5th Pillar
Family Takaful Limited
آئیے، ساتھ چلیں

FUND
MANAGER REPORT

July | 2025

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Family Takaful Limited
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MARKET REVIEW

Stock Market Review

During the month of July 2025, the KSE-100 index rose by 13,763 points (up 11%), closing at 139,390 points. The average daily volume of the market stood at 766 million shares, down by 4% on a MoM basis. Banks, Fertilizer, Investment Companies, Banks and Technology were the major positive contributing sectors to the index performance during the month.

Investor confidence remained strong during the month, supported by improving macroeconomic indicators. Pakistan recorded a current account surplus of USD 328 million in June 2025, bringing the FY25 surplus to USD 2.1 billion—compared to a deficit of the same amount in the previous year. Further boosting sentiment, S&P Global upgraded Pakistan's credit rating to "B-" from "CCC+", enhancing the country's credibility in global markets and supporting its plans to re-enter international debt markets through Panda Bonds.

Foreigners were net sellers with net selling aggregating USD 31.8 million during the month and on local front Banks were major sellers with net selling aggregating USD 54.5 million while Mutual Funds and Individuals were major buyers with net buying aggregating USD 64.8 million and USD 34.7 million respectively (excluding debt market). The oil prices increased by 7.25% during the month with Brent closing at USD 72.5 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

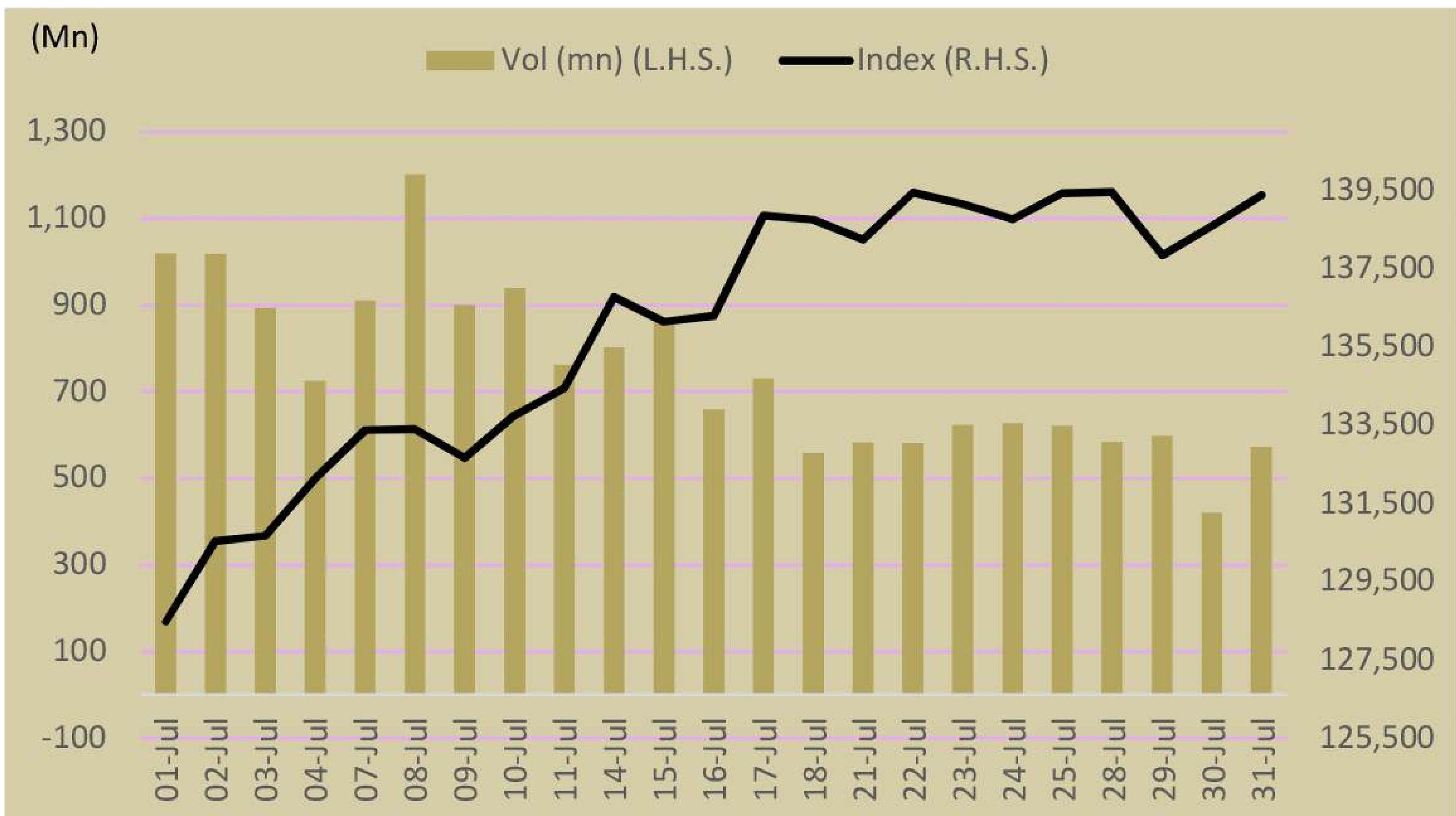
At the start of FY26, the State Bank of Pakistan opted to maintain its Policy Rate, reflecting a cautious stance in light of ongoing macroeconomic challenges. This decision was influenced by emerging risks from external trade environment. On the monetary side, broad money (M2) exhibited continued growth on a YoY basis, driven primarily by a rise in Currency in Circulation, indicating strong cash demand and ample system liquidity.

KIBOR rates fell by 8–12 bps across the 3, 6, and 12 month tenors, closing at 11.03%, 11.02%, and 11.23%, respectively. This decline was reflected in the secondary market, where T-Bill yields dropped by 16 bps, 7 bps, and 1 bps in 3, 6 and 12 months respectively. In the PIB segment, the 10-year yield fell notably by 20 bps, while 3 and 5 year yields declined by 3 bps each.

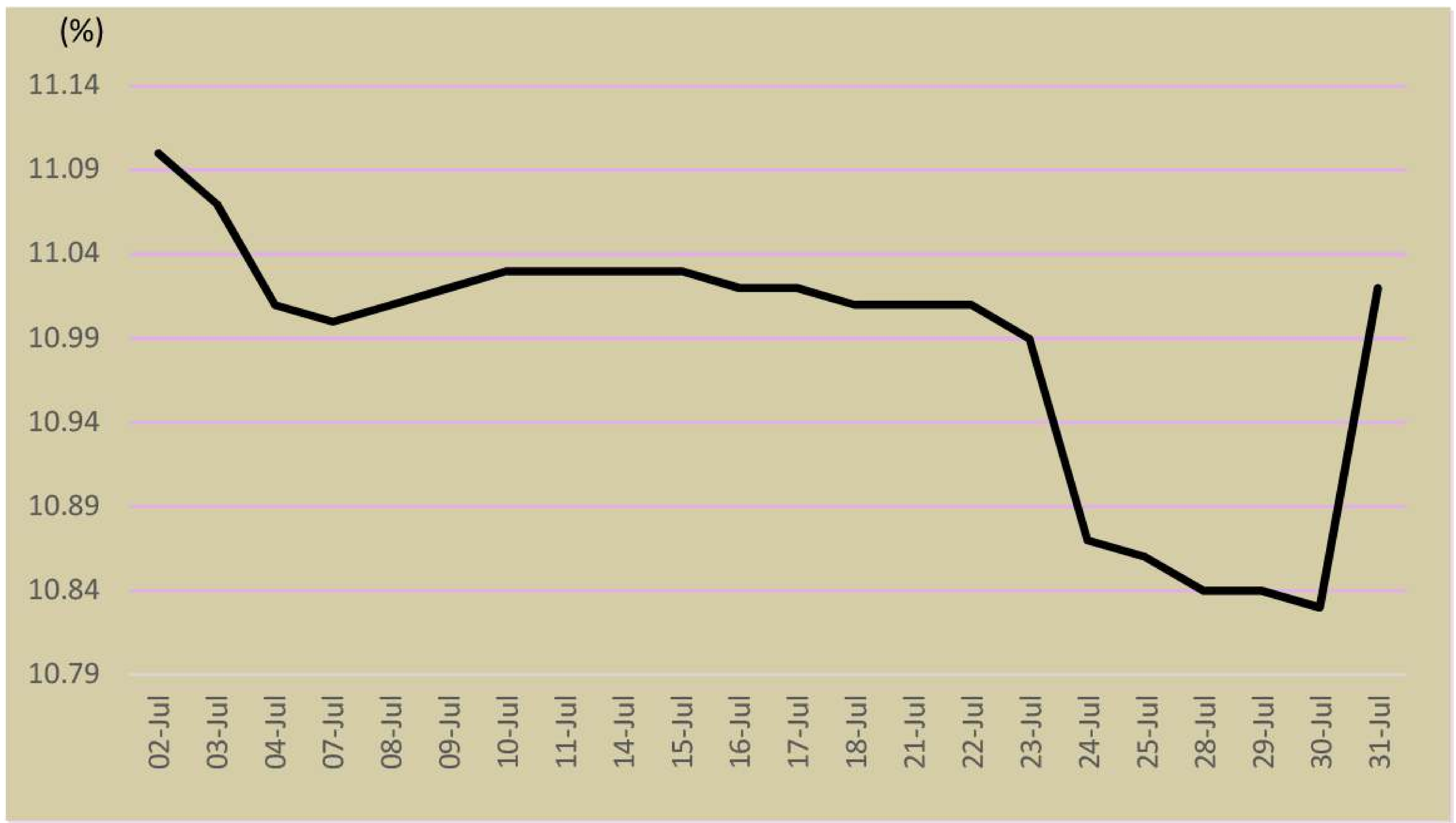
On the auction front, the government raised PKR 1,919 billion through T-Bills, exceeding the targeted amount of PKR 1,550 billion. In the PIB floater segment, the government raised PKR 208 billion against a target of PKR 400 billion, with issuance limited to the 10 year instrument. Meanwhile, the PIB fixed-rate auction raised PKR 342 billion, surpassing the PKR 300 billion target, where all bids for the 15 year tenor were rejected.

In the Islamic segment, the government raised PKR 128 billion through fixed and floating-rate GoP Ijarah Sukuk. The auctions demonstrated strong investor interest, particularly in the 3-year fixed and 1-year discounting Sukuk, with bid-to-cover ratios of 4.13 and 3.79, respectively. Overall, while market sentiment has shifted toward a more accommodative outlook, the SBP's measured approach underscores the need for continued vigilance amid evolving domestic and external dynamics.

KSE - 100 Index Performance



6 Month Kibor



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

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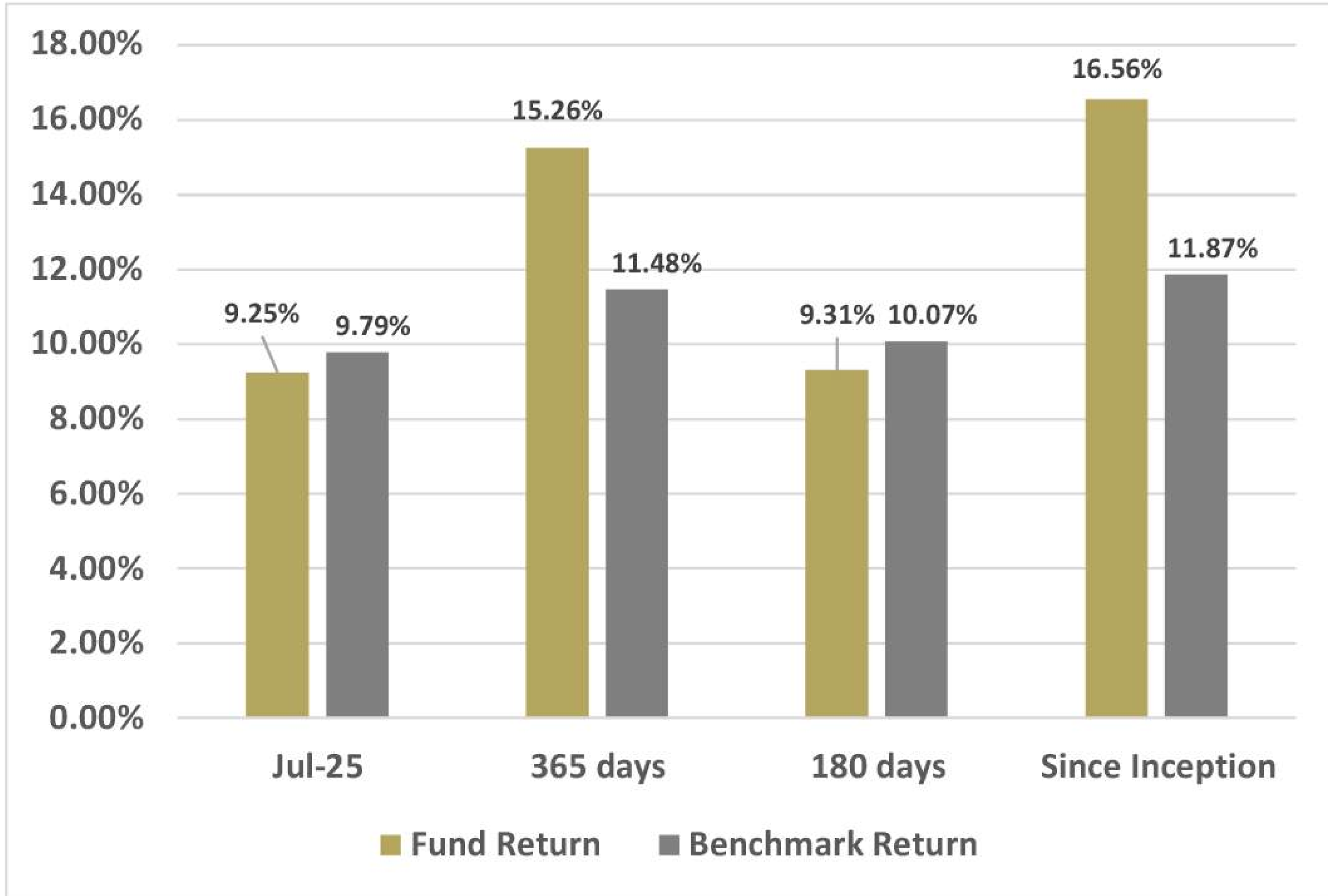
Investment Objective:

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

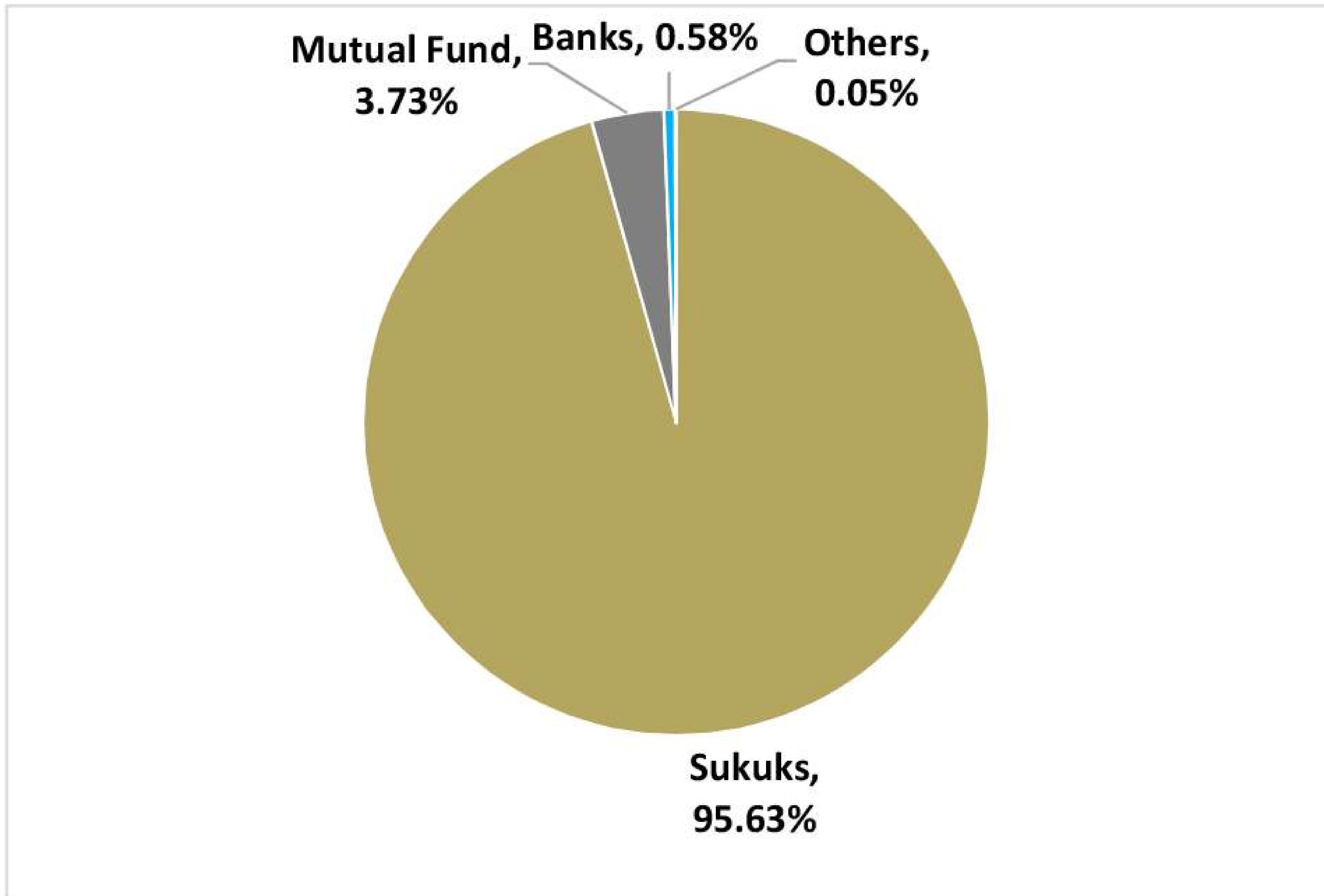
Fund Category	Money Market
Risk Profile	Low
Launch Date	18-Jul-23
Nav per unit at launch Date	100.0000
Nav per unit at month End (July-2025)	136.6653
Pricing Mechanism	Daily Forward pricing
Pricing Frequency	Monday to Friday
Total Net Assets (Rs.)	887.0 M
Weighted Avg.time to Maturity	0.3 Year
Expense Ratio	0.27%
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	Jul-25	Jun-25
GOP Ijarah Sukuks	95.63%	69.72%
Mutual Funds	3.73%	19.35%
Bank	0.58%	8.12%
Others	0.05%	2.81%

Asset Allocation



Asset Quality	Jul-25	Jun-25
Government guaranteed	95.66%	69.74%
AAA	0.58%	8.12%
AA+	3.73%	19.35%
Unrated	0.03%	2.79%

Fund Returns	Jul-25	Jun-25
Return on (MoM) basis	9.25%	9.51%
180 days return	9.31%	9.09%
Last 365 days return	15.26%	16.28%
Return since inception (annualized)	16.56%	16.89%
Last 05 years (annualized)	N/A	N/A
Last 10 years (annualized)	N/A	N/A

Fund Manager's comments

The month of July stood out as the strongest month in the past seven, recording an impressive 11% month-on-month increase and propelling the KSE-100 index to the 139,000 mark. This surge brought the total gains for CY25 to 21%. Contributing factors included expected robust corporate earnings, continued progress on resolving circular debt in the energy sector, and growing U.S. interest in Pakistan's oil exploration industry. Banks and foreign investors were net sellers during the month, while mutual funds emerged as net buyers. Meanwhile, average daily turnover in terms of shares traded declined by 4% month-on-month in July 2025.

The major highlight of the month was the Pakistan-U.S. dialogue. Pakistan concluded a successful round of talks with the Trump administration focused on enhancing bilateral trade. Following these discussions, the U.S. announced a reduction in reciprocal tariffs on Pakistani goods from 29% (announced in April 2025) to 19%, effective August 2025. Meanwhile, Pakistan identified energy, mining, IT, and other key sectors as opportunities for U.S. investment. Additionally, the U.S. President expressed interest in developing Pakistan's oil reserves through local partnerships. On the monetary front, the SBP kept its policy rate unchanged, defying market expectations of a rate cut citing higher MoM increase.

Headline CPI for July 2025 came in at 4.1%. This marks a significant decrease from the 11.1% recorded in July 2024. On a month-on-month (MoM) basis, the CPI increased by 2.9%. Urban CPI rose to 4.4% YoY, while the Rural CPI rose to 3.7%.

Pakistan's current account recorded a surplus of USD 328 million in June 2025, taking the full-year FY25 surplus to USD 2.1 billion. The monthly surplus was primarily driven by an improvement in the trade deficit, which narrowed to USD 2.4 billion due to a 9% month-on-month decline in imports.

The stage is set for the SBP to implement a further 150–200 bps rate cut, supported by several key factors: persistently elevated real interest rates due to softer-than-expected inflation, a favorable outlook for oil prices, and declining electricity tariffs. On the equity front, the market remains attractively priced, trading at a P/E ratio below 6.9x versus a historical average of 7.5x, while the market cap-to-GDP ratio hovers around 10%, significantly below the long-term average of 20%. Looking ahead, we expect this upward momentum to persist over the coming year, driven by further rate cuts and continued reallocation of liquidity from different asset class instruments into equities.