5th Pillar
Family Takaful Limited
آئیے، ساتھ چلیں

FUND
MANAGER REPORT

April | 2026

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Family Takaful Limited
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MARKET REVIEW

Stock Market Review

During the month of April 2026, the KSE-100 index increased by 14,251 points (up 9.6%), closing at 162,994 points. The average daily volume of the market stood at 929 million shares, up by 91% on a MoM basis. Banks, Cements and Oil & Gas Exploration Companies were the major positive contributing sectors to the index performance during the month.

The KSE-100 Index staged a strong recovery in April 2026, driven primarily by improved investor sentiment following the announcement of a US–Iran ceasefire. The development acted as a significant “risk-on” catalyst, easing concerns over energy supply disruptions and regional tensions that had weighed heavily on the market during last month. The index’s upward momentum was further supported by broad-based growth across the industrial sector, particularly a notable increase in automobile production and higher cement dispatches during the quarter. These high-frequency economic indicators, coupled with the successful IMF Agreement, helped reinforce market confidence and provided a fundamental support to valuations despite the continuing geopolitical uncertainty.

Foreigners were net sellers with net selling aggregating USD 15.6 million during the month. Individuals & Mutual Funds were major buyers with net buying aggregating USD 59.5 million & USD 18.6 million (excluding debt market) respectively. The oil prices decreased by 3.4% during the month with Brent closing at USD 114.08 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

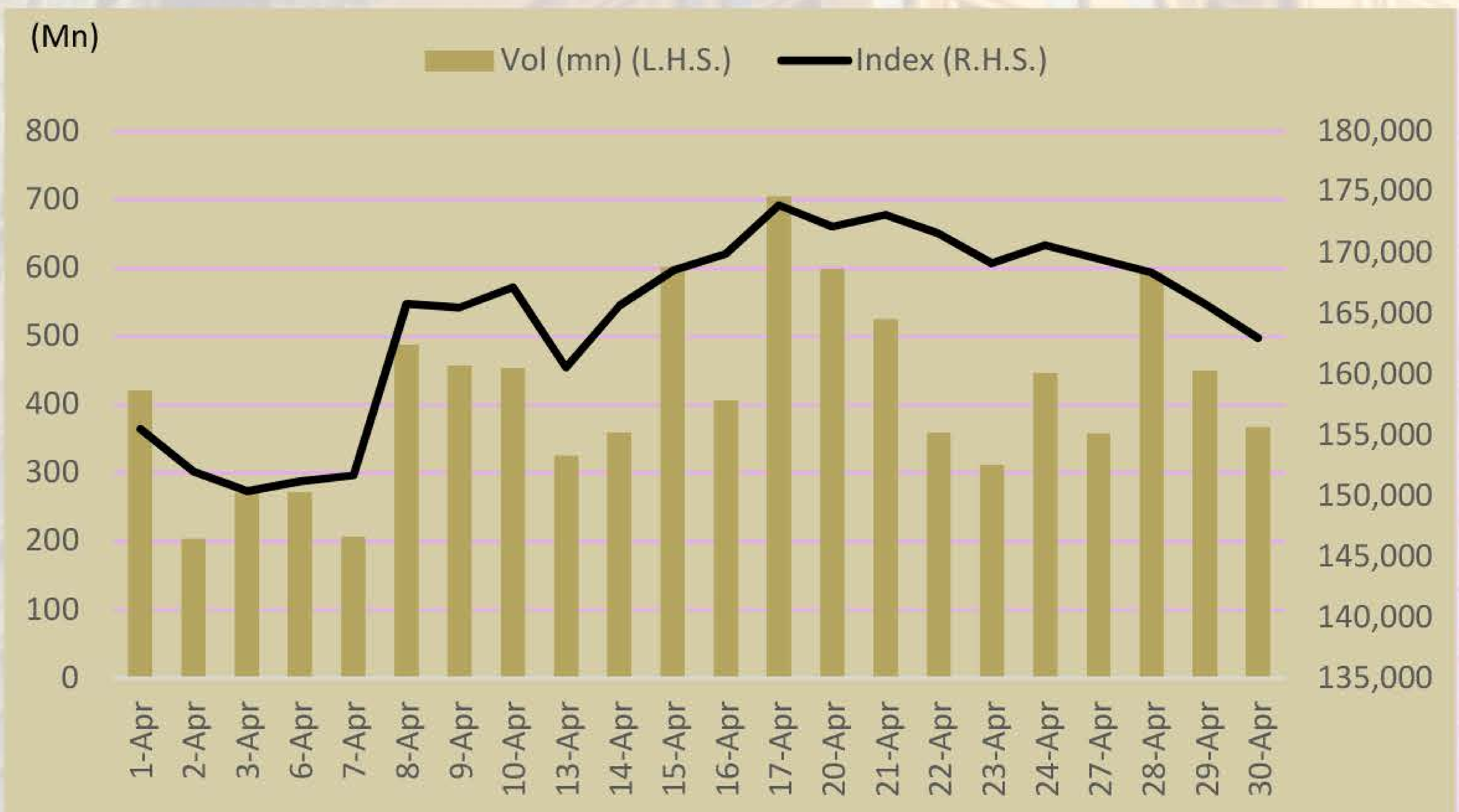
Amid rising energy costs and broader cost-push inflationary pressures, inflation, which has already entered the double-digits, is now expected to remain above the central bank’s target range of 5–7% for most of FY27. State Bank of Pakistan has already opted for a tightened monetary policy and hence raised the Policy Rate by 100 basis points to 11.50% from 10.50% in April, 2026.

Following this move, short-term funding costs increased across the curve. 3M–12M KIBOR rates rose by 27–32 basis points. Similarly, T-bill yields increased by 14–41 basis points, while PIB yields rose by 8–35 basis points, indicating a broad upward shift in the yield curve in response to changing inflation expectations.

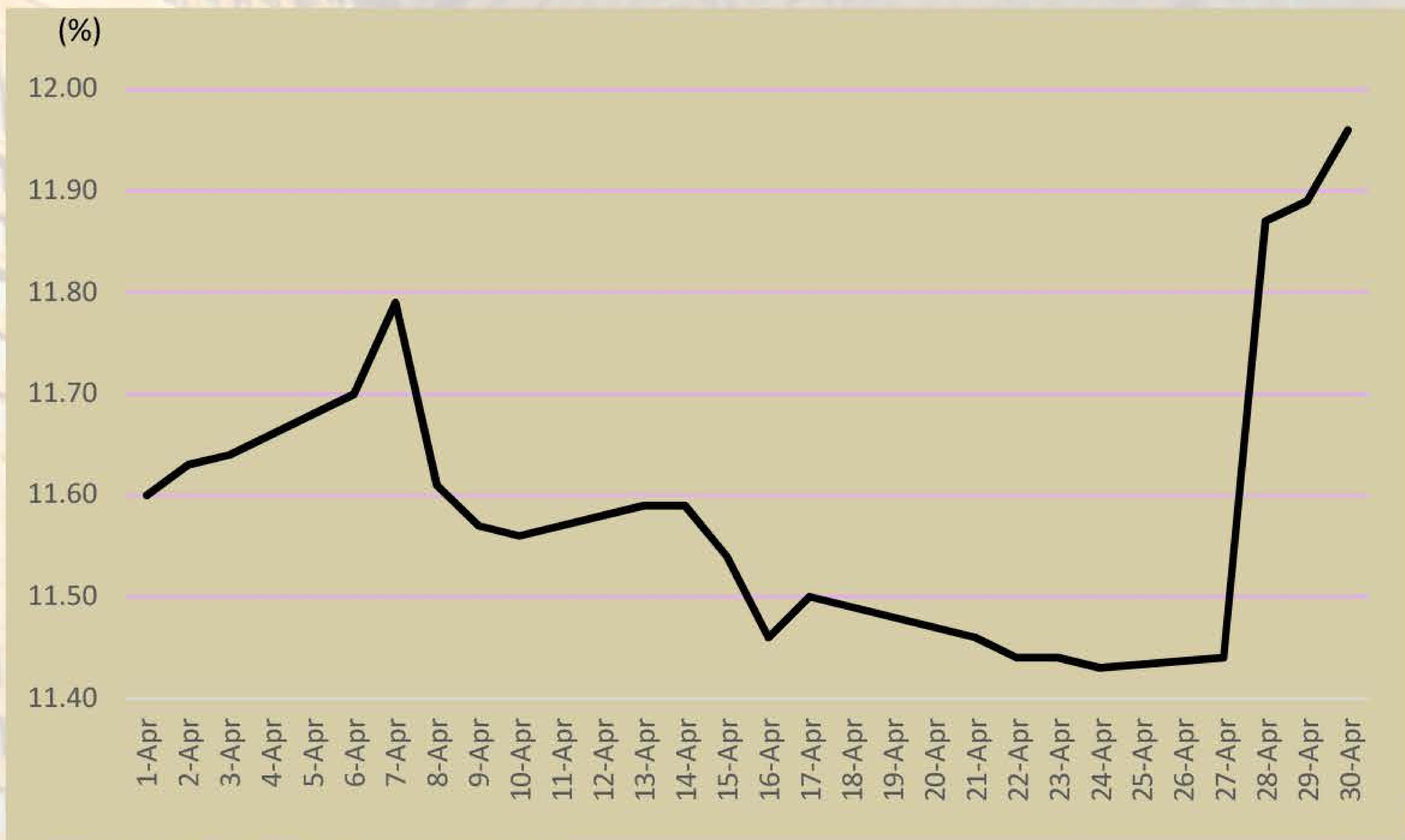
During the month, the government raised PKR 223.64 billion through Islamic auctions, falling short of the targeted PKR 500 billion across three auctions conducted via PSX. Investor participation remained strong, particularly in the 10-year VRR segment, which recorded a bid-to-cover ratio of 4.89x, reflecting robust demand despite limited supply in variable Ijarah instruments. However, all bids for 3-year and 5-year fixed-rate instruments, as well as 10-year discounted Ijarah securities, were rejected.

At current Policy Rate, the expected inflation trajectory may lead to real interest rates temporarily moving into negative territory in the coming months, if international oil prices remain at current levels. Any escalation in oil prices from here onwards may prolong double-digit inflation readings in the coming months.

KSE - 100 Index Performance



6 Month Kibor



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

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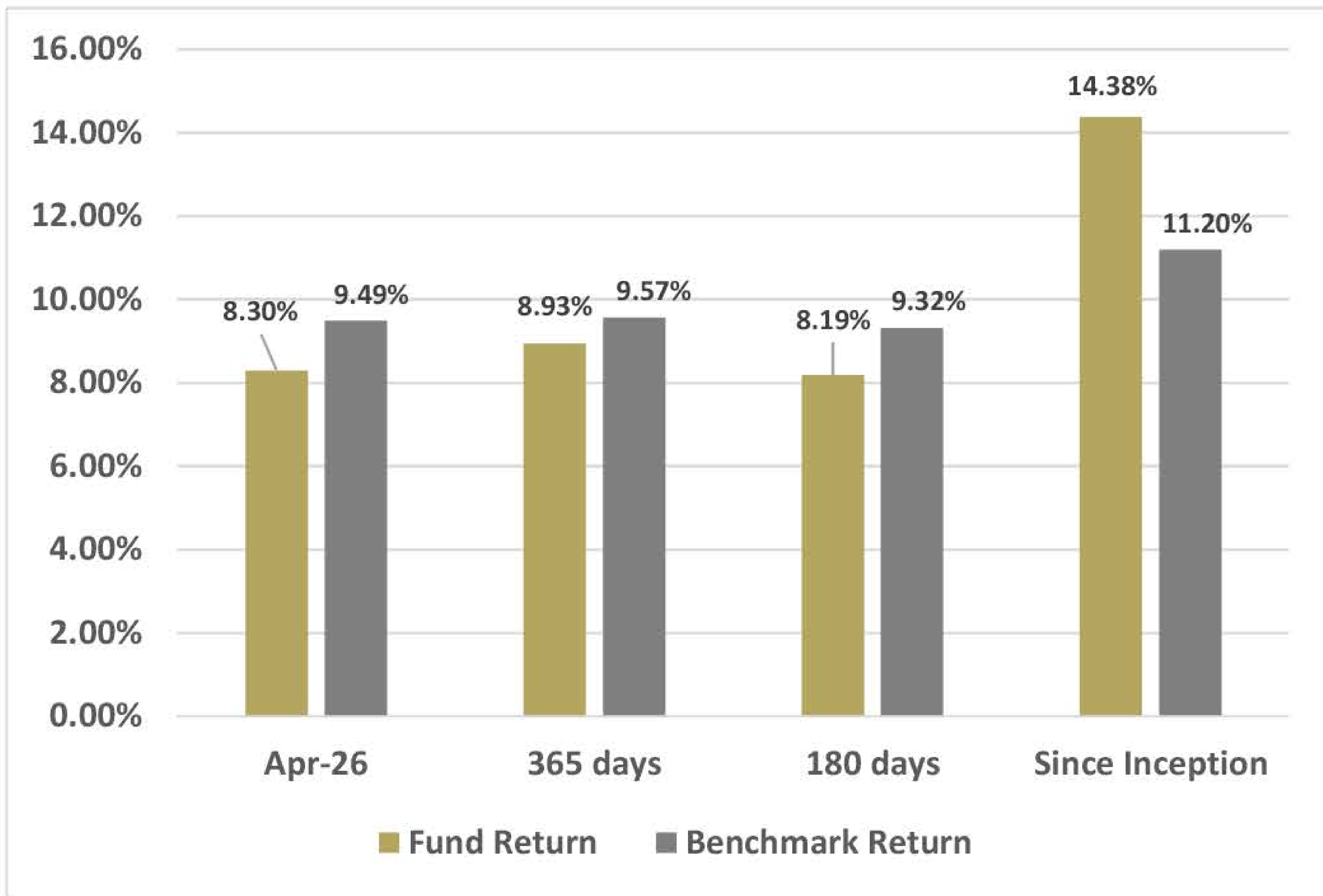
Investment Objective:

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

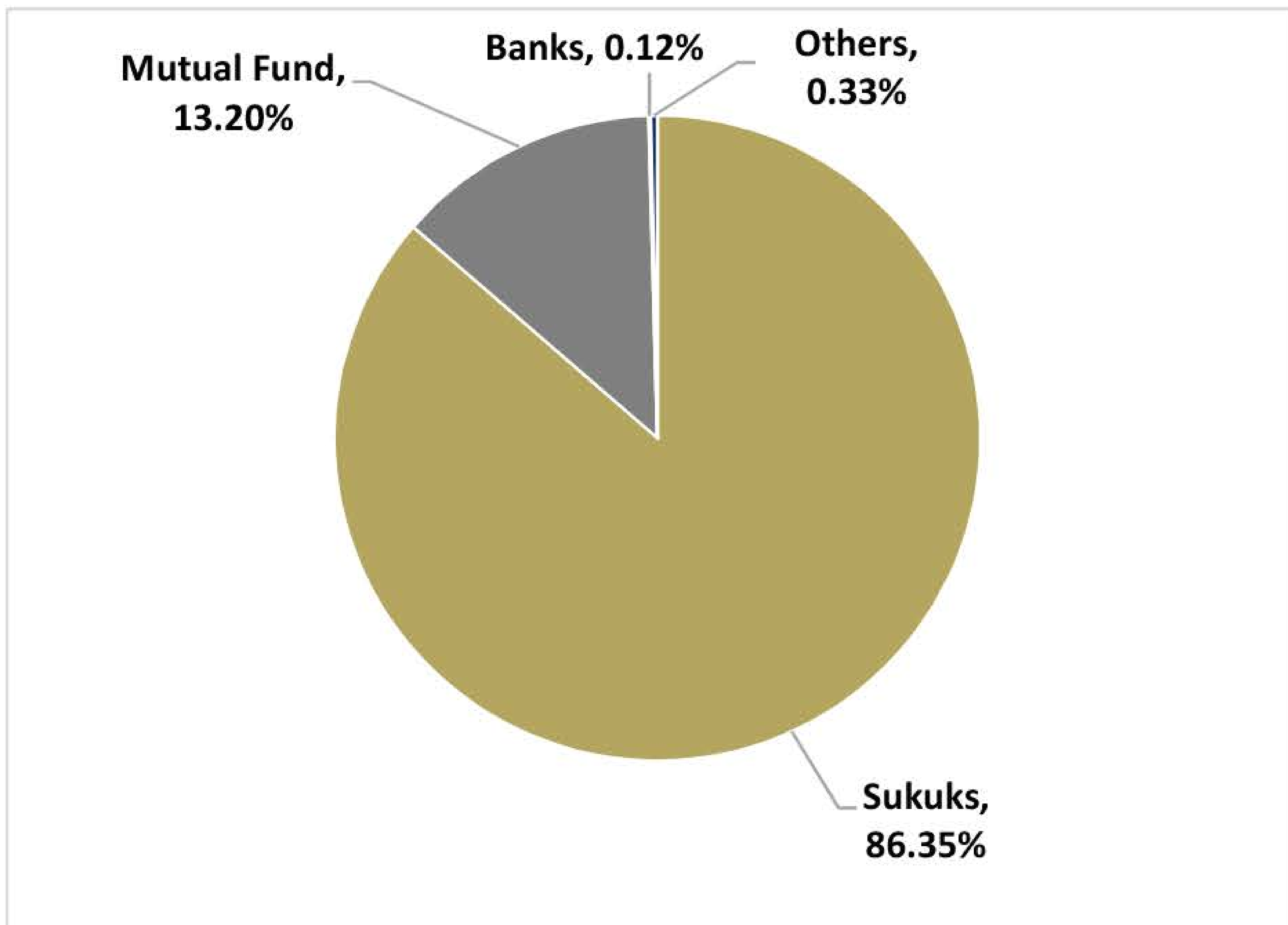
Fund Category	Money Market
Risk Profile	Low
Launch Date	18-Jul-23
Nav per unit at launch Date	100.0000
Nav per unit at month End (April 2026)	145.4082
Pricing Mechanism	Daily Forward pricing
Pricing Frequency	Monday to Friday
Total Net Assets (Rs.)	1,587 M
Weighted Avg.time to Maturity	0.5 Year
Expense Ratio	0.31%
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	Apr-26	Mar-26
GOP Ijarah Sukuks	86.35%	91.48%
Mutual Funds	13.20%	9.08%
Bank Balances	0.12%	0.14%
Other Assets / Liabilities	0.33%	-0.70%

Asset Allocation



Asset Quality	Apr-26	Mar-26
Government guaranteed	86.73%	91.80%
AA+	13.20%	9.10%
AAA	0.12%	0.10%
Unrated	-0.05%	-1.00%

Fund Returns	Apr-26	Mar-26
Return on (MoM) basis	8.30%	1.56%
180 days return	8.19%	8.57%
Last 365 days return	8.93%	9.07%
Return since inception (annualized)	14.38%	14.57%
Last 05 years (annualized)	N/A	N/A
Last 10 years (annualized)	N/A	N/A

Fund Manager's comments

The KSE-100 Index rebounded by 9.6% MoM in Apr-2026, following a cumulative 19% decline over the preceding two months, as investor sentiment improved amid optimism surrounding ongoing US-Iran negotiations. While a formal agreement remains elusive, the temporary ceasefire and continued diplomatic engagement provided support to market sentiment. Meanwhile, the US blockade on Iran continued to fuel volatility in global energy markets, with oil prices nearing US$120/bbl.

Heightened geopolitical tensions, driven by the closure of the Strait of Hormuz and the continued US blockade, further tightened global oil supplies, keeping crude prices elevated above US$100/bbl. Brent crude surged 88% CY26 YTD, closing Apr-2026 at US$108/bbl. Although higher energy prices have increased cost pressures across various industries, they have simultaneously boosted inventory gains for refineries and OMCs.

CPI inflation accelerated to 10.9% in Apr-2026, returning to double digits after remaining in single digits for the past 20 months, largely driven by a ~30% YoY increase in transport inflation. During the month, the government raised petrol prices by Rs72/ltr (up 22% MoM) and HSD prices by Rs44/ltr (up 13% MoM), taking the cumulative increase in fuel prices to over 50% CYTD. In a recent statement, the Prime Minister highlighted that Pakistan's weekly oil import bill has surged from US$300mn at pre-conflict levels to nearly US$800mn, indicating that further fuel price adjustments may remain unavoidable.

Despite rising external payment pressures, strong inflows and remittance trends continued to support the country's foreign exchange position. During the period, Pakistan successfully repaid a US$1.3bn Eurobond, followed by a US$3.4bn repayment to the UAE. These outflows were largely offset by proceeds from a US$0.75bn Eurobond issuance and US$3bn in deposits from Saudi Arabia, bringing SBP's FX reserves to US$15bn by end-Apr-2026, compared to US$16.4bn in Mar-2026. Additionally, Pakistan is expecting disbursement of a US$1.2bn IMF tranche following the IMF Board meeting scheduled for 8th May. The SBP has reiterated its confidence in achieving FX reserve targets of US$18bn by Jun-2026 and US$20bn by Dec-2026.

The current account balance for 9MFY26 remained broadly flat at a surplus of US$8mn, largely supported by a strong surplus of US$1.07bn recorded in Mar-2026. The improvement was primarily driven by a seasonal surge in remittances ahead of Eid, along with a relatively better trade balance. However, underlying external vulnerabilities persist, as the trade deficit widened 26% YoY to US$23.5bn during 9MFY26, with imports increasing 8% YoY while exports declined 6% YoY.

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 would fall in line, 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.

The market is currently trading at a forward P/E of 7.5x following 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.