-Bill Yield	Month Avg.	11.9%	9.26%	9.28%	9.16%	9.29%	9.42%	9.43%
12 Month T-Bill Yield	Month Avg.	12.0%	9.33%	9.39%	9.26%	9.39%	9.53%	9.51%
10 Year PIB Yield	Month Avg.	13.2%	11.24%	11.50%	11.61%	11.97%	12.01%	11.93%

n.a.=Not Available  
Source: SBP, MoF



# PRIMUS

Daily Reserve Fund

Fund Manager's Report - Apr 2013

## Fund Manager's Review

During the month under review, monthly yield stood at 8.22% against the benchmark return of 7.99%. The portfolio is fully invested in TDR and cash in banks. The liquidity and credit quality of portfolio gives an edge to the fund in case of any change in the interest rates.

## Fund Objective

The objective of the fund is to generate consistent returns with minimal risk by investing primarily in Government Securities, cash and near cash instruments

## Fund Details

Fund Type	Open End
Category	Money Market
Fund Stability Rating	AA+ by PACRA
Benchmark	50% 3 months PKRV + 3 months average deposit rate of AA & above rated Banks
Inception Date	1st January 2013
Dealing Days	Daily (days when Banks are open for business)
Cut-Off Time	4.00 pm
Pricing Mechanism	Forward
Management Fee	0.45%
Load	0% (Front-end) 0% (Back-end)
Risk Profile	Low Risk
Listing	Karachi Stock Exchange
Trustee	Central Depository Company of Pakistan Ltd
Auditor	Deloitte Pakistan
Legal Advisor	Mohsin Tayebaly & Co.
Fund Manager	Ms. Sadia Rizwan

## Investment Committee Members

Ahmed Ateeq	CEO
Ali Kazmi	Chief Investment Officer
Sadia Rizwan	Fund Manager
Rahaila Aleem	CFO & Company Secretary
Arfeen Zia	Head of Risk
Haider Hussain	Head of Research
Sahar Khalid	Head of Marketing & Corporate Advisory

## Fund Statistics

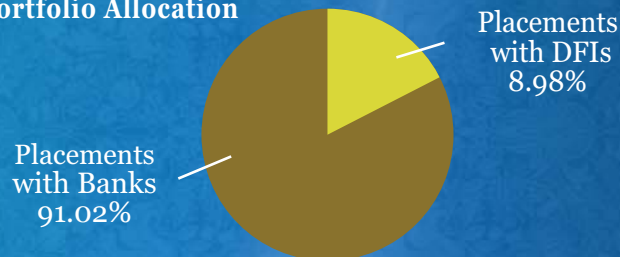
Net Assets (PKR mn)	650
NAV per Unit (PKR)	100.7274
Weighted Average Maturity (days)	15
Sharpe Ratio *	2.5424
Information Ratio	0.2217
Standard Deviation *	0.374%
*Annualized	

## WWF Disclosure

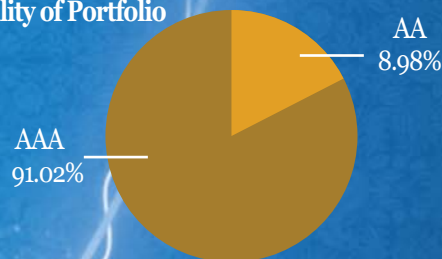
\* Please note that WWF liability for PRIMUS Daily Reserve Fund till the close of financial year ended June 30, 2013 since inception will be borne by the management company\*

"The Fund/Scheme has not made provisions amounting to Rs. 444,349 against Worker's Welfare Fund liability, if the same were made the NAV per unit/return of the Scheme would be lower by Rs. 0.0688 / 0.2096% lowering the YTD return to 9.78 % p.a."

## Portfolio Allocation



## Credit Quality of Portfolio



## Portfolio Allocation

	Apr '13	Mar '13
Placements with Banks	91.02%	100%
Placements with DFIs	8.98%	0.00%
T-Bills	0.00%	0.00%
<b>Total</b>	<b>100%</b>	<b>100%</b>

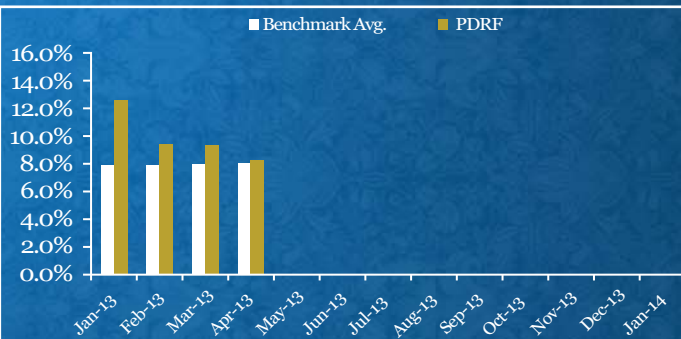
## Credit Quality of Portfolio

AAA	91.02%
AA	8.98%
<b>Total</b>	<b>100%</b>

## Fund Performance

	PDRF*	PDRF**	Benchmark***
Since Inception	9.99%	10.33%	7.91%
Mar-13	9.33%	9.74%	7.95%
Apr-13	8.22%	8.53%	7.99%

\*Simple Annualized  
\*\*Morning Star



**Disclaimer:** 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 capital markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results.



## Fund Manager's Review

During the month of April the fund posted a decent return of 7.41% against benchmark return of 9.40%. The portfolio is well diversified in placement with DFI, T-Bills and cash in Banks. Your fund is well prepared for the precarious situation on political and economic front that could lead to volatility in the interest rates.

## Fund Objective

The objective of the fund is to generate consistent returns with minimal risk by investing primarily in Government Securities, cash and near cash instruments

## Fund Details

Fund Type	Open End
Category	Money Market
Fund Stability Rating	AAA(f) by PACRA
Benchmark	3 months PKRV
Inception Date	09th August 2012
Dealing Days	Daily (days when Banks are open for business)
Cut-Off Time	4.00 pm
Pricing Mechanism	Forward
Management Fee	1.25%
Load	0% (Front-end) 0% (Back-end)
Risk Profile	Low Risk
Listing	Karachi Stock Exchange
Trustee	Central Depository Company of Pakistan Ltd
Auditor	Deloitte Pakistan
Legal Advisor	Mohsin Tayebaly & Co.
Fund Manager	Ms. Sadia Rizwan

## Investment Committee Members

Ahmed Ateeq	CEO
Ali Kazmi	Chief Investment Officer
Sadia Rizwan	Fund Manager
Rahaila Aleem	CFO & Company Secretary
Arfeen Zia	Head of Risk
Haider Hussain	Head of Research
Sahar Khalid	Head of Marketing & Corporate Advisory

## Fund Statistics

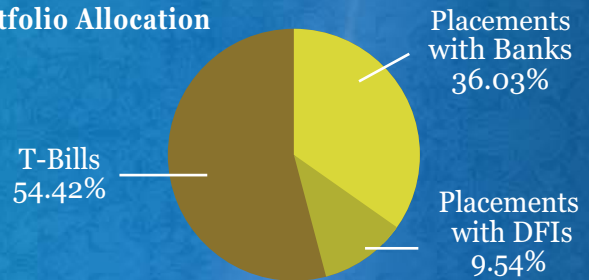
Net Assets (PKR mn)	3,137
NAV per Unit (PKR)	102.7375
Weighted Average Maturity (days)	21
Sharpe Ratio *	-1.9773
Information Ratio	-0.1823
Standard Deviation *	0.233%

\* Annualized

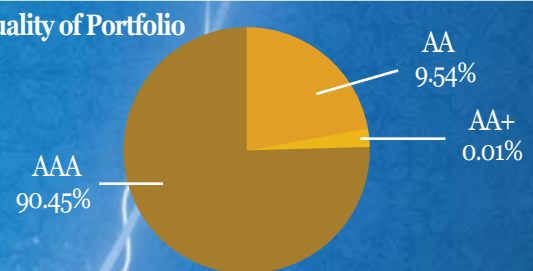
## WWF Disclosure

"The Scheme has maintained provision against Worker's Welfare Fund's Liability to the tune of Rs. 3,763,894, if the same were not made the NAV per unit/year to date (YTD) return of the Scheme would be higher by Rs. 0.1232 / 0.1658 % enhancing the YTD return to 8.99 % p.a"

## Portfolio Allocation



## Credit Quality of Portfolio



## Portfolio Allocation

	Apr '13	Mar '13
Placements with Banks	36.03%	29.56%
Placements with DFIs	9.54%	0.00%
T-Bills	54.42%	70.44%
<b>Total</b>	<b>100%</b>	<b>100%</b>

## Credit Quality of Portfolio

AAA	90.45%
AA+	0.01%
AA	9.54%
<b>Total</b>	<b>100%</b>

## Fund Performance

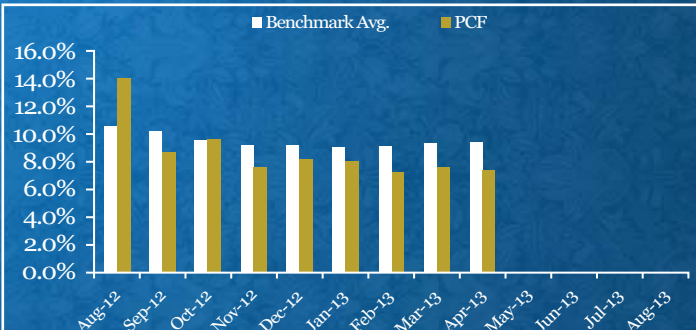
	PCF*	PCF**	Benchmark***
Since Inception	8.82%	8.92%	9.48%
Mar-13	7.60%	7.87%	9.31%
Apr-13	7.41%	7.67%	9.40%

\*Simple Annualized

\*\*Morning Star

\*\*\*Average of reporting period

n.a.=not applicable







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Why less, when you can get more...

Invest in **PRIMUS**  
Daily Reserve Fund



- Last 90 days Annualized Return **10.5%\***
- The Fund remained invested in AAA rated banks and Government of Pakistan Securities during the last 90 days
- One of the Lowest Management Fee in money market fund category: **0.45% p.a.**

Avail tax advantage

upto 20% on investments made before 30 June 2013



\* As of 31<sup>st</sup> March 2013