5th Pillar
Family Takaful Limited
آئیے، ساتھ چلیں

FUND
MANAGER REPORT

July | 2026

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Family Takaful Limited
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MARKET REVIEW

Stock Market Review

During July 2026, the KSE-100 index decreased by 4,208 points (down 2.3%), closing at 176,094 points. The average daily volume of the market stood at 845 million shares up by 1% on a MoM basis. Oil & Gas Exploration Companies and Cements were the major negative contributing sectors to the index performance during the month.

Major reason for the decline, was renewed geopolitical friction in the Middle East. However, the macroeconomic environment remained supportive. Headline inflation eased to single digits at 9.2%, while the SBP kept the policy rate unchanged at 11.5%. Investor confidence was further strengthened by S&P Global Ratings' upgrade of Pakistan's sovereign credit rating to 'B'. Additionally, foreign investors turned net buyers for the first time in nearly two years, providing an important source of support to the market.

Foreigners were net buyers with net buying aggregating USD 34 million during the month. Mutual Funds & Companies were major sellers with net selling aggregating USD 30 million & USD 14 million (excluding debt market) respectively. Oil prices increased by 24% during the month with Brent closing at USD 90.09 per barrel.
While near-term volatility cannot be ruled out, we maintain a long-term positive outlook on the equity market. We encourage investors to enhance their long-term exposures to equities at these levels.

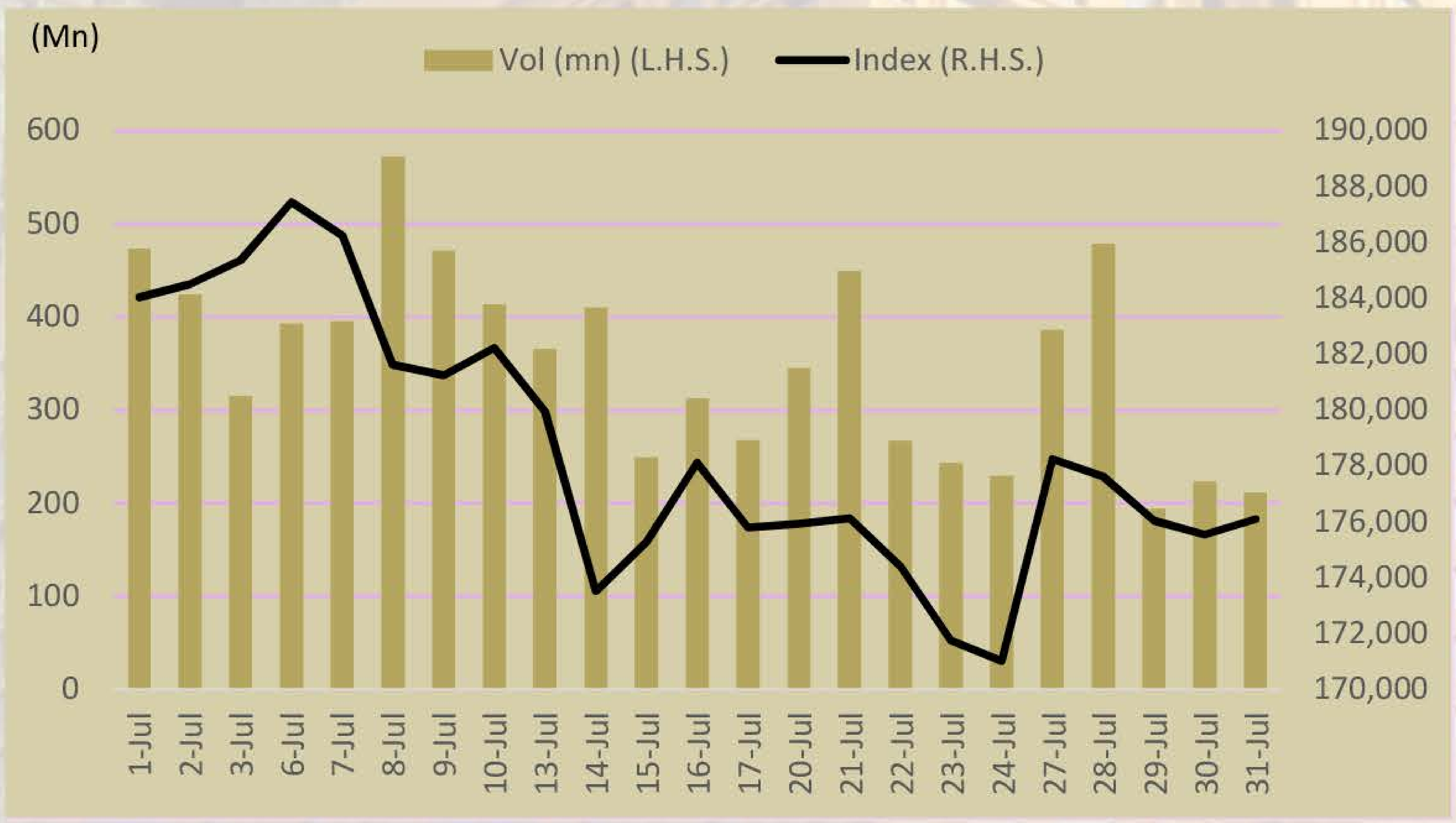
Money Market Review

Reflecting global uncertainties and volatile commodity prices, short-term financing rates experienced mixed movements. The month ended with minimal decreases in 3M and 6M tenors and a 4 bps increase in the 12M tenor. A similar pattern emerged in T-Bill yields, where 1M and 3M yields fell by 8 to 15 bps, while PIB yields also decreased by 13 to 20 bps. On the other hand, 6M and 12M yields rose by 2 to 21 bps.

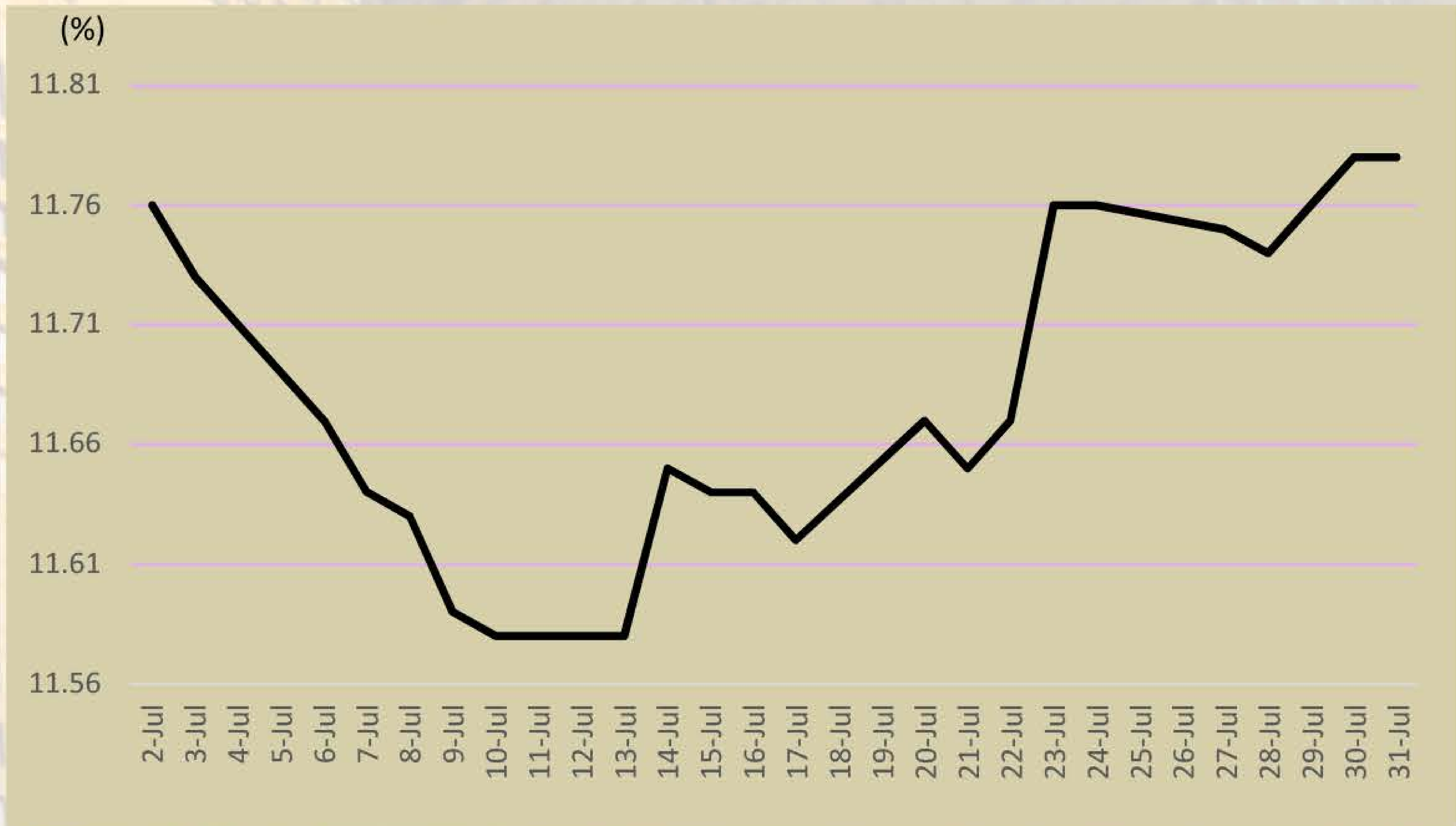
During the period, the government successfully raised PKR 474.83 billion against a target of PKR 375 billion, notably securing PKR 251.43 billion through a 10-year variable rate bond (VRR) with an exceptional bid-to-cover ratio of 8.69x across two auctions. Additionally, the government raised PKR 104.84 billion in the 3M and 6M Ijara Sukuk tenors against a PKR 50 billion target.

Looking forward, persistent domestic food pressures, higher input costs, and risk of rising global commodity prices may keep inflation above the target range for the next few months before gradually easing to stabilize near the upper bound of the 5% to 7% target range by the end of FY27. This trajectory remains subject to multiple risks including volatility in global energy prices, higher than expected adjustments in administered utility prices and unfavorable climate conditions.

KSE - 100 Index Performance



6 Month Kibor



5th Pillar Family Takaful Limited - Conservative Fund
For the month of July 2026

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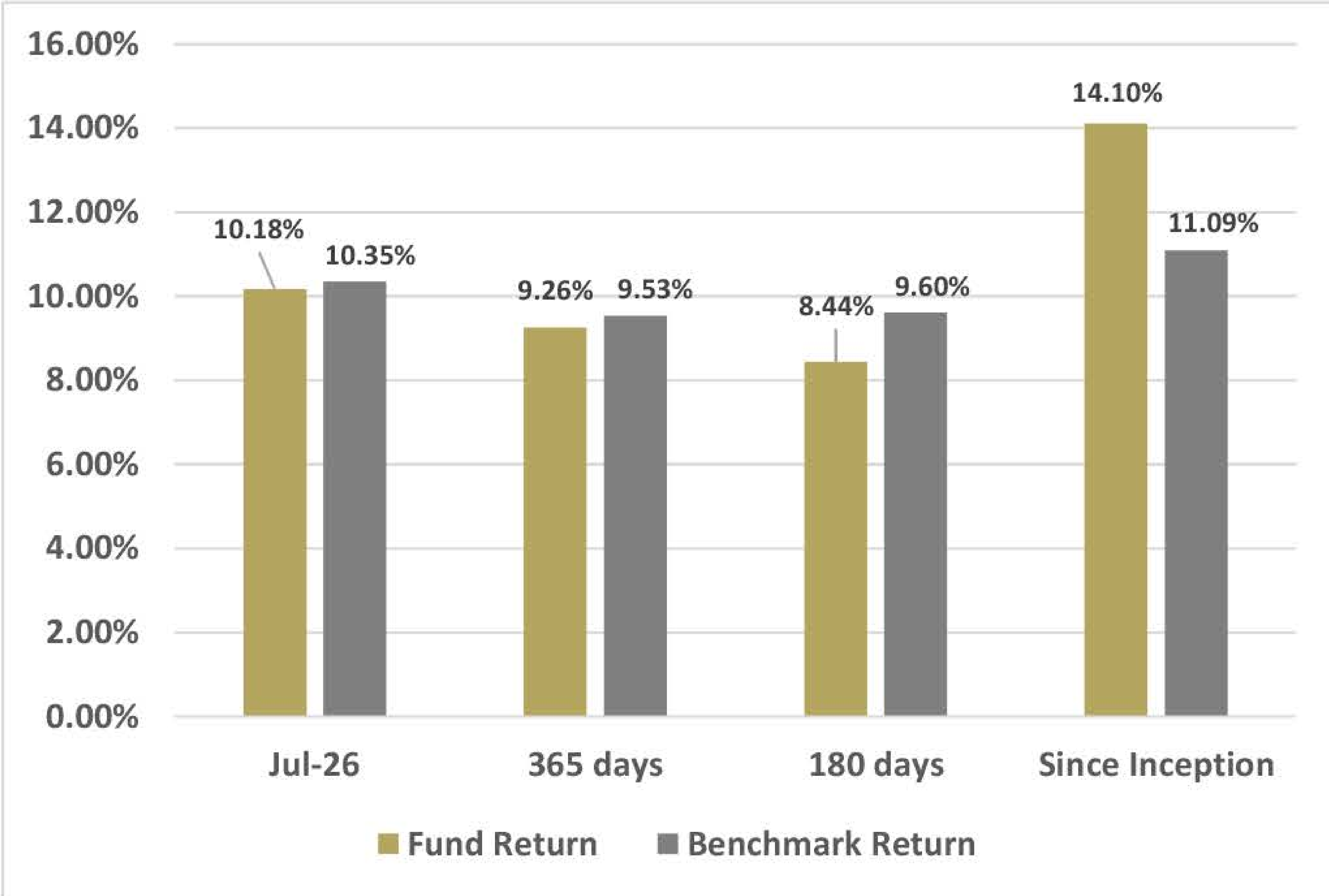
Investment Objective:

The main objective of fund is to provide the stability in returns by investing in low risk shariah compliant fixed income instruments with strong credit rating.

Fund Information

Fund Category	Money Market
Risk Profile	Low
Launch Date	18-Jul-23
Nav per unit at launch Date	100.0000
Nav per unit at month End (July 2026)	149.3146
Pricing Mechanism	Daily Forward pricing
Pricing Frequency	Monday to Friday
Total Net Assets (Rs.)	1,880 M
Weighted Avg.time to Maturity	0.3 Year
Expense Ratio	0.28%
Management Fee	1.75% p.a.
Benchmark	60% weightage of Meezan Cash Fund & 40% average of 6M deposit rate of 3 AA-rated of Islamic banks or Islamic windows of Conventional banks

Fund's Performance

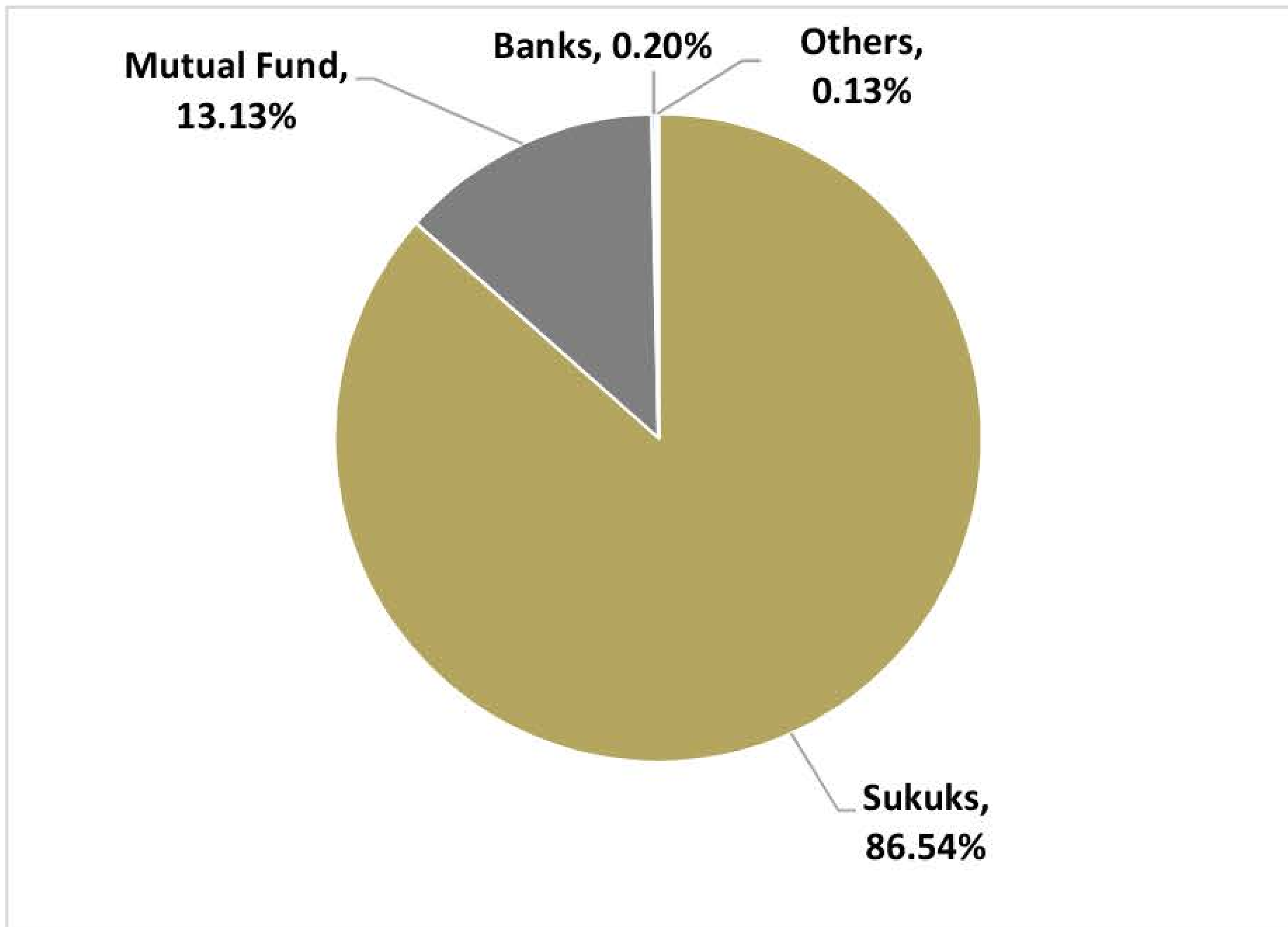


Asset Allocation	Jul-26	Jun-26
GOP Ijarah Sukuks	86.54%	84.09%
Mutual Funds	13.13%	14.32%
Bank Balances	0.20%	1.01%
Other Assets	0.13%	0.58%

Asset Quality	Jul-26	Jun-26
Government guaranteed	86.63%	84.22%
AA+	13.13%	14.32%
AAA	0.20%	1.01%
Unrated	0.04%	0.45%

Fund Returns	Jul-26	Jun-26
Return on (MoM) basis	10.18%	14.57%
180 days return	8.44%	8.45%
Last 365 days return	9.26%	9.18%
Return since inception (annualized)	14.10%	14.22%
Last 05 years (annualized)	N/A	N/A
Last 10 years (annualized)	N/A	N/A

Asset Allocation



Fund Manager's comments

Pakistan's KSE-100 Index declined 2.3% MoM during Jul-2026, trimming its CYTD return to just 1.0%. The market came under pressure primarily due to escalating geopolitical tensions in the Middle East, which triggered a sharp rise in global oil prices, alongside a correction in global technology stocks. Although the signing of the MoU had initially improved regional sentiment, subsequent developments led to renewed unrest, resulting in broad-based weakness across regional equity markets.

Brent crude oil prices briefly climbed back to US$100/bbl during Jul-2026, driven by the resumption of US-Iran military airstrikes, escalating regional conflict, and concerns over potential disruptions to shipping through the Strait of Hormuz and the Red Sea. However, prices moderated later in the month following a temporary pause in hostilities between the two countries.

At its Jul-2026 monetary policy meeting, the State Bank of Pakistan (SBP) maintained the policy rate at 11.5%. The central bank reiterated its expectation that inflation will gradually moderate over the coming months and decline to around 7% by the end of FY27, while acknowledging that geopolitical developments remain a key source of downside risk. SBP also projects foreign exchange reserves to reach US$20.2bn by Dec-2026, supported by an estimated 6% YoY increase in workers' remittances to US$44bn in FY27, along with a continued recovery in exports.

Headline CPI inflation for Jul-2026 stood at 9.2% YoY, implying a positive real interest rate of approximately 2.3 percentage points. On a monthly basis, inflation increased by 1.1%, largely driven by a sharp rise in the telecommunications index. However, this increase is expected to prove temporary, with inflationary pressures likely to ease in the coming months as oil and other commodity prices continue to soften.

Pakistan's current account recorded a full-year FY26 deficit of US$139mn, compared with a surplus of US$1.84bn in FY25, representing a 108% YoY deterioration. Despite the reversal, the deficit remains modest in absolute terms. During Jun-2026, the current account posted a deficit of US$649mn, primarily reflecting a widening trade deficit of US$3.55bn, up 8% MoM and 46% YoY.

Outlook:

We remain constructive on Pakistan's equity market, supported by improving macroeconomic fundamentals, a stable external account, easing monetary conditions, and continued progress under the IMF program. While geopolitical developments and global oil prices may drive near-term volatility, the medium-term outlook remains favorable. We expect market direction to be guided by the SBP's policy trajectory, corporate earnings, and continued macroeconomic stability.

The market is currently trading at a forward P/E of 8.5x, offering a dividend yield of 5.9%.