5th Pillar
Family Takaful Limited
آئیے، ساتھ چلیں

FUND
MANAGER REPORT

JANUARY | 2024

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

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Family Takaful Limited
آئیے، ساتھ چلیں

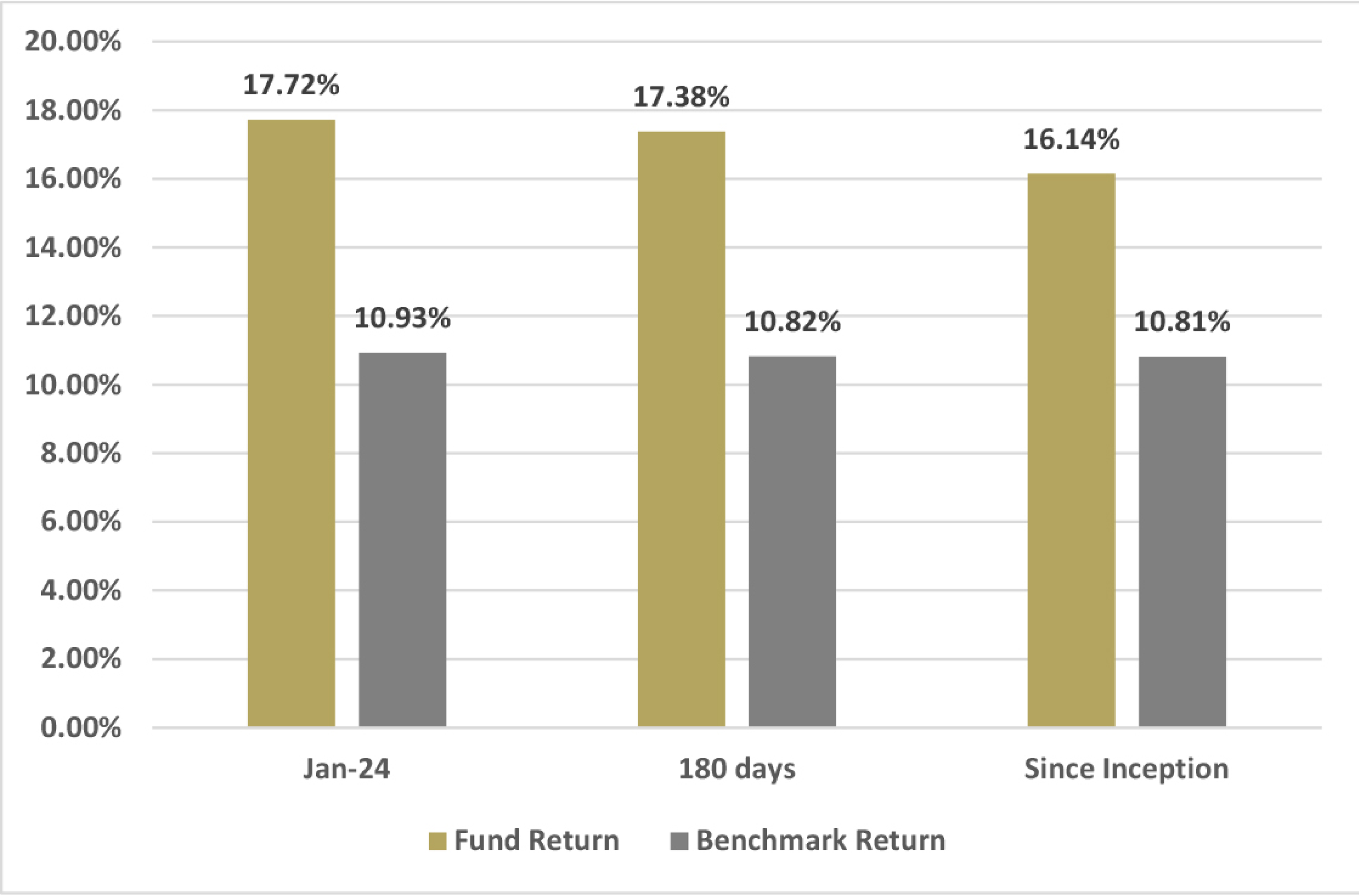
Investment Objective:

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

Fund Information

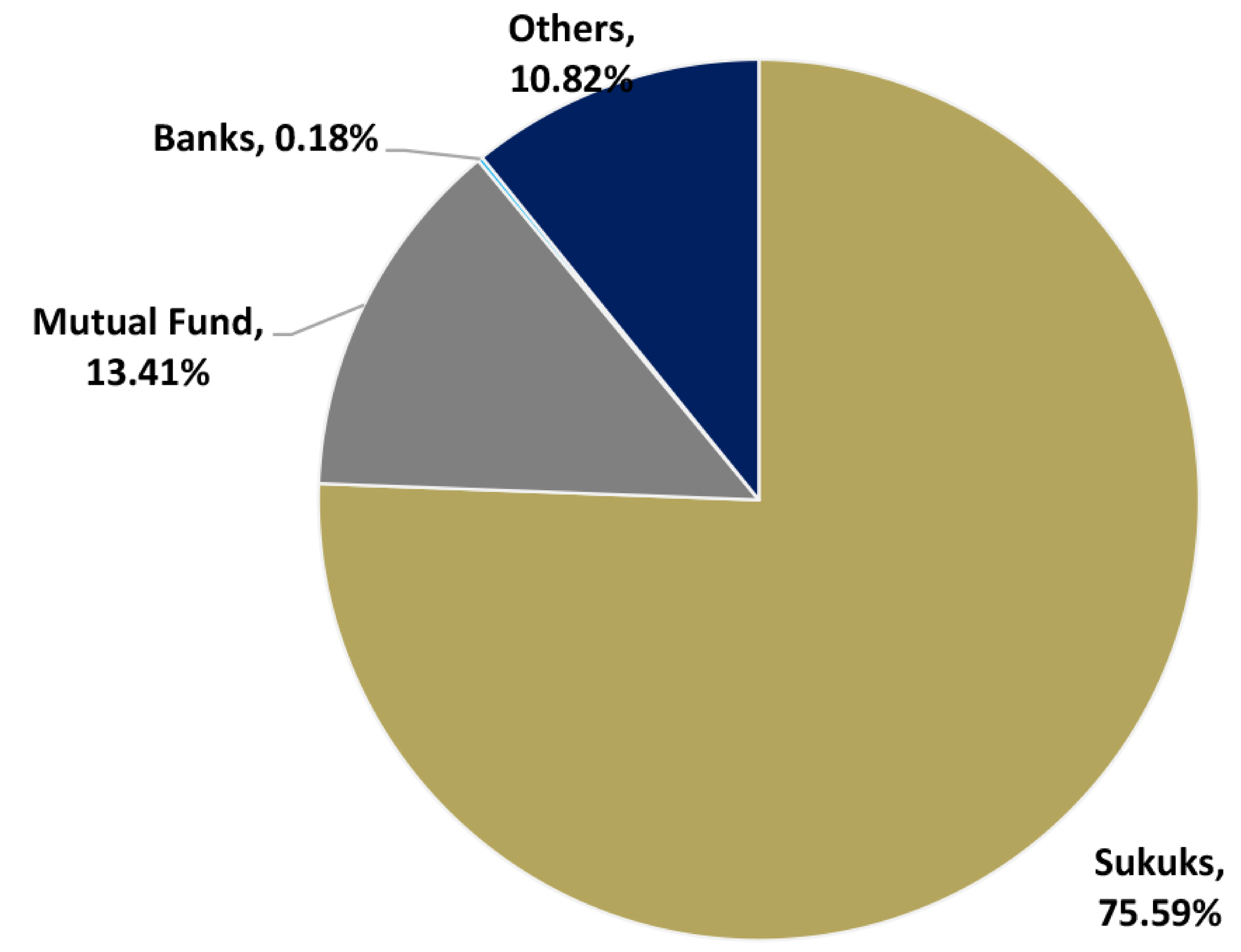
Fund Category	Money Market
Risk Profile	Low
Launch Date	18-Jul-23
Nav per unit at launch Date	100.0000
Nav per unit at month End (Jan-2024)	108.4130
Pricing Mechanism	Daily Forward pricing
Pricing Frequency	Monday to Friday
Total Net Assets (Rs.)	23.80 M
Weighted Avg.time to Maturity	1.8 Years
Expense Ratio	0.28%
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	Jan-24
GOP Ijarah Sukuks	75.59%
Mutual Funds	13.41%
Bank	0.18%
Others	10.82%

Asset Allocation



Fund Returns	Jan-24
Return on (MoM) basis	17.72%
180 days return	17.38%
Return since inception (annualized)	16.14%
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 positive note primarily on account of 1) Approval and disbursement of USD 700mn by the IMF post successful completion of the first review under Stand-By Arrangement (SBA), 2) UAE rolling over USD 2bn for another year, and 3) Expectation of resolution of circular debt after the government shared its plan with the IMF in this regard.

However, the market could not sustain its positive momentum due to Pakistan-Iran border tensions, political uncertainty, and significant foreign selling triggered by the scheduled liquidation of Global X ETF (a New York-based ETF provider) from PSX during the latter half of the month. Accordingly, the KSE-100 and KMI-30 indices closed at 61,979pts (down 0.76% MoM) and 103,713pts (down 0.97% MoM), respectively.

On the economic front, CPI for Jan-24 clocked in 28.3% YoY (1.8% MoM), compared to 29.7% recorded in Dec-23. The MoM increase was primarily driven by higher electricity charges, food prices and house rent. This brings the average inflation for 7MFY24 to 28.7%, up from 25.4% during the same period last year. The Current Account turned from a deficit of USD 15mn in Nov-23 to a surplus of USD 397mn in Dec-23. Key factors contributing to this improvement were a 5.1% MoM increase in total exports, along with a 6.1% MoM decline in total imports. Furthermore, workers' remittances increased by 5.4% MoM to . USD 2.4bn during Dec-23

On the political front, General Elections took place in the country on 08-Feb-24 as per schedule, wherein a significant number of seats were secured by independent candidates backed by PTI, while PML-N and PPPP remained in close pursuit. The results announced so far indicate towards a possibility of a hung parliament, prompting aspirants for the prime ministerial position to intensify efforts to secure support from independent candidates and other political parties. The decisions made by the new government are expected to play a pivotal role in steering the course of economic recovery and ensuring that it remains on track.

Going forward, we expect the equity market to stabilize once clarity emerges on the political front. While elections being held on time was crucial to remove ambiguity for longer-term macroeconomic decisions and related external support from lending institutions, delay in clarity on the shape of future government is likely to keep the equity market range-bound in the near-term. However, our longer-term positive view on the market remains intact due to cheap valuations (market P/E of under 4x, compared to its long-term average P/E of about 7.8x). 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.