5th Pillar
Family Takaful Limited
آئیے، ساتھ چلیں

FUND
MANAGER REPORT

September | 2025

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Family Takaful Limited
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MARKET REVIEW

Stock Market Review

During the month of September 2025, the KSE-100 index rose by 16,876 points (up 11.4%), closing at 165,494 points. The average daily volume of the market stood at 1,341 million shares, up by 82% on a MoM basis. Banks, Oil & Gas Exploration Companies, Power and Cement were the major positive contributing sectors to the index performance during the month.

Historic market gains in September were driven by improved diplomatic engagement with the United States and Saudi Arabia, robust corporate earnings, and progress on resolving the power sector's circular debt. A key milestone was the government's signing of a Rs 1.2 trillion agreement with a consortium of 18 banks, signaling concrete steps toward stabilizing the energy sector. Collectively, these developments reinforced investor confidence and sustained positive momentum in the market.

Foreigners were net sellers with net selling aggregating USD 57 million during the month and on local front Banks were major sellers with net selling aggregating USD 48 million while Mutual Funds and Individuals were major buyers with net buying aggregating USD 87 million and USD 34 million respectively (excluding debt market). The oil prices decreased by 1.6% during the month with Brent closing at USD 67.02 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.

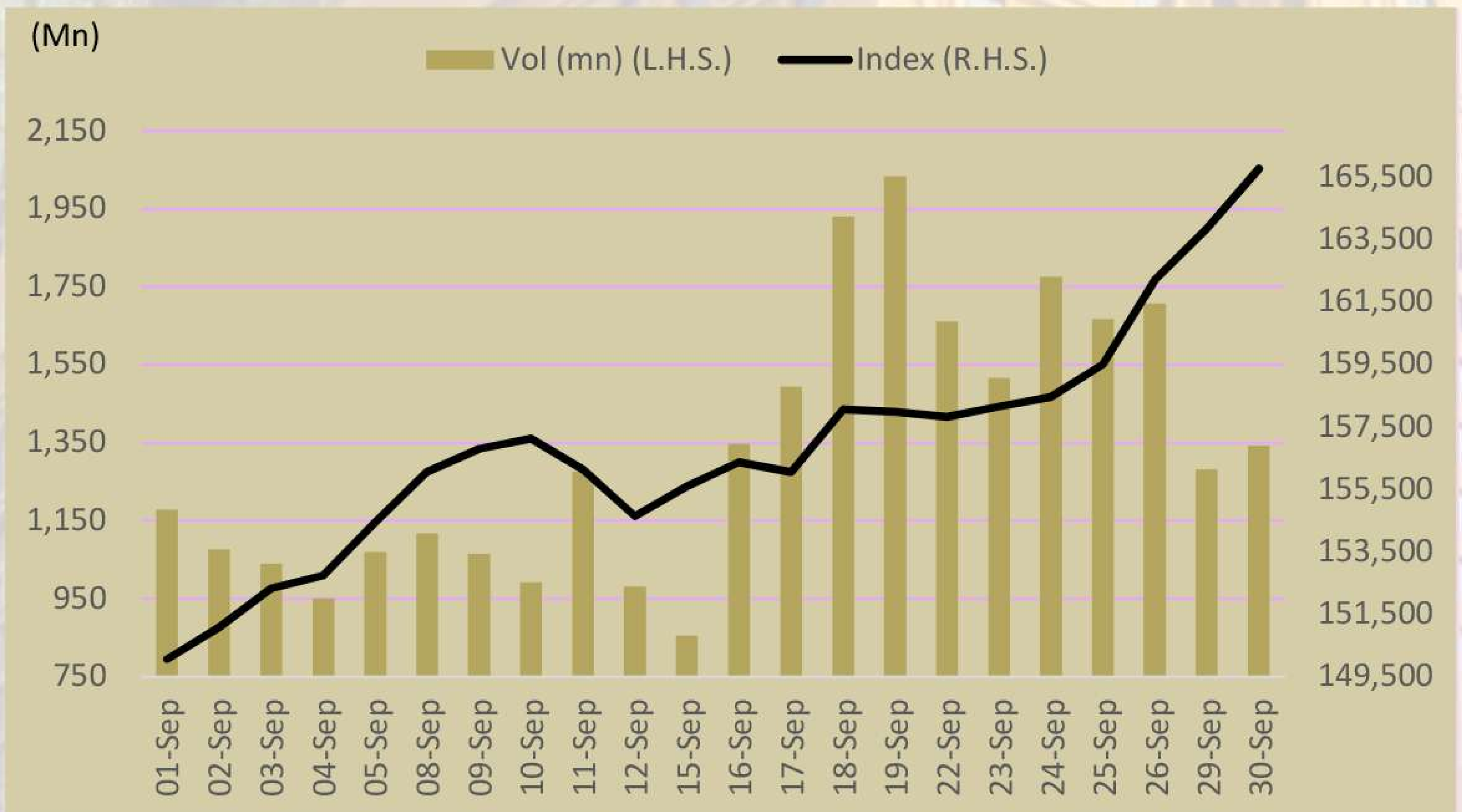
Money Market Review

In the money market, short-term funding costs rose modestly, with 3M, 6M, and 12M KIBOR rates increasing by 4 to 6 basis points (bps). Treasury bill yields climbed more sharply in the secondary market, with the 1M, 3M, and 6M tenors rising by 18, 21, and 19 bps respectively, and the 12M tenor up by 6 bps, signaling moderate inflation expectations in the medium term. In contrast, the bond market showed mixed trends: the 10-year Pakistan Investment Bond (PIB) yield declined by 2 bps, suggesting improved long-term investor confidence, while the 3-year and 5-year PIB yields rose by 10 and 11 bps, reflecting expectations of a stable policy stance in the near term.

In the Islamic finance segment, the government successfully raised PKR 201.89 billion through GoP Ijarah Sukuk, slightly exceeding its PKR 200 billion target. Investor appetite remained strong, particularly for the 1-year and 5-year fixed-rate Sukuk, which saw high bid-to-cover ratios of 4.58 and 4.48 respectively, indicating limited supply and robust demand.

Although market sentiment is cautiously shifting toward a less hawkish outlook, the SBP remains vigilant in light of ongoing domestic challenges, recent macroeconomic data and global economic uncertainties. In September 2025, Pakistan's inflation rose to 5.6% year-on-year (YoY), highest since October 2024, primarily driven by food supply shocks and a sharp rise in wheat prices. Alongside this, Imports reached more than 3-year high and grew by 10.53% YoY, while exports growth limited to 3.64% YoY, expanding the trade deficit by 16.33% YoY to USD 3.3 billion

KSE - 100 Index Performance



6 Month Kibor

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

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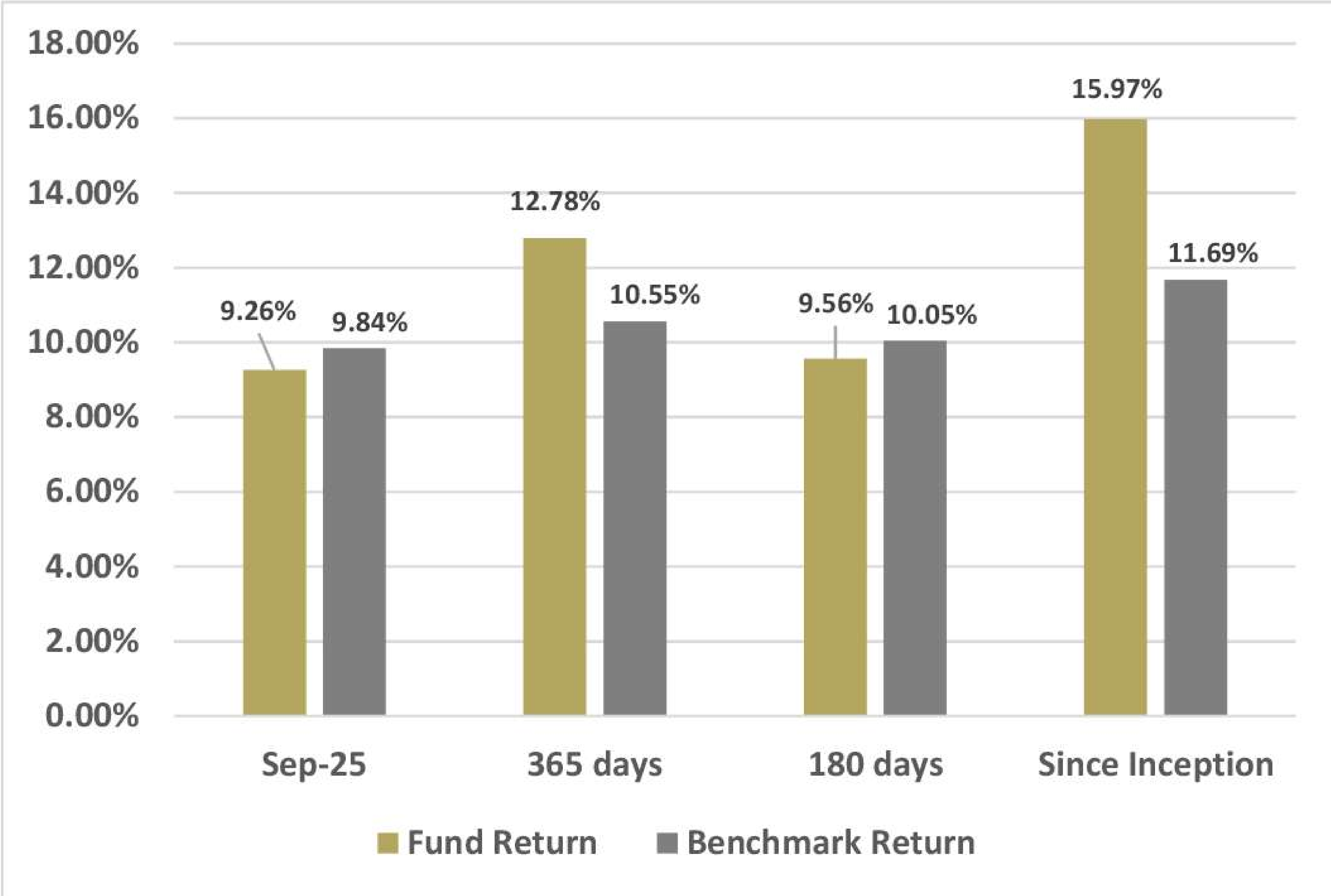
Investment Objective:

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

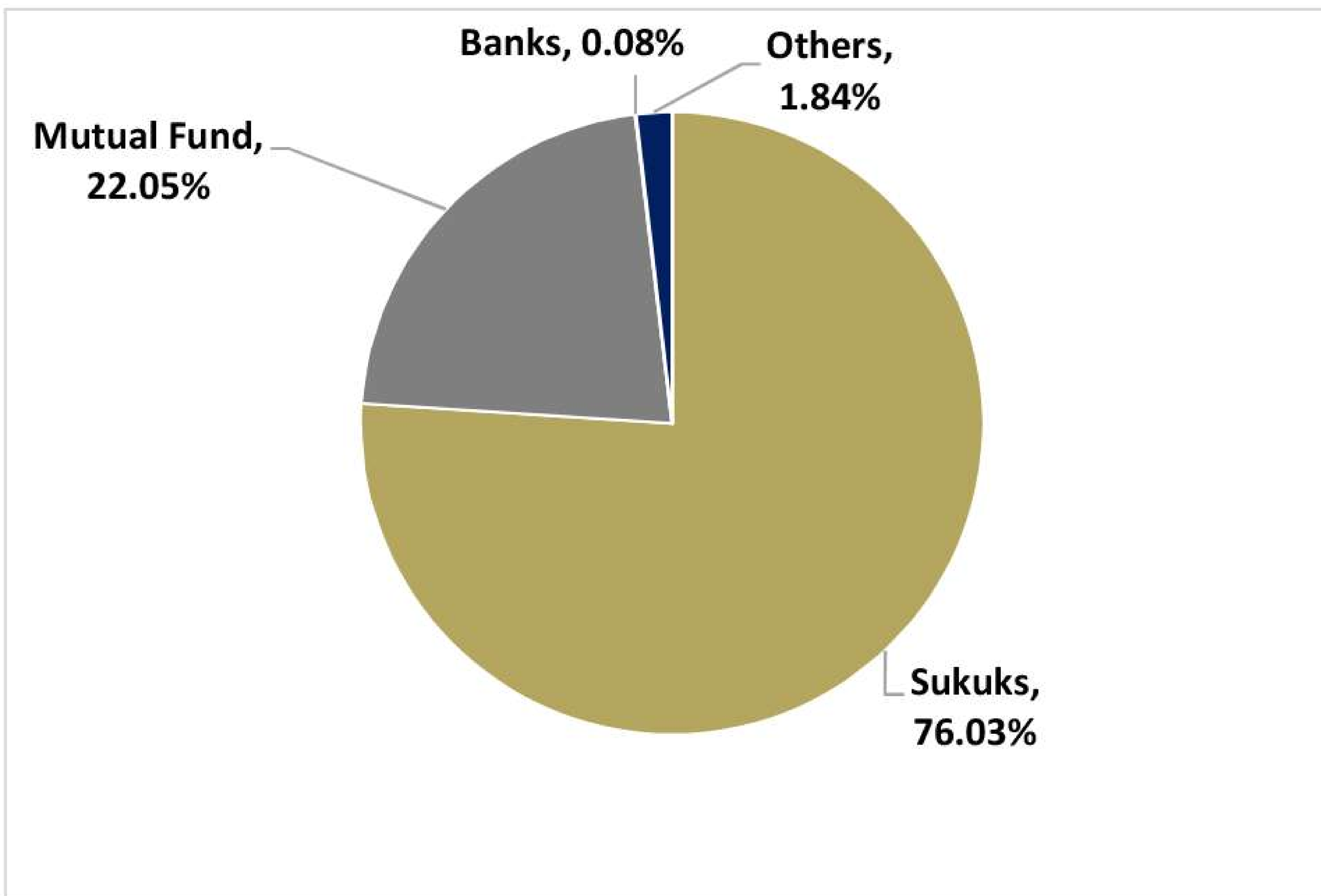
Fund Category	Money Market
Risk Profile	Low
Launch Date	18-Jul-23
Nav per unit at launch Date	100.0000
Nav per unit at month End (Sep - 2025)	138.6522
Pricing Mechanism	Daily Forward pricing
Pricing Frequency	Monday to Friday
Total Net Assets (Rs.)	1,060 M
Weighted Avg.time to Maturity	0.1 Year
Expense Ratio	0.30%
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	Sep-25	Aug-25
GOP Ijarah Sukuks	76.03%	83.07%
Mutual Funds	22.05%	12.34%
Bank	0.08%	0.53%
Others	1.84%	4.06%

Asset Allocation



Asset Quality	Sep-25	Aug-25
Government guaranteed	76.07%	83.10%
AA+	22.05%	12.34%
AAA	0.08%	0.53%
Unrated	1.80%	4.03%

Fund Returns	Sep-25	Aug-25
Return on (MoM) basis	9.26%	8.79%
180 days return	9.56%	9.24%
Last 365 days return	12.78%	14.19%
Return since inception (annualized)	15.97%	16.24%
Last 05 years (annualized)	N/A	N/A
Last 10 years (annualized)	N/A	N/A

Fund Manager's comments

In September 2025, the KSE-100 Index surpassed the 165,000-point mark, marking a month-on-month increase of 11.4%. This pushed the gains for the first nine months of the calendar year 2025 (9MCY25) to 44% above the closing level of December 2024 — the strongest nine-month performance since 2009. The Banks, Cement, and Fertilizer sectors together accounted for approximately 70% of the index's impressive 50,000-point rally. Trading activity also improved notably, with shares traded up 41% and total value rising 5% month-on-month to reach US$195 million, surpassing the highs recorded in December 2024.

The IMF delegation has commenced the second economic review, after which Pakistan anticipates receiving US$1 billion as the third tranche of the Extended Fund Facility (EFF) and US$220 million as the first tranche of the Resilience and Sustainability Facility (RSF). The review's key focus areas include shortfalls in tax collection relative to targets, the fiscal impact of recent floods — which may prompt a downward revision of the FY26 GDP growth forecast — and reforms aimed at eliminating the buildup of circular debt. Meanwhile, Pakistan also signed a defense agreement with Saudi Arabia, marking a notable geopolitical development.

In a significant diplomatic move, Prime Minister Shahbaz Sharif and the Chief of Army Staff met with U.S. President Donald Trump this month, a development that boosted investor confidence and further propelled the KSE-100 Index upward.

Following several months of delay, the Government of Pakistan officially signed a Rs1.2 trillion agreement with a consortium of 18 banks to partially address the power sector's circular debt, which currently stands at Rs1.6 trillion. This resolution is expected to improve liquidity and generate positive cash flow for PSO, HUBC, and other energy-related stocks.

Inflation in September 2025 stood at 5.6% year-on-year, mainly driven by a significant rise in food prices. The food index rose 5.5% month-on-month and 5.0% year-on-year, largely due to monsoon-related floods. Pakistan's current account recorded a deficit of US$245 million in August 2025, driven primarily by a widening trade deficit as a stronger domestic economy led to a rebound in imports.

Outlook:
The Pakistan equity market has delivered an impressive 29% return over the past three months and remains well-positioned for further upside, supported by both domestic and external tailwinds. Continued macroeconomic stabilization under the IMF program, a more sustainable external account position, progress on circular debt resolution, and favorable geopolitical developments are likely to further strengthen investor confidence. The market is currently trading at a forward P/E of 8.3x, broadly in line with its 18-year historical average; however, sustained macroeconomic stability could pave the way for a re-rating toward the 2006–2017 average P/E range of approximately 9x–10x.