5th Pillar
Family Takaful Limited
آئیے، ساتھ چلیں

FUND
MANAGER REPORT

June | 2025

Stock Market Review

During June 2025, the KSE-100 Index witnessed a volatile ride, however closed up 5,936 points (+4.96%), and at a record high of 125,627 points. Average daily trading volumes increased significantly to 796 million shares, up 41% month-on-month. Commercial Banks, Fertilizers, Oil & Gas Exploration Companies, and Cement were the major positive contributing sectors to the index performance during the month.

The market began on a positive note, supported by optimism around the FY26 Federal Budget. However, momentum was temporarily disrupted by escalating geopolitical tensions between Israel and Iran. Investor confidence was restored towards the end of the month following a ceasefire agreement, leading to a strong market rebound.

Foreigners were net sellers, offloading USD 37.6 million in equities. In contrast, local Individuals and Companies emerged as key buyers, with net purchases of USD 22.3 million and USD 15.8 million, respectively (excluding the debt market). During the month, Brent crude oil witnessed a sharp increase of 21%, owing to Middle East tension, however the ceasefire announcement reduced the price by 13%. As a result, Brent crude oil prices closed up 5.81% for the month, at USD 67.61 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

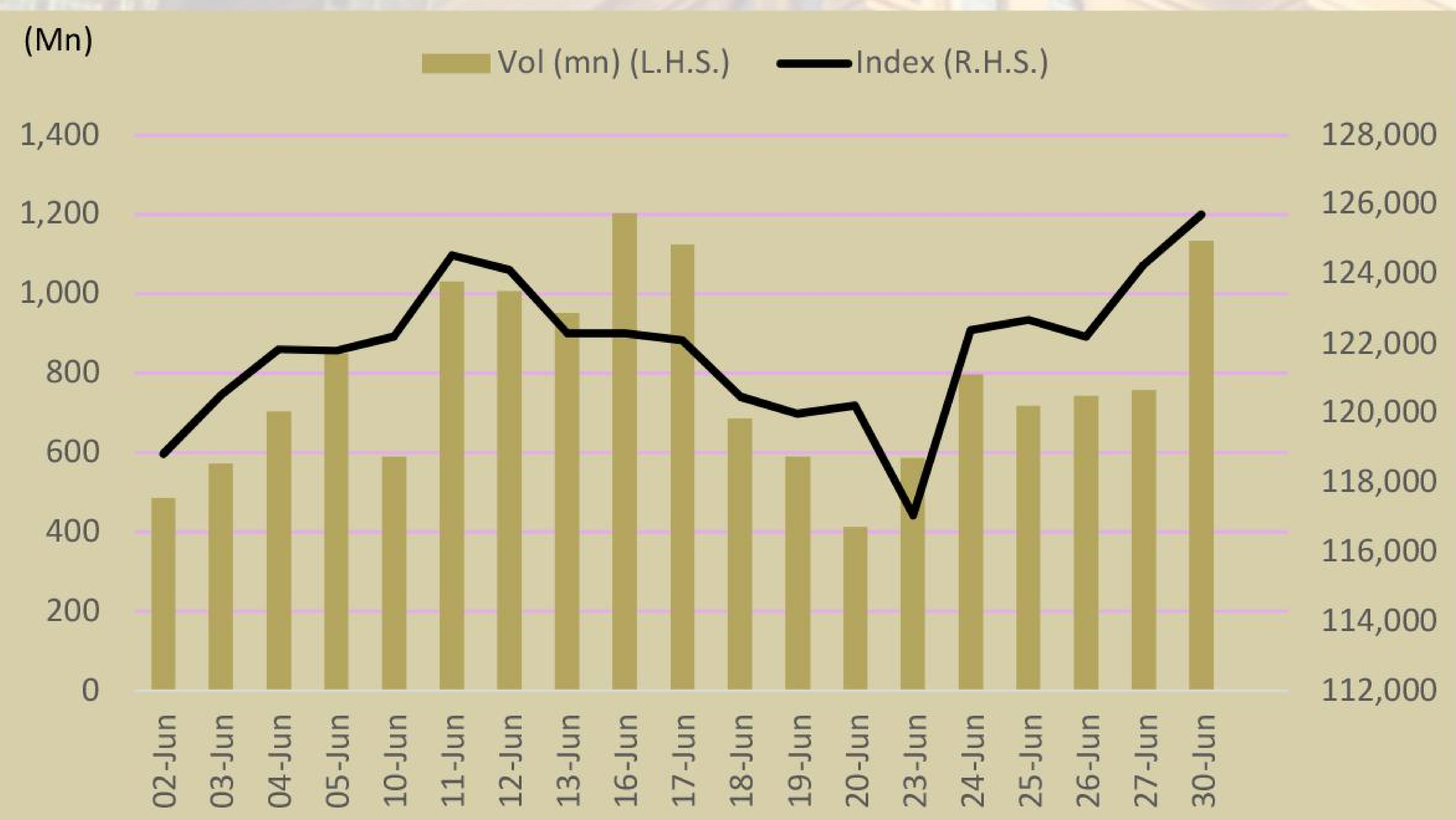
During June 2025, SBP opted to maintain the Policy Rate at 11%, halting the monetary easing cycle despite wider real interest rates. Weak external inflows, global tensions and potential pressure on projected trade deficit were cited among the key reasons.

During the month, the 3-month, 6-month, and 12-month KIBOR rates decreased within a range of 4 to 17 bps, closing at 11.15%, 11.13%, and 11.31%, respectively. In the secondary market, T-Bill yields for similar tenors showed mixed patterns: the 3-month yield increased by 8 bps, while the 6-month and 12-month yields decreased by 9 and 24 bps, respectively. Pakistan Investment Bonds (PIB) yields for 3-year and 5-year tenors decreased 14 and 18 bps , closing at 11.15% and 11.40%, respectively, whereas the 10-year yield rose by 7 bps to 12.3%.

On the auction front, the government raised PKR 2,114 billion through T-Bills falling short of the PKR 2,450 billion target. The participation was skewed toward the 1-month tenor, indicating a preference for shorter-term instruments amid prevailing market conditions. In the PIB Floater auction, the government raised PKR 362 billion against a target of PKR 400 billion, with issuance confined exclusively to the 10-year floating-rate instrument. Moreover, a PIB Fixed Rate auction was held, through which the government raised a total of PKR 557 billion, surpassing the PKR 300 billion target.

On the Islamic side, the government raised PKR 251 billion via fixed and floating-rate GoP Ijarah Sukuk auctions. The bid-to-cover ratios was 2.76 for the 3-year fixed and 2.30 for the 5-year variable Sukuks, reflecting robust demand in medium tenure amid concerns about sukuk supply and expectations of cautious monetary easing.

KSE - 100 Index Performance



6 Month Kibor

5th Pillar Family Takaful Limited - Conservative Fund
For the month of June- 2025

5th Pillar
Family Takaful Limited
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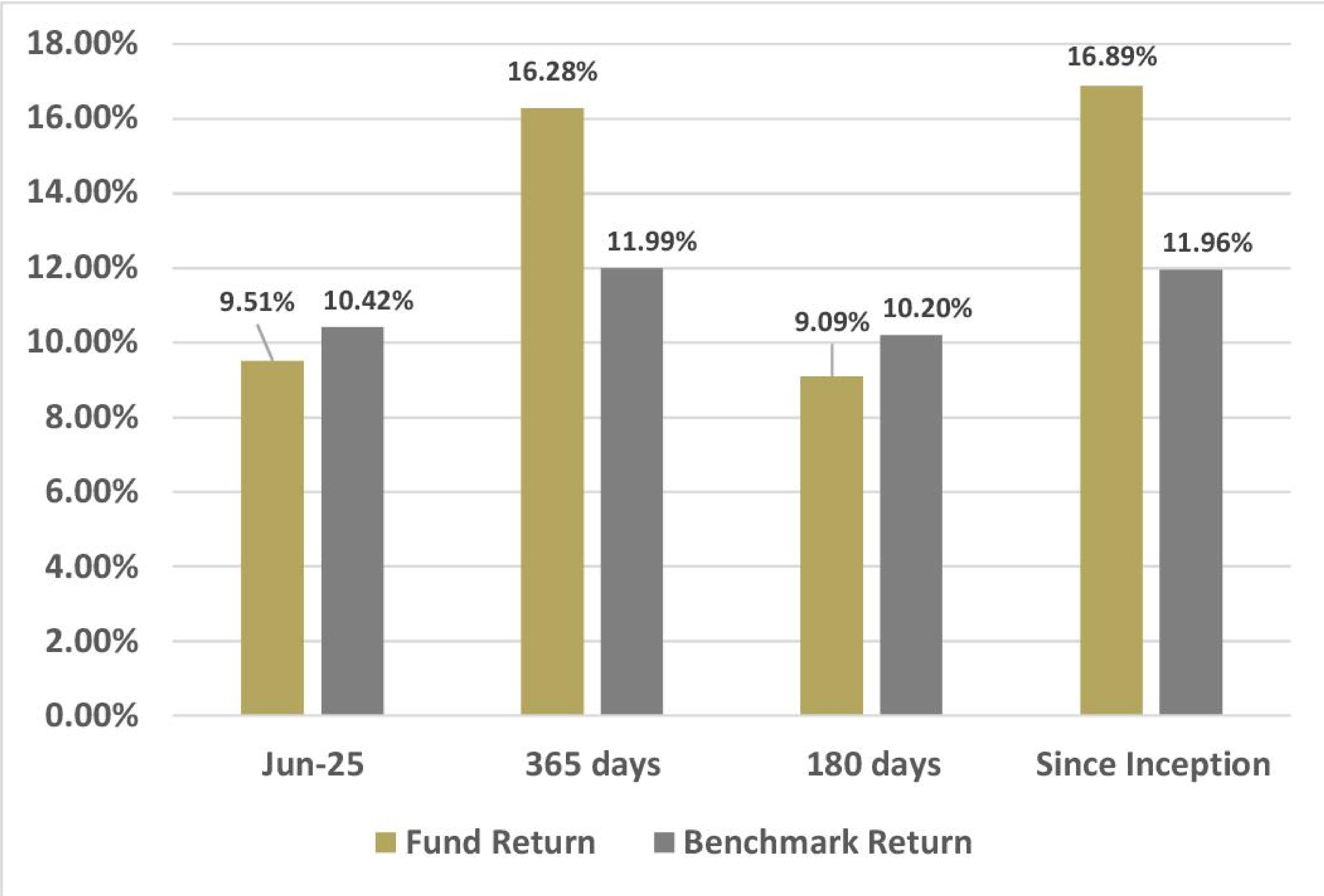
Investment Objective:

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

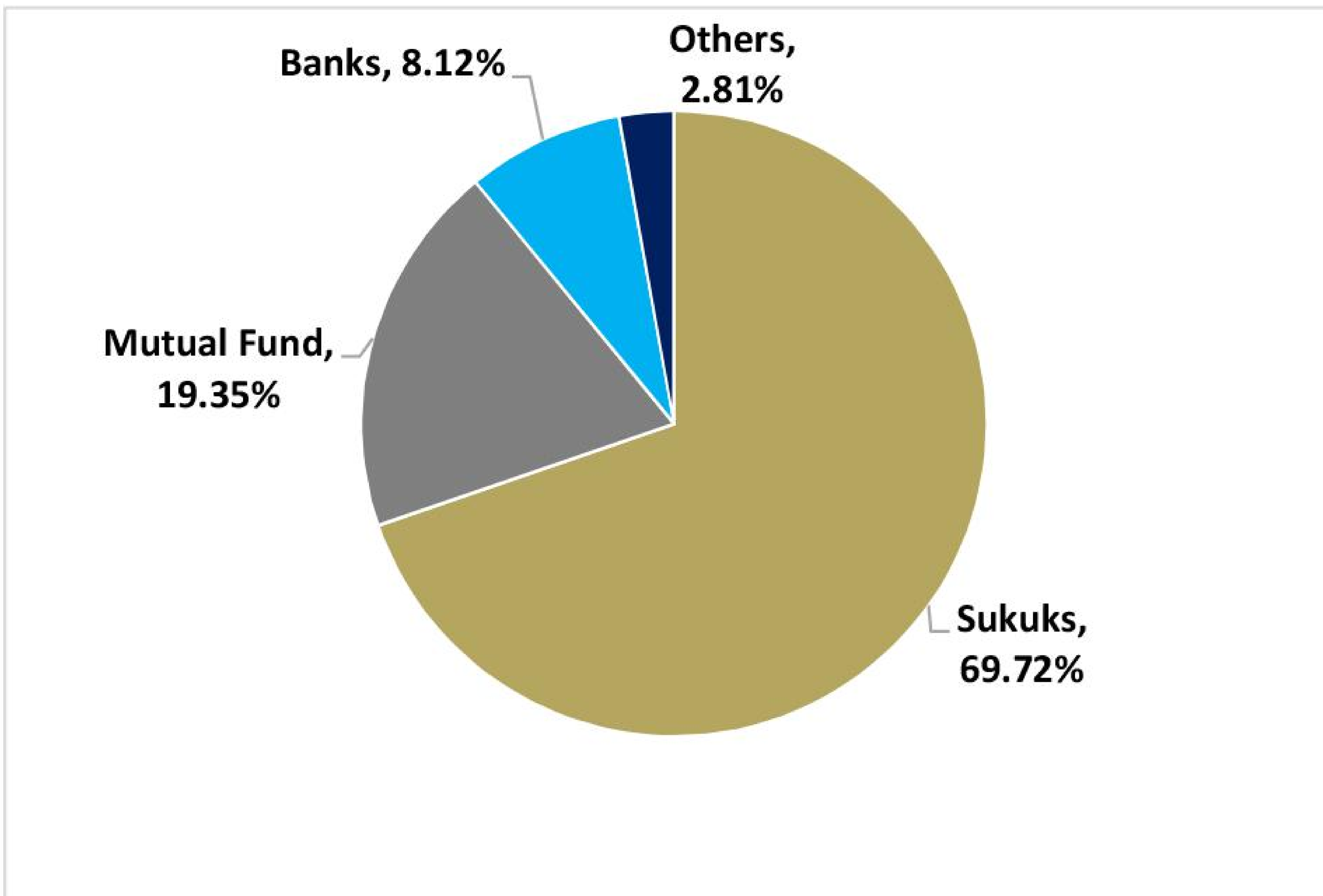
Fund Category	Money Market
Risk Profile	Low
Launch Date	18-Jul-23
Nav per unit at launch Date	100.0000
Nav per unit at month End (June-2025)	135.6428
Pricing Mechanism	Daily Forward pricing
Pricing Frequency	Monday to Friday
Total Net Assets (Rs.)	753.9 M
Weighted Avg.time to Maturity	0.3 Year
Expense Ratio	0.29%
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	Jun-25	May-25
GOP Ijarah Sukuks	69.72%	72.39%
Mutual Funds	19.35%	11.21%
Bank	8.12%	15.62%
Others	2.81%	0.77%

Asset Allocation



Asset Quality	Jun-25	May-25
Government guaranteed	69.74%	72.52%
AAA	8.12%	15.62%
AA+	19.35%	11.21%
Unrated	2.79%	0.65%

Fund Returns	Jun-25	May-25
Return on (MoM) basis	9.51%	10.64%
180 days return	9.09%	10.73%
Last 365 days return	16.28%	17.28%
Return since inception (annualized)	16.89%	17.23%
Last 05 years (annualized)	N/A	N/A
Last 10 years (annualized)	N/A	N/A

Fund Manager's comments

The KSE-100 Index closed at a record high of 125,627 points, marking a 5% gain in June 2025 and a 9% increase for the first half of calendar year 2025. As FY25 comes to a close, the index delivered a strong 59% annual return—its second-highest gain in the past 22 years, surpassed only by the exceptional 89% return recorded in FY24.

Equity markets responded positively to the FY26 Budget, as the government maintained existing tax rates on capital gains and dividend income, while increasing taxes on institutional and corporate fixed income investments. Mid of June saw heightened volatility in global markets, driven by escalating geopolitical tensions surrounding the Iran-Israel-US conflict, which triggered a spike in commodity prices between June 13–23. This turmoil pulled the KSE-100 Index down by 7% during that period. However, a subsequent ceasefire helped restore investor confidence, enabling the index to recover 8% from its monthly low by the end of June.

Due to geopolitical situation, foreign investors were net sellers in June, with outflows totaling $37.5 million, while retail investors and corporates emerged as net buyers. The strong performance of the equity market, declining interest rates, and higher taxes on debt instruments enhanced the appeal of the KSE-100 for both individual and corporate investors. Reflecting this renewed interest, average daily trading volume rose 41% month-on-month in June 2025—the highest monthly average recorded so far in CY25.

Headline inflation for June came in at 3.2% year-on-year—below consensus estimates—primarily due to a softer-than-expected rise in food prices, compared to 3.5% in May 2025. For FY25, average inflation dropped sharply to 4.49%, a significant decline from 23.41% in the previous fiscal year.

Pakistan recorded a current account deficit of US$103 million in May 2025, reducing the surplus for 11MFY25 to US$1.8 billion. The deterioration was primarily driven by a sharp widening of the trade deficit, which rose to US$3 billion—up 52% year-on-year—due to increased import activity.

The theme is set for SBP to cut interest rates by another 2–3%, supported by several factors: persistently high real interest rates (lower than expected inflation), a softening outlook for oil prices, and lower electricity tariffs. Meanwhile, the equity market remains attractively valued, with a price-to-earnings (P/E) ratio below 7.0x—compared to the historical average of around 7.5x—and a market capitalization-to-GDP ratio near 10%, well below the long-term average of 20%. Looking ahead, we expect the market's upward momentum to continue over the next year, fueled by further rate cuts and a continued shift of liquidity from fixed-income and money market instruments into equities.