5th Pillar
Family Takaful Limited
آئیے، ساتھ چلیں

# FUND MANAGER REPORT

NOVEMBER | 2023

# 5th Pillar Family Takaful Limited - Conservative Fund

## For the month of Nov - 2023

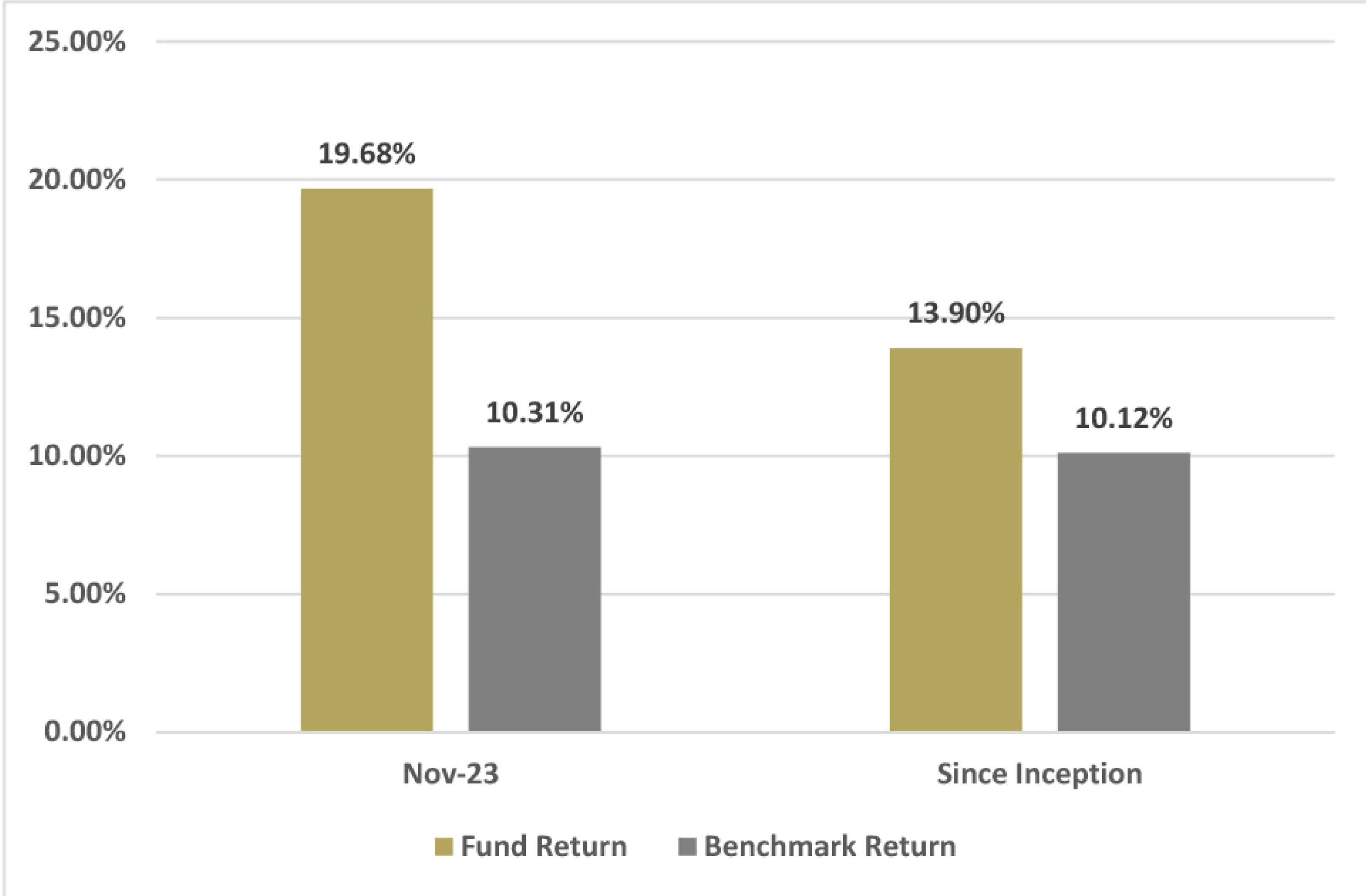
5th Pillar
Family Takaful Limited
آئیے، ساتھ چلیں

### 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.

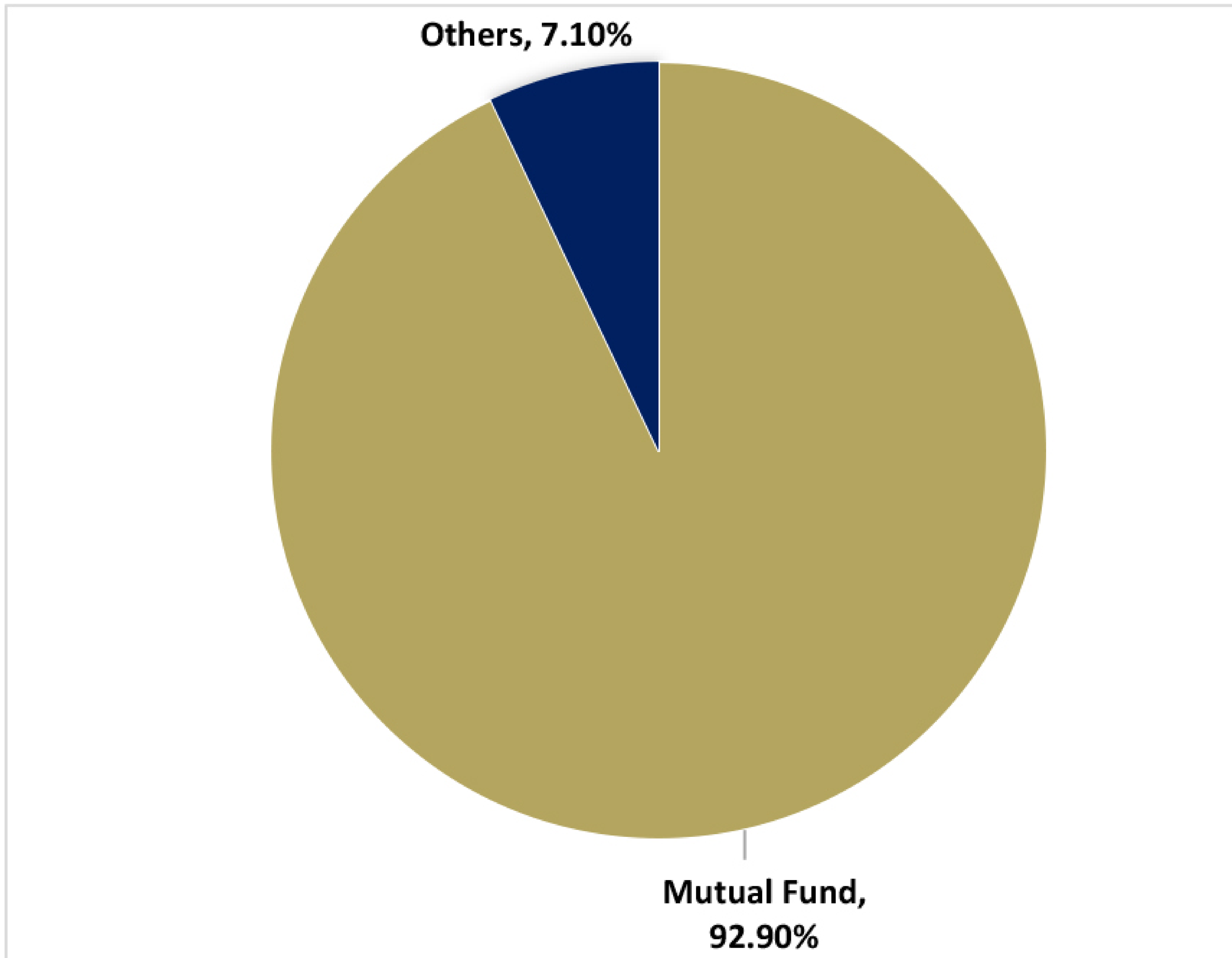
| Fund Information | |
|---|---|
| Fund Category | Money Market |
| Risk Profile | Low |
| Launch Date | 18-Jul-23 |
| Nav per unit at launch Date | 100.0000 |
| Nav per unit at month End (Nov-2023) | 104.9317 |
| Pricing Mechanism | Daily Forward pricing |
| Pricing Frequency | Monday to Friday |
| Total Net Assets (Rs.) | 5.16 M |
| Weighted Avg.time to Maturity | 01 Year |
| Expense Ratio | 0.02% |
| 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 | Nov-23 |
|---|---|
| Mutual Funds | 92.90% |
| Others | 7.10% |

### Asset Allocation




| Fund Returns | Nov-23 |
|---|---|
| Return on (MoM) basis | 19.68% |
| Return since inception (annualized) | 13.90% |
| 180 days return | N/A |
| 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 continued its bull run throughout Nov-23 driven by improved investor confidence on the back of successful conclusion of the IMF review at staff-level and declining secondary market yields. Accordingly, the KSE-100 and KMI-30 indices closed at 60,531pts (up 16.6% MoM) and 101,701pts (up 15.3% MoM), respectively.

During the month, the federal cabinet approved the much-awaited gas tariff hike, which was then notified by OGRA. This paved the way for a successful conclusion of the IMF review at staff-level, which showed IMF's confidence in the initiatives taken by the government towards fiscal consolidation, energy sector reforms, and implementation of a market-determined exchange rate. Having reached the staff-level agreement, a positive approval from IMF's Executive Board is expected on 11-Jan-2024, which will likely unlock not just the USD 700mn from the IMF, but also significant inflows from other bilateral and multilateral partners, and lead to strengthening of the Pak Rupee.

Foreign institutional buying was also one of the major drivers of equity market, which accelerated in the wake of a successful IMF review. It is pertinent to mention here that out of total buying of USD 44.3mn by foreign investors during FY23TD, USD 34.5mn worth of equity was bought during Nov-23. This was further complemented by continued buying by domestic corporates, such as MLCF commencing its 100mn share buyback.

The bullish momentum was also boosted by declining secondary market yields in anticipation of initiation of monetary easing cycle in the near future. The expectation was further solidified by the SBP keeping the Policy Rate unchanged at 22%, citing positive real interest rates on a forward-looking basis, whereby inflation is expected to remain on a downward path.

Going forward, we expect the equity market to continue its positive momentum on the back of expectation of stabilizing macroeconomic indicators. Furthermore, even after the recent rally, the equity market continues to trade at multi-year low valuations, both on individual (P/E at 4.9x earnings as opposed to historic average multiples of 6-12x) and comparative (with respect to regional and frontier markets) basis. 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.