



KEY INFORMATION

Currency..... US
Fund Inception date..... April 20, 2019
Available Class..... Class C Share
ISIN..... AEDFXA3CN117
Bloomberg Ticker..... AZIPAKC UH
Fund Domicile..... DIFC
Asset Class..... Islamic Pakistan Equities
Investment Strategy... Flexible approach with possibility to hold Sharia Compliant Pakistan Equities and / or Fixed Income between 0% and 100%.
Minimum Investment..... USD 1,000
Management Fees..... 2.0% per annum
NAV publication..... Daily
Subscriptions / Redemptions..... Daily
Target Distribution..... 6% p.a. (quarterly)
Deferred Service Fee (DFS)..... Redemptions will be subject to a decreasing DFS as follows:
 - **3.0%** if occurring under 12 months of subscription ;
 - **2.0%** if occurring between 12 and 24 months of subscription ;
 - **1.0%** if occurring between 24 and 36 months of subscription.
Sharia Board..... Amanie Advisors
Investment Manager..... Azimut (DIFC) Limited
Investment Advisor... Alfalah GHP Investment Management Limited (Alfalah Investments)
Custodian..... Northern Trust Fund Administrator..... APEX Fund Services (Dubai) Limited
Auditor..... Grant Thornton

KEY OBJECTIVES

Capital appreciation by investing on a Shari'a-compliant basis, directly or indirectly, in listed equities and equity related securities of companies that are domiciled in Pakistan and/or, entities which have at least 50% of their total turnover generated in Pakistan.

The manager can invest in fixed income Sharia compliant securities to reduce the exposure to equities and manage volatility at his own discretion.

IMPORTANT NOTICE

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In emerging markets, the risks can be greater than in developed markets. Investments in derivative instruments entail specific risks that may increase the risk profile of the fund and are more fully described in the Fund's Prospectus. If the fund invests in a specific sector or geographical area, the returns may be more volatile than a more diversified fund.

The investment activities will be undertaken in accordance with the Shariah Guidelines. As a consequence, the performance of a Fund may possibly be lower than other investment funds that do not seek to strictly adhere to the Islamic investment criteria. The Shariah Supervisory Board of Amanie Advisors LLC has certified that the Fund is in compliance with the requirements of the Shariah principles.

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Any research and analysis contained in this document has been procured by Azimut (DIFC) Limited for its own purposes and is provided to you only incidentally. References to particular industries, sectors or companies are for general information are not necessarily indicative of a fund's holding at any one time. Issued by Azimut (DIFC) Limited, authorized and regulated by the Dubai Financial Services Authority, Azimut (DIFC) Limited, Central Park Towers, Dubai International Financial Centre, Office Tower, Floor 16, Unit 45.

This document has not been reviewed by, approved by or filed with the DFSA. If you are interested in any investment discussed, please request a copy of the relevant offering document. This document is not an offer to invest in any investment. Please read the offer document carefully before investing.

Market Comment

Inflation clocked in at 13.76% YoY for May'22. While the number is slightly lower than street estimates, it is 28 months high (since January'20) mainly due to surging fuel and food prices. On MoM basis, the CPI inflation increased by 0.4% as compared to 1.6% in the previous month. The average 11MFY22 CPI reading now stands at 11.3%. Going forward, we expect higher readings on the back of partial fuel subsidy removal, utility tariff hikes and higher wages impact.

Current Account Deficit (CAD) came in at USD623mn for April'22 vs. a deficit of USD1,015mn in March'22. Sequentially, CAD was down 39% primarily attributable to reduction in imports by USD246mn and higher remittances (+USD315mn). During 10MFY22, CAD has reached USD13.8bn. The government recently imposed ban on import of +30 categories; but increasing commodity prices is expected to keep the impact minute.

During the month, PKR was down 7%. The currency slipped to an all-time low level of PKR202/USD due to: rapidly falling FX reserves, which touched 23-month low of USD 10bn (1.5 months import cover); and ii) government keeping fuel and electricity prices unchanged for most part of the month raising questions over the resumption of the IMF program. The PKR, did recoup some of the lost ground post partial hike in petroleum prices; however, sustained recovery looks unlikely unless the IMF program kicks in and the country is able to secure inflows from friendly countries. The State Bank of Pakistan (SBP) raised its key policy rate by 150bps to 13.75% (highest since 2011) in its meeting on 23rd May'22 in order to slowdown the economic growth to sustainable pace, control the inflation which has deteriorated due to both home-grown (expansionary fiscal stance, energy subsidy package) and international factors (high commodity prices); and align the market rates with the policy rate. Secondary market yields continue to tread higher – yields in last T-Bill auction (1st June) were up c55- 75bps across 3M-12M papers despite the SBP restarting its 63-days OMO late last month at 13.8%.

Large-scale manufacturing (LSM) industries recorded 10.4% growth during July-March (data available) of the ongoing fiscal year. The increase largely came from the food sector and apparel wear. This is expected to slow down in the existing and upcoming quarter.

In order to resume the IMF program, the government has taken tough measures by increasing POL products' prices and electricity tariff. The Federal Budget for FY23 will be announced on 10th of June – street consensus expects a contractionary budget which would include higher imposition of taxes.

Moody's recently downgraded rating for Pakistan from 'Stable' to 'Negative' amid weak macros.

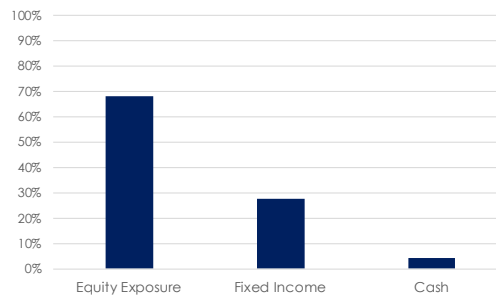
The KMI-30 index USD lost -1.6% MoM in May'22. The index fell sharply on uncertainty over the outcome of the IMF program, rapidly falling FX reserves, elevated political disturbance causing panic among investors amid ex-PM Imran Khan's march against the government; and higher yields in secondary market making alternative attractive.

Among the top index points contributors were: Millat Tractors (MTL); Pakistan Oilfields (POL); Attock Refinery (ATRL); and International Steels (ISL). On the flip side, Lucky Cement (LUCK), Systems (SYS), Engro Fertilizers (EFERT), Pakistan Petroleum (PPL), and Meezan Bank Ltd (MEBL) were the major laggards.

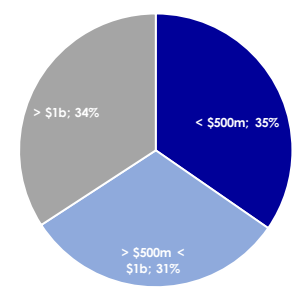
The market is shrouded by macro uncertainties, and with interest rates hovering at decades high level, investors are shying away from equities. The government is taking tough measures to get the IMF onboard, post which it will have to further secure US\$ inflows from friendly countries and financing agencies. Corporates in Pakistan reported strong 1Q22 results – indicating that the local consumption is strong and businesses are making money. The country did see a minute inflow from foreigners upon FM100 rebalancing, the investor class still makes a small percentage of the trading volumes.

June brings with it key events – talks with the IMF, budget announcement, FATF review – positive developments on these front can potentially change the momentum of the market and ignite a ST recovery rally.

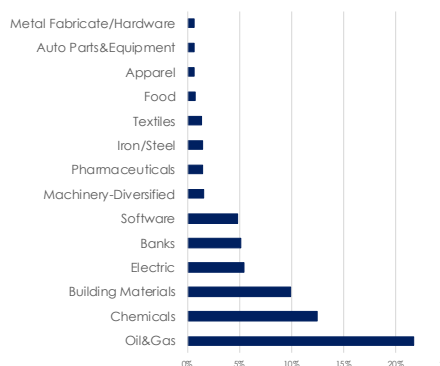
Asset Allocation



Market Cap



Sector Allocation



Distribution*

| % | March | June | Sept. | Dec. | Total |
|------|-------|-------|-------|------|-------------|
| 2020 | 0.54% | 0.75% | 1.5% | 1.5% | 4.3% |
| 2021 | 1.5% | 1.5% | 1.5% | | 4.5% |
| | | | | | 8.8% |

* The distribution is expressed as a percentage of the initial NAV.

Top 10 Holdings

| | | | |
|-------------------------|------|------------------------------|------|
| Engro Corp Ltd/Pakistan | 7.2% | Mari Petroleum Co Ltd | 4.7% |
| Hub Power Co Ltd/The | 5.5% | Lucky Cement Ltd | 4.7% |
| Pakistan Oilfields Ltd | 5.3% | Oil & Gas Development Co Ltd | 4.6% |
| Meezan Bank Ltd | 5.2% | Pakistan Petroleum Ltd | 4.1% |
| Systems Ltd | 4.9% | Engro Fertilizers Ltd | 3.0% |

Source: All Fund data, Azimut and Bloomberg

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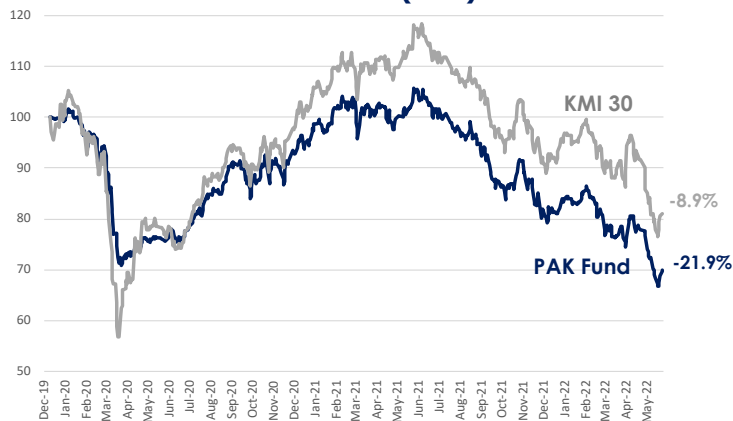




Fund Facts

| | |
|---------------------------------|--------|
| Total AuM (\$M) | 5.5 |
| Number of holdings (equities) | 31 |
| NAV (after income distribution) | 62.0 |
| YTD performance | -15.3% |
| MTD performance | -10.2% |
| PKR exposure | 68.1% |
| USD exposure | 31.9% |
| Performance since inception | -31.2% |
| Maximum Drawdown (Fund) | -30.4% |
| Maximum Drawdown (Index) | -46.0% |
| Volatility (Fund) | 21% |
| Volatility (Index) | 31% |

Performance (USD)



Source: All Fund data, Azimut and Bloomberg

About Azimut and Alfalah Investments

- Azimut is Italy's largest independent asset manager, with USD 92 billion of managed investors' money and a investment centers in 17 countries, including Developed (Europe, Australia) and Emerging countries, (LATAM, Middle East and Asia).
- Alfalah Investments has a 15 year track-record in managing Pakistan Equities and Fixed Income. It has a wide distribution reach pan-Pakistan via 8 investment centers and 300 branches. It manages 17 local open ended funds/pension schemes with over 25+ different client product offerings .
- Both Azimut and Alfalah Investments have a long track record managing Islamic investments: Azimut currently manages the largest USD Sukuk fund worldwide while Alfalah Investments has a considerable portfolio of Islamic equity funds, Sukuk funds and Shariah compliance structured products. Shariah investments at Alfalah are the fastest growing asset class for the company.

Key investment themes

- Flexible approach with possibility to hold Sharia Compliant Pakistan Equities and/or Fixed Income between 0% and 100% to mitigate potential equity markets downturns.
- Actively managed fund: the portfolio management team can dynamically shifts investments from cyclical to defensive sectors, based on economic cycle.
- Fund seeks to take advantage of Pakistan stabilizing macro-economic environment and extremely cheap valuations.
- The key drivers of Pakistan economy are young and populous demographics of 200 million people which are the key for a strong consumption and investment driven growth, with largely decouples underlying economic strength from the political cycle.
- The PKR is at very cheap levels following a 50%+ devaluation. The expectations are towards a stabilization or a mild depreciation as current account deficits have shrunk significantly and international foreign reserves are stable.
- With the interest rates easing cycle expected to start in 2020, we expect strong impetus on the stock market with a 17% earnings growth and 8%-9% dividend yield.

Sharia Supervisory Board

Amanie Advisors, a leading Shariah advisory firm, acts as the Shariah Board of the Azimut Pakistan Equity fund. Its international Shariah Supervisory Board includes widely respected scholars with undisputed reputation:

- Dr Mohamed Ali Elgari (Chairman, KSA)
- Dr Mohd Daud Bakar (Malaysia)
- Dr Muhammad Amin Ali Qattan (Kuwait)
- Dr Osama Al Dereai (Qatar)

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