



Monthly Performance Report December 2025



ECONOMIC OVERVIEW & OUTLOOK

The country's economy witnessed improvement during CY25, albeit the floods caused temporary distortion in supply dynamics and ultimately food prices.

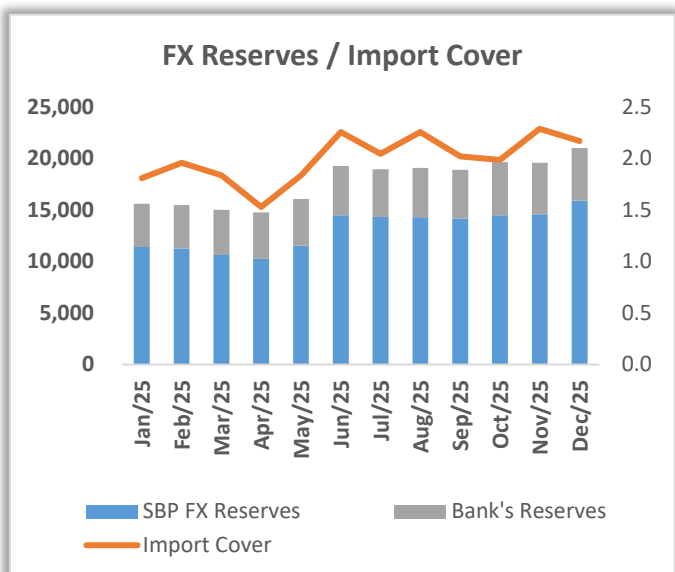
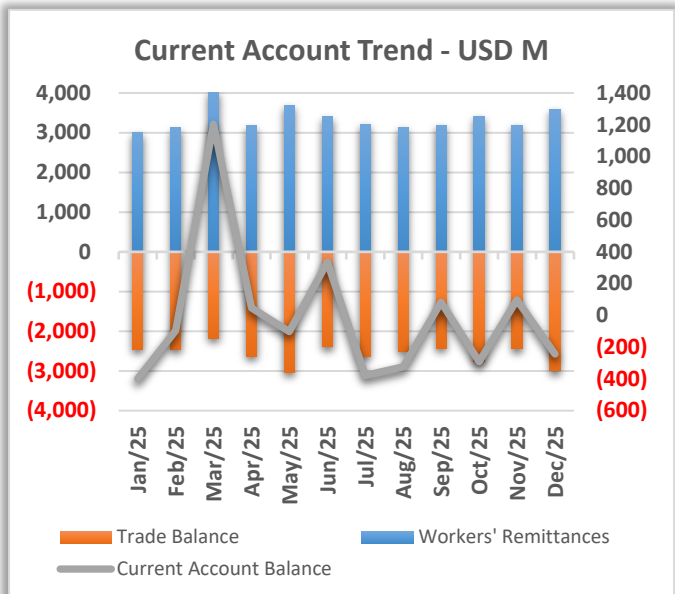
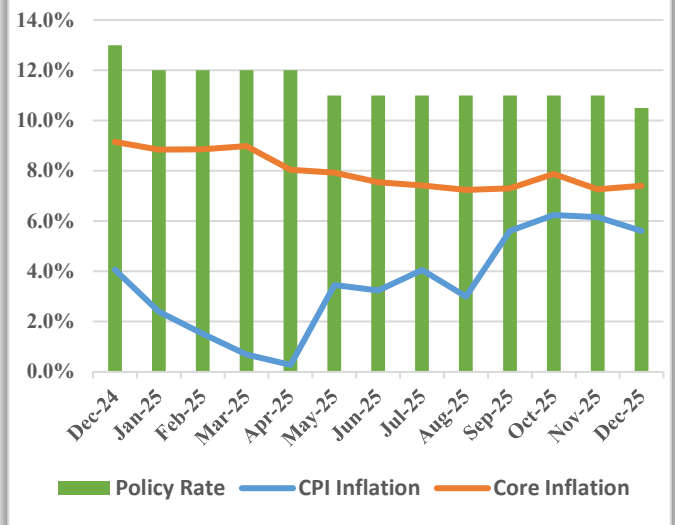
Average CPI Inflation for CY25 stood at 3.5%, with the maximum figure recorded during the last quarter amid damages caused by floods. Core Inflation remained sticky between 7-8% during the year. In line with the disinflationary trend, the Monetary Policy Committee reduced the policy rate by 250 bps to 10.5% during the year.

On the macroeconomic front, the country recorded a trade deficit of USD 30,877 million during the year. The country's imports increased 16% YoY, whereas exports declined by 5%. However, assistance to the external account was provided by robust remittances recorded at USD 40.18 billion during CY25, recording a 15.9% increase YoY. Hence, the Current Account Deficit figure clocked in at USD 71 billion for the year.

The outlook remains positive with support from recovery in the industrial activity. Inflation is projected to remain in the SBP target of 5-7%. The external account is expected to remain stable with additional support from growing remittances and IT exports.

Key developments in December were as follows:

- I. CPI Inflation was recorded at 5.61% (YoY) (Nov'25: 6.15%), whereas Core Inflation remained stable at 7.40%.
- II. The country recorded a Current Account Deficit of USD 244 million, bringing the cumulative deficit for 1HFY26 to USD 1.1 billion.
- III. The Trade Deficit stood at USD 2,986 million, up by 22% MoM, bringing the cumulative deficit to USD 15.7 billion.
- IV. Imports were up by 15% MoM, recorded at USD 6,109 billion, with major increases recorded in Petroleum (24%) and Machinery (21%).
- V. Good exports were down by 6% MoM, whereas Technology exports reached to USD 437 million, up by 22% MoM.
- VI. External account stability was supported by robust Remittances up by 12.5% MoM, and the continued buildup of FX reserves.



STOCK MARKET OVERVIEW

The KSE 100 Index continued its upward momentum during CY25, delivering a 51% YoY return. The Index gained 58,927 pts during the year to close at 174,054 pts. Key factors influencing the third consecutive year of double-digit growth included improving macroeconomic conditions, enhanced liquidity, and sustained corporate fundamentals.

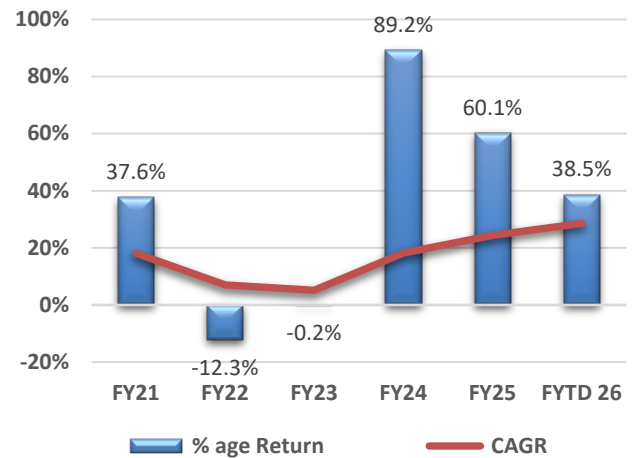
Furthermore, momentum was reinforced by easing inflation, resulting in continued monetary easing as the SBP cut the policy rate by 250 bps to 10.5% by the end of the year. Moreover, because of the successful IMF review, the government received USD 1.2 billion under the Extended Fund Facility and Resilience & Sustainability Facility, which further boosted investor confidence.

Despite the phenomenal performance, valuations remain reasonable and close to long term average. Improving macroeconomic conditions with sustained GDP growth could make local equities to offer attractive returns in the upcoming year while dividend yields of 5-6% continue to contribute toward total return.

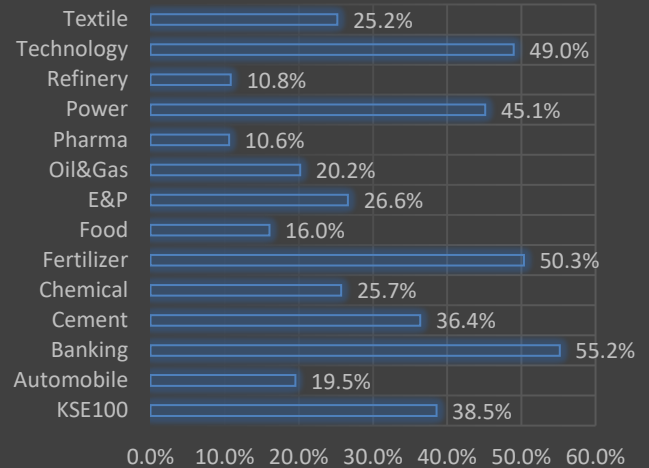
Key updates in December were as follows:

- I. The KSE 100 Index surged 4.4% during the month, bringing the cumulative gain of 1HFY26 to 38.5%.
- II. Highest sectoral gains were recorded by Technology (9.5%), Banking (6.1%), Textile (5.4%), Power (5.3%) and E&P (5.1%), which outperformed the market.
- III. However, the Automobile sector remained under stress, reflecting subdued volumetric sales amid rising competition amongst industry players.
- IV. Cumulative trading volume for the month stood at 7,939 million shares with a trading value of Rs. 691,807 million (USD 2,468 million).
- V. As of the end of December, the total market capitalization of the KSE 100 Index stood at Rs. 16.64 trillion (USD 59.4 billion).
- VI. Foreign Investors remained net sellers during the month, selling USD 52 million worth of equities.
- VII. Amongst Local Investors, Brokers, Corporates, Individuals and NBFCs remained net buyers while Banks/DFIs, Insurance and Mutual Funds remained net sellers. Overall, on net basis local investors contributed USD 52 million.

KSE-100 Index Performance



Sector Performance - FYTD 26



TOP CONTRIBUTING SCRIPS





MONEY MARKET OVERVIEW

The Monetary Policy Committee (MPC), in its recent meeting held on 15th December 2025, decided to reduce the policy rate by 50 bps to 10.5%. The Committee cited that inflation on average was within the target range during Jul-Nov FY26, though core inflation remained sticky. Inflation outlook remains stable within the target range of 5-7%. Furthermore, the economic activity continues to gain traction, based on improvement in key indicators, including Large Scale Manufacturing.

The SBP conducted the auction of T-Bills twice this month, on 10th and 24th December, with the target amounts of Rs. 1,000 billion and 600 billion, respectively. The participation remained robust in both the auctions, with the SBP accepting Rs. 981.69 billion and Rs. 911.22 billion, respectively, from the auctions. In line with the policy rate cut by SBP, the yields were down between 36-78 bps across all tenors.

In the PIB Auction on 17th December 2025, the SBP accepted an amount of Rs. 444.97 billion against a target amount of 400 billion, whereas the offer amount was Rs. 2,488 billion, showing investors' robust participation. The table shows the cut off yield of each tenor. As compared to the auction of PIBs in the last month, the cut off yields were down across all tenors in line with the policy rate cut. Yield on 2Y and 3Y PIBs fell by 70 bps and 65 bps respectively, whereas the yield on 5Y and 10Y PIBs reported a decline of 45 bps and 33 bps, respectively. The yield on 15Y recorded the lowest change, falling by 25 bps.

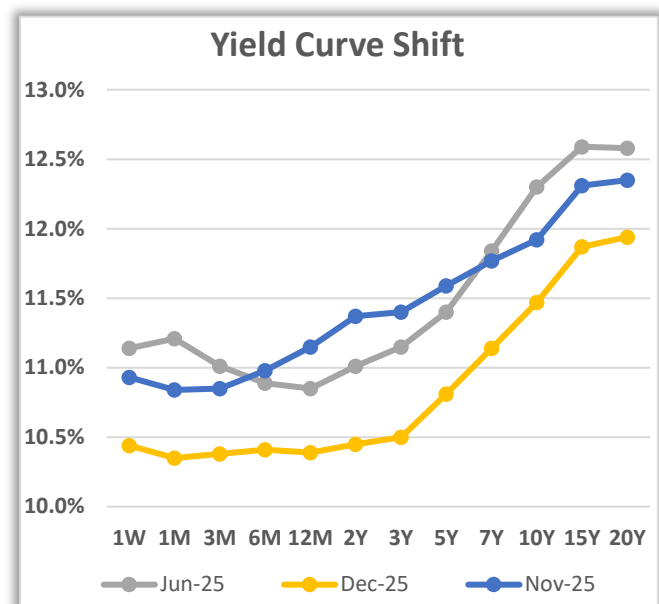
The yield curve representing the month-end PKRVs witnessed a decline across all tenors ranging from 41 to 92 bps, mainly due to the policy rate cut of 50 bps by the SBP. The Fixed Income yields provide a relatively higher positive real return as compared to the historic average of between 200-300 bps.

With the average inflation during the first half of FY26 recorded at 5.1%, it is expected that it will remain in the SBPs range of 5-7% in the second half, although it might breach the upper limit in the last quarter of FY26 due to the low base effect.

Going forward, with the economic activity picking up and subdued inflation, there might be room for a further rate cut in the next policy meeting before inflation starts rising in the last quarter. However, the international commodity prices remain volatile due to ongoing global conflicts that might influence the inflation outlook in the country.

Policy Rate	10.5%
Next MPC Meeting	26-Jan-2026

Security	Latest Auction	Cut-Off Yields/Price
T-Bill 1M	24/Dec/25	10.49%
T-Bill 3M	24/Dec/25	10.49%
T-Bill 6M	24/Dec/25	10.48%
T-Bill 12M	24/Dec/25	10.49%
PIB 3Y	17/Dec/25	10.84%
PIB 5Y	17/Dec/25	11.19%
PIB 10Y	17/Dec/25	11.67%
PIB 15Y	17/Dec/25	12.00%
PFLH 5Y	30/Apr/25	96.87
PFLH 10Y	24/Dec/25	96.40
GISFRD1Y	10/Dec/25	10.48%
GISF3Y	10/Dec/25	10.74%
GISF5Y	10/Dec/25	11.03%
GISF10Y	10/Dec/25	-
GISV3Y	30/Apr/25	-
GISV5Y	14/Oct/25	-
GISV10Y	10/Dec/25	-32.00





The Punjab Pension Fund's investment objective is to generate revenue to discharge the Government of Punjab's pension liabilities.

Performance Review: During the first half of FY 2025-26, the Fund's net assets grew by 11.8%.

Fixed Income Portfolio: During 6M FY 2025-26, the Fund's Fixed Income portfolio generated an annualized return of 14.8%. The benchmark return of fixed income for the corresponding period was 12.1%. This performance was primarily driven by the Fund's timely allocation of an overweight position in long-term fixed-rate PIBs, ahead of the monetary easing cycle.

Equity Portfolio: The Equity Portfolio, representing 17% of the Fund, returned 34.8%. The PPF's equity benchmark posted a return of 35.5% during the same period.

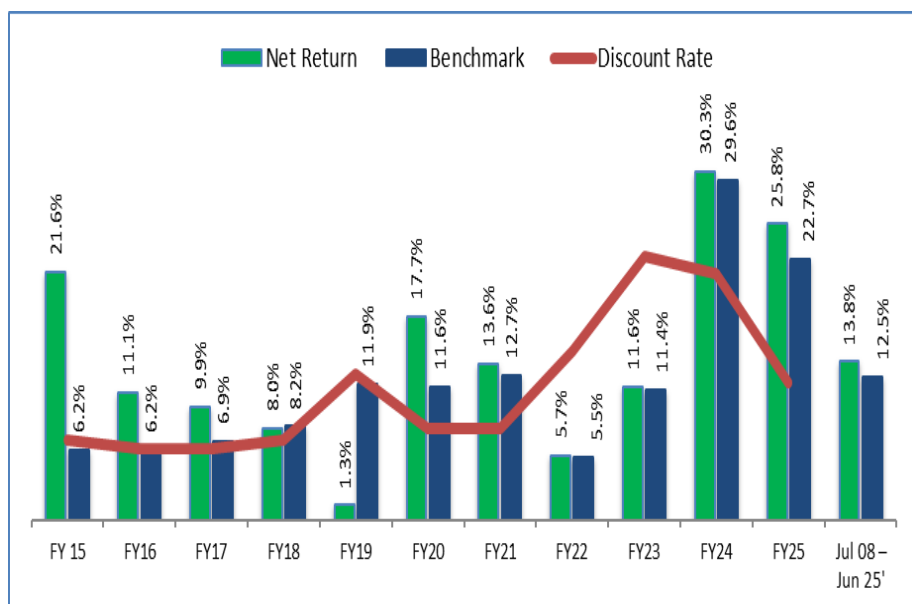
Going forward, in FY 2025-26, the Fund will maintain a prudent mix of fixed-income and equity allocations while actively rebalancing to align with evolving interest rates and market conditions.

	Fund Performance*	Fund Size (a)	Estimated** 30-yr Pension Liabilities (b)	(a)/(b)
FY09	15.00%	3.5	636.3	0.55%
FY10	13.21%	12.1	718.1	1.69%
FY11	10.81%	13.4	1,005.6	1.33%
FY12	16.86%	15.6	1,408.1	1.11%
FY13	20.46%	18.8	1,971.8	0.95%
FY14	5.65%	24.8	2,761.1	0.90%
FY15	21.57%	35.3	3,866.5	0.91%
FY16	11.14%	40.2	4,412.5	0.91%
FY17	9.88%	49.3	5,035.7	0.98%
FY18	7.97%	53.2	5,746.9	0.93%
FY19	1.34%	59.2	6,558.5	0.90%
FY20	17.72%	76.3	6,558.5	1.16%
FY21	13.59%	85.2	6,558.5	1.30%
FY22	5.68%	94.0	6,558.5	1.43%
FY23	11.63%	108.6	6,558.5	1.66%
FY24	30.28%	140.3	6,385.6	2.20%
FY 25	25.77%	171.5	6,385.6	2.69%
6M FY26	11.84%	191.8	6,385.6	3.00%
Jul '08 to Dec '25	14.11%			

*Including mark-to-market gains/losses

**Based on actuarial reports

Performance History



Fund Facts

Fund Type	Pension Fund
Inception Date	16-Jun-08
Net Assets (Rs. million)	191,837
Total Expenses (annualized)	0.17% p.a. of Net Assets
Trustee	CDC Pakistan Limited
Risk Profile of the Fund	Low to Moderate

Fund Size FY24-25

Rs. million

Beginning Fund Size (1st Jul 2025) 171,534

Add: Contribution during the period -

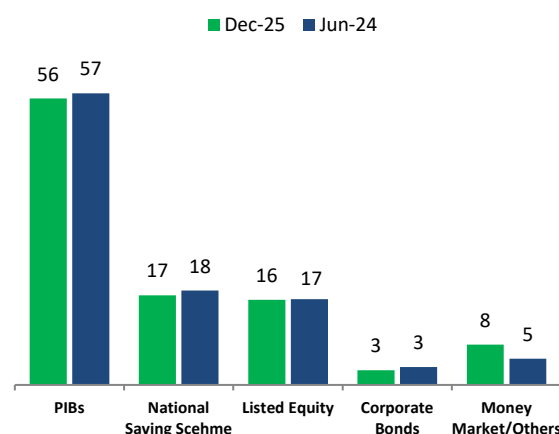
Add: Gain during period 20,460

Less: Expenses during the period (157)

Less: Profit Withdrawal -

Ending Fund Size (31st December 2025) 191,837

Asset Allocation (% of Fund Size)



Operational Investment Committee

Ashab Naeem Iqbal CEO/General Manager

Muhammad Sajid, CFA Chief Investment Officer

Haroon Zafar, CFA Head of Research/Portfolio

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The Investment Objective of the Punjab General Provident Fund (PGPF) is to generate revenue to discharge the General Provident Fund liabilities of the Government of Punjab.

Performance Review

The Fund's assets grew by 11.8% during 1H FY 2025-26.

Fixed Income: During the period under review, the Fund's Fixed-Income portfolio, which constitutes around 84% of the Fund, posted an annualized return of 14.6%. This performance was primarily driven by the Fund's timely allocation of an overweight position in long-term fixed-rate PIBs, ahead of the monetary easing cycle.

Equity: The equity portfolio, which constitutes approximately 16% of the Fund, posted a holding-period return of 35.8%, compared with a benchmark return of 38.6%.

Going forward, in FY 2025-26, the Fund will continue to maintain a prudent mix of fixed-income and equity allocations, while actively rebalancing to align with evolving interest rates and market conditions.

Fund Facts

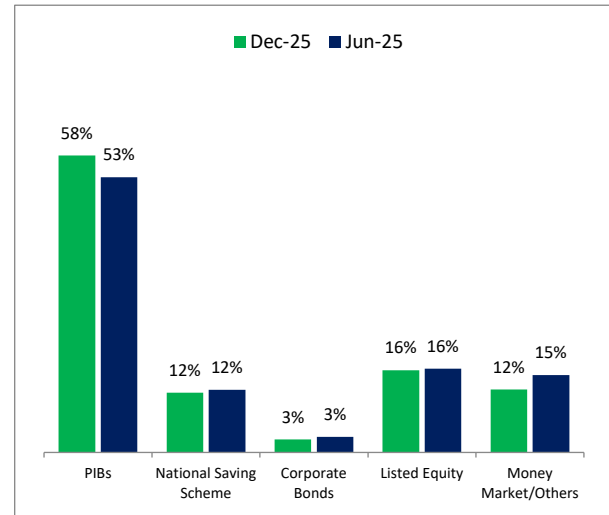
Fund Type	Provident Fund
Inception Date	25-Jun-14
Net Assets (Rs. million)	35,250
Total Expenses (annualized)	0.04% p.a.
Risk Profile of the Fund	Low to Moderate

Fund Size FY24-25

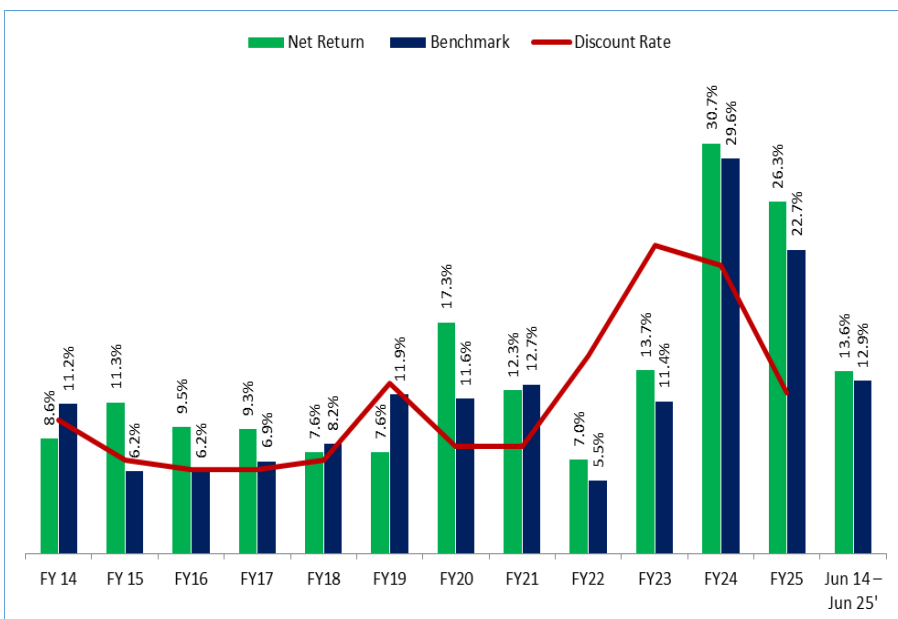
Rs. million

Beginning Fund Size (1 st July 2025)	31,562
Add: Contribution during the year	-
Add: Gains during the period	3,696
Less: Expenses during the period	(8)
Ending Fund Size (31st December 25)	35,250

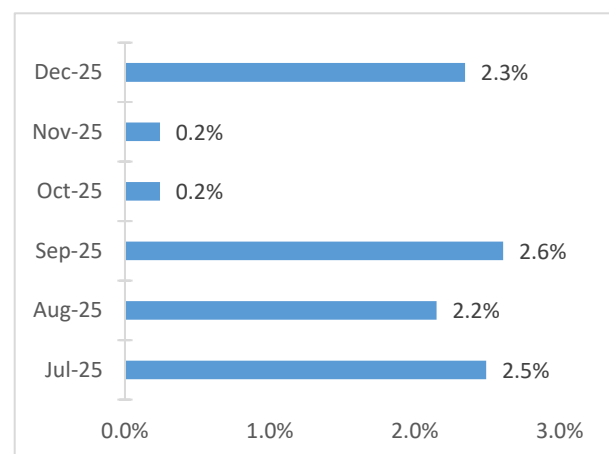
Asset Allocation



Performance History



Growth in Assets



Operational Investment Committee

Ashab Naeem Iqbal	General Manager
Muhammad Sajid, CFA	Chief Investment Officer
Haroon Zafar, CFA	Head of Portfolio



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