5th Pillar
Family Takaful Limited
آئیے، ساتھ چلیں

FUND
MANAGER REPORT

December | 2023

5th Pillar Family Takaful Limited - Conservative Fund
For the month of Dec - 2023

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آئیے، ساتھ چلیں

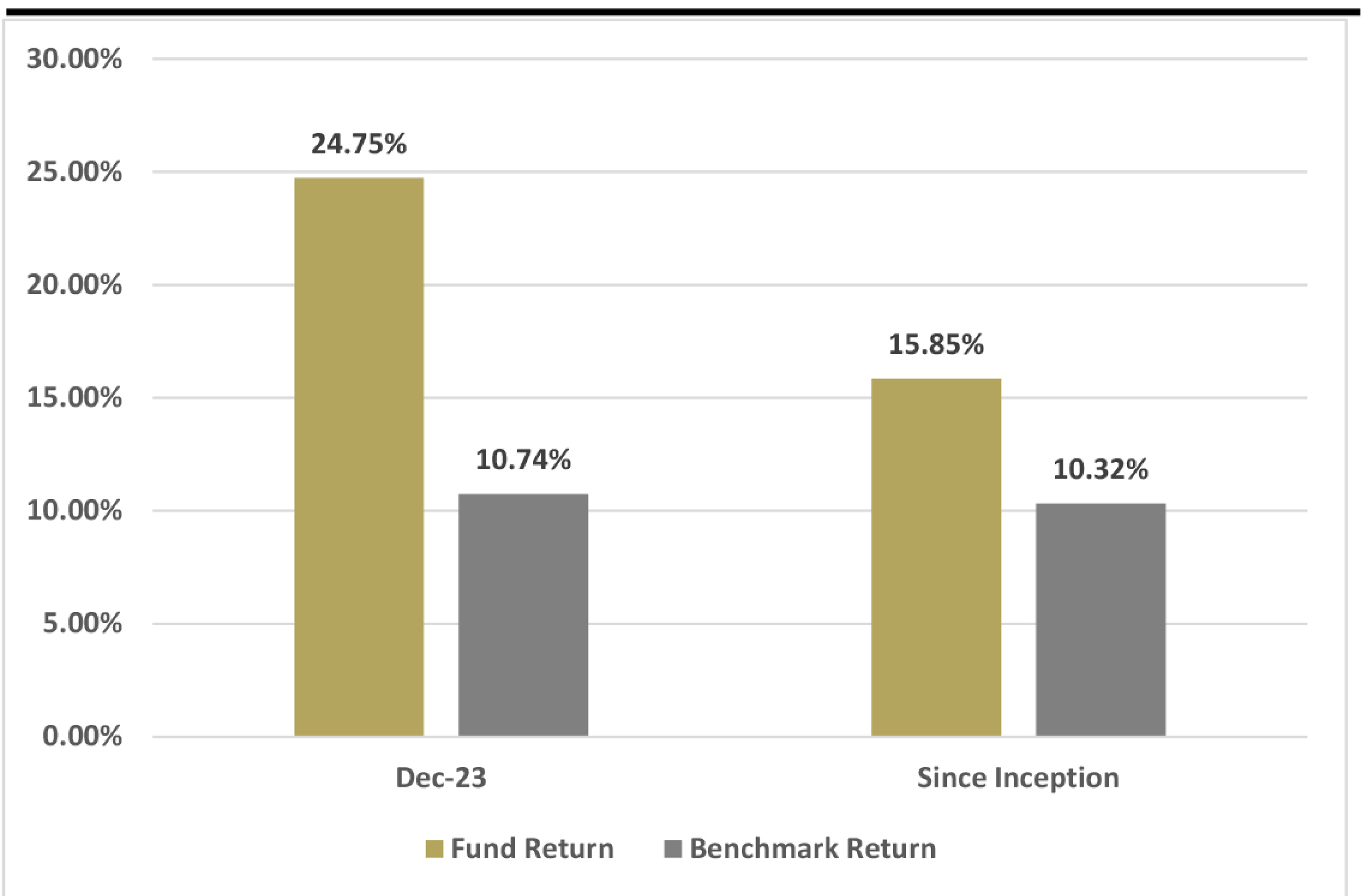
Investment Objective:

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

Fund Information

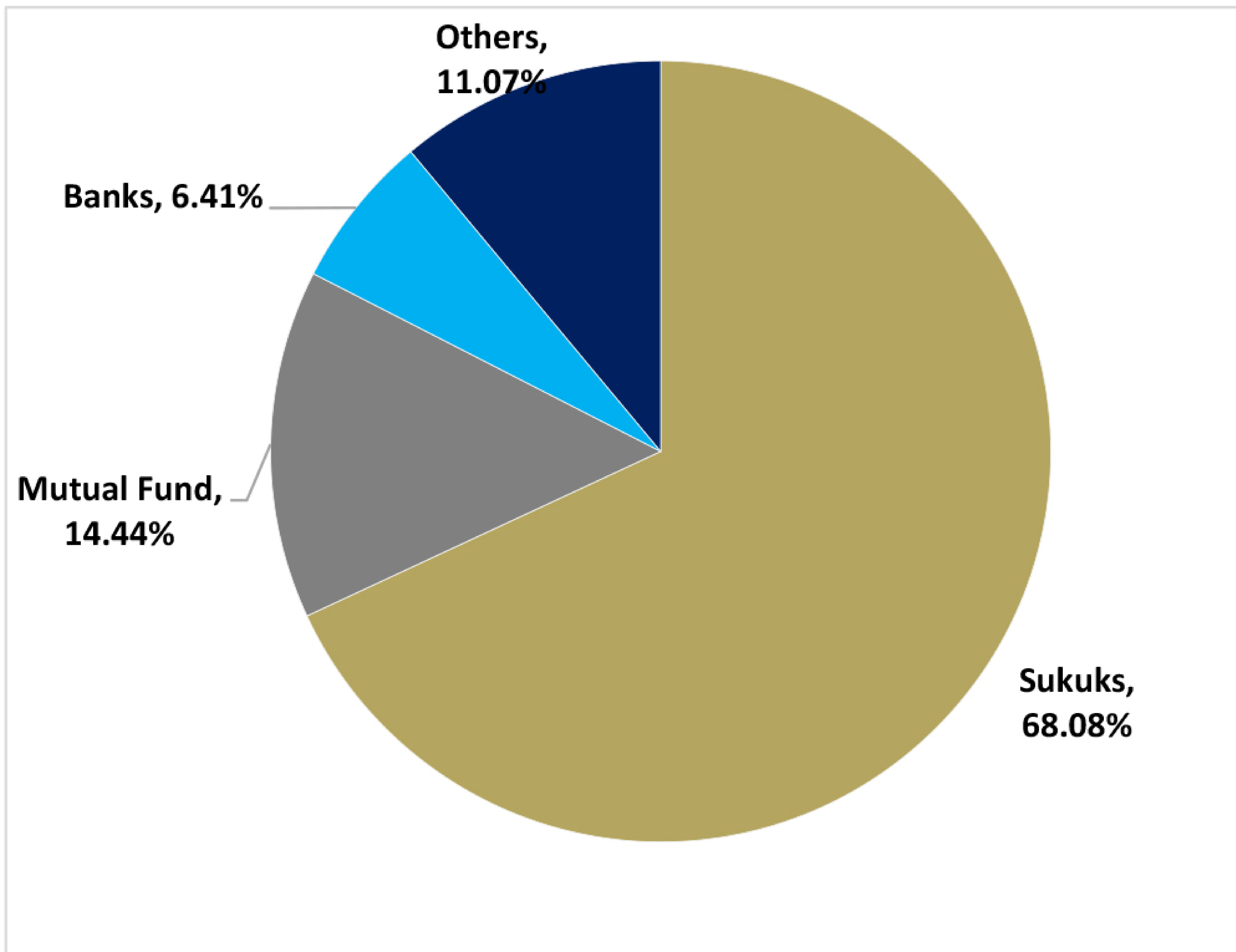
Fund Category	Money Market
Risk Profile	Low
Launch Date	18-Jul-23
Nav per unit at launch Date	100.0000
Nav per unit at month End (Dec-2023)	106.8382
Pricing Mechanism	Daily Forward pricing
Pricing Frequency	Monday to Friday
Total Net Assets (Rs.)	19.0 M
Weighted Avg.time to Maturity	2.2 Years
Expense Ratio	0.27%
Management Fee	1.75% p.a.
Benchmark	6M deposit rate of 3 AA-rated Islamic banks or Islamic windows of Conventional banks

Fund's Performance



Asset Allocation	Dec-23
GOP Ijarah Sukuks	68.08%
Mutual Funds	14.44%
Bank	6.41%
Others	11.07%

Asset Allocation



Fund Returns	Dec-23
Return on (MoM) basis	24.75%
Return since inception (annualized)	15.85%
180 days return	N/A
Last 365 days return	N/A
Last 05 years (annualized)	N/A
Last 10 years (annualized)	N/A

Fund Manager's comments

Continuing its positive momentum from last month, the equity market started off on a positive note with the KSE-100 and KMI-30 indices gaining 9.7% and 10.3%, respectively, during the first half of the month. However, political uncertainty, rising international oil prices and unwinding of leveraged positions wiped off most of the gains in the second half of the month. Accordingly, the KSE-100 and KMI-30 indices closed at 62,451pts (up 3.2% MoM) and 104,729pts (up 3.0% MoM).

Murmurs of further delays in elections, which coincided with the army chief's week-long visit to the U.S., caused some jitters in the market. However, investors' concerns were put to rest by the Supreme Court, which intervened to ensure the election schedule was released on time.

Investors' nerves were also tested by rising international oil prices during the month (with WTI rising to USD 76/bbl from a recent low of USD 68/bbl) as shippers suspended Red Sea route amid intensifying Houthi attacks causing delays and rise in freight for Asia and Europe trade. However, the global economic slowdown kept any gains in check, with WTI retreating back to USD ~71/bbl.

On the economic front, CPI for Dec-23 clocked in at 29.7% YoY (0.8% MoM), primarily driven by an increase in electricity charges. This brings the average inflation for 6MFY24 to 28.8%, up from 25.0% in the same period last year. The Monetary Policy Committee (MPC) in its meeting held on 12-Dec-23, kept the Policy Rate unchanged at 22%. The decision took into consideration the impact of recent increase in energy prices on the CPI, however, also recognized that the impact may be offset by expected decrease in international oil prices (due to the precarious global economic situation), along with improved availability of agriculture produce. The MPC assessed that real interest rate continues to be positive on a 12-month forward-looking basis as inflation is expected to remain on a downward path.

Going forward, we expect the equity market to regain its positive momentum on the back of expectation of stabilizing macroeconomic indicators. Investor confidence is expected to receive a boost from a positive approval from the IMF's Executive Board on 11-Jan-24, which will likely unlock not just the USD 700mn from the IMF, but also significant inflows from other bilateral and multilateral partners, and lead to strengthening of the Pak Rupee. Moreover, with interest rates expected to reduce in 2024, domestic institutional investors are likely to shift their investments from fixed income towards equities, leading to a sustained rally in the market.