5th Pillar
Family Takaful Limited
آئیے، ساتھ چلیں

FUND
MANAGER REPORT

May | 2026

5th Pillar
Family Takaful Limited
آئیے، ساتھ چلیں

MARKET REVIEW

Stock Market Review

During the month of May 2026, the KSE-100 index increased by 10,969 points (up 6.7%), closing at 173,963 points. The average daily volume of the market stood at 709 million shares, down by 24% on a MoM basis. Banks, Fertilizer, Oil & Gas Exploration Companies and Cement were the major positive contributing sectors to the index performance during the month.

The KSE-100 Index extended its upward momentum in May 2026, building on the recovery witnessed in the previous month. Market sentiment was primarily supported by progress toward easing US-Iran tensions and growing optimism surrounding a potential peace agreement. Investor confidence strengthened further after the successful completion of the third review of IMF program, resulting in a USD 1.3 billion disbursement that raised Pakistan's foreign exchange reserves to USD 17.2 billion.

Foreigners were net sellers with net selling aggregating USD 20.8 million during the month. While Insurance & Brokers were major buyers with net buying aggregating USD 12.8 million & USD 5.5 million (excluding debt market) respectively. The oil prices decreased by 19% during the month with Brent closing at USD 92.05 per barrel.

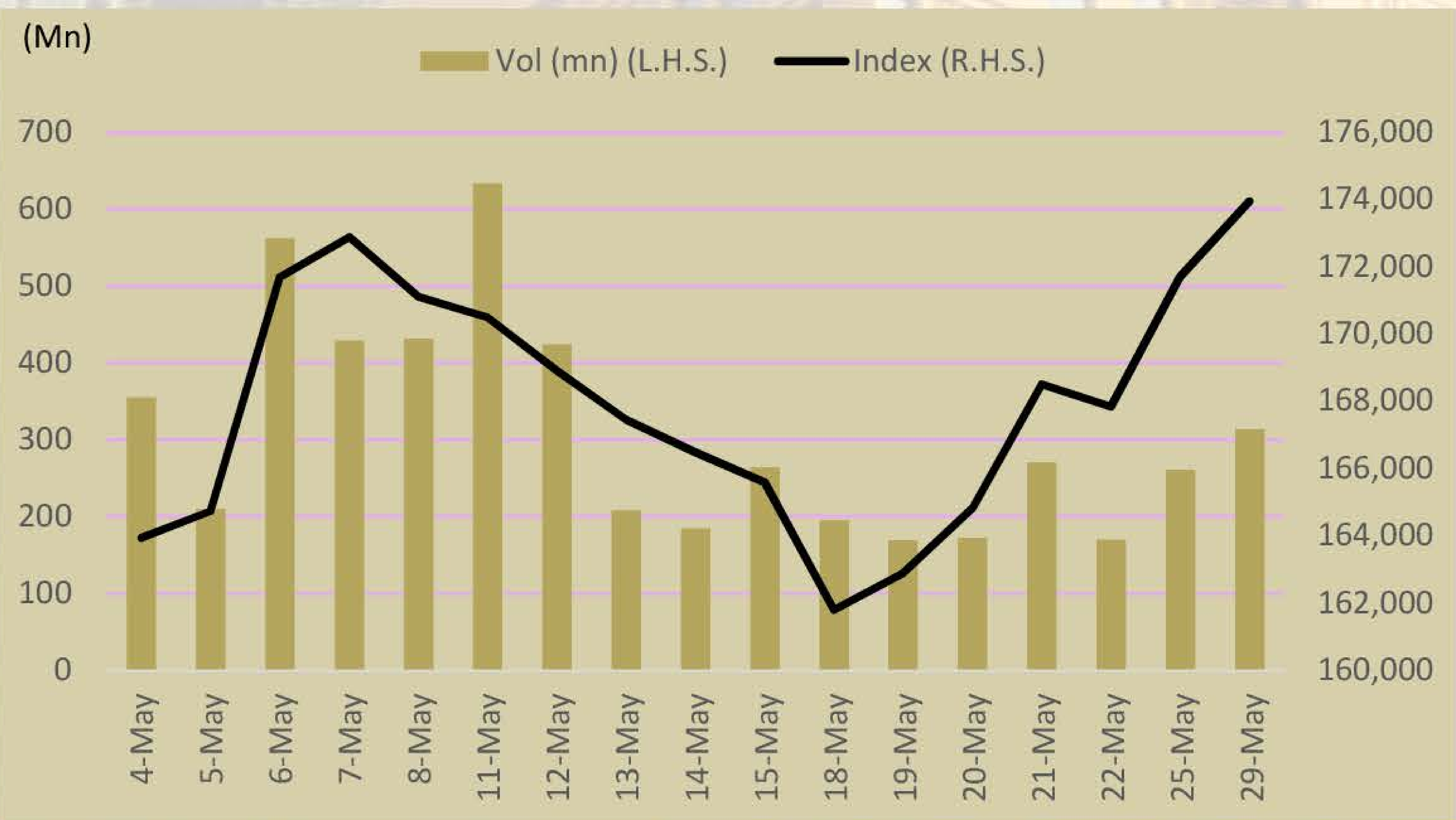
While near-term volatility cannot be ruled out, we maintain a long-term positive outlook on the equity market. We encourage investors to enhance their long-term exposures to equities at these levels.

Money Market Review

Driven by global commodity prices volatility and soaring domestic energy prices, Pakistan's headline inflation has surged to a two-year high of 11.66%, with core inflation climbing to 9% as price pressures spill over into the broader economy, while partially led by base effect. Moreover, market expects the central bank to keep interest rates at current levels for long, where any transitional spike in inflation may lead to real interest rates to slip into negative territory. During May, short-term financing and treasury bill yields have risen by up to 60 basis points indicating a broad upward shift in the yield curve in response to changing inflation expectations, while long-term PIB yields have flattened or decreased. During the period, the government raised PKR 1,604 billion through T-Bill auctions and PKR 212 billion through the fixed-rate PIB auction. However, all bids received in the floating-rate PIB auction were rejected.

Moreover, under the Ijara Sukuk auctions for the month, the government missed its borrowing target by over 50% as it raised PKR 227 billion against a target of PKR 550 billion across three auctions. The government also rejected all bids for 3-year and 5-year fixed-rate instruments, as well as long-term discounted Ijarah.

KSE - 100 Index Performance



6 Month Kibor

5th Pillar Family Takaful Limited - Conservative Fund

For the month of May 2026

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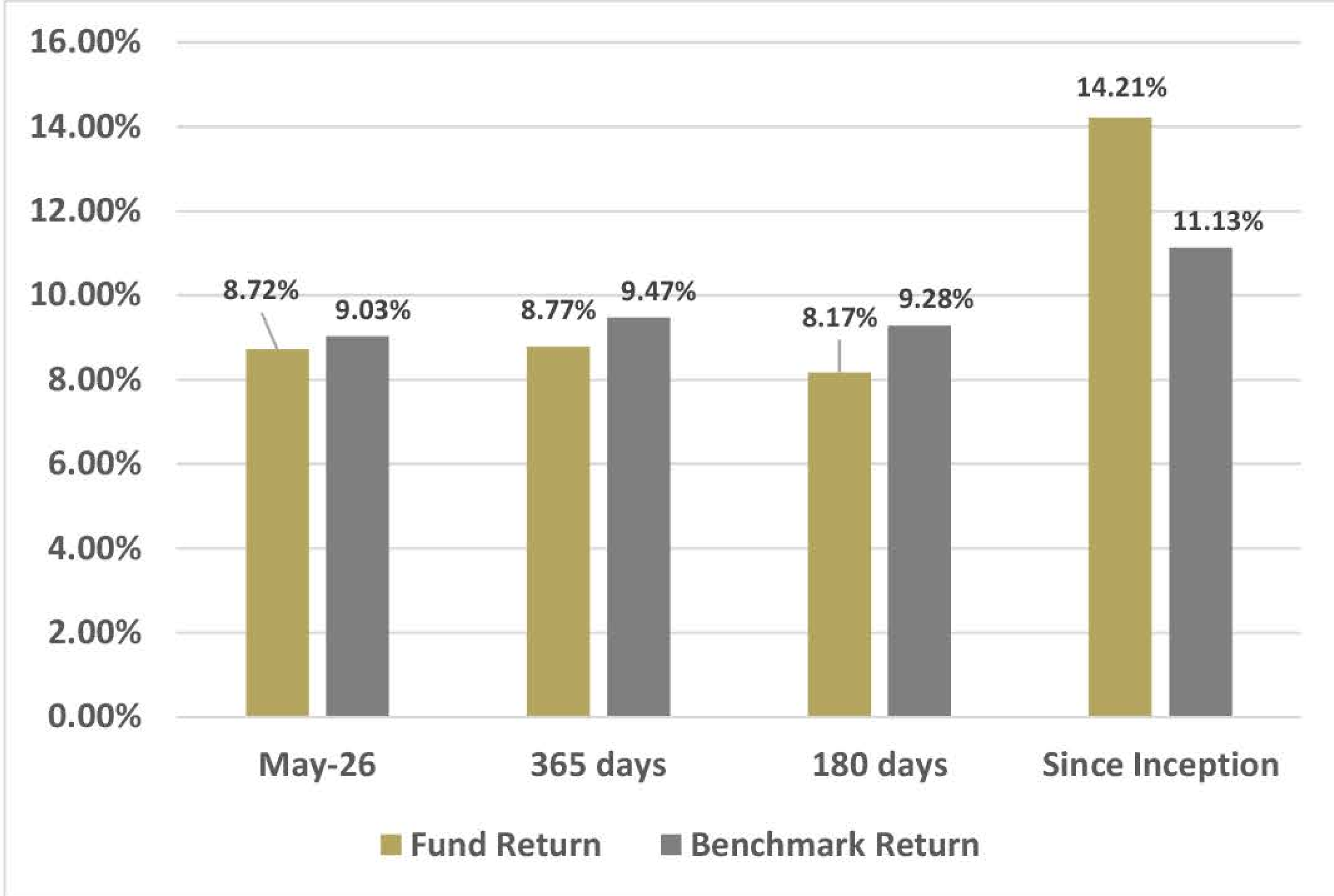
Investment Objective:

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

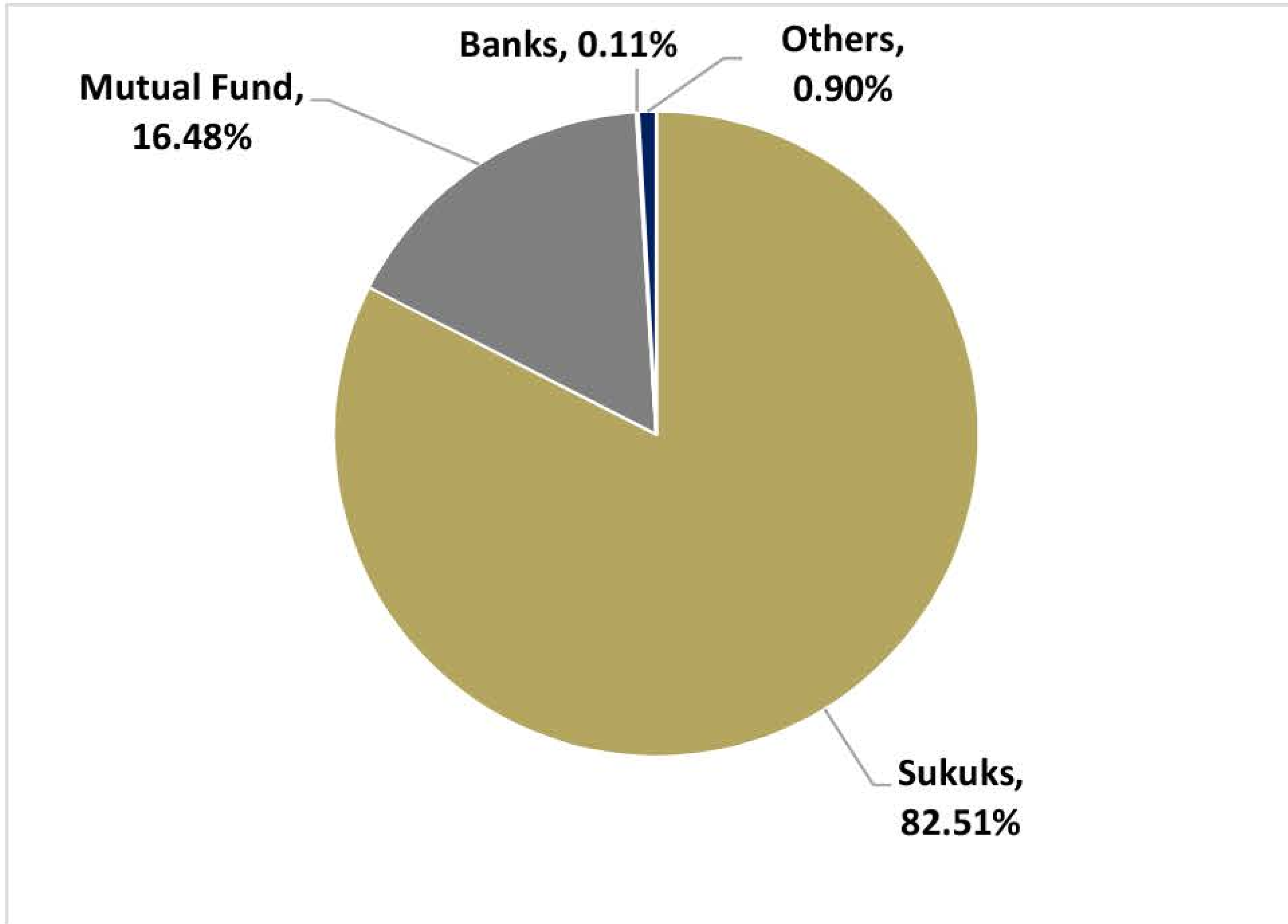
Fund Category	Money Market
Risk Profile	Low
Launch Date	18-Jul-23
Nav per unit at launch Date	100.0000
Nav per unit at month End (May 2026)	146.4443
Pricing Mechanism	Daily Forward pricing
Pricing Frequency	Monday to Friday
Total Net Assets (Rs.)	1,672 M
Weighted Avg.time to Maturity	0.4 Year
Expense 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	May-26	Apr-26
GOP Ijarah Sukuks	82.51%	86.35%
Mutual Funds	16.48%	13.20%
Bank Balances	0.11%	0.12%
Other Assets	0.90%	0.33%

Asset Allocation



Asset Quality	May-26	Apr-26
Government guaranteed	82.97%	86.73%
AA+	16.48%	13.20%
AAA	0.11%	0.12%
Unrated	0.44%	-0.05%

Fund Returns	May-26	Apr-26
Return on (MoM) basis	8.72%	8.30%
180 days return	8.17%	8.19%
Last 365 days return	8.77%	8.93%
Return since inception (annualized)	14.21%	14.38%
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 6.7% MoM to close at 173,000 points in May 2026, narrowing CY26 YTD losses to below 1%. Trading activity remained subdued amid geopolitical uncertainty and a reduced number of trading sessions. Investor sentiment was largely driven by developments in US-Iran negotiations and movements in global oil prices.

Regional markets also experienced heightened volatility; however, South Korea, Taiwan, Pakistan, and Thailand ended the month in positive territory, supported by a rally in technology stocks and optimism surrounding potential progress in US-Iran peace talks.

Pakistan's current account recorded a deficit of US$324 million in April 2026, reversing the surplus posted in March and bringing the cumulative 10MFY26 balance to a deficit of US$252 million. The deterioration highlights persistent external sector vulnerabilities despite the temporary improvement seen in March. The widening deficit was primarily driven by higher imports, largely reflecting elevated international oil prices.

The trade deficit continued to expand amid weak export performance, with exports declining 5.4% YoY. At the same time, Pakistan's oil and mineral fuel import bill surged to a 44-month high of US$1.9 billion in April 2026. Although LNG imports remained negligible, this was more than offset by a twofold YoY increase in imports of crude oil, refined petroleum products, and LPG.

The IMF revised its FY26 GDP growth forecast upward from 3.2% to 3.6%, while increasing its CPI inflation projection from 6.3% to 7.2%. The FY26 fiscal deficit estimate was lowered from 4.0% to 3.2% of GDP.

Outlook

Looking ahead, investor focus is shifting to the FY2027 Federal Budget, scheduled to be announced on June 10. Expectations of relief-oriented measures, coupled with targeted GDP growth of 4.1% and average inflation of 8.4%, are likely to shape market sentiment in the months ahead.

We remain optimist on Pakistan equities, although the market may remain range-bound in the near term pending greater clarity on geopolitical developments, oil prices, and the federal budget. Any market weakness should be viewed as an opportunity to accumulate fundamentally strong companies positioned to benefit from improving macroeconomic conditions.

The market currently trades at a forward P/E of approximately 8.1x, below its long-term historical average. Continued macroeconomic stability, progress on reforms, and a supportive policy environment could support a gradual re-rating toward historical valuation levels of 9x–10x forward earnings.