5th Pillar
Family Takaful Limited
آیئے، ساتھ چلیں

FUND
MANAGER REPORT

OCTOBER | 2023

5th Pillar Family Takaful Limited - Conservative Fund
For the month of Oct - 2023

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آئیے، ساتھ چلیں

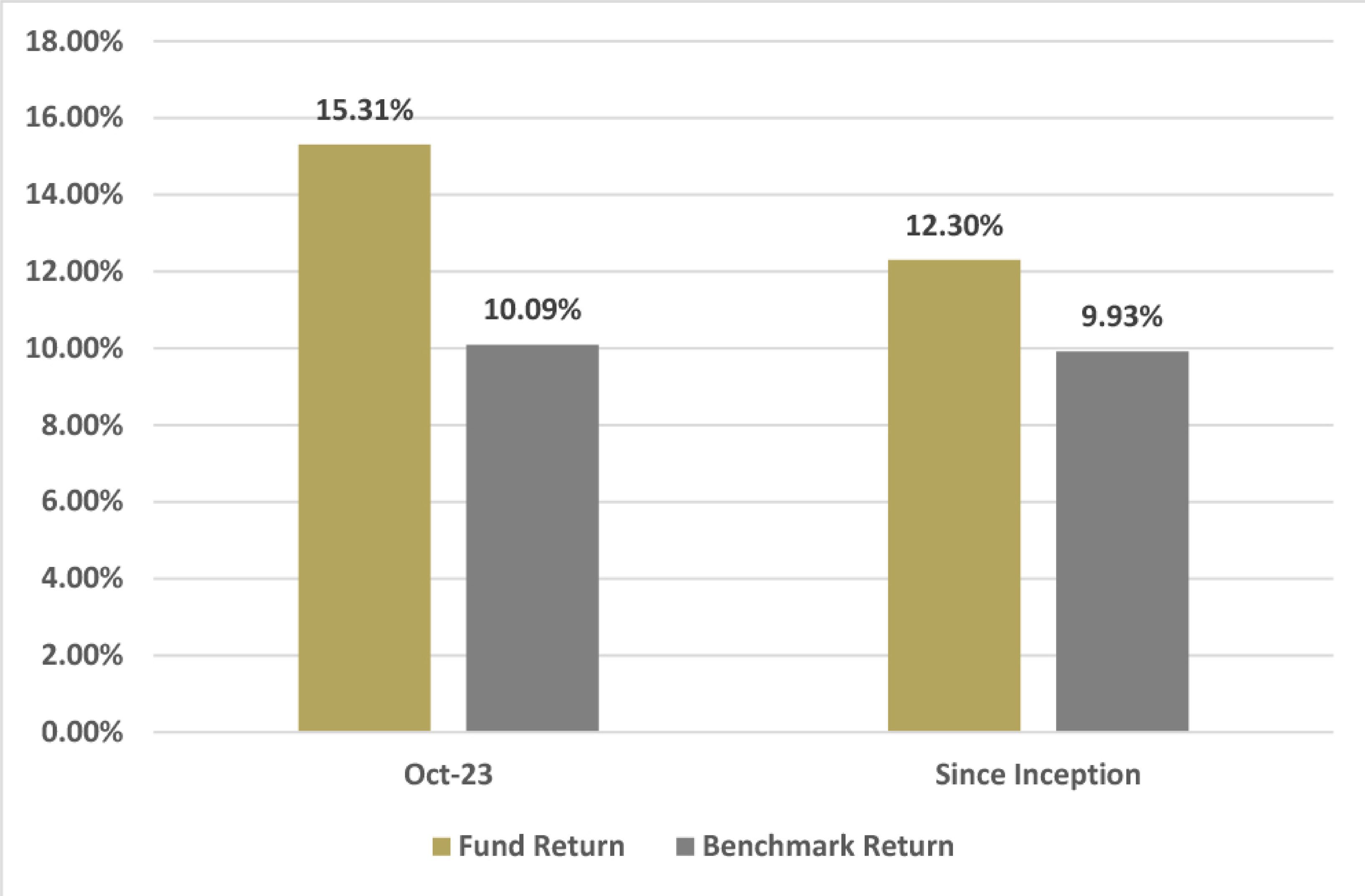
Investment Objective:

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

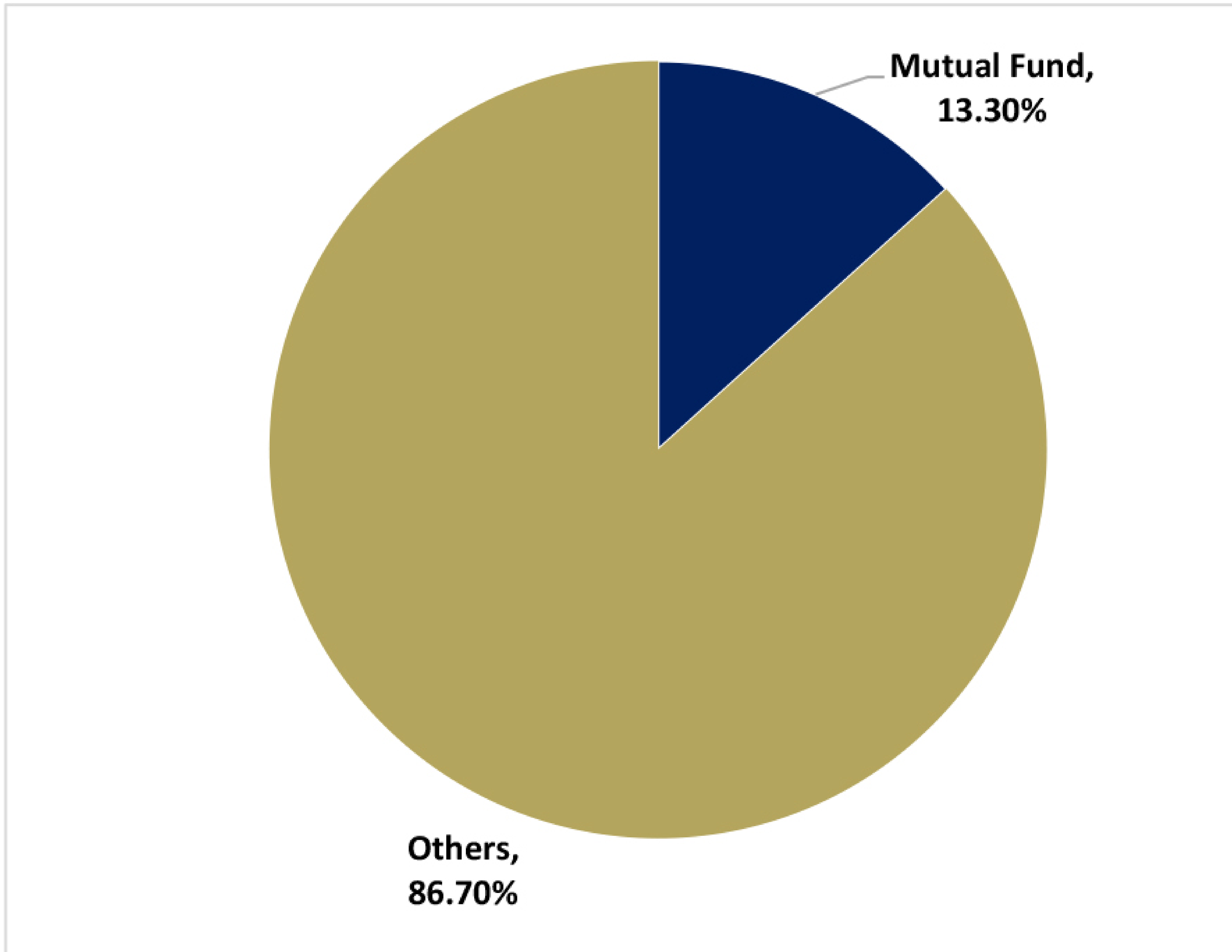
Fund Category	Money Market
Risk Profile	Low
Launch Date	18-Jul-23
Nav per unit at launch Date	100.0000
Nav per unit at month End (Oct-2023)	103.3935
Pricing Mechanism	Daily Forward pricing
Pricing Frequency	Monday to Friday
Total Net Assets (Rs.)	2.66 M
Weighted Avg.time to Maturity	0.2 Year
Expense 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	Oct-23
Mutual Funds	13.30%
Others	86.70%

Asset Allocation



Fund Returns	Oct-23
Return on (MoM) basis	15.31%
Return since inception (annualized)	12.30%
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 Oct-23 driven by improved investor confidence due to expectation of peaking inflation and interest rates, along with the completion of almost all the targets for the ongoing IMF review. Accordingly, the KSE-100 and KMI-30 indices closed at 51,920pts (up 12.3% MoM) and 88,225pts (up 13.6% MoM), respectively.

During the month, the caretaker government remained focused on implementing tough economic policies in line with the IMF program. In this regard, the government met its fiscal revenue and primary surplus targets. Furthermore, the authorities continued to take measures to minimize the gap between the interbank and open-market exchange rates, whereby the PKR appreciated to PKR 281.47 and PKR 283 per USD in the interbank and open-market, thus narrowing the spread between the two to within the +/-1.25% range stipulated by the IMF. Moreover, approval of the much-anticipated gas tariff hike by the federal cabinet (a major prerequisite for the IMF's review) further improved investor sentiment.

The bullish momentum was also boosted by SBP keeping the Policy Rate unchanged at 22%, citing positive real interest rates on a forward-looking basis. Furthermore, the country's Current Account Deficit (CAD) during 1QFY24 fell to USD 947mn, compared to USD 2.26bn in the same period last year.

On the political front, the ECP announced that general elections will be held on 08-Feb-2023, which eased investor concerns regarding future of Pakistan politics and a key IMF requirement. Moreover, the return of PML-N Chief Nawaz Sharif (after a 4-year self-imposed exile) was taken positively by investors who took it as an indication regarding the authorities' seriousness towards holding general elections in a timely manner.

Going forward, we expect the equity market to continue its positive momentum given timely conclusion of the ongoing IMF review. It is pertinent to note that even after the recent rally, the equity market continues to trade at multi-year low valuations (PE of ~4.2x as opposed to historic average multiple of 6-12x). Moreover, declining secondary market yields in anticipation of a cut in interest rates should also improve investor sentiment leading to a sustained rally in the market.