

cyan[®]

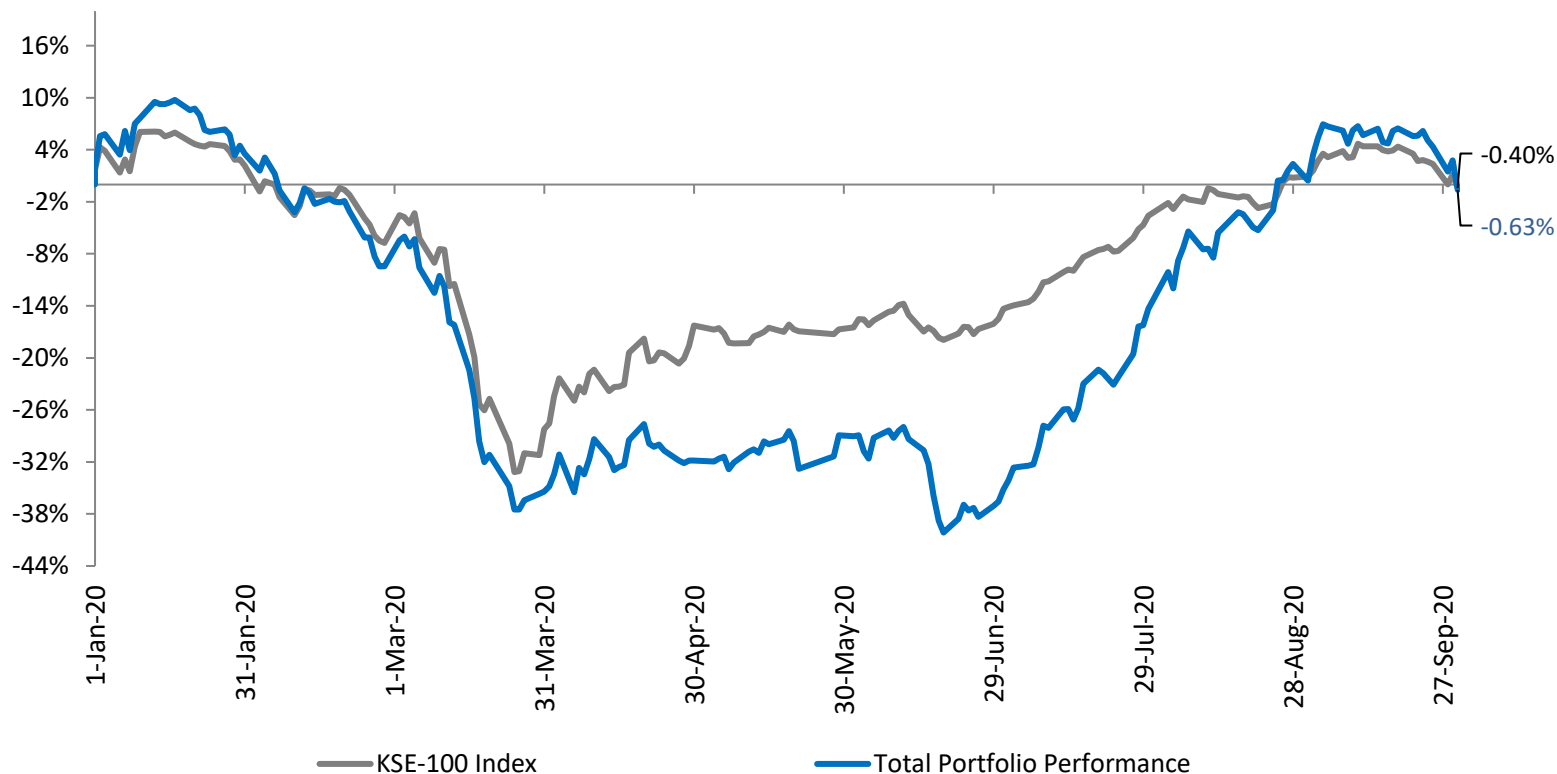
Corporate Briefing 2020

16th December 2020

Investment Portfolio Performance



9M CY20



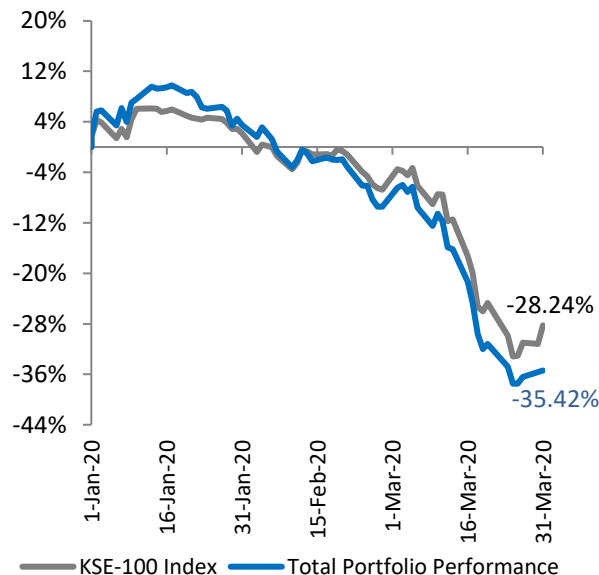
Portfolio Performance vs. KSE - 100 Index

During the period, Cyan's investment portfolio slightly underperformed the KSE-100 Index by 0.23% points (-0.63% vs -0.40%). However, the recovery was phenomenal during third quarter due to timely exposure in high beta stocks.

Investment Portfolio Performance



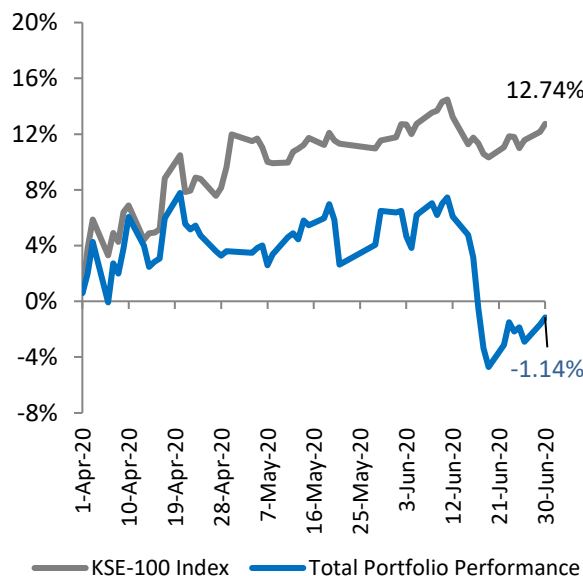
1QCY20



Portfolio Performance vs. KSE - 100 Index

During the period, Cyan's investment portfolio underperformed the KSE-100 Index by 7.18% points (-35.42% vs -28.24%) triggered by underperformance of banking sector.

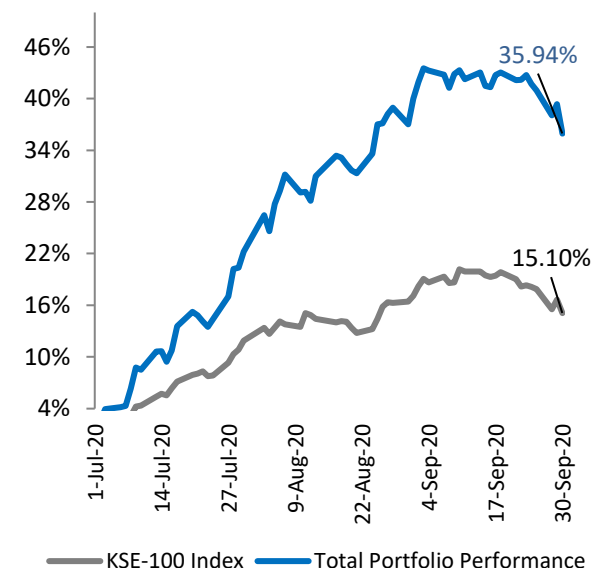
2QCY20



Portfolio Performance vs. KSE - 100 Index

During the period, Cyan's investment portfolio underperformed the KSE-100 Index by 13.89% points (-1.14% vs 12.74%) triggered by underperformance of textile and banking sectors.

3QCY20



Portfolio Performance vs. KSE - 100 Index

During the period, Cyan's investment portfolio massively outperformed the KSE-100 Index by 20.84% points (35.94% vs 15.10%) triggered by outperformance of the Vanaspati & allied as well as technology sector.

Financial Performance – 9MCY20



PKR000'	9MCY20	9MCY19	YoY	Comments
Return on Investments	43,002	76,043	-43%	Restriction of dividends from banking companies
Other Income	10,409	11,998	-13%	Decline in income from bank deposits
	53,411	88,041	-39%	
Gain/(Loss) on investments*	72,138	(170,068)	nm	Realized and Unrealized gains/(loss) on the stock portfolio
	125,549	(82,027)	-nm	-
Operating Expenditure	79,504	79,055	1%	-
Non-operating expenditure	49,043	8,826	456%	Mainly due to increase in brokerage costs as well as financial charges
Profit/(Loss) before Taxation	(2,998)	(169,908)	-98%	-
Taxation	(14,667)	18,838	nm	-
Net profit/(loss)for the year	(17,665)	(151,070)	-88%	-
Earnings Per Share (PKR)	(0.29)	(2.45)	-88%	-

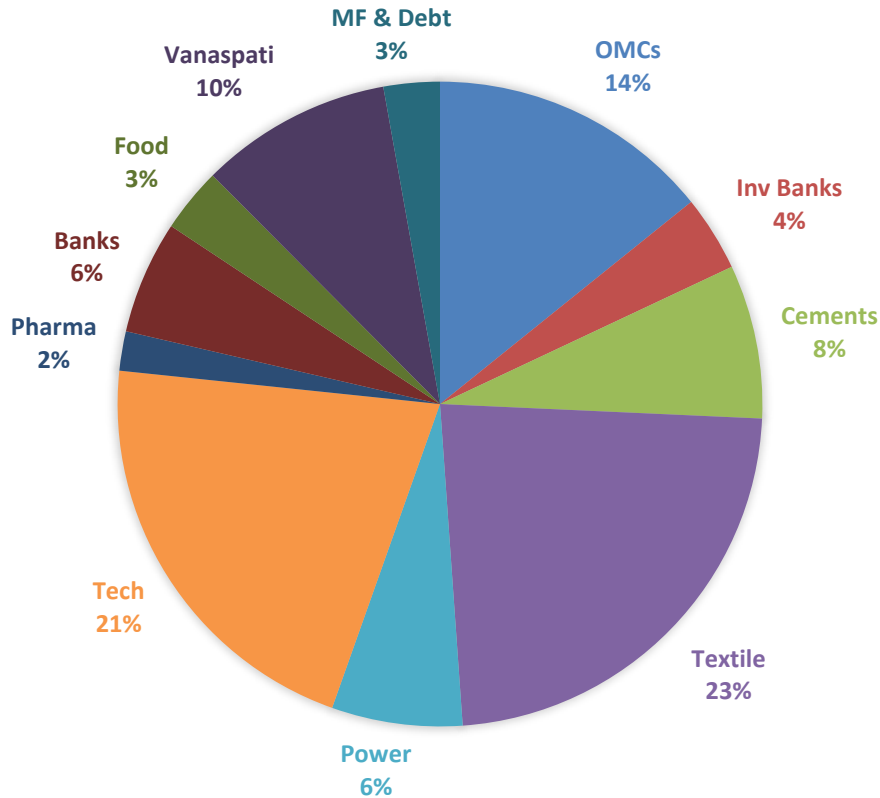
*Includes Unrealized gain / (Loss) - 9MCY19: (172,834) ; 9MCY20: 75,600

Reasons for turnaround

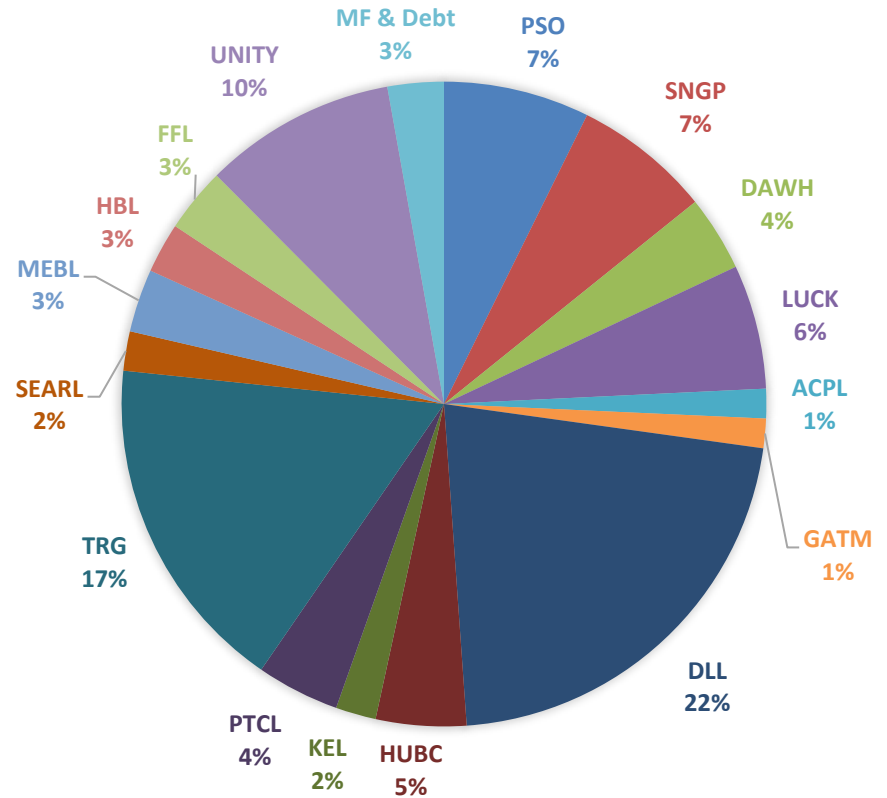
- Pakistan's economy witnessed a sharp V-shape recovery in last 6 months with significant reduction in COVID19 cases. As businesses opened up, economic indicators improved significantly which led the rally in the stock market.
- In order to provide stimulus to the economy, the government provided PKR 1.2 trillion stimulus package. Moreover, construction package was introduced to generate economic activity
- The central bank cut the interest rates by 625bps to 7% and asked commercial banks to defer principal repayments for a period of one year. Moreover, loans were provided to businesses under cashflow constraints to pay their salaries.
- All these relief measure led to rally at PSX. Accordingly, Cyan's profitability witnessed a significant turnaround. Thus, loss for 9MCY20 declined by 88% to PKR 17.7 million largely driven by gains on the investment book.
- The performance of investment portfolio remained inline with the performance of the benchmark as Cyan's equity portfolio posted the return of -0.63% compared to benchmark return of -0.40%.

Portfolio Sector & Stock Allocation

SECTOR ALLOCATION



STOCK ALLOCATION



Future Outlook

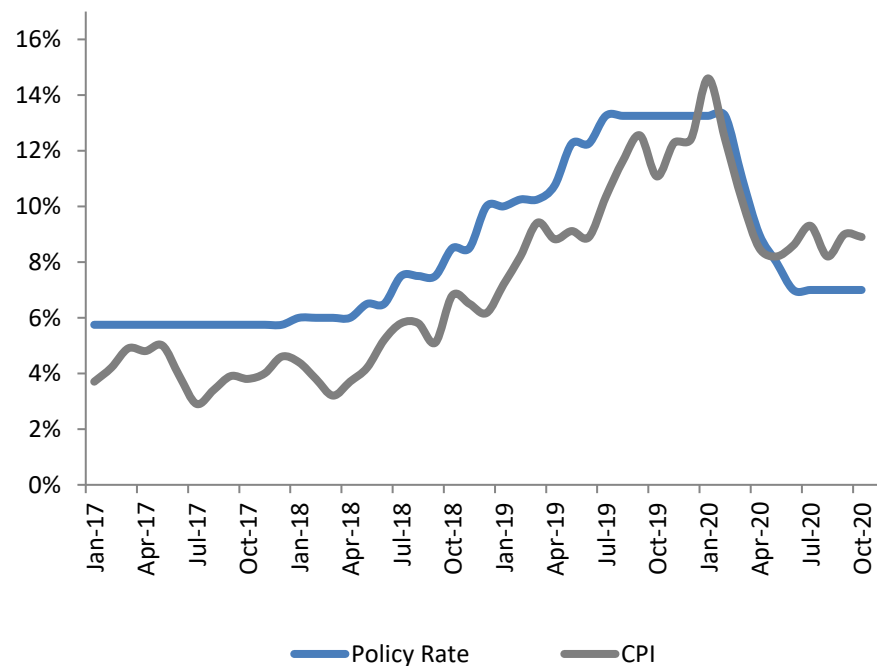
Macroeconomic Indicators

Inflation and Policy Rate

	National CPI	Urban CPI	Rural CPI
Average 5MFY21	8.8%	7.4%	10.9%
Average FY20	10.7%	10.2%	11.6%
Average FY19	6.8%	7.1%	6.3%

- The CPI readings for FY21 are expected to remain within the SBP's forecasted range of 7% - 9%. We expect the CPI Inflation to recede in the 2nd half of FY21 because of the efforts to control existing mis-match between demand and supply of food items.
- Currently, the real-interest rates lie in the negative territory to support the accommodative monetary policy stance. Historically, the average real interest rates for last 5 years stands at 1.57%. However, in the existing environment where the second wave of Covid-19 has gripped the Country, it appears that SBP may not increase the policy rate in the near future.
- We believe that the resumption of IMF program may trigger a series of adjustments resulting in fiscal and monetary tightening. Therefore, a slight uptick of 50 - 100 bps in the policy rate seems quite plausible during the next calendar year.

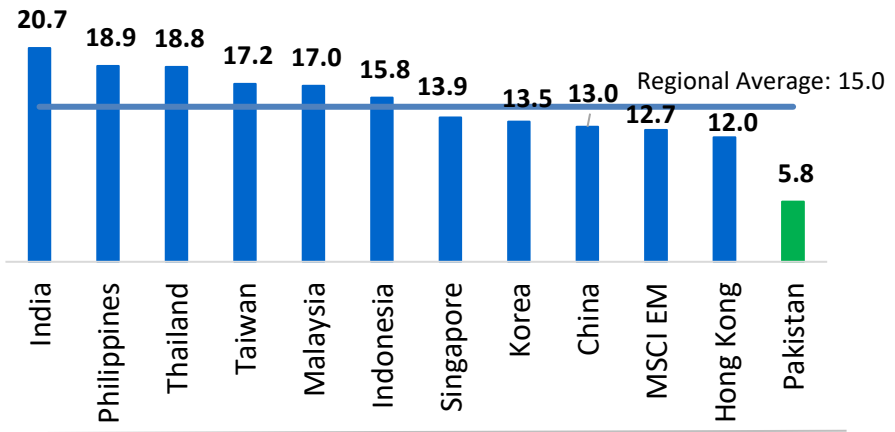
CPI vs Discount Rate



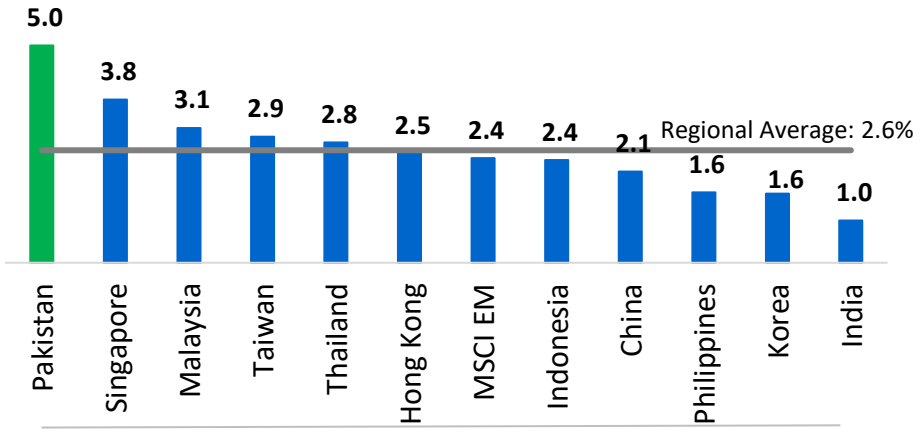


Regional Equity Market Performance

Forward PE (x)



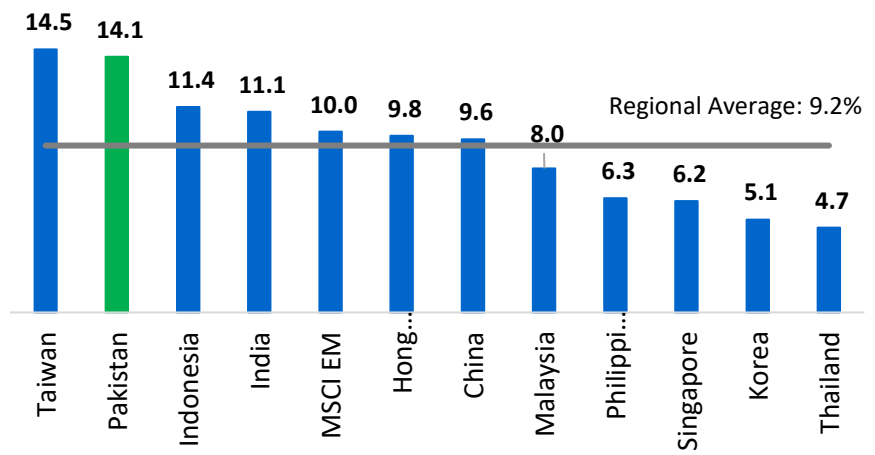
DY (%)



Forward PB (x)



ROE (%)



Source: Bloomberg, Cyan Research

Indices: Pakistan: KSE100, India: SENSEX, Hong Kong: Hang Seng, China: Shanghai Composite, Indonesia: Jakarta Composite, Malaysia: FTSE Bursa Malaysia KLCI, Philippines: Philippines Stock Exchange Composite, Taiwan: Taiwanese Weighted Stock Exchange, Thailand: Stock Exchange of Thailand, Singapore: Straits Times, Korea: Korea Composite Stock Price

Q&A Session