5th Pillar
Family Takaful Limited
آئیے، ساتھ چلیں

FUND MANAGER REPORT

JUNE | 2024

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

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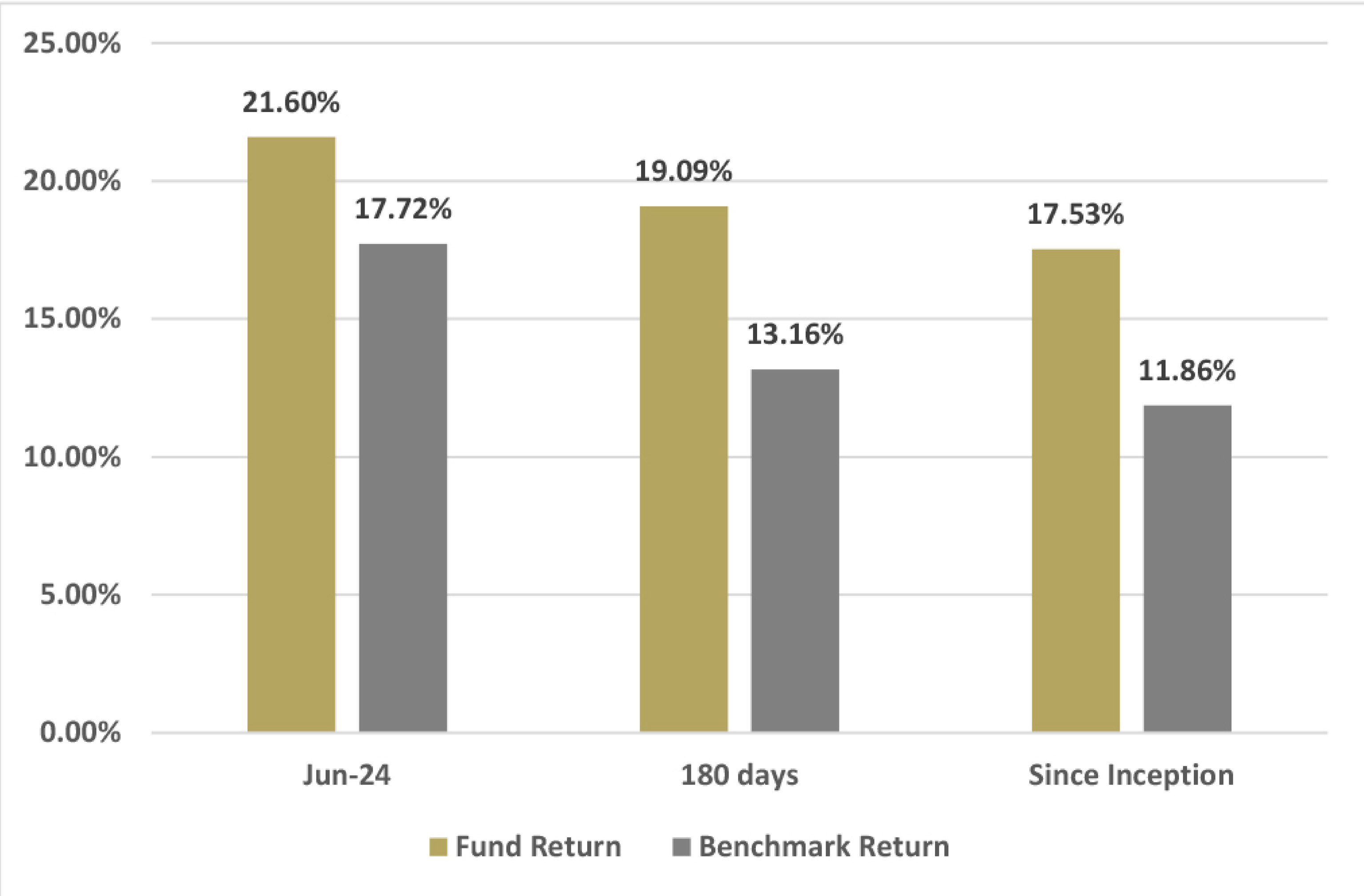
Investment Objective:

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

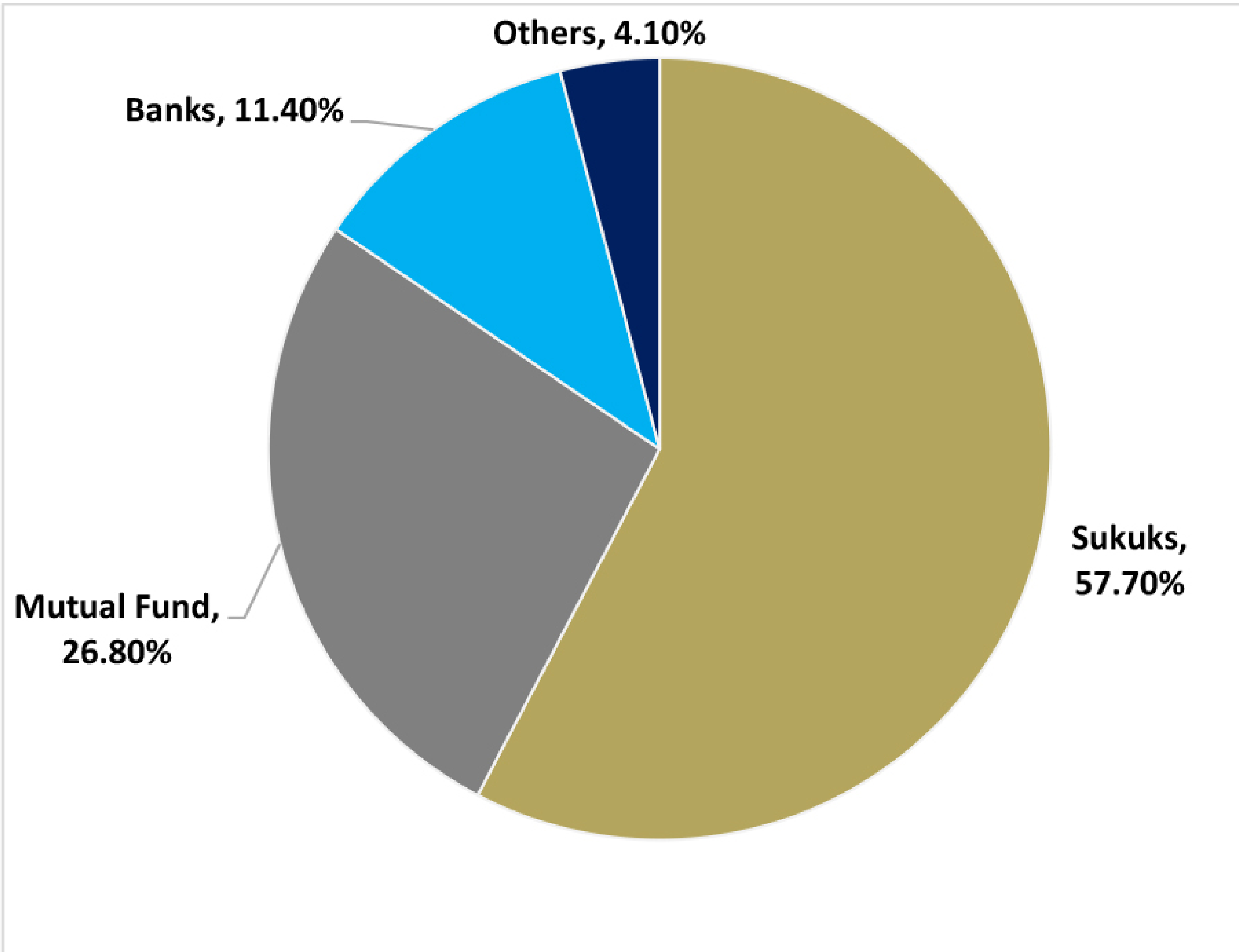
Fund Category	Money Market
Risk Profile	Low
Launch Date	18-Jul-23
Nav per unit at launch Date	100.0000
Nav per unit at month End (June-2024)	116.6538
Pricing Mechanism	Daily Forward pricing
Pricing Frequency	Monday to Friday
Total Net Assets (Rs.)	78.7 M
Weighted Avg.time to Maturity	0.6 Year
Expense Ratio	0.28%
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	Jun-24
GOP Ijarah Sukuks	57.70%
Mutual Funds	26.80%
Bank	11.40%
Others	4.10%

Asset Allocation



Fund Returns	Jun-24
Return on (MoM) basis	21.60%
180 days return	19.09%
Return since inception (annualized)	17.53%
Last 365 days return	N/A
Last 05 years (annualized)	N/A
Last 10 years (annualized)	N/A

Fund Manager's comments

During Jun-24, the equity market started off on a negative note due to fears of a potential significant increase in taxes on capital gains and dividends in the Federal Budget for FY25. However, market sentiment improved after the announcement of the Budget, which revealed that the increase in CGT was lower-than-expected, while dividend tax was maintained. The positive sentiment was also boosted by the SBP announcing the first rate-cut of 150bps after four years. Resultantly, despite the initial jitters, the equity market recovered completely, whereby the KSE-100 and KMI-30 indices closed at 78,445pts (up 3.4% MoM) and 126,424pts (up 0.5% MoM), respectively.

On the economic front, CPI for Jun-24 clocked in at 12.6% YoY, slightly higher than 11.8% YoY witnessed in May-24, but still significantly lower compared to average FY24 inflation of 23.4%. On a MoM basis, CPI inched up by 0.5%, primarily because of 6.8% and 1.5% increase in the prices of Perishable Food Items and Housing, Water and Electricity, respectively. The declining trend of inflation fueled market participants' expectations for a rate cut. Moreover, the announcement of monetary easing from developed economies, including the European Central Bank and the Bank of Canada, amplified this sentiment.
Based on its view of subsiding underlying inflationary pressures, the Monetary Policy Committee (MPC), in its meeting held on 10-Jun-24, reduced the Policy Rate by 150bps to 20.5%.

The Current Account deficit during May-24 clocked in at USD 270mn, compared to a surplus of USD 499mn in Apr-24. This was below industry expectations of a slight positive balance, and was primarily due to the SBP clearing the backlog of overdue outward dividend repatriations, which impacted the balance negatively.

Going forward, with the approval of the Federal Budget for FY25, investors' focus is expected to shift to the upcoming discussions with the IMF for a new EFF program.
Any positive development on this front is expected to boost investor sentiment. Moreover, with inflation on a downward trajectory, we believe that monetary easing will continue throughout the remainder of the year. Resultantly, domestic institutional investors are likely to shift their investments from fixed income towards equities, leading to a sustained rally in the market.