5th Pillar
Family Takaful Limited
آئیے، ساتھ چلیں

FUND MANAGER REPORT

February | 2026

5th Pillar Family Takaful Limited
آئیے، ساتھ چلیں

MARKET REVIEW

Stock Market Review

During February 2026, the KSE-100 Index declined by 16,112 points (down 8.7% MoM) to close at 168,062 points. Average daily market volume stood at 770 million shares, reflecting a significant 29% decline on a month-on-month basis. Banks, Oil & Gas Exploration Companies, and Technology were the major negative contributing sector to the index performance during the month.

The market correction was largely driven by heightened geopolitical uncertainty, particularly tensions surrounding the US-Israel conflict with Iran and increased military friction along Pakistan's western border with Afghanistan. These external risks, combined with persistent foreign investor outflows, exerted significant pressure on the market and accelerated the downturn.

Foreigners were net sellers with net selling aggregating USD 281 million during the month. While Companies & Mutual Funds were major buyers with net buying aggregating USD 221 million & USD 45 million (excluding debt market) respectively. The oil prices increased by 2.5% during the month with Brent closing at USD 72.5 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.

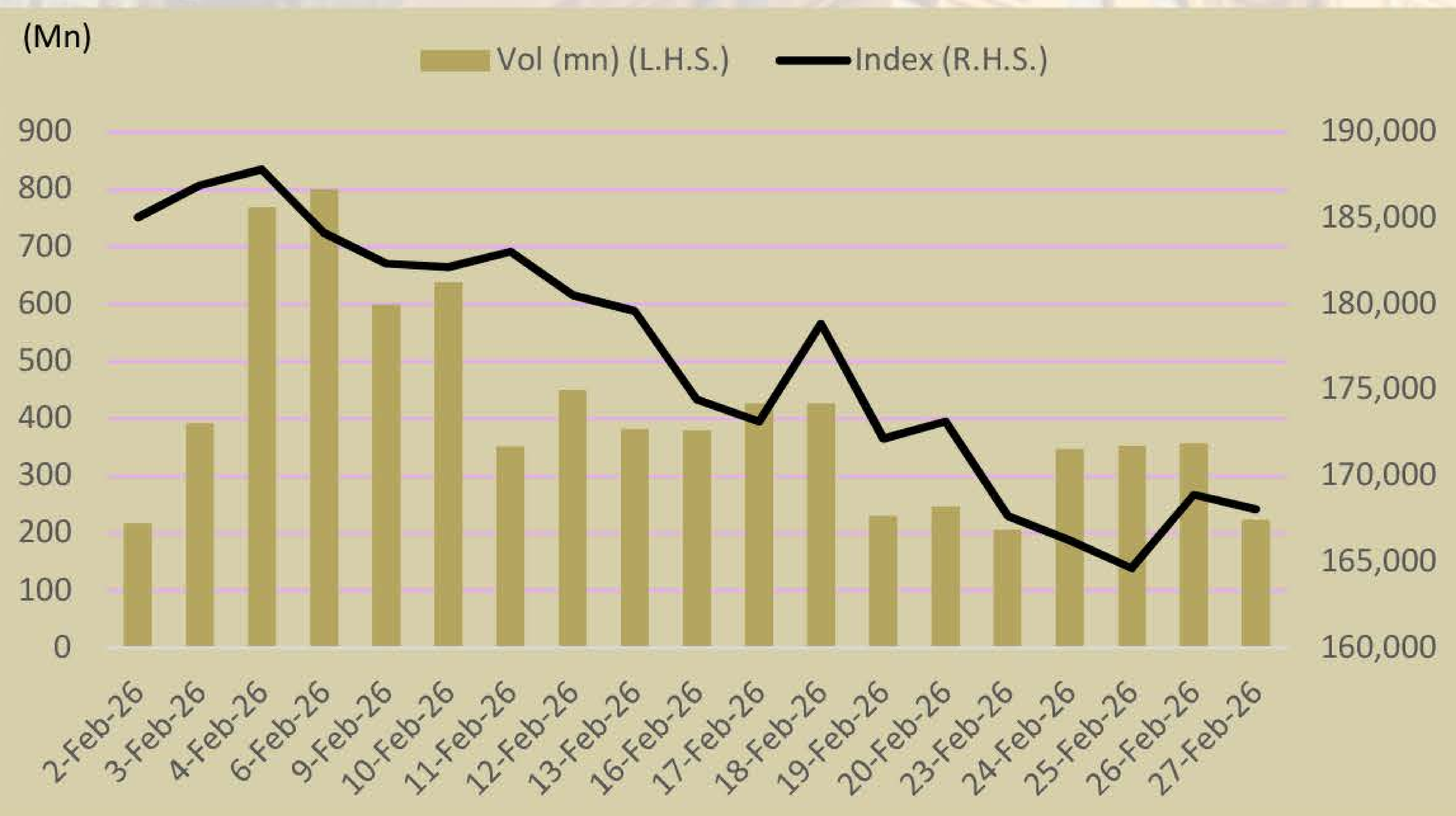
Money Market Review

Amid global uncertainty and expectations that inflation may remain above the target range of the State Bank of Pakistan (SBP), with February data reported at 7% as expected, short-term financing rates moved higher, with 3, 6, and 12-month KIBOR rising by 11–13 basis points. In the secondary market, T-bill yields increased by 13–27 basis points, while Pakistan Investment Bond (PIB) yields also rose by 22–50 basis points, indicating an overall upward shift in the yield curve in response to inflation expectations.

During the month, the government raised PKR 0.286 trillion through Islamic auctions, slightly exceeding the targeted PKR 0.250 trillion. Investor participation remained strong, particularly in the 10-year Variable Rate Return (VRR) and 5-year Fixed Ijara instruments, which recorded bid-to-cover ratios of 4.92x and 4.00x, respectively, underscoring robust demand despite relatively limited supply.

From here, with respective to inflation reading, base effects are expected to deepen, while heightened volatility in commodity prices may further expand inflation readings. Inflation could rise to around 10% in Q4, potentially keeping headline inflation in the higher single-digit/lower double-digit range thereafter. Average inflation for FY26 is projected to approach the upper end of the SBP's medium-term target range of 5–7%, where we do not rule out the possibility to close slightly beyond 7%. Having said that, real interest rates are expected to remain positive, averaging around 3% in FY26.

KSE - 100 Index Performance



6 Month Kibor

5th Pillar Family Takaful Limited - Conservative Fund
For the month of Feb 2026

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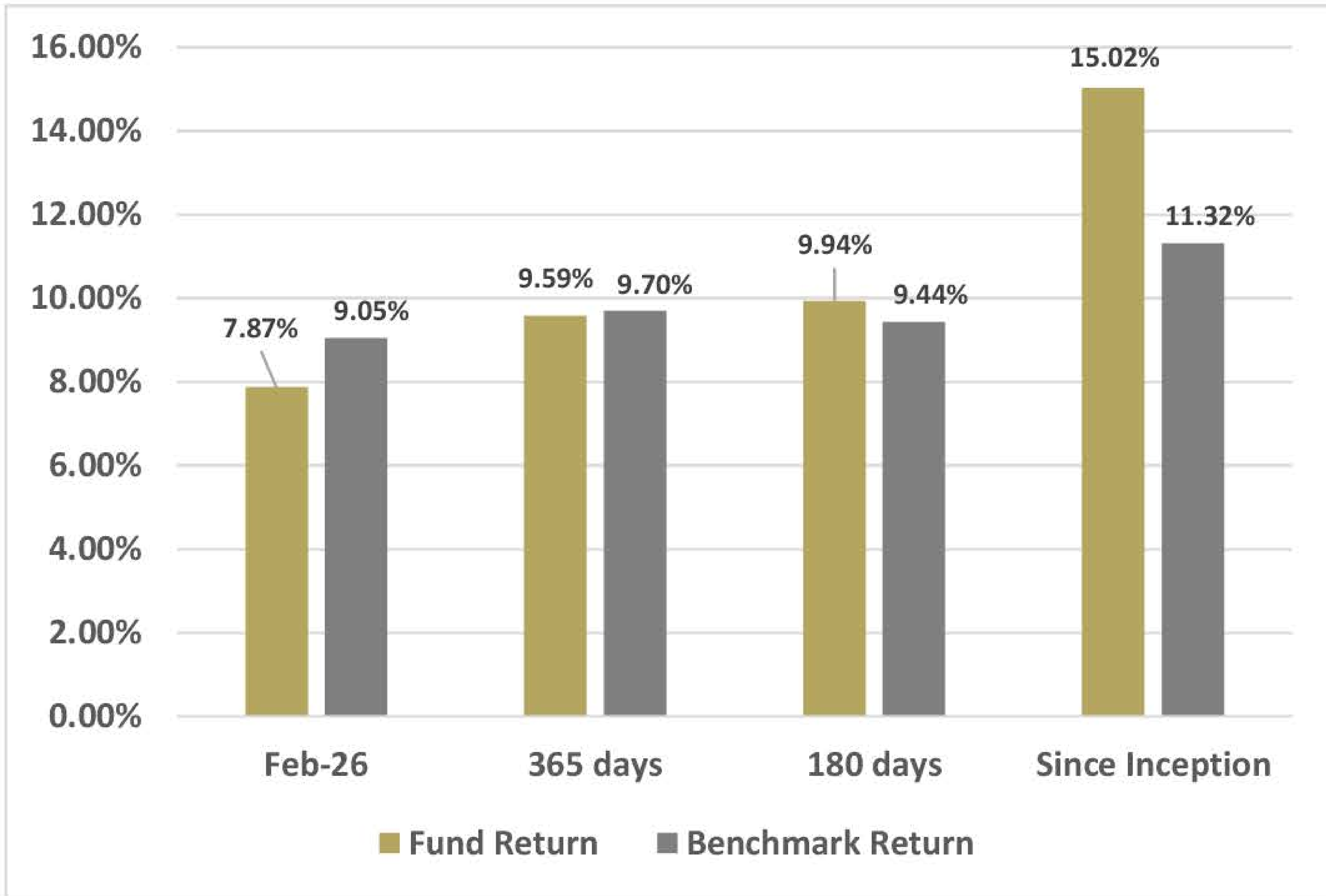
Investment Objective:

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.

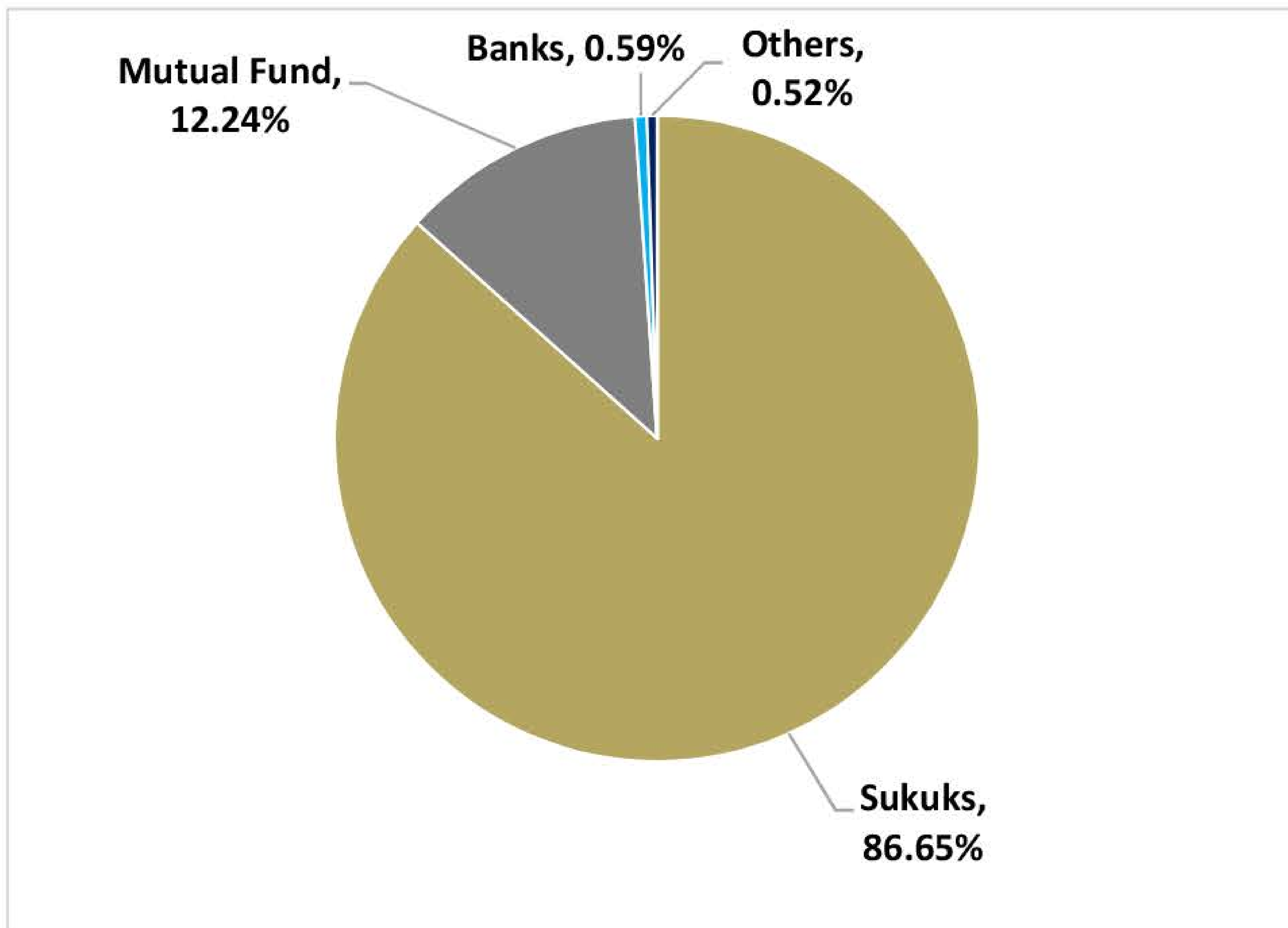
Fund Information	
Fund Category	Money Market
Risk Profile	Low
Launch Date	18-Jul-23
Nav per unit at launch Date	100.0000
Nav per unit at month End (Feb 2026)	144.2682
Pricing Mechanism	Daily Forward pricing
Pricing Frequency	Monday to Friday
Total Net Assets (Rs.)	1,423 M
Weighted Avg.time to Maturity	0.7 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	**Feb-26**	**Jan-26**
GOP Ijarah Sukuks	86.65%	68.30%
Mutual Funds	12.24%	14.70%
Short-term deposits	0.00%	14.10%
Bank Balances	0.59%	0.90%
Other Assets	0.52%	2.00%

Asset Allocation



Asset Quality	**Feb-26**	**Jan-26**
Government guaranteed	86.87%	68.40%
AA+	12.24%	14.70%
AAA	0.59%	15.00%
Unrated	0.30%	1.90%

Fund Returns	**Feb-26**	**Jan-26**
Return on (MoM) basis	7.87%	10.21%
180 days return	9.94%	10.06%
Last 365 days return	9.59%	9.69%
Return since inception (annualized)	15.02%	15.24%
Last 05 years (annualized)	N/A	N/A
Last 10 years (annualized)	N/A	N/A

Fund Manager's comments

The KSE-100 Index declined by 8.7% MoM, closing at 168,000 points in Feb-2026. The drop was primarily driven by escalating tensions between the US and Iran, along with recent developments along the Pak-Afghan border. During the month, the index also recorded its largest single-day decline in absolute terms on 19th Feb, falling by 6,600 points. Out of 19 trading sessions during the month, the index closed in negative territory on 13 occasions, resulting in a total monthly loss of 16,000 points. Trading volumes also weakened amid subdued investor sentiment.

Alongside the decline in regional equity markets amid escalating US–Iran tensions, commodity markets experienced a notable uptick. Brent oil prices reached a seven-month high of US$72/bbl during the month, while coal prices climbed 11% MoM to a 12-month high of US$99/ton. Among precious metals, gold and silver prices increased by 6% MoM to US$5,178/oz and US$90/oz, respectively.

Tensions in the Middle East intensified further following Iran's announcement of the closure of the Strait of Hormuz, a development expected to disrupt global trade and energy supply chains.

CPI for Feb-2026 was recorded at 7.0%, with the real interest rate currently hovering around ~3.5ppt. The recent uptick in commodity prices is likely to push the inflation trajectory higher compared to the base assumption. However, any de-escalation in the ongoing conflict could provide some relief to inflationary pressures.

Pakistan's current account (CA) recorded a surplus of US$121mn in Jan-2026. However, exports remained insufficient to fully offset the rise in imports. During 7MFY26, imports increased by 10% YoY, reflecting economic normalization and stronger demand for intermediate goods. Remittance inflows continued to provide critical support, consistently exceeding the trade deficit, while the services deficit also remained relatively modest.

Outlook:

We remain optimistic about the Pakistan equity market. However, amid ongoing geopolitical tensions in the Middle East and neighboring regions, volatility is likely to persist in the near term. On the domestic front, we expect that IMF tranche approval and stabilization in foreign exchange conditions will follow, hence, we continue to see upside potential supported by improving economic growth and activity, particularly in the construction and consumer sectors, subject to geopolitical normalization. Additionally, progress on circular debt resolution is expected to improve cash flows for companies with gas-sector receivables, notably PSO, OGDC, and PPL.

The market is currently trading at a forward P/E of 7.4x following the recent correction, below its 18-year historical average. However, sustained macroeconomic stability alongside continued energy sector reforms could pave the way for a re-rating toward the 2006–2017 average P/E range of approximately 9x–10x.