5th Pillar
Family Takaful Limited
آئیے، ساتھ چلیں

FUND
MANAGER REPORT

December | 2025

5th Pillar
Family Takaful Limited
آئیے، ساتھ چلیں

MARKET REVIEW

Stock Market Review

During the month of December 2025, the KSE-100 index increased by 7,377 points (up 4.4%), closing at 174,054 points. The average daily volume of the market stood at 865 million shares, up by 6% on a MoM basis. Commercial Banks, Oil & Gas Exploration Companies and Technology & Communication were the major positive contributing sectors to the index performance during the month.

Equity markets gained momentum in December following the approval of the USD 1.2 billion loan tranche, successful auction of Pakistan International Airlines and a 50 bps Policy Rate cut by SBP, which helped offset the negative sentiment stemming from geopolitical concerns in the prior month. The rally was further supported by easing inflation, with CPI moderating to 5.6% YoY, reinforcing expectations of a lower interest rate environment.

Foreigners were net sellers with net selling aggregating USD 52.5 million during the month. On local front, Insurance Companies were major sellers with net selling of USD 71.7 million while Mutual Funds & Individuals were major buyers with net buying aggregating USD 54.6 million & USD 41.4 million (excluding debt market) respectively. The oil prices decreased by 3.72% during the month with Brent closing at USD 60.9 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.

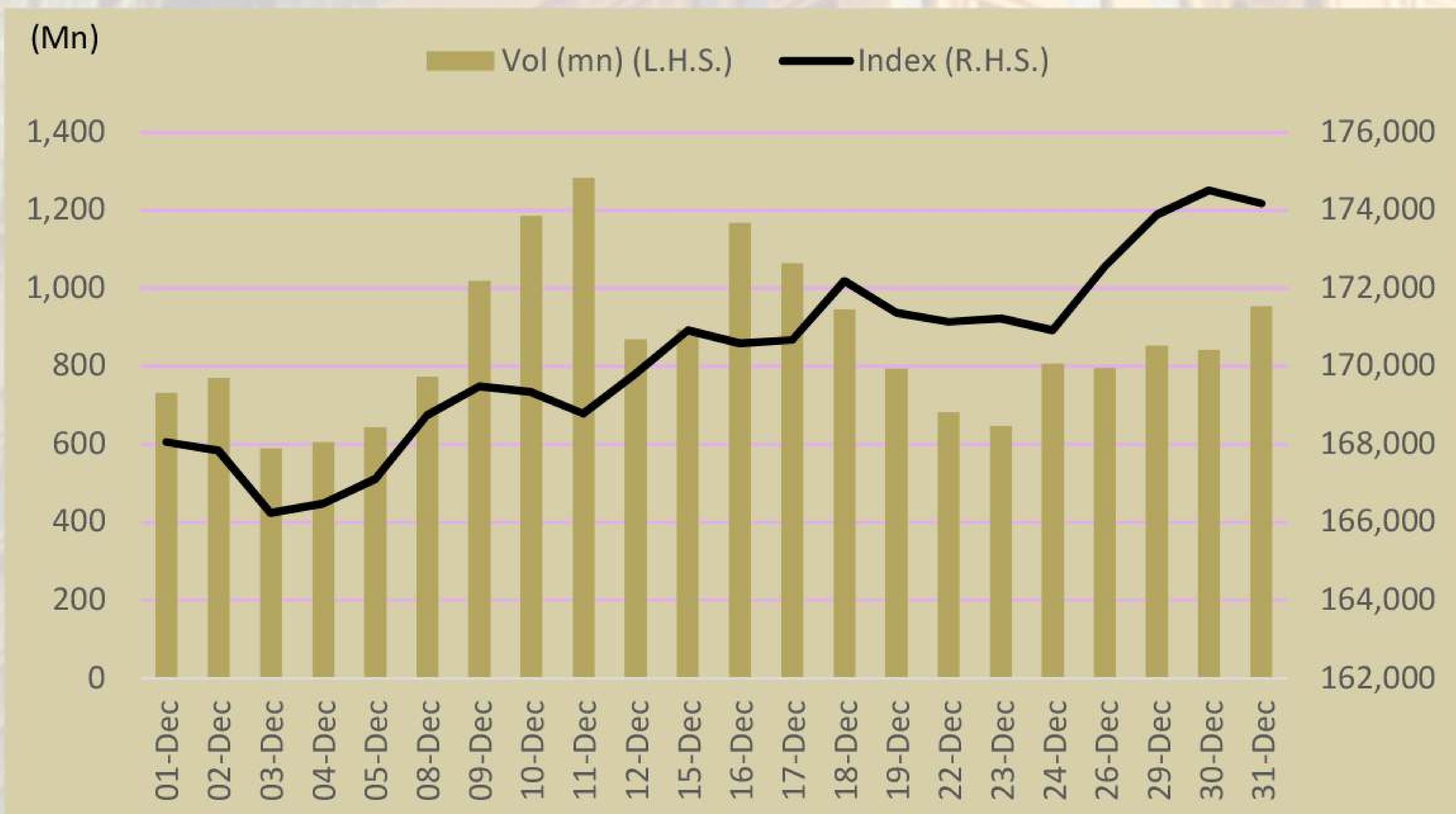
Money Market Review

The State Bank of Pakistan (SBP) reduced the policy rate by 50 basis points to 10.50%. In response, short-term financing costs declined, with 3M, 6M, and 12M KIBOR rates falling by approximately 50–53 bps. A similar trend was observed in the secondary money market, where T-bill yields declined by 47–76 bps across 1, 3, 6, and 12-month tenors. Moreover, Pakistan Investment Bond (PIB) yields fell by 45–90 bps for 3, 5, and 10-year maturities, reflecting easing monetary conditions and improved market sentiment.

In the Islamic finance segment, the government successfully raised PKR 219 billion through GoP Ijarah Sukuk, slightly below its PKR 225 billion target. Investor participation remained strong, particularly in the 3-year fixed-rate Sukuk and 10-year Variable Rate Return (VRR) instruments, which recorded bid-to-cover ratios of 6.12 and 6.70, respectively, highlighting robust demand amid limited supply. Meanwhile, under Bai-Muajjal, the government raised PKR 61.40 billion in the 3-year tenor at a yield of 10.50% in a single auction.

Looking ahead, base effects are expected to increase in the final quarter of FY26, potentially pushing headline inflation back into higher single digit territory. Average inflation for FY26 is projected to approach the upper end of the SBP's medium-term target range of 5–7%, with core inflation following a similar path. In view of these dynamics, we expect real interest rates to remain positive at around 2–3% in CY26.

KSE - 100 Index Performance



6 Month Kibor

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

5th Pillar
Family Takaful Limited
آئیے، ساتھ چلیں

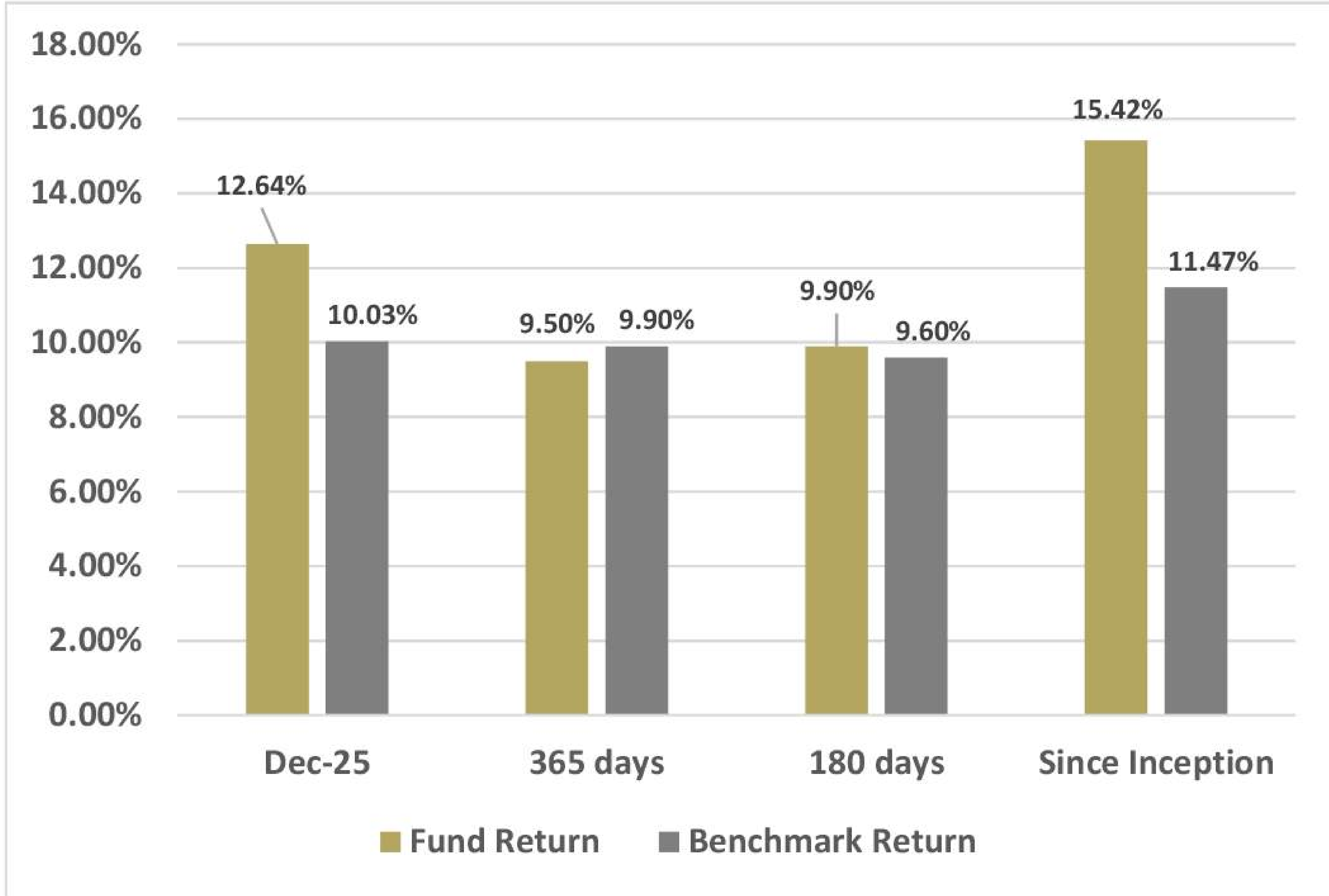
Investment Objective:

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 (Dec - 2025)	142.2536
Pricing Mechanism	Daily Forward pricing
Pricing Frequency	Monday to Friday
Total Net Assets (Rs.)	1,306 M
Weighted Avg.time to Maturity	0.6 Year
Expense Ratio	0.29%
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

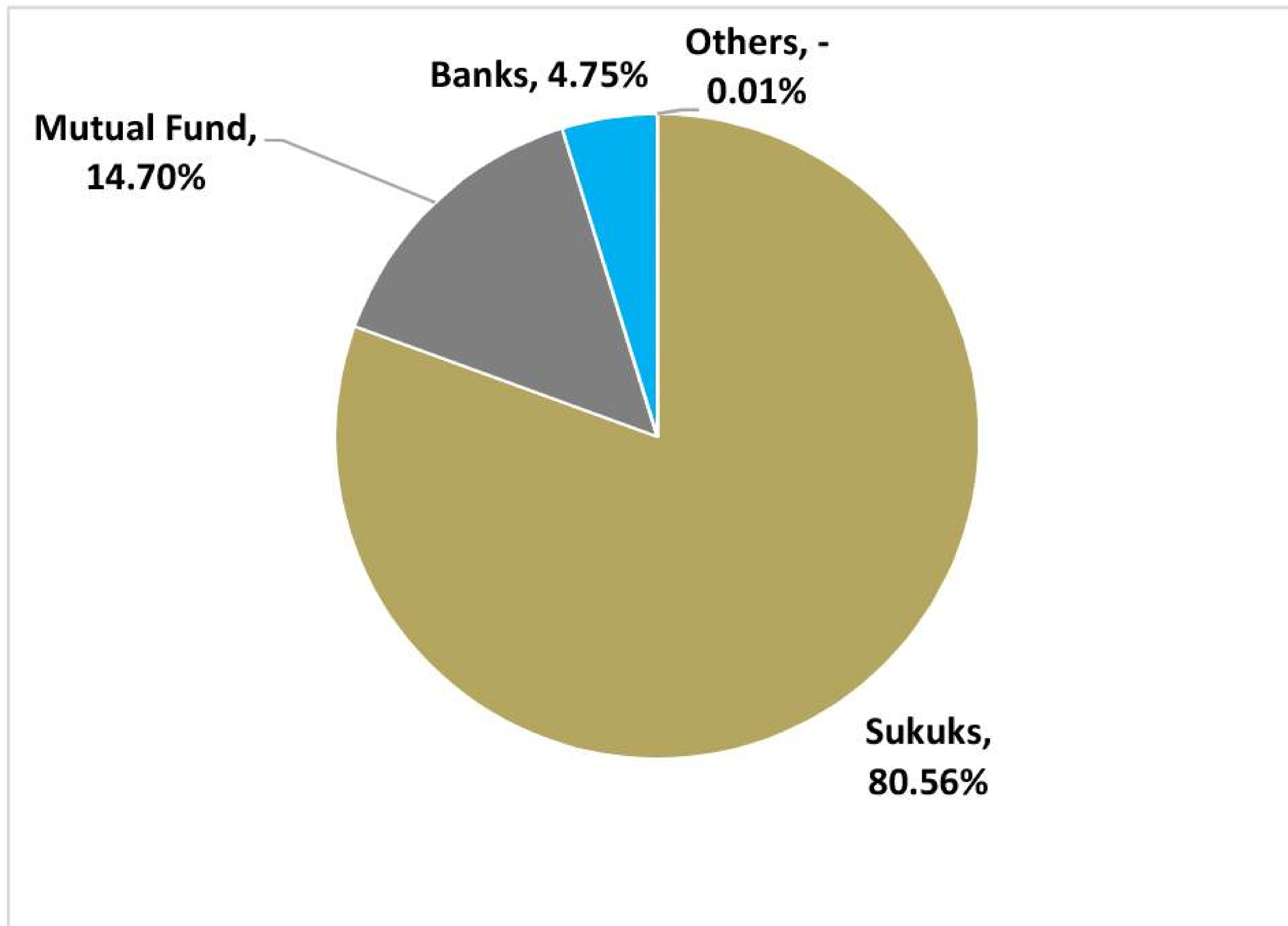


Asset Allocation	Dec-25	Nov-25
GOP Ijarah Sukuks	80.56%	85.20%
Mutual Funds	14.70%	11.68%
Bank	4.75%	0.08%
Other Assets / Liabilities	-0.01%	3.04%

Asset Quality	Dec-25	Nov-25
Government guaranteed	80.58%	85.26%
AA+	14.70%	11.68%
AAA	4.75%	0.08%
Unrated	-0.03%	2.98%

Fund Returns	Dec-25	Nov-25
Return on (MoM) basis	12.64%	8.90%
180 days return	9.90%	9.38%
Last 365 days return	9.50%	10.05%
Return since inception (annualized)	15.42%	15.52%
Last 05 years (annualized)	N/A	N/A
Last 10 years (annualized)	N/A	N/A

Asset Allocation



Fund Manager's comments

The KSE-100 closed at 175k, delivering a 4.4% gain for the month of Dec'25 and a 51% return in CY25, lifting three-year cumulative returns to 331%. The index advanced 7.4k points during the month, supported by a 50bp policy rate cut, improved foreign exchange reserves following the IMF's US$1.2bn EFF and RSF disbursement, and the successful PIA bidding process.

During the month, the SBP announced a 50bp policy rate cut, contrary to market expectations, citing weak oil prices as the primary support, while cautioning about a potential rebound in inflation. Meanwhile, the IMF disbursed the third tranche of US$1.0bn under the US$7bn Extended Fund Facility (EFF) and the first tranche of US$0.2bn under the Resilience and Sustainability Facility (RSF), following the release of its staff report and the inclusion of 11 additional conditions centered on anti-corruption, tax, and energy sector reforms. Additionally, the Privatization Commission successfully conducted the bidding process for the national carrier, PIA, on 23 Dec'25.

CPI inflation for Dec'25 came in at 5.6% YoY, driven primarily by the housing segment, reflecting persistently high gas tariffs that lifted gas charges by 29.9% YoY. The food index increased 3.2% YoY, led by higher meat prices, while vegetable prices recorded a sharp YoY decline. We expect CPI to moderate in the near term as food prices and other components continue to normalize.

Pakistan's current account balance registered a surplus of US$100mn in Nov'25, supported by a sharp contraction in imports due to lower global commodity prices, alongside resilient remittance inflows. For 5MFY26, the current account deficit stood at US$812mn, compared with a surplus of US$502mn in the same period last year.

Outlook:

With the IMF tranche now disbursed and foreign exchange conditions stabilizing, we continue to see upside potential driven by improving economic growth and activity, particularly in the construction and consumer sectors. Furthermore, progress on circular debt resolution, RLNG diversion negotiations, and a potential gas price revision is expected to strengthen cash flows for companies with gas-sector receivables, notably PSO, OGDC, and PPL.

The market is currently trading at a forward P/E of 8.4x, broadly in line with its 18-year historical average. However, sustained macroeconomic stability and continued energy sector reforms could support a re-rating toward the 2006–2017 average P/E range of approximately 9x–10x.