5th Pillar
Family Takaful Limited
آئیے، ساتھ چلیں

FUND MANAGER REPORT

February | 2025

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Family Takaful Limited
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MARKET REVIEW

Stock Market Review

During the month of February 2025, the KSE-100 index decreased by 1,004 points (down 0.9%) to close at 113,252 points. The average daily volume of the market stood at 529 mn shares, down by 22% on a MoM basis. Investment Banks, Oil & Gas Exploration Companies and Technology were the major negative contributing sectors to the index performance during the month.

The market remained range bound during the month due to lack of triggers with investors awaiting for the outcome of upcoming IMF review and concerns surrounding the potential impact of U.S. actions.

Foreigners were net seller with net selling aggregating USD 28.1 mn during the month while Insurance Companies and Mutual Funds were major buyers with net buying aggregating USD 16.2 mn and USD 9.2 mn respectively. The oil prices decreased by 4.66% during the month with Brent closing at USD 73.18 per barrel.

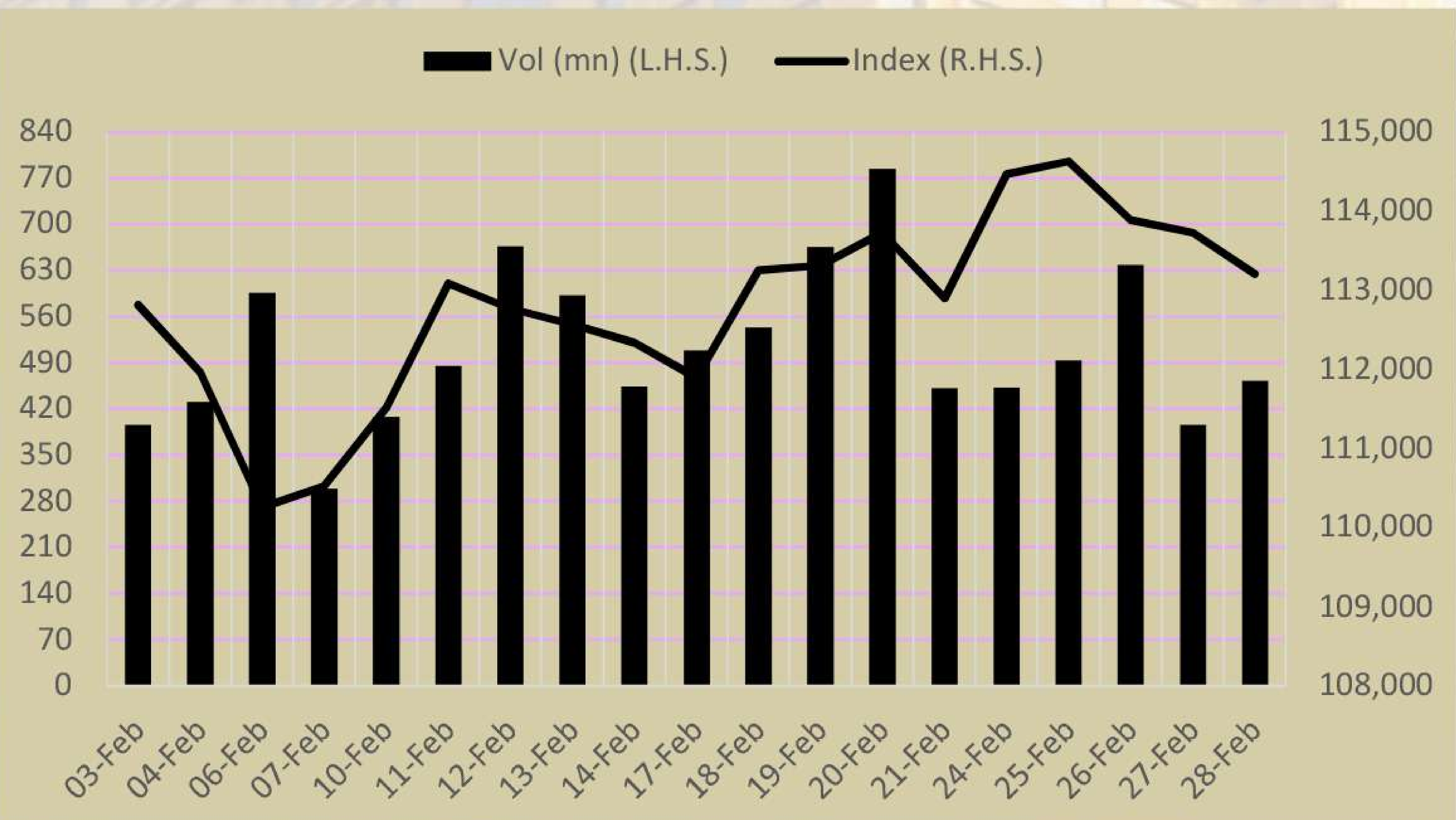
While near-term volatility cannot be ruled out, we maintain a long-term positive outlook on the equity market. We encourage investors to enhance their long-term exposures to equities at these levels.

Money Market Review

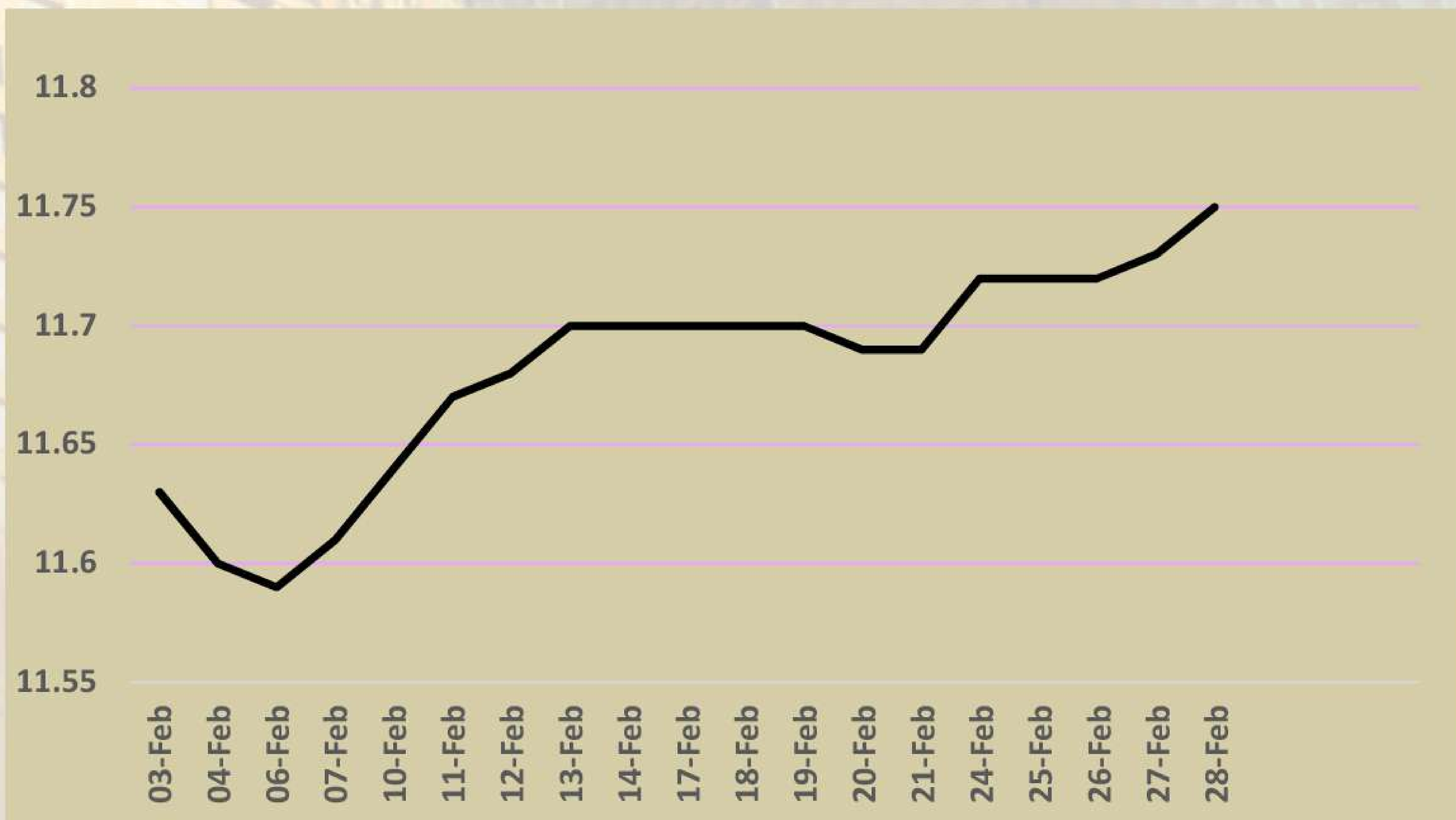
Inflation for the month of February 2025 clocked in at 1.5% on year-on-year basis as compared to 2.4% in the previous month and 28.1% in February 2024. With this, average inflation for FY25 clocked in at 5.96% compared to 28.82% in FY24. During the month of January, 3M, 6M and 12M KIBOR rates increased by 8 bps to 12 bps to close at 11.91%, 11.82% and 12.00% respectively. Similarly, secondary market T-Bill yields of 3M, 6M and 12M increased by 09 bps to 14 bps. At the end of the month, 3Ms, 6Ms, and 12Ms yields closed at 11.85%, 11.75% & 11.61% respectively. In longer tenor PIBs, 3 years yield was up by 13 bps, 5 years remain unchanged and 10 years yield was up by 10 bps. In the primary market, Two T-bill auctions were conducted during the month. In total, Rs 637.78 billion were accepted against a target of Rs. 800 billion with major acceptance in 3 months and 12 months T-bills. On the Islamic front, Government of Pakistan raised PKR 92.27 billion through auction of 1 year, 3 year, 5 years and 10 years floating rate and fixed rate Ijarah. SBP received bids worth PKR 256.62 billion against the target of PKR 100 billion.

On the for-ex front, the PKR depreciated against USD in the interbank by Rs. 0.72 and in the open market it depreciated by Rs. 0.47 to close at Rs. 279.67 and 281.30 respectively.

KSE - 100 Index Performance



6 Month Kibor



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

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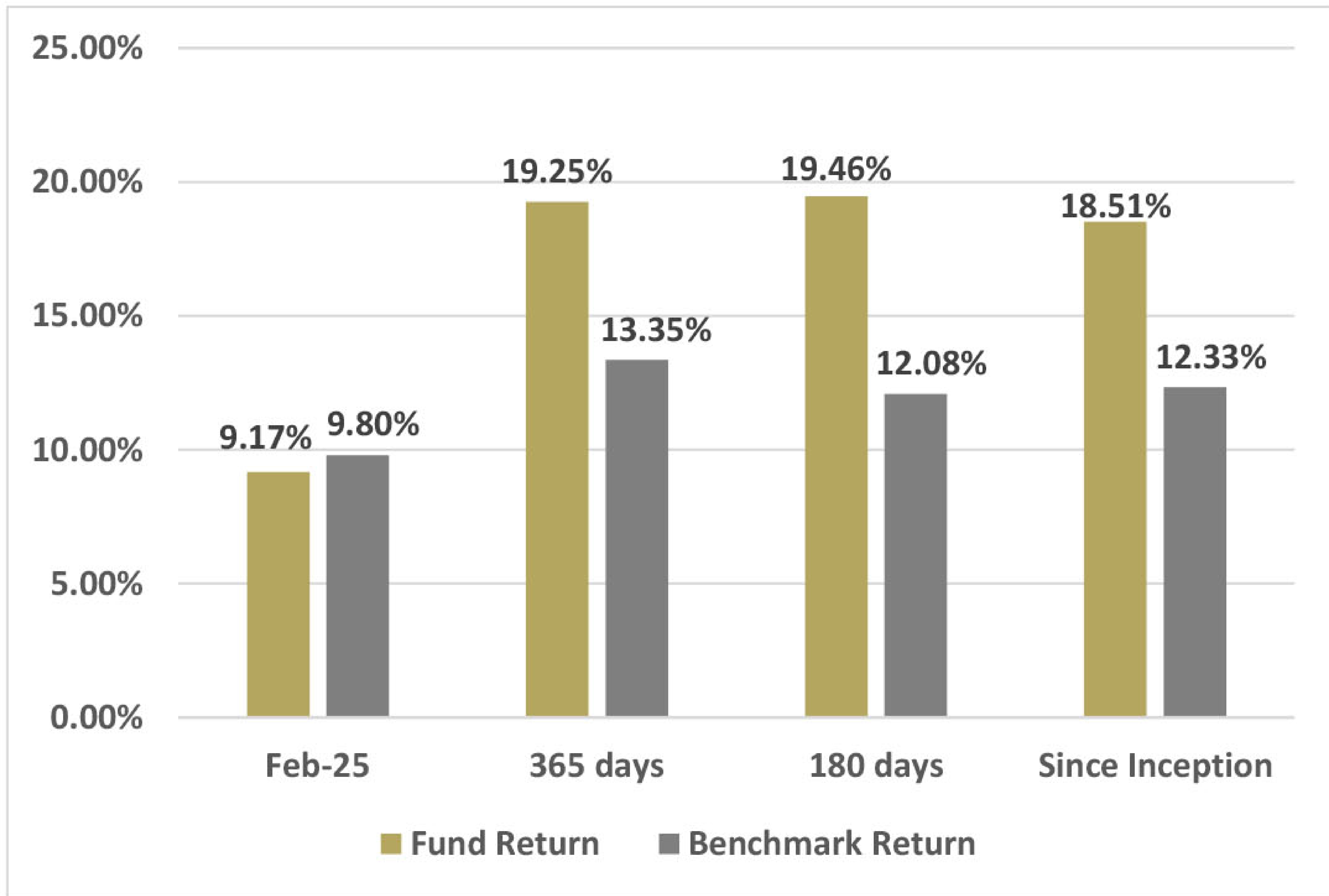
Investment Objective:

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 (Feb-2025)	131.6495
Pricing Mechanism	Daily Forward pricing
Pricing Frequency	Monday to Friday
Total Net Assets (Rs.)	352.4 M
Weighted Avg.time to Maturity	0.5 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

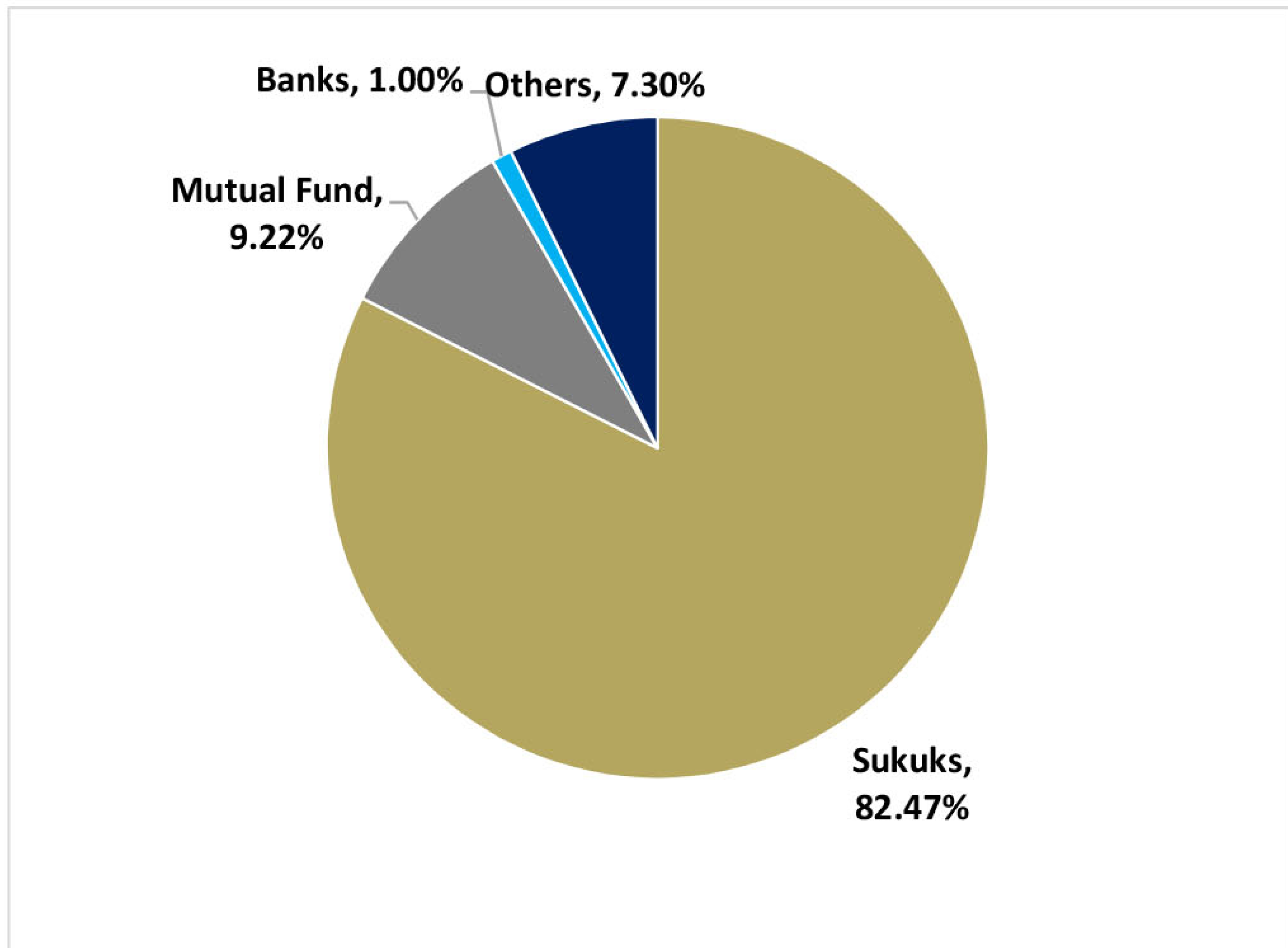


Asset Allocation	Feb-25	Jan-25
GOP Ijarah Sukuks	82.47%	94.51%
Mutual Funds	9.22%	1.77%
Bank	1.00%	0.56%
Others	7.30%	3.16%

Asset Quality	Feb-25	Jan-25
Government guaranteed	83.58%	95.80%
AAA	1.00%	0.56%
AA+	9.22%	1.77%
Unrated	6.20%	1.87%

Fund Returns	Feb-25	Jan-25
Return on (MoM) basis	9.17%	8.00%
180 days return	19.46%	21.44%
Last 365 days return	19.25%	20.56%
Return since inception (annualized)	18.51%	18.99%
Last 05 years (annualized)	N/A	N/A
Last 10 years (annualized)	N/A	N/A

Asset Allocation



Fund Manager's comments

KSE-100 index moved in a thin band for most part of the month of February and closed with meagre MoM loss of 0.9%. Lack of triggers, status quo on key macro indicators, mixed trend in corporate earnings announcements, kept the market range-bound. On CYTD basis, PSX is down 2% and 4% from its high recorded on the first trading day of the year.
Consumer Price Index (CPI) for Feb-2025 clocked in at 1.5%, a near decade low, due to favorable base effect stemming from last year's high inflation. The main contributor to this was the significant decrease in food inflation, which declined 4.15% YoY in Feb-2025. Inflation in March is expected between 1-2% despite inflationary pressures because of Ramadan, due to favorable base effect, while average CPI for FY25 is estimated at less than 5.5%.

Pakistan's Current Account (CA) balance posted a deficit in Jan-2025 of US$420mn mainly led by elevated trade deficit off-setting benefit of higher remittances, taking 7MFY25 CA surplus balance to US$682mn. Remittances have so far provided vital support this year averaging US$3bn/month, a significant increase from the US$2.3bn-2.4bn monthly average seen earlier. The perfect situation would be a decrease in outflows along with steady remittances.

Insurance companies and Mutual funds turned net buyers during the month of February. Foreigners remained net sellers for the sixth consecutive month since Sep-2024. Average daily turnover declined by 24% MoM in terms of shares traded and 27% MoM in terms of value traded.

The change of US Government has brought about a spark of uncertainty globally and as a result global commodities like Crude Oil have tumbled. This factor is likely to provide a major relief to Pakistan’s external accounts. Additionally, IMF delegation is in Pakistan for the upcoming tranche negotiations where it is likely that an approval will be given before the month of April.
We estimate another 2-3% interest rate decrease given the expanding real interest rate buffer owing to dip in inflation. Meanwhile the KSE-100 still trades at undemanding valuations with PE hovering around 6.6x. With successful conclusion of IMF talks, we believe the market is primed to continue its upward trajectory.