5th Pillar
Family Takaful Limited
آئیے، ساتھ چلیں

FUND
MANAGER REPORT

October | 2025

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Family Takaful Limited
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MARKET REVIEW

Stock Market Review

During the month of October 2025, the KSE-100 index declined by 3,862 points (down 2.3%), closing at 161,632 points. The average daily volume of the market stood at 1,430 million shares, up by 7% on a MoM basis. Oil & Gas Exploration Company, Cement and investment bank were the major negative contributing sectors to the index performance during the month.

Market sentiment came under pressure due to escalating border tensions with Afghanistan, which raised concerns over regional stability and investor confidence. However, sentiment recovered modestly following the announcement of a ceasefire, which eased fears of further conflict and provided temporary relief to the markets. Meanwhile, Pakistan secured a staff-level agreement with the IMF for a USD 1.2 billion disbursement, with the Fund commending the government's progress in fiscal discipline and energy sector reforms aimed at enhancing long-term sustainability.

Foreigners were net sellers with net selling aggregating USD 25 million during the month and on local front Insurance Companies & Mutual Funds were major sellers with net selling aggregating USD 62 million & 16 million respectively. While Individuals were major buyers with net buying aggregating USD 70 million (excluding debt market). The oil prices decreased by 2.91% during the month with Brent closing at USD 65.05 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.

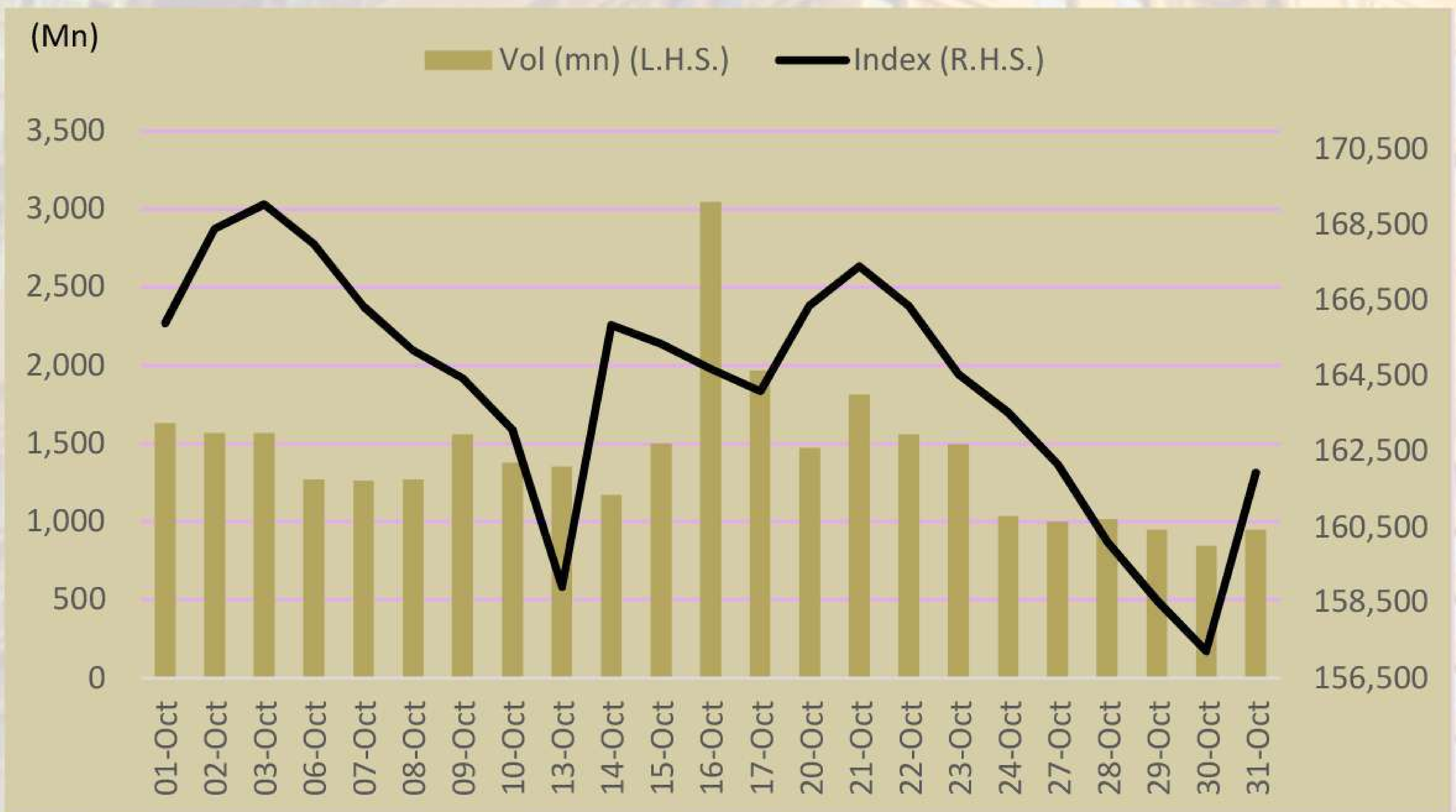
Money Market Review

In October, the State Bank of Pakistan (SBP) maintained a cautious stance once again and kept the Policy Rate unchanged for the 4th time in a row, citing external account vulnerabilities, a widening trade deficit particularly in non-food and oil segments, and persistent supply-side inflation in the food sector.

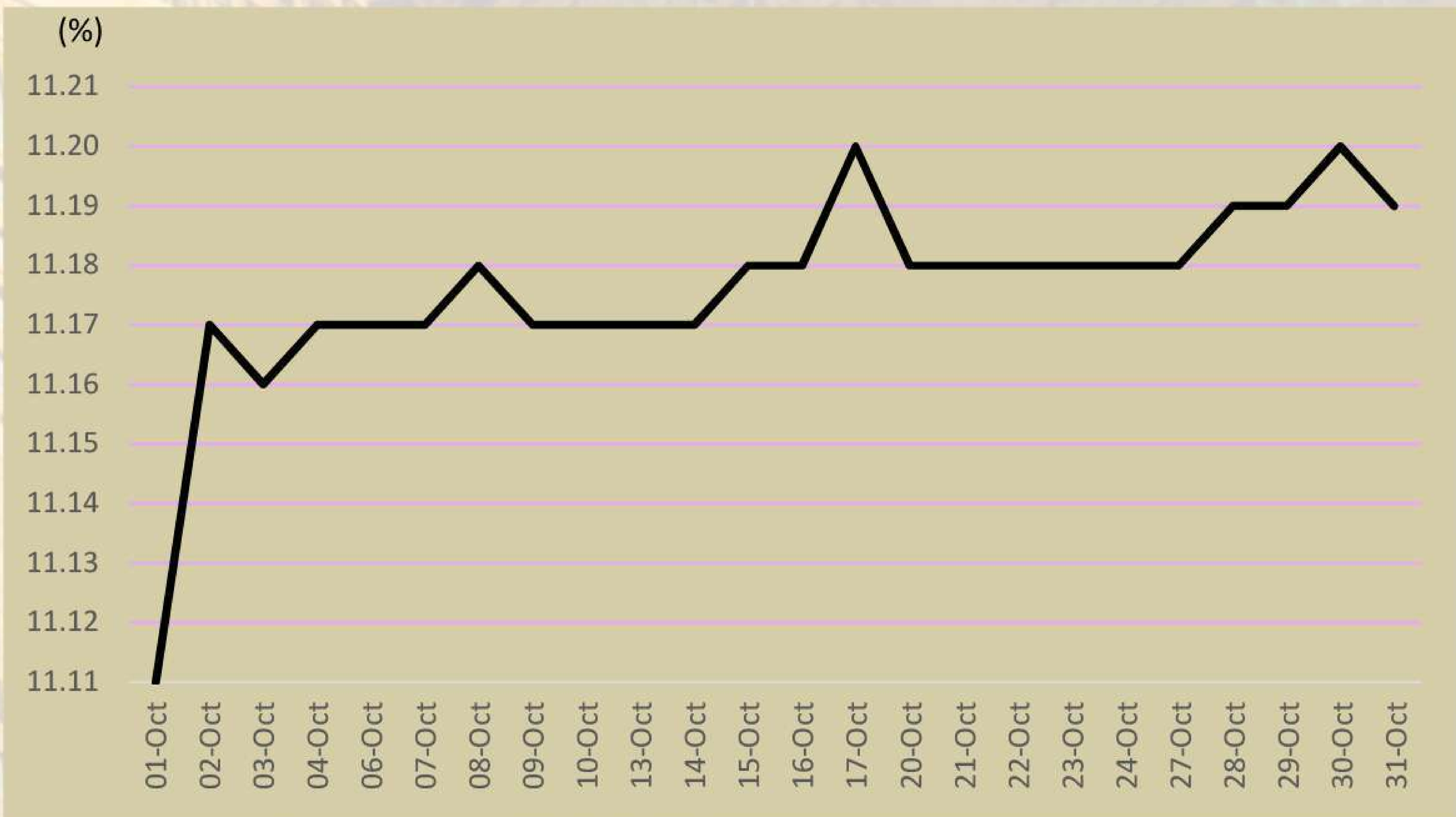
With unchanged Policy Rate, short-term funding costs in the money market broadly witnessed a range-bound movement. A rebound of 10–12 basis points was witnessed across 3M, 6M, and 12M KIBOR tenors, while Treasury bill yields declined in the 1M and 3M tenors. However, the 6M yield inched up by 1 bp. The most notable change was witnessed in the 12M yield, which increased by 28 bps. A range-bound movement with 2 bps uptick in 3-year and 5-year Pakistan Investment Bond (PIB) yields, while ease of 1bp in the 10-year PIB yield was witnessed in the longer tenor papers.

In the Islamic money market, the government successfully mobilized PKR 252 billion against a target of PKR 225 billion, reflecting sustained investor confidence in Shariah-compliant instruments. Demand continued strong for long-term sukuk, with the 10-year zero-coupon and 10-year variable-rate sukuk recording high bid-to-cover ratios of 5.34 and 6.70, respectively. This robust participation highlights investors' preference for locking in yields amid expectations of a stable interest rate environment and a limited supply of long-duration Islamic instruments. Additionally, in Bai-Muajjal transactions, the government raised PKR 62.5 billion.

KSE - 100 Index Performance



6 Month Kibor



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

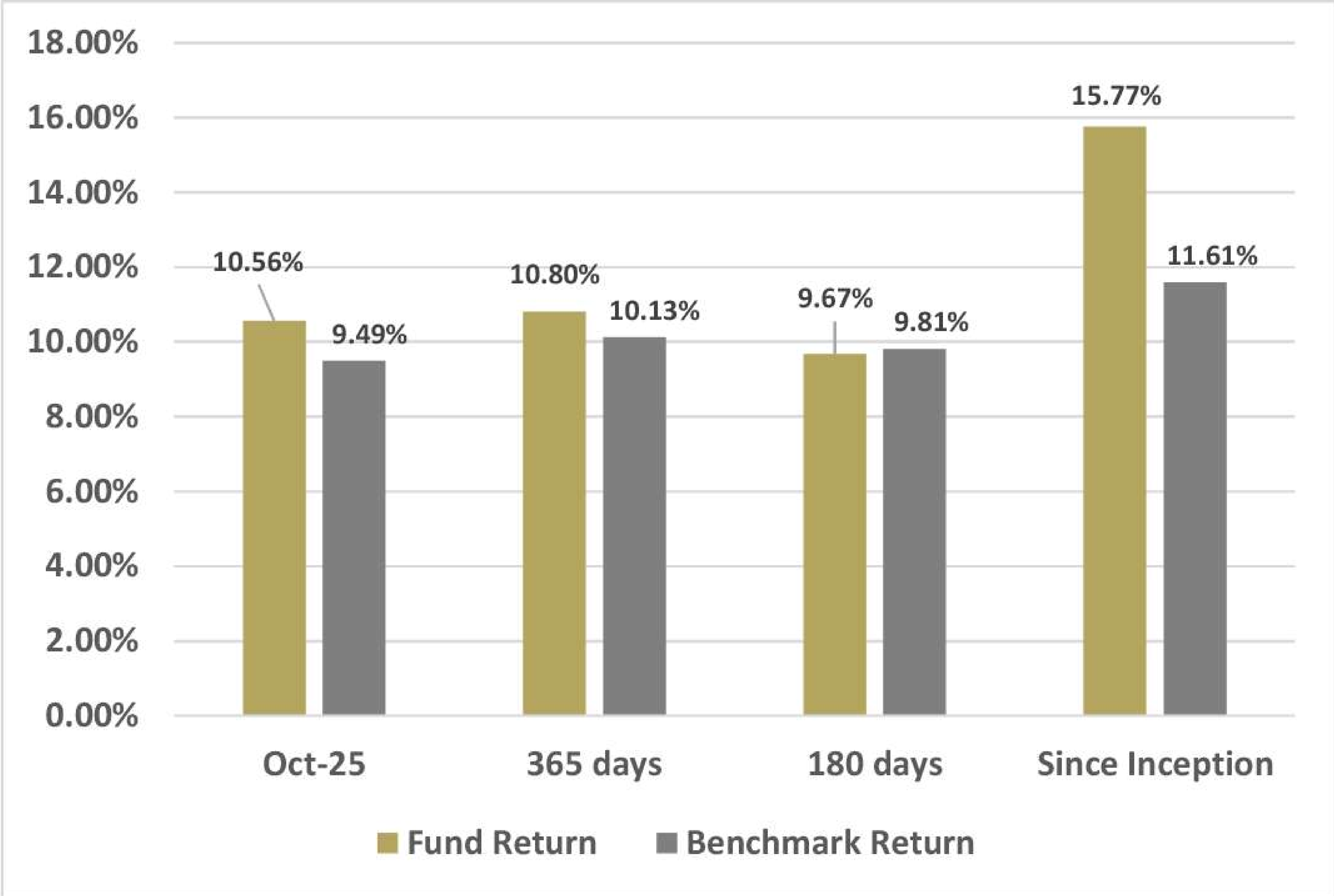
Investment Objective:

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

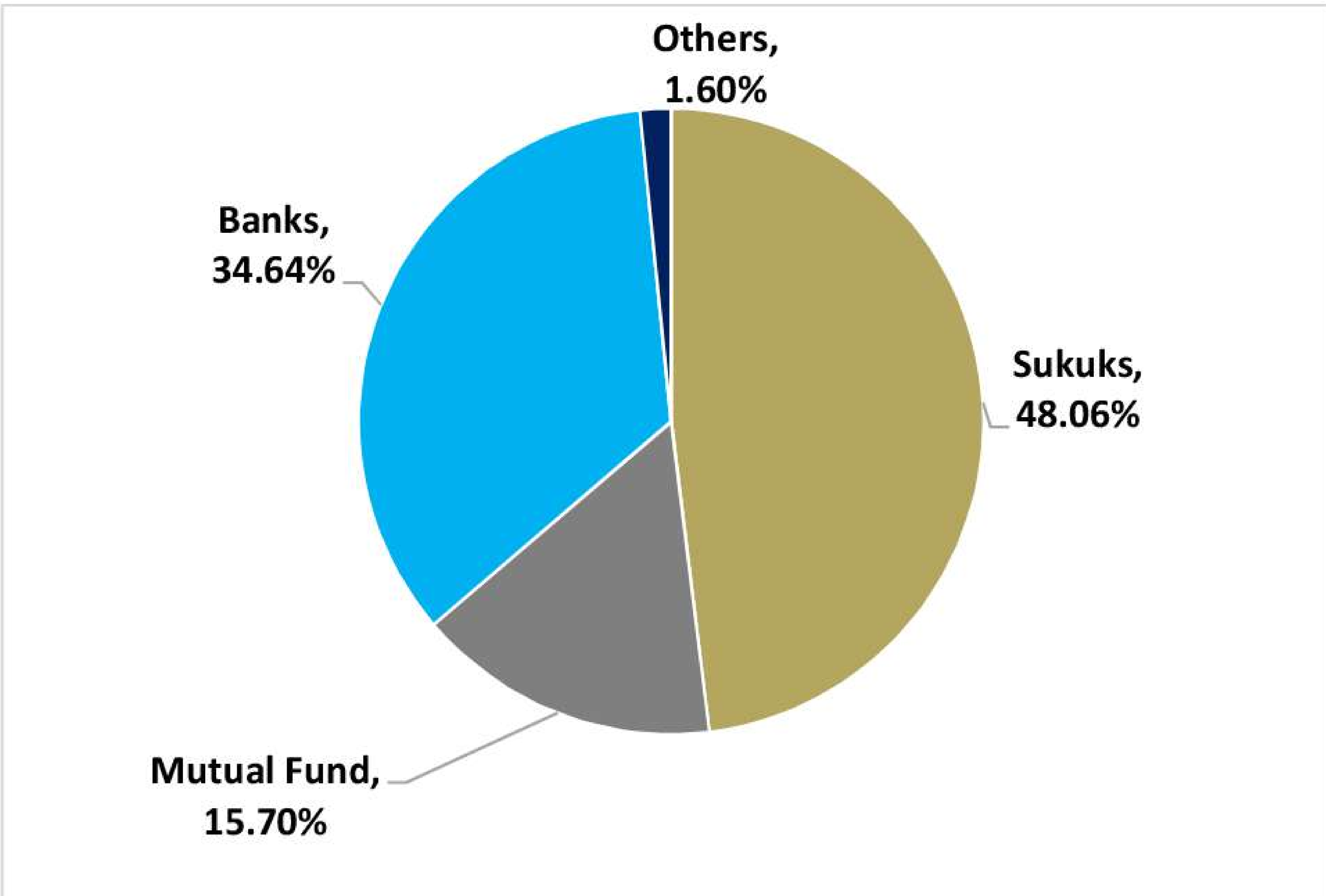
Fund Category	Money Market
Risk Profile	Low
Launch Date	18-Jul-23
Nav per unit at launch Date	100.0000
Nav per unit at month End (Oct - 2025)	139.8392
Pricing Mechanism	Daily Forward pricing
Pricing Frequency	Monday to Friday
Total Net Assets (Rs.)	1,121 M
Weighted Avg.time to Maturity	0.1 Year
Expense Ratio	0.27%
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	Oct-25	Sep-25
GOP Ijarah Sukuks	48.06%	76.03%
Mutual Funds	15.70%	22.05%
Bank	34.64%	0.08%
Others	1.60%	1.84%

Asset Allocation



Asset Quality	Oct-25	Sep-25
Government guaranteed	48.11%	76.07%
AA+	15.70%	22.05%
AAA	34.64%	0.08%
Unrated	1.55%	1.80%

Fund Returns	Oct-25	Sep-25
Return on (MoM) basis	10.56%	9.26%
180 days return	9.67%	9.56%
Last 365 days return	10.80%	12.78%
Return since inception (annualized)	15.77%	15.97%
Last 05 years (annualized)	N/A	N/A
Last 10 years (annualized)	N/A	N/A

Fund Manager's comments

The KSE-100 Index retreated 7% from its recent peak, closing 2.3% lower month-on-month (MoM) — marking its first decline after five consecutive months of gains. The downturn was driven by profit-taking from insurance companies, mutual funds, and foreign investors, who collectively recorded net selling of US$104 million amid escalating geopolitical tensions. Market sentiment weakened due to border unrest with Afghanistan but partially recovered following reports of a ceasefire. Despite robust corporate earnings and Pakistan's staff-level agreement with the IMF, external political uncertainties overshadowed these positive developments.

Meanwhile, global oil prices (WTI) fell to a five-month low of US$61/bbl in October, marking the third consecutive monthly decline as OPEC members ramped up output and U.S. production hit record levels. However, despite the easing of global commodity prices, local food prices rose due to the lingering effects of recent floods. Consequently, the (SBP) maintained the policy rate at 11%, citing expected increases in food inflation and a likely widening of the current account deficit in FY26.

During October 2025, Pakistan reached a staff-level agreement with the IMF on the second review under the Extended Fund Facility (EFF) and the first review under the Resilience and Sustainability Facility (RSF). Following IMF Board approval, Pakistan is set to receive US$1.2 billion — including the first RSF tranche of US$200 million — by December 2025.

On statistics, Pakistan posted a current account surplus of US$110 million in September 2025, a sharp turnaround from the US$325 million deficit recorded in August. The improvement was largely attributed to a narrower trade deficit, as exports rose 5% MoM while imports remained stable. Inflationary pressures persisted, with CPI for October 2025 rising to 6.2% YoY — the highest level of the calendar year — driven by food and housing costs. The food index climbed 5.6% YoY, led by sharp increases in perishable items and key staples such as wheat, which rose 22% YoY due to delayed field recovery and logistical constraints following the floods. These price pressures are expected to ease as supply conditions improve in the coming months.

Outlook:
As geopolitical tensions subside, the market's attention is turning toward key upcoming events such as the IMF Board approval, currency stability, and the monetary policy meeting scheduled for December 15. These developments are expected to pass without major surprises, given limited foreign participation and steady interest rates. The broader outlook appears constructive, supported by ongoing macroeconomic stabilization under the IMF program and a more sustainable external account position. Softer global economic conditions are also keeping commodity prices in check, which should help contain inflation. At the same time, investor sentiment may benefit from a gradual shift of liquidity from fixed income to equities and continued progress on resolving circular debt. Any improvement in regional geopolitics would further strengthen confidence and encourage a more positive market tone.

The market is currently trading at a forward P/E of 8.2x, broadly aligned 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 ~9x–10x.