5th Pillar
Family Takaful Limited
آئیے، ساتھ چلیں

FUND
MANAGER REPORT

December | 2024

MARKET REVIEW

Stock Market Review

During the month of December 2024, the KSE-100 index significantly increased by 13,770 points (up 13.6%) to close at 115,127 points. The average daily volume of the market stood at 1,260 mn shares, significantly increased by 44% on a MoM basis. Refineries, Oil & Gas Marketing Companies and Oil & Gas Exploration Companies were the major performing sectors during the month.

The strong stock market performance this month was primarily driven by the SBP's 200 bps rate cut, improving macroeconomic indicators, and continuous decline in CPI inflation.

Foreigners were net seller with net selling aggregating USD 32 mn during the month while on local front Mutual Funds were major buyer with net buying aggregating USD 56 mn. The oil prices increased by 2.33% during the month with Brent closing at USD 74.64 per barrel.

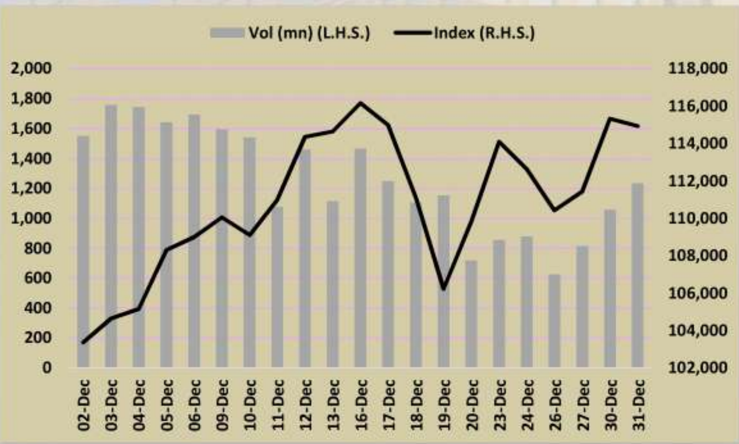
While near-term volatility cannot be ruled out, we maintain a long-term positive outlook on the equity market. We encourage investors to enhance their long-term exposures to equities at these levels.

Money Market Review

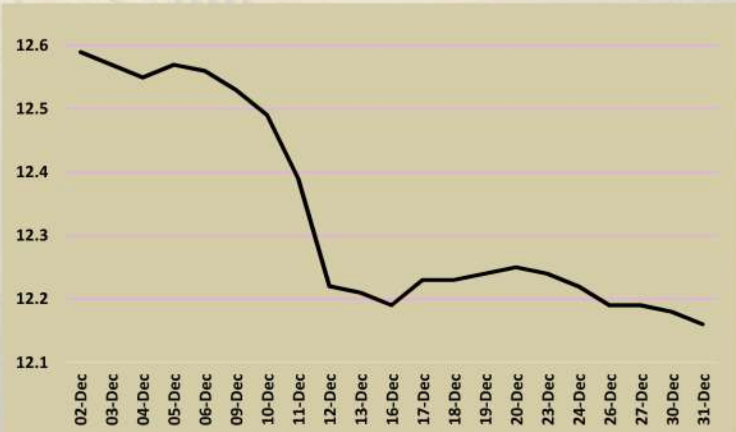
Inflation for the month of December 2024 clocked in at 4.1% on year-on-year basis as compared to 4.9% in the previous month and 29.7% in December 2023. With this, average inflation for FY25 clocked in at 7.30% compared to 28.82% in FY24. During the month of December, 3M, 6M and 12M KIBOR rates decreased by 19 bps to 56 bps to close at 12.14%, 12.16% and 12.52% respectively. Similarly, secondary market T-Bill yields of 3M, 6M and 12 M decreased by 26 bps to 230 bps. At the end of the month, 3Ms, 6Ms, and 12Ms yields closed at 11.88%, 11.90% & 12.08% respectively. In longer tenor PIBs, 3 years yield was up by 52 bps, 5 years was up by 48 bps and 10 years yield was up by 32 bps. In the primary market, two T-bill auctions were conducted during the month. In total, Rs 2,209.60 billion were accepted against a target of Rs. 2,400 billion with major acceptance in 3 months and 12 months T-bills. On the Islamic front, Government of Pakistan raised PKR 696.65 billion through auction of 1 year, 3 year, 5 years and 10 years floating rate and fixed rate Ijarah. SBP received bids worth PKR 1,594.11 billion against the target of PKR 800 billion.

On the for-ex front, the PKR appreciated against USD in the interbank by Rs. 0.58 and in the open market it appreciated by Rs. 0.61 to close at Rs. 278.55 and 279.59 respectively.

KSE - 100 Index Performance



6 Month Kibor



5th Pillar Family Takaful Limited - Conservative Fund
For the month of December - 2024

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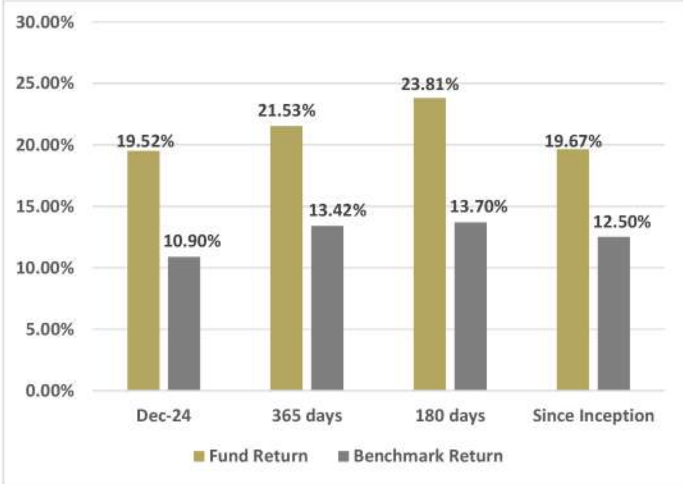
Investment Objective:

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-2024)	129.9145
Pricing Mechanism	Daily Forward pricing
Pricing Frequency	Monday to Friday
Total Net Assets (Rs.)	257.7 M
Weighted Avg.time to Maturity	0.8 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

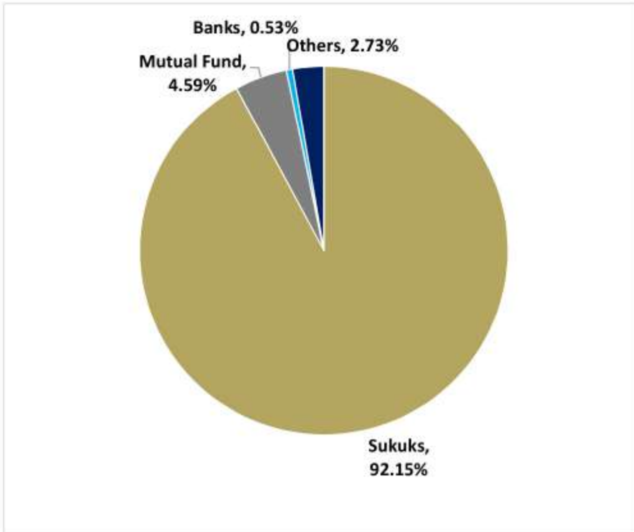
Fund's Performance



Asset Allocation	Dec-24	Nov-24
GOP Ijarah Sukuks	92.15%	79.63%
Mutual Funds	4.59%	9.39%
Bank	0.53%	1.10%
Others	2.73%	9.88%

Fund Returns	Dec-24	Nov-24
Return on (MoM) basis	19.52%	18.32%
180 days return	23.81%	24.18%
Last 365 days return	21.53%	21.88%
Return since inception (annualized)	19.67%	19.68%
Last 05 years (annualized)	N/A	N/A
Last 10 years (annualized)	N/A	N/A

Asset Allocation



Fund Manager's comments

The Consumer Price Index (CPI) for November 2024 came in at 4.9% YoY, a significant decline from 7.2% in October, primarily due to lower food inflation. This brought the 5MFY25 inflation rate down to 7.9%, compared to 28.6% in the same period last year. Additionally, the current account recorded a surplus of USD 729 million, the highest monthly surplus since February 2015. As a result, the 5MFY25 surplus stands at USD 944 million, a stark contrast to the USD 1.7 billion deficit during the same period last year. This improvement was largely due to increased remittances and controlled imports, with workers' remittances covering a significant portion of the trade deficit, marking one of the highest monthly figures in Pakistan's history. Reflecting these positive developments, the SBP further reduced the policy rate by 200 bps to 13%, bringing the total reduction for the year to 900 bps—the largest annual cut in recent history.

Simultaneously, mutual funds made significant net purchases of PKR 15.5 billion (USD 56 million) in December, which supported the market's strong performance. In total, mutual fund net buying in 1HFY25 amounted to PKR 50.8 billion (USD 183 million), as nosediving PKRVs prompted investors to seek equity market opportunities after months of healthy and stable returns from low-risk money market instruments.

Given that real interest rates remain elevated, we believe the SBP still has room to further reduce rates by 2-3%. Additionally, with the equity market trading at attractive valuations—its PE ratio under 6.5x compared to an average of approximately 7.5x, and a market capitalization-to-GDP ratio of around 10%, well below the historical average of 20%—we expect the market to continue its recovery in the upcoming year. This will likely be driven by further rate cuts and a continued flow of liquidity migrating from income and money market assets to equities.