5th Pillar
Family Takaful Limited
آئیے، ساتھ چلیں

FUND
MANAGER REPORT

FEBRUARY| 2024

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

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Family Takaful Limited
آئیے، ساتھ چلیں

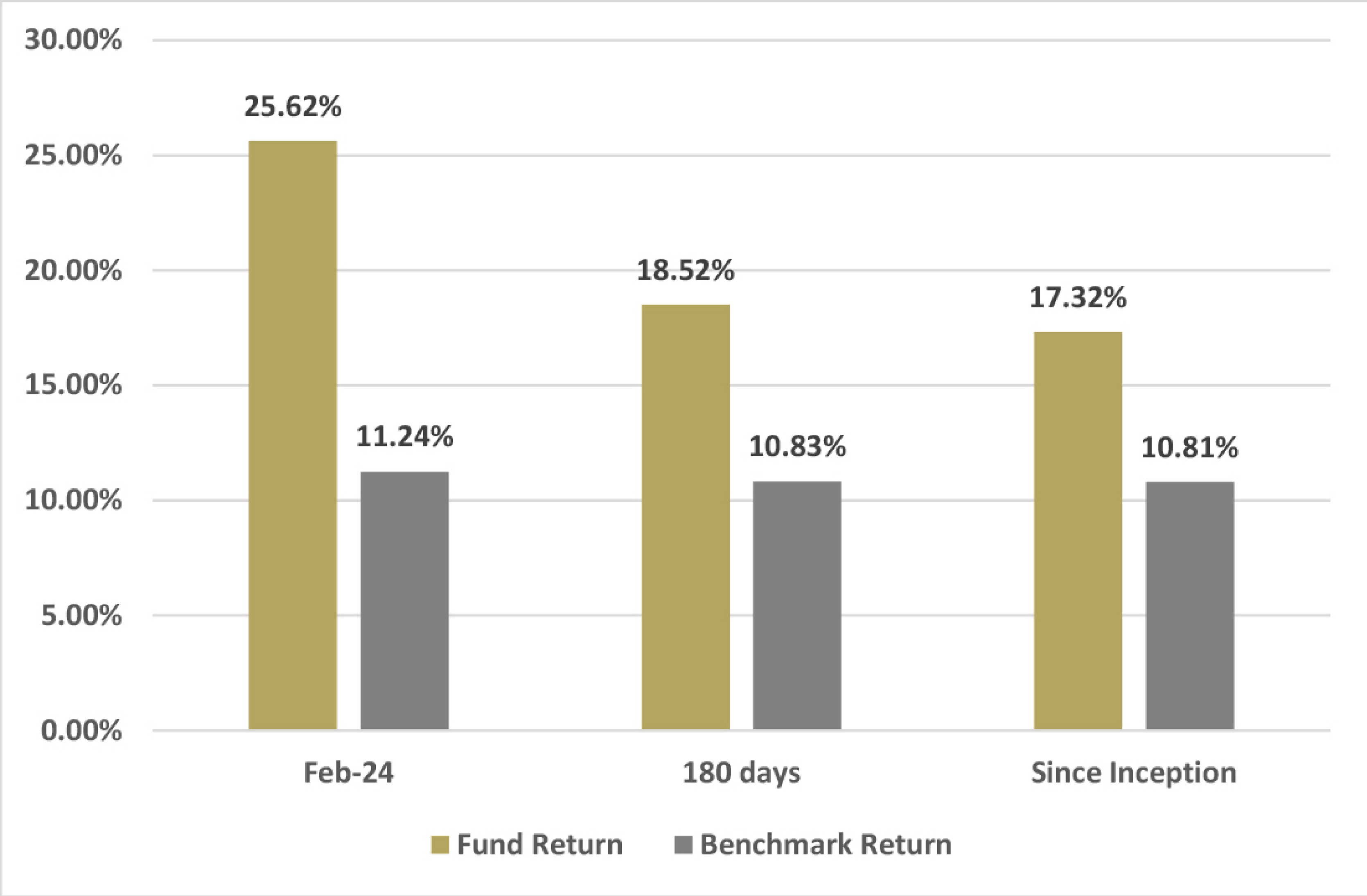
Investment Objective:

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

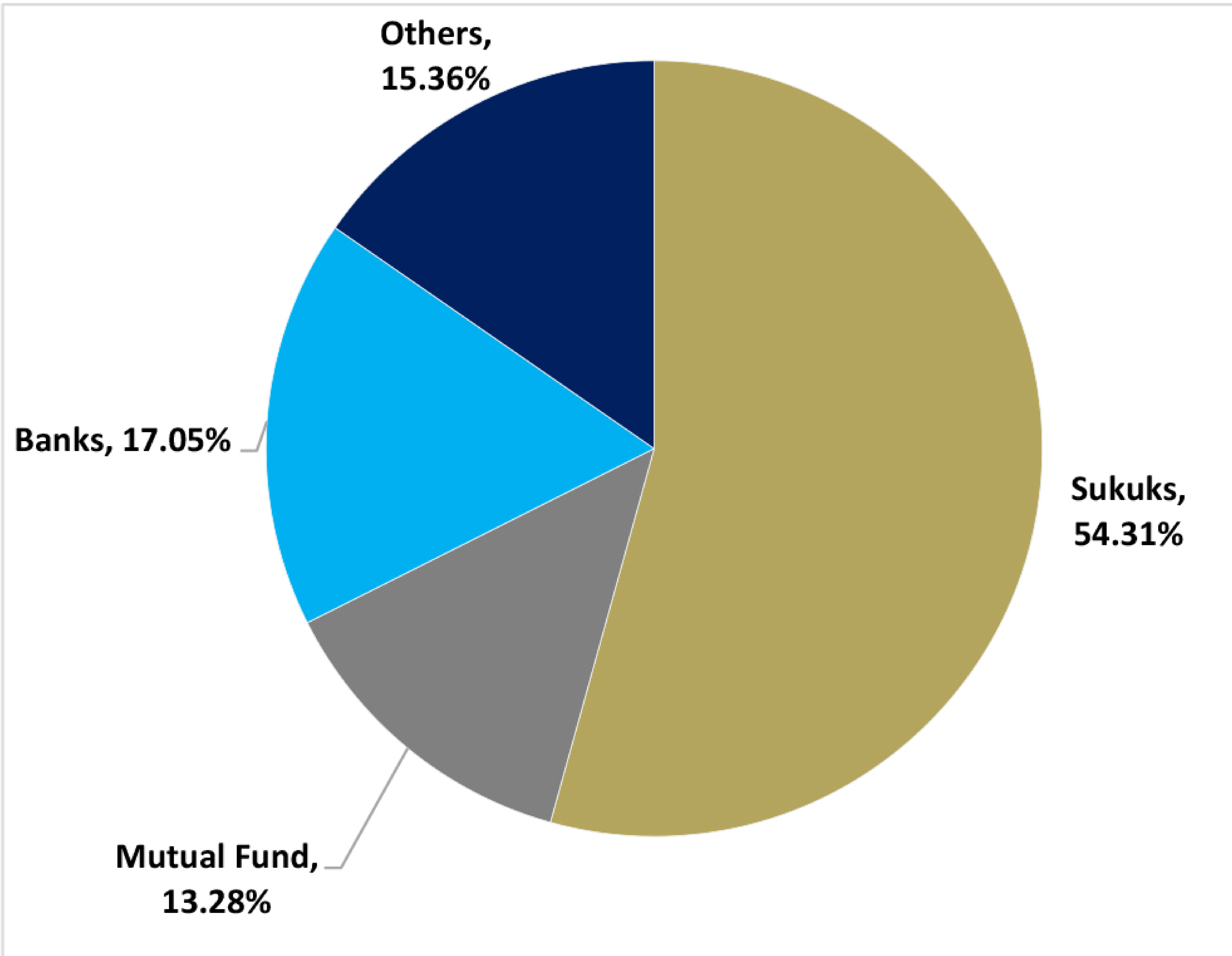
Fund Category	Money Market
Risk Profile	Low
Launch Date	18-Jul-23
Nav per unit at launch Date	100.0000
Nav per unit at month End (Feb-2024)	110.3958
Pricing Mechanism	Daily Forward pricing
Pricing Frequency	Monday to Friday
Total Net Assets (Rs.)	33.00 M
Weighted Avg.time to Maturity	1.3 Years
Expense Ratio	0.29%
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	Feb-24
GOP Ijarah Sukuks	54.31%
Mutual Funds	13.28%
Bank	17.05%
Others	15.36%

Asset Allocation



Fund Returns	Feb-24
Return on (MoM) basis	25.62%
180 days return	18.52%
Return since inception (annualized)	17.32%
Last 365 days return	N/A
Last 05 years (annualized)	N/A
Last 10 years (annualized)	N/A

Fund Manager's comments

The equity market started off the month on a negative note primarily on account of political noise surrounding election-related developments. Moreover, adverse response to the pending circular debt settlement plan by the IMF further intensified the downward momentum. However, the sentiment turned positive when clarity emerged on the political front with regards to formation of the government. Furthermore, China agreed to rollover USD 2bn debt which was expected to mature in Mar-24. Accordingly, the KSE-100 and KMI-30 indices closed at 64,579pts (up 4.19% MoM) and 108,852pts (up 4.96% MoM), respectively.

On the economic front, CPI for Feb-24 clocked in at 23.1% YoY, much lower than 28.3% YoY witnessed in Jan-24, and average 8MFY24 inflation of 28.0%. The MoM inflation remained largely unchanged, representing a deceleration compared to the average MoM rise of ~1.9% observed over the initial 7MFY24. This was primarily because of 1.6% MoM decline in food index driven by lower prices of eggs, tomatoes, oil and ghee, among others. The Current Account turned from a surplus of USD 404mn in Dec-23 to a deficit of USD 269mn in Jan-24. Key factors contributing to this deficit were 11.0% YoY surge in total imports, while. total exports declined by 4.4% YoY

Going forward, we expect the equity market to maintain its positive momentum on the back of the new government’s inclination towards entering into a new, longer-term, IMF program, based on which it is expected that structural reforms are going to continue. Moreover, the equity market is trading at very cheap valuations (market P/E of under 4x, compared to its long-term average P/E of about 7.8x). Furthermore, with inflation expected to decline, we believe that monetary easing may begin soon. Resultantly, domestic institutional investors are likely to shift their investments from fixed income towards equities, leading to a sustained rally in the market.