5th Pillar
Family Takaful Limited
آئیے، ساتھ چلیں

FUND
MANAGER REPORT

June | 2026

MARKET REVIEW

Stock Market Review

During the month of June 2026, the KSE-100 index increased by 6,339 points (up 3.6%), closing at 180,302 points. The average daily volume of the market stood at 836 million shares, up by 18% on a MoM basis. Commercial Banks and Cement were the major positive contributing sectors to the index performance during the month.

The KSE-100 Index extended its bullish momentum into June 2026, gaining 3.6% as investor sentiment strengthened following the US-Iran interim peace agreement, which triggered a sharp decline in international oil prices. Market confidence was further reinforced by the favorable reception of the FY27 Federal Budget and the SBP's decision to maintain the policy rate at 11.5%. These supportive macroeconomic developments, together with a stable Pakistani Rupee and robust institutional buying, supported a broad-based expansion in valuations and sustained domestic investor participation.

Foreigners were net sellers with net selling aggregating USD 204.3 million during the month. While Companies & Mutual Funds were major buyers with net buying aggregating USD 228.6 million & USD 48 million (excluding debt market) respectively. Oil prices decreased by 21% during the month with Brent closing at USD 72.92 per barrel.

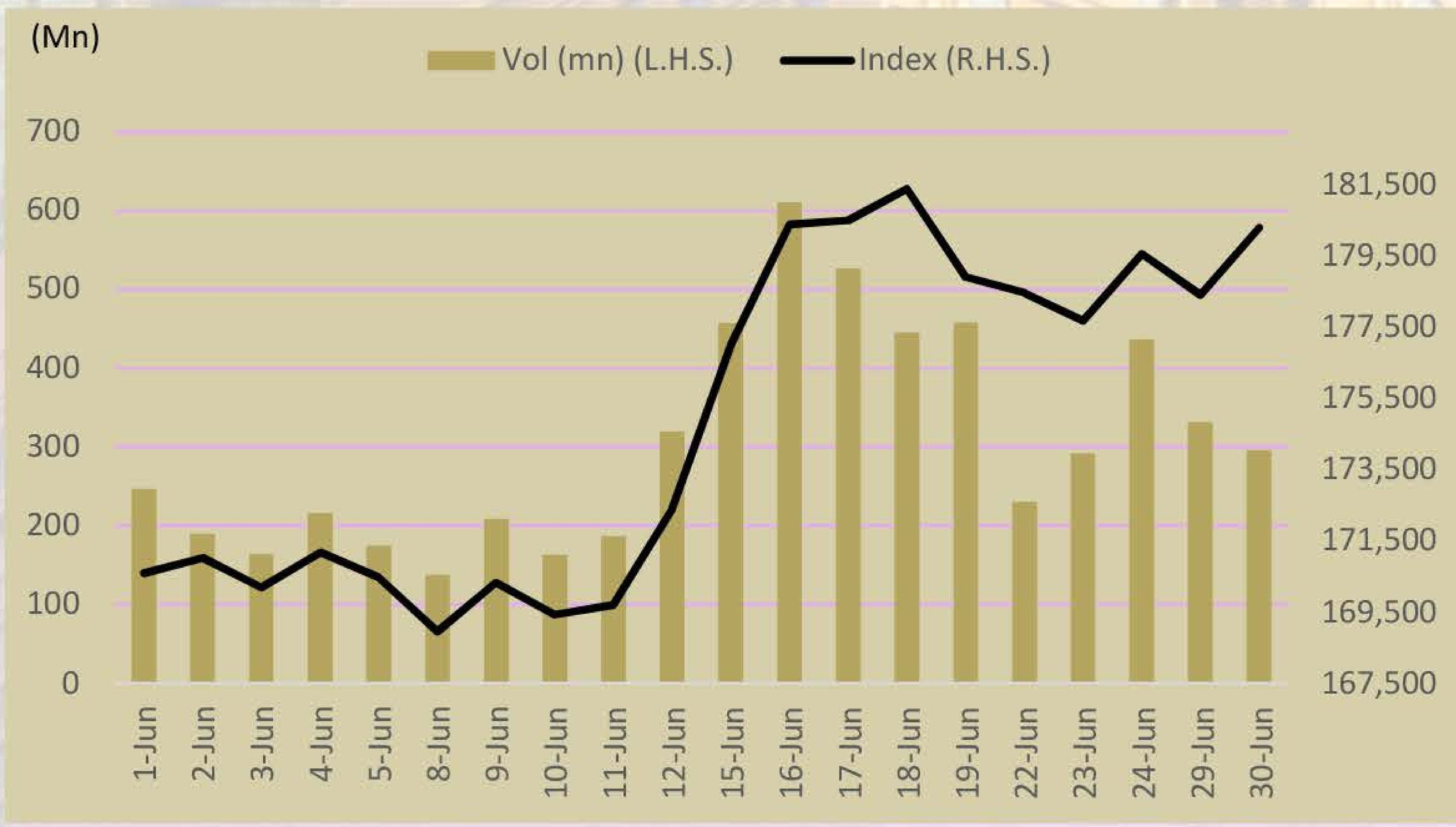
While near-term volatility cannot be ruled out, we maintain a long-term positive outlook on the equity market. We encourage investors to enhance their long-term exposures to equities at these levels.

Money Market Review

During June, global commodity prices declined as geopolitical tensions in the Middle East eased. Responding to these shifting dynamics and anticipation of softening inflation trajectory, the money market saw widespread yield contractions: 3, 6, and 12-month KIBOR rates fell by 45 to 88 basis points, T-bill yields dropped by 34 to 92 basis points, and Pakistan Investment Bond yields decreased by 56 to 93 basis points. Amid this downward momentum, the government successfully raised PKR 833 billion against a PKR 850 billion target, heavily favoring long-term instruments, which accounted for PKR 430 billion of the total. Additionally, the government conducted a Bai Muajjl auction, accepting PKR 56 billion against total bids of PKR 270 billion, while on the conventional side, it exceeded its target of PKR 3,650 billion by raising PKR 3,854 billion, with the majority of these funds secured through Treasury Bills.

We expect inflation readings to remain above the SBP target range of 5-7% during FY27. As a result, we project a real positive interest rate between 2-3%, broadly throughout the year. The inflation trend is expected to heavily rely on external risk factors such as movement in international oil prices amid the developments in the geopolitical landscape. We highlight, as Pakistan remains under an IMF program, disciplined fiscal and monetary policies are expected to continue.

KSE - 100 Index Performance



6 Month Kibor

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

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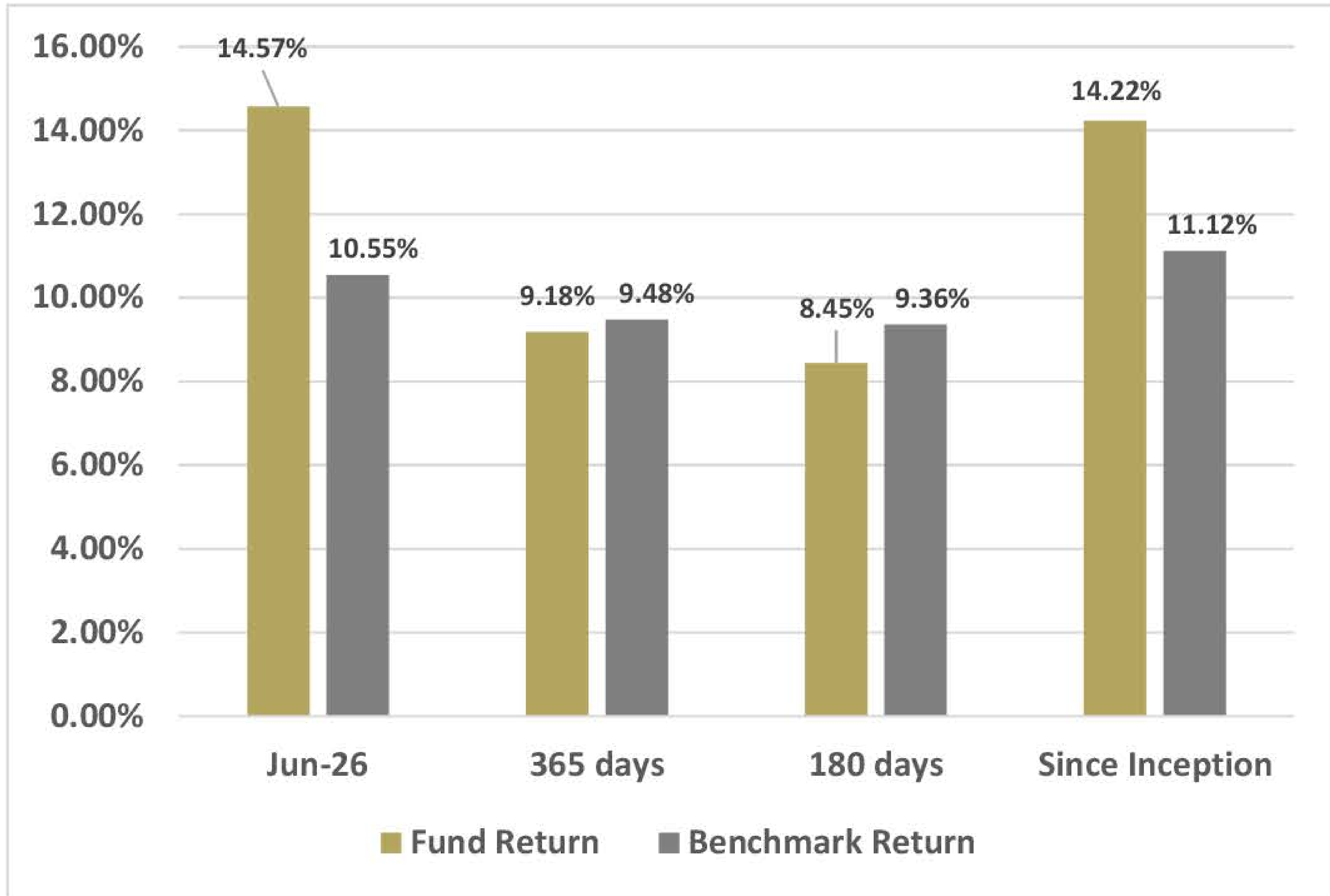
Investment Objective:

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

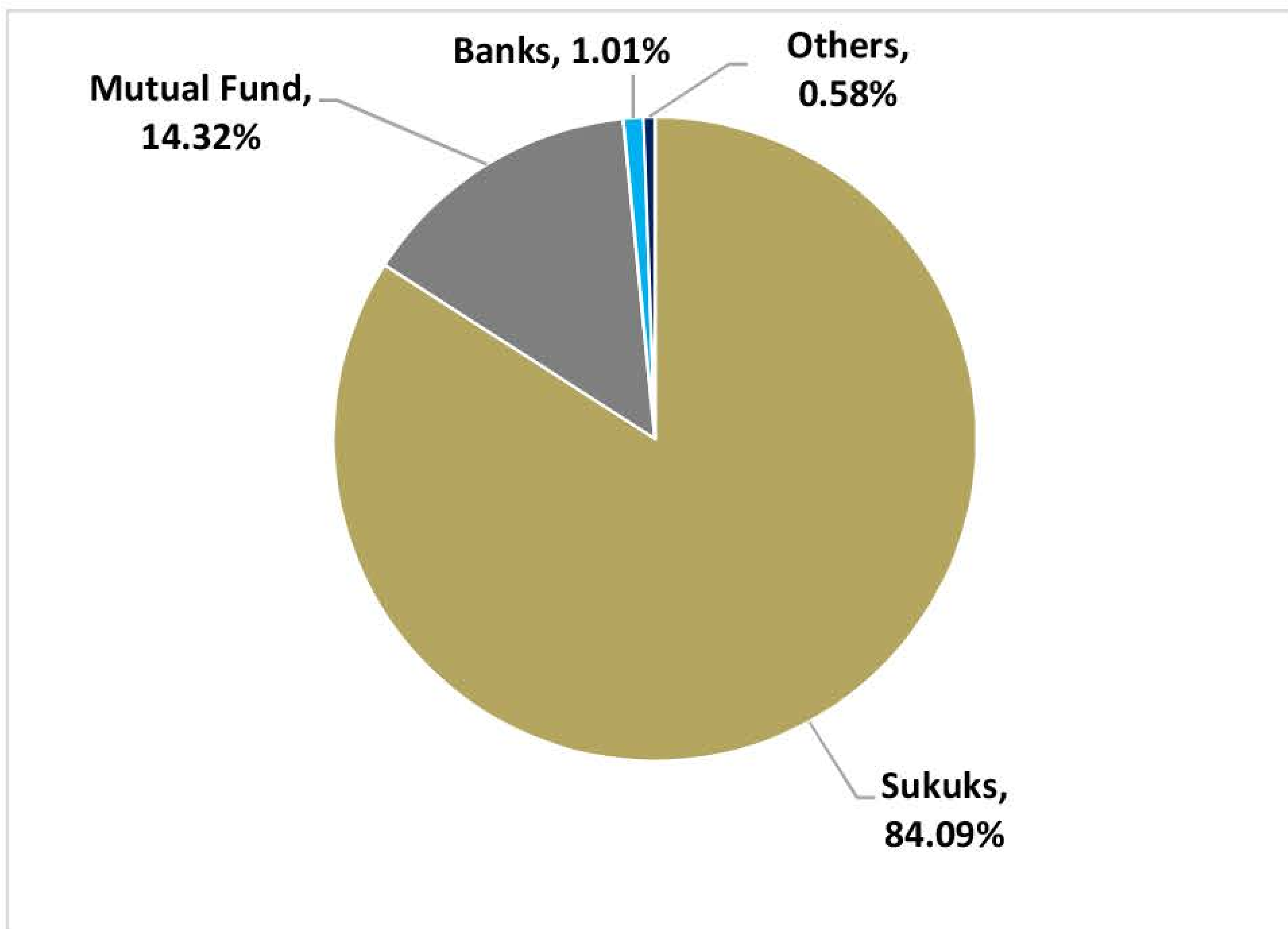
Fund Category	Money Market
Risk Profile	Low
Launch Date	18-Jul-23
Nav per unit at launch Date	100.0000
Nav per unit at month End (June 2026)	148.0905
Pricing Mechanism	Daily Forward pricing
Pricing Frequency	Monday to Friday
Total Net Assets (Rs.)	1,742 M
Weighted Avg.time to Maturity	0.4 Year
Expense Ratio	0.28%
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	Jun-26	May-26
GOP Ijarah Sukuks	84.09%	82.51%
Mutual Funds	14.32%	16.48%
Bank Balances	1.01%	0.11%
Other Assets	0.58%	0.90%

Asset Allocation



Asset Quality	Jun-26	May-26
Government guaranteed	84.22%	82.97%
AA+	14.32%	16.48%
AAA	1.01%	0.11%
Unrated	0.45%	0.44%

Fund Returns	Jun-26	May-26
Return on (MoM) basis	14.57%	8.72%
180 days return	8.45%	8.17%
Last 365 days return	9.18%	8.77%
Return since inception (annualized)	14.22%	14.21%
Last 05 years (annualized)	N/A	N/A
Last 10 years (annualized)	N/A	N/A

Fund Manager's comments

The KSE-100 Index gained 3.6% MoM in June 2026, bringing CY26 YTD returns to 3.6% and closing the month at 180,000 points. The index has rebounded 21% from its March 2026 low, supported by the 60-day ceasefire agreement between the US and Iran and the resumption of diplomatic negotiations. Broader regional sentiment also improved, with Asian equity markets recording their strongest quarterly performance in more than two decades, driven by a recovery in technology stocks and lower oil prices amid expectations of a lasting resolution to the conflict.

Brent crude prices declined 20% MoM and are down 38% from their March 2026 peak to US$73/bbl, as easing geopolitical tensions following the signing of the Islamabad MoU and the restoration of shipping through the Strait of Hormuz alleviated concerns over prolonged supply disruptions. Similarly, RB coal prices fell 9% MoM and are now 14% below their peak. Reflecting the decline in global energy prices, domestic petrol prices also dropped 22% MoM and 35% from their April 2026 peak.

PSX responded positively to the FY27 Budget, which avoided the adverse measures previously feared for capital markets. Key positives included lower income tax rates for the salaried class, a 2ppt reduction in super tax for corporates, the abolition of super tax for exporters deriving more than 80% of their revenue from exports, and a three-year extension of the Final Tax Regime (FTR) for the IT sector.

Inflation for June 2026 stood at 11.1%, leaving the real interest rate (RIR) marginally negative at approximately -0.2ppt. Meanwhile, the current account posted a surplus of US$255mn during 11MFY26, supported by a sharp increase in workers' remittances in May. However, the external position remains structurally fragile, with the trade deficit widening 24% YoY to US$30.2bn as imports increased 8% YoY while exports declined 5% YoY.

Overall, the FY27 Budget is supportive for equities, primarily due to the absence of aggressive revenue-generating measures. Looking ahead, however, the market's direction is likely to remain primarily driven by the SBP's monetary policy trajectory and developments in US-Iran geopolitical relations.

Outlook:

We remain constructive on Pakistan's equity market, supported by improving macroeconomic fundamentals, a stable external account, easing monetary conditions, and continued progress under the IMF program. While geopolitical developments and global oil prices may drive near-term volatility, the medium-term outlook remains favorable. We expect market direction to be guided by the SBP's policy trajectory, corporate earnings, and continued macroeconomic stability.

The market is currently trading at a forward P/E of 8.5x offering a dividend yield of 5.9%.