5th Pillar
Family Takaful Limited
آئیے، ساتھ چلیں

FUND
MANAGER REPORT

MARCH | 2024

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

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آئیے، ساتھ چلیں

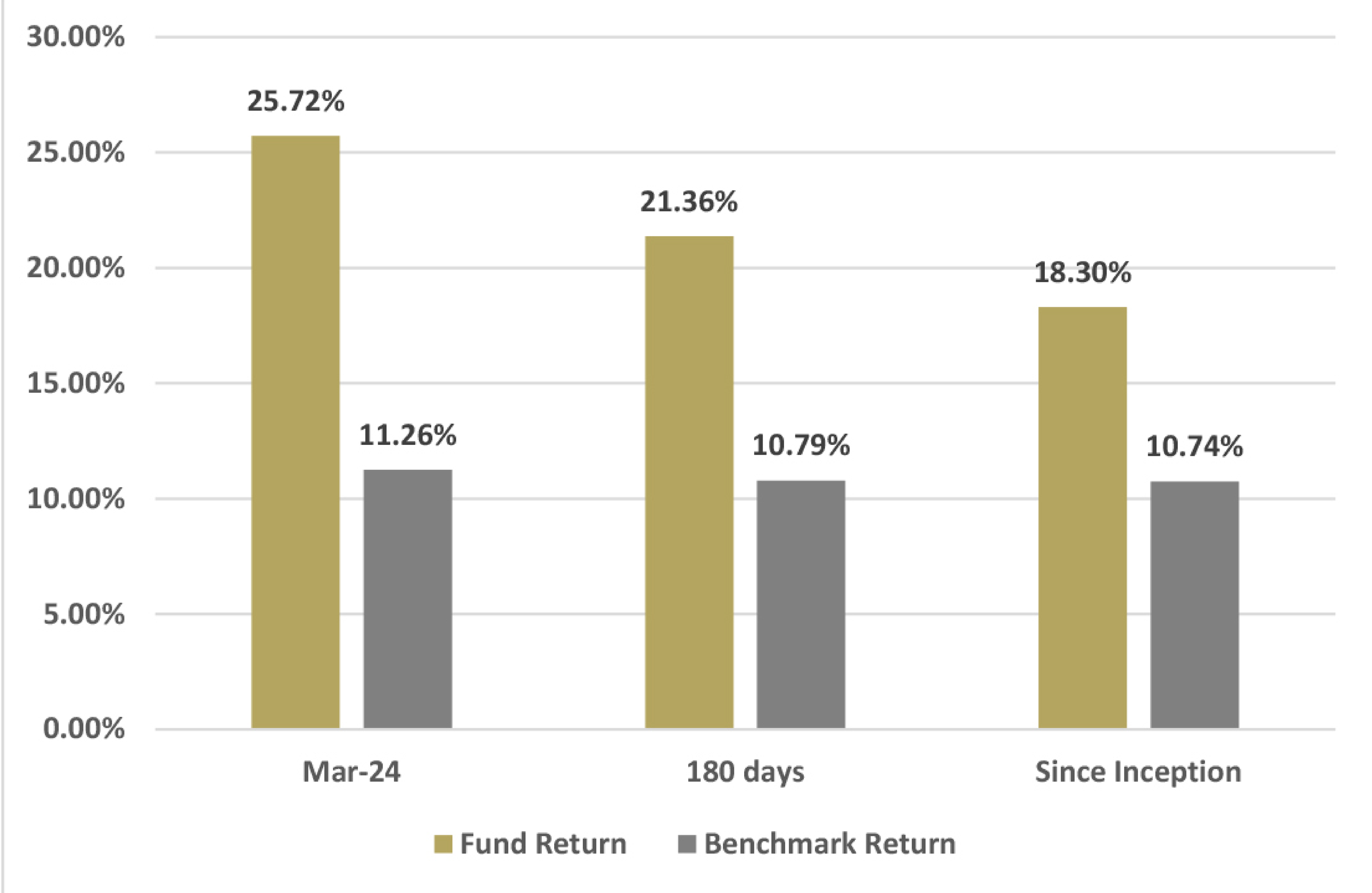
Investment Objective:

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

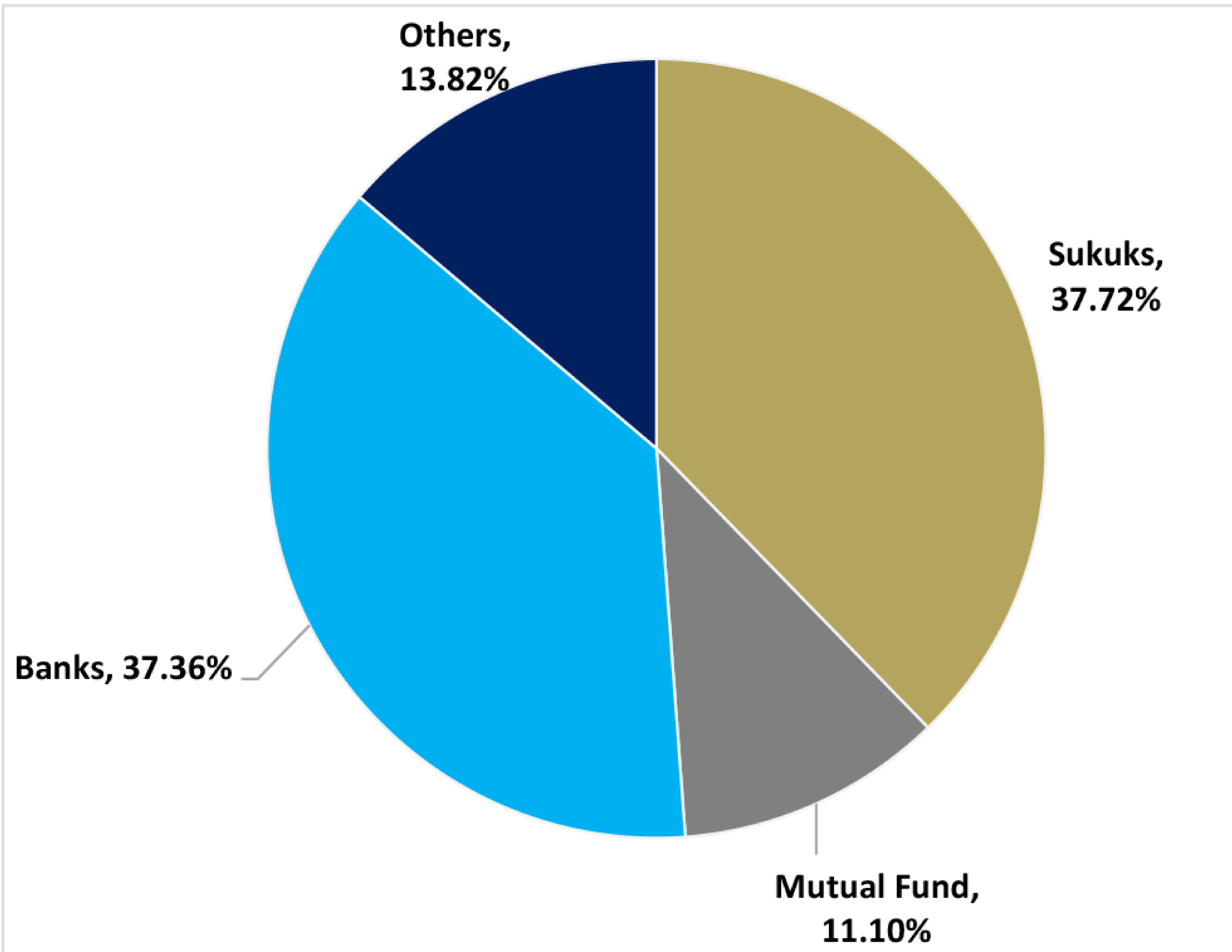
Fund Category	Money Market
Risk Profile	Low
Launch Date	18-Jul-23
Nav per unit at launch Date	100.0000
Nav per unit at month End (Mar-2024)	112.5625
Pricing Mechanism	Daily Forward pricing
Pricing Frequency	Monday to Friday
Total Net Assets (Rs.)	47.4 M
Weighted Avg.time to Maturity	0.9 Year
Expense 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	Mar-24
GOP Ijarah Sukuks	37.72%
Mutual Funds	11.10%
Bank	37.36%
Others	13.82%

Asset Allocation



Fund Returns	Mar-24
Return on (MoM) basis	25.72%
180 days return	21.36%
Return since inception (annualized)	18.30%
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 remained positive during Mar-24 primarily on account of 1) The new government taking office, which brought optimism to the economic landscape, especially with the appointment of a technocrat as the new Finance Minister, 2) Successful conclusion of staff-level agreement with the IMF under the SBA, and 3) The new government's intention to initiate talks with the IMF for a new, longer-term, EFF. Accordingly, the KSE-100 and KMI-30 indices closed at 67,005pts (up 3.8% MoM) and 112,364pts (up 3.2% MoM), respectively.

On the economic front, CPI for Mar-24 clocked in at 20.7% YoY, much lower than 23.1% YoY witnessed in Feb-24, and average 9MFY24 inflation of 27.1%. On a MoM basis, CPI increased by 1.7%, primarily because of 22.7% increase in prices of perishable food items. The Monetary Policy Committee (MPC) in its meeting held on 18-Mar-24, kept the Policy Rate unchanged at 22%. The decision took into consideration the decline in inflation; however, it observed that the level of inflation was still high and its outlook, susceptible to risks amidst elevated energy prices. The Current Account turned from a deficit of USD 303mn in Jan-24 to a surplus of USD 128mn in Feb-24, which was primarily attributable to decline in total imports by 9.1% MoM.

Going forward, we expect the equity market to maintain its positive momentum on the back of the new government's inclination towards entering into a new, longer-term, IMF program, based on which it is expected that structural reforms are going to continue. Moreover, the equity market is trading at very cheap valuations (market P/E of under 4x, compared to its long-term average P/E of about 7.8x). Furthermore, with inflation expected to decline, we believe that monetary easing may begin soon. Resultantly, domestic institutional investors are likely to shift their investments from fixed income towards equities, leading to a sustained rally in the market.