



Punjab General Provident Investment Fund

ANNUAL REPORT

The Management Committee of Punjab General Provident Investment Fund (PGPIF) is pleased to present to Government of the Punjab the Annual Report for the year ended 30 June 2018.

FUND SIZE:

- The Fund has started its operations from 25th October, 2017. A summary of changes in fund size since then is given in the following table:

Rs. millions

	25 th Oct' 17 to 30 th Jun' 18
Beginning fund size	-
Add: Contribution during the period	5,879
Add: Income during the period	8
Less: Expenses during the period	-
Ending fund size*	5,887

PROFITABILITY:

- The Fund made a net profit of Rs. 7.921 million during the period which translates to 5.61% annualized return. On mark to mark basis, fund has posted slightly less profit of 5.53% p.a.

FUND'S PORTFOLIO:

- The Fund's exposure to different investment types at 30 June 2018 is summarized as under:

%: as percentage of Total Fund Size Amounts: Rs. millions

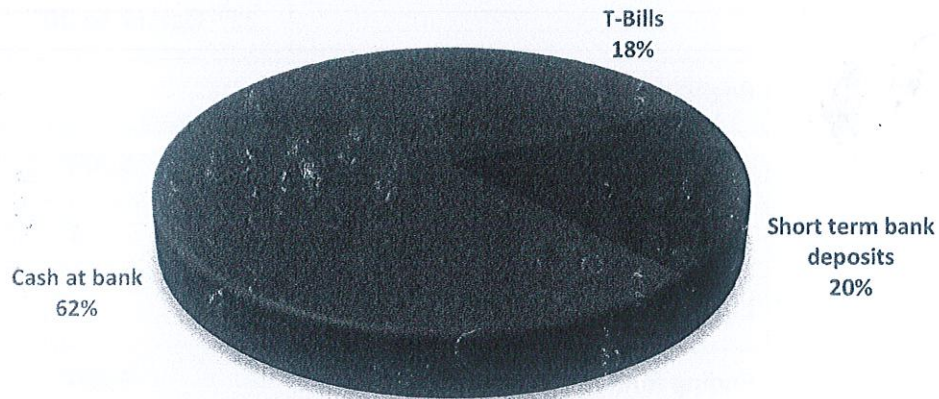
	30 th June 2018	
	Amount	%
T-Bills	1,047	17.8
Short term bank deposits	1,170	19.9
Cash at bank	3,670	62.3
Total Fund Size	5,887	100.0



Punjab General Provident Investment Fund

- PGPIF is currently following strategy to invest in short duration instruments due to rising interest rate scenario. At the end of FY18, the Fund is invested in T-bills, short term bank deposits and daily product accounts.

ASSET ALLOCATION AS AT 30 JUNE 2018



FUND'S PERFORMANCE:

- The Fund has just started its operations. Investment Policy and an appropriate benchmark is being finalized by the Fund.

OUTLOOK FOR FY2018-19

Inflation:

- FY2017-18 started with low inflation rate which remained within the range of 3%-4% during the year. However, by the end of FY18, the CPI started its upward trajectory and settled at 5.21% on YoY basis. Transport and Housing, Water, Electricity & Gas Index were main drivers for increase in inflation rate towards end of the year.
- As far as inflation outlook for FY2018-19 is concerned, CPI has already shown trends of reversal. The core inflation is showing persistent demand side pressure, although supply side conditions are still subsiding pressure on inflation but higher oil prices and effect of recent rupee depreciation will push inflation upward in FY19. Major pressure will be exerted by external sector as widening current account and trade deficit will put pressure on rupee.

Interest rates:

- During the FY2017-18, the SBP maintained its Policy Rate for first half of the year; however, change in stance was made in January'18 policy review wherein the SBP raised its Policy Rate by 25 basis point. The SBP raised its policy rate by another 50 basis point in May'18.



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- In first five Monetary Policy Statements of FY19, the SBP increased its Policy Rate by 425 basis points. Going forward we expect another 25 to 50 basis points increase in Policy Rate during rest of FY19.

INVESTMENT STRATEGY:

- At the end of June-18, the Fund was 100% invested in short term investments because interest rates were lower than long term averages. However, in third quarter FY19, as the interest rate cycle was nearing its peak, the Fund accumulated long term PIBs at attractive yields. The allocation of the Fund in long term PIBs has increased to 73% by the end of Mar-19.

AUDITORS:

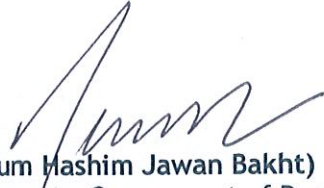
The Government of Punjab appointed M/S RSM Awais Haider Liaquat Nouman, Chartered Accountants, as Auditors of the Fund for the year ended 30 June 2018. Auditors have submitted their Audit Report for the year ended 30 June, 2018.

ACKNOWLEDEMENT

The Management Committee takes this opportunity to thank its members for valuable contributions to the Fund.

The Management Committee also wishes to place on record its appreciation for the hard work and dedication shown by the employees of the Fund.

Place: Lahore
Dated: 6 May 2019


(Makhdum Hashim Jawan Bakht)
Minister of Finance, Government of Punjab/
Chairman, Punjab General Provident Investment Fund