5th Pillar
Family Takaful Limited
آئیے، ساتھ چلیں

FUND
MANAGER REPORT

January | 2025

Stock Market Review

During the month of January 2025, the KSE-100 index decreased by 871 points (down 0.8%) to close at 114,256 points. Trading volumes were significantly low, clocking in at 679mn shares compared to 1,260mn shares traded in Dec-24, down (46% MoM), thus reflecting subdued investor activity. Oil & Gas Exploration Companies, Oil & Gas Marketing Companies and Technology were the major negative contributing sectors to the index performance during the month.

The month started on a positive note with KSE 100 touching new high of 118,735 but market could not sustain its momentum due to political uncertainty and profit taking by local institutions such as banks and mutual funds.

Foreigners were net seller with net selling aggregating USD 15.2 mn during the month while on local front Banks and Mutual Funds were major sellers with net selling aggregating USD 27.9 mn and USD 12.3 mn respectively. The oil prices increased by 2.84% during the month with Brent closing at USD 76.76 per barrel.

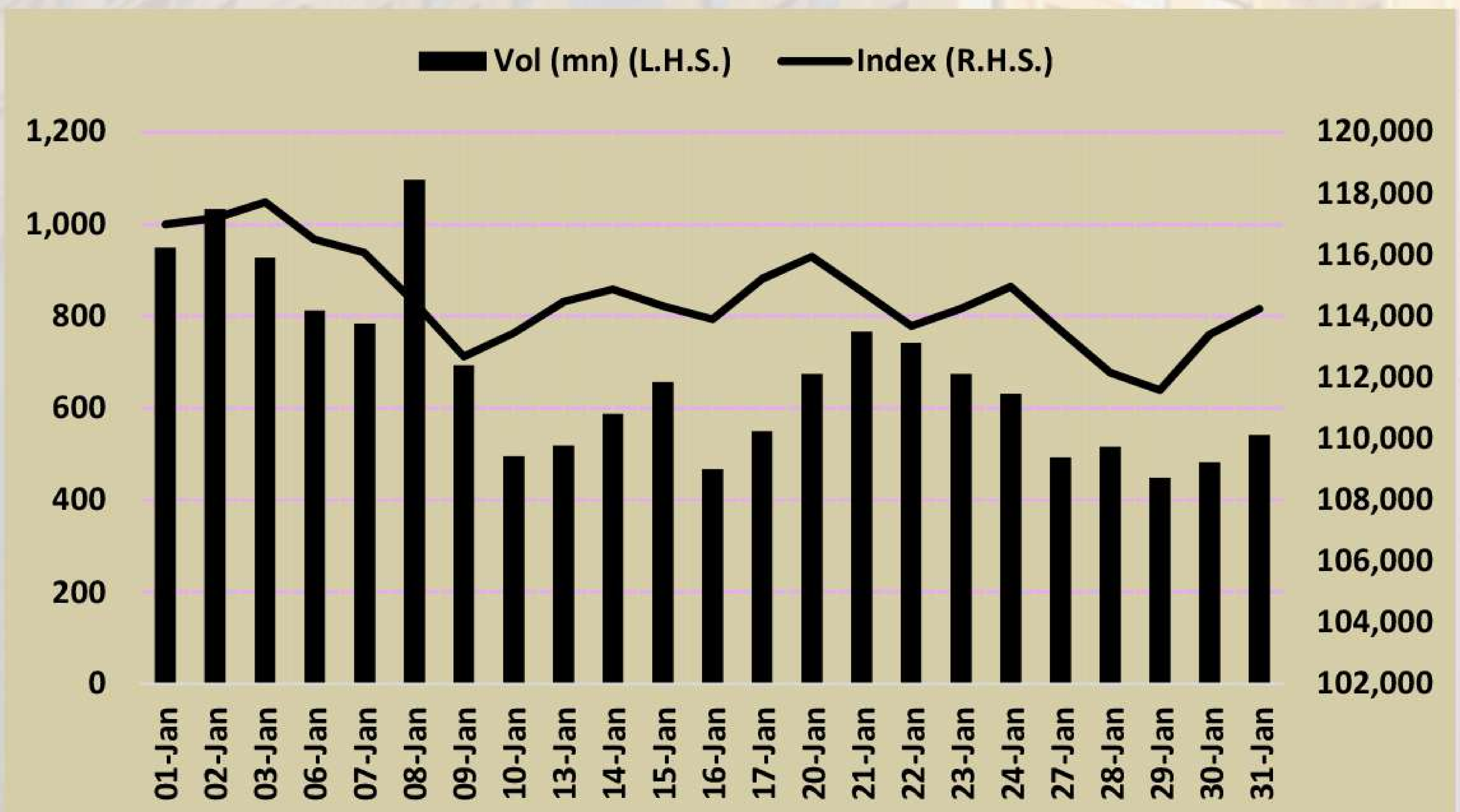
While near-term volatility cannot be ruled out, we maintain a long-term positive outlook on the equity market. We encourage investors to enhance their long-term exposures to equities at these levels.

Money Market Review

Inflation for the month of January 2025 clocked in at 2.4% on year-on-year basis as compared to 4.1% in the previous month and 28.3% in January 2024. With this, average inflation for FY25 clocked in at 7.35% compared to 28.82% in FY24. During the month of January, 3M, 6M and 12M KIBOR rates decreased by 31 bps to 64 bps to close at 11.83%, 11.72% and 11.88% respectively. Similarly, secondary market T-Bill yields of 3M, 6M and 12 M decreased by 13 bps to 61 bps. At the end of the month, 3Ms, 6Ms, and 12Ms yields closed at 11.75%, 11.66% & 11.47% respectively. In longer tenor PIBs, 3 years yield was down by 68 bps, 5 years was down by 11 bps and 10 years yield was down by 2 bps. In the primary market, Two T-bill auctions were conducted during the month. In total, Rs 759.6 billion were accepted against a target of Rs. 700 billion with major acceptance in 3 months and 12 months T-bills. On the Islamic front, Government of Pakistan raised PKR 138.17 billion through auction of 1 year, 3 year, 5 years and 10 years floating rate and fixed rate Ijarah. SBP received bids worth PKR 536.12 billion against the target of PKR 250 billion.

On the for-ex front, the PKR appreciated against USD in the interbank by Rs. 0.40 and in the open market it appreciated by Rs. 1.24 to close at Rs. 278.95 and 280.83 respectively.

KSE - 100 Index Performance



6 Month Kibor

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

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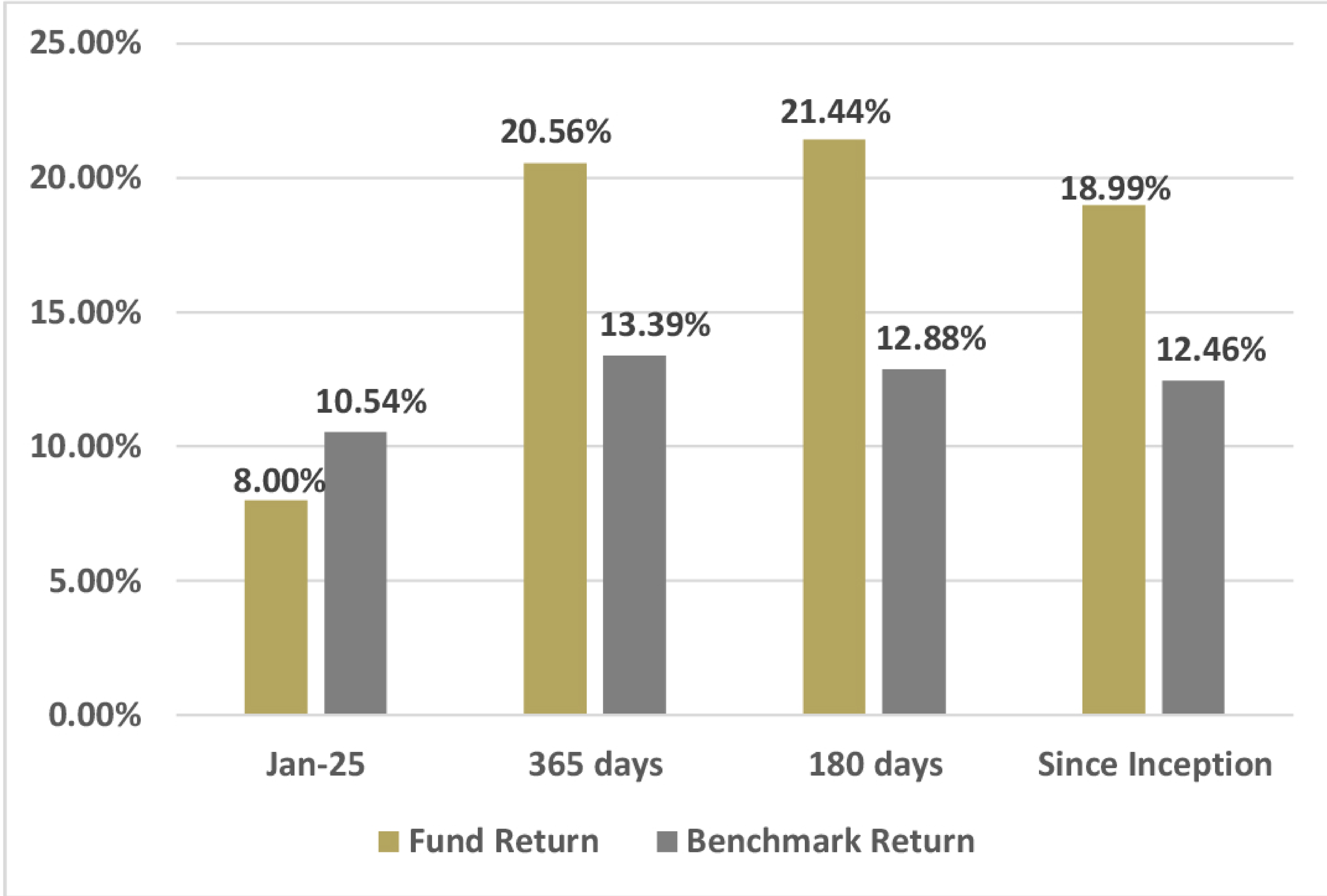
Investment Objective:

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 (Jan-2025)	130.7664
Pricing Mechanism	Daily Forward pricing
Pricing Frequency	Monday to Friday
Total Net Assets (Rs.)	290.4 M
Weighted Avg.time to Maturity	0.7 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

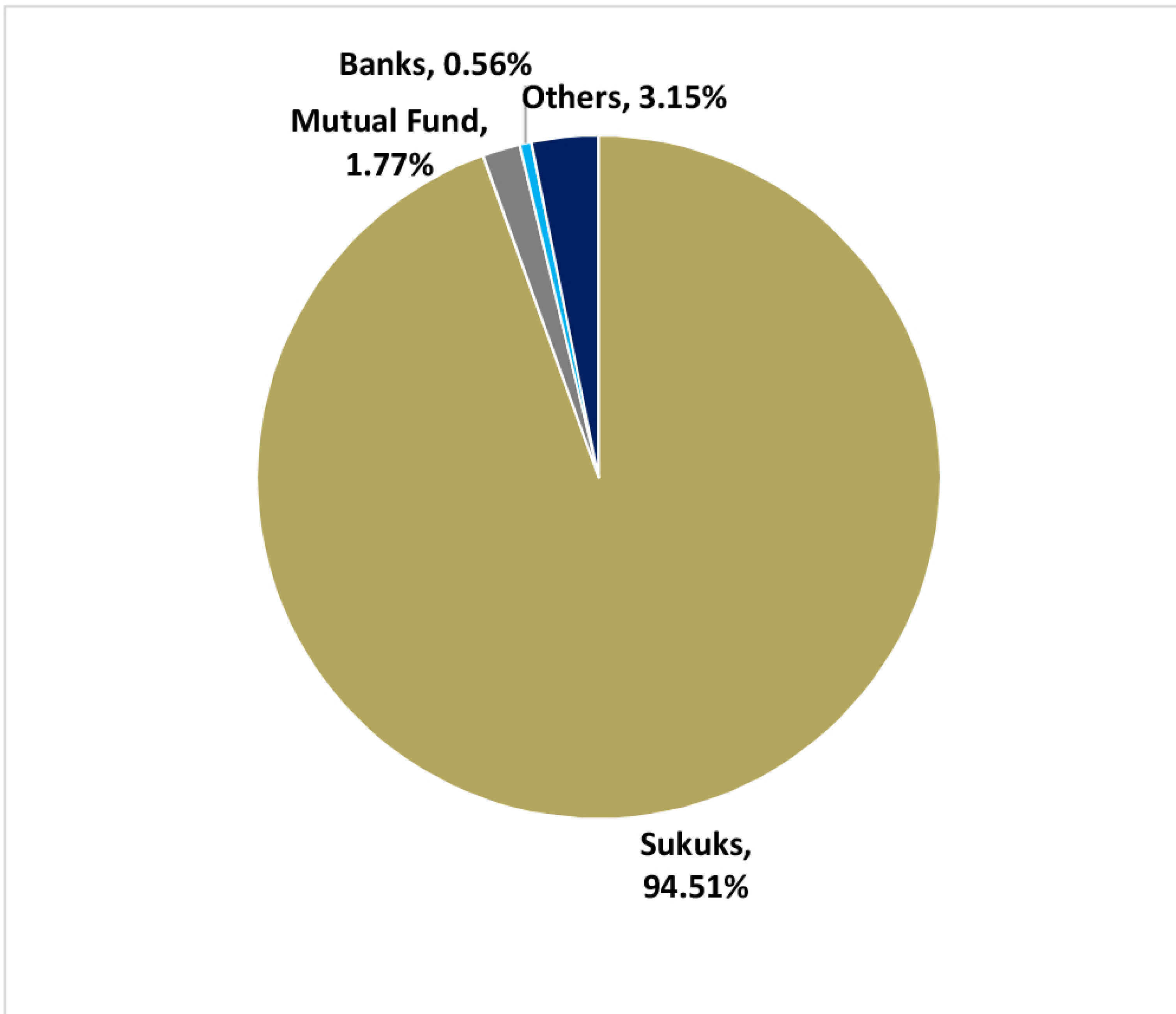


Asset Allocation	Jan-25	Dec-24
GOP Ijarah Sukuks	94.51%	92.15%
Mutual Funds	1.77%	4.59%
Bank	0.56%	0.53%
Others	3.16%	2.73%

Asset Quality	Jan-25	Dec-24
Government guaranteed	95.80%	93.49%
AAA	0.56%	0.82%
AA+	1.77%	4.59%
Unrated	1.87%	1.10%

Fund Returns	Jan-25	Dec-24
Return on (MoM) basis	8.00%	19.52%
180 days return	21.44%	23.81%
Last 365 days return	20.56%	21.53%
Return since inception (annualized)	18.99%	19.67%
Last 05 years (annualized)	N/A	N/A
Last 10 years (annualized)	N/A	N/A

Asset Allocation



Fund Manager's comments

After witnessing bull rally all over the last year this year started off in red with KSE-100 index declining by -0.8% in the month of January from Dec'31st closing. Major reason was changing of global political landscape with President Trump taking oath and subsequent announcement of tariffs which caused turbulence in most International markets and local bourse was no exception.

The Consumer Price Index (CPI) for January 2025 came in at 2.4% YoY, a significant decline from 4.1% in December, primarily due to lower food inflation/high Base effect. This brought the 7MFY25 inflation rate down to 6.6%, compared to 28.8% in the same period last year. Additionally, the current account recorded a surplus of USD 582 million, the highest monthly surplus since February 2015. As a result, the 6MFY25 surplus stands at USD 1.21 Billion, a stark contrast to the USD 1.39 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 continued its monetary easing and reduced the policy rate by 100 bps to 12%, bringing the total reduction in this cycle to 1000 bps—the largest annual cut in recent history.

Mutual funds turned net sellers in the month of Jan'25 after net buying for the past 5-months with an outflow of $12.3mn. Foreigners remained net seller since Sep-2024, taking 5-month cumulative net outflow to US$235mn. Trading volumes reduced by almost half in terms of shares traded (-46% MoM) and 38% MoM in terms of value.

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 6.6x 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 momentum 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.