



Punjab Pension Fund
Government of The Punjab



MONTHLY PERFORMANCE

REPORT

JULY 2025



ECONOMIC OVERVIEW & OUTLOOK

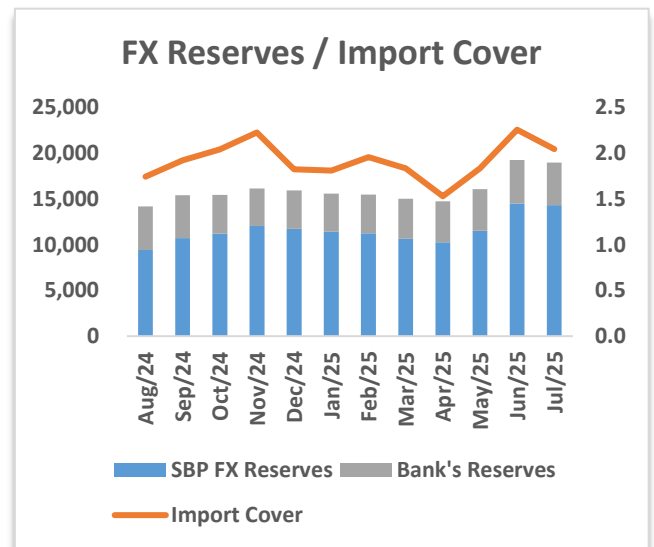
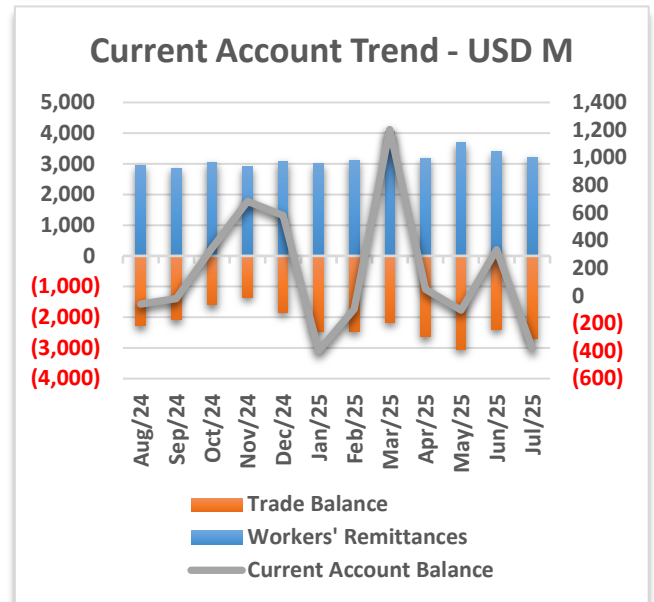
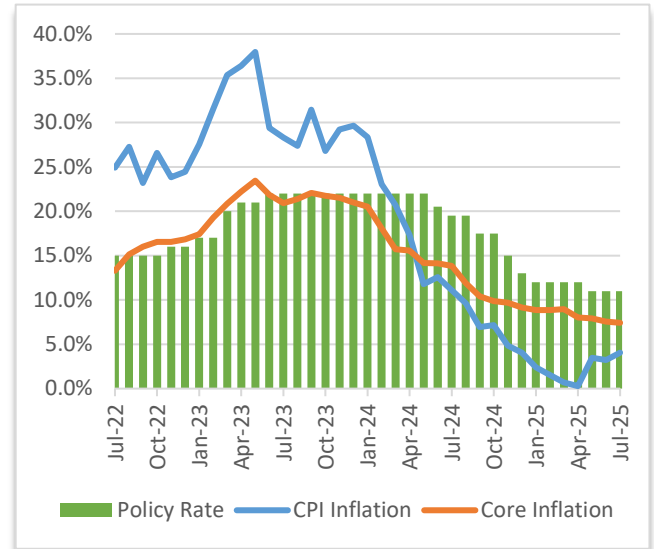
The country progressed towards achieving macroeconomic stability during FY25 with declining inflationary pressure, coupled with monetary easing. The overall GDP growth for FY25 clocked in at 3.0%, with contributions from Agriculture (1.5%), Industry (5.3%), and Services (3.0%).

On a positive note, the country reported a Current Account Surplus of \$2.1 billion resulting from an overall increase in exports and record-high remittances of \$38 billion. The SBPs liquid foreign exchange reserves increased 54% to a year-end amount of \$14,505.8, taking the total liquid FX reserves of the country to \$19,269.

Building on the momentum restored during FY25, the overall macroeconomic outlook is expected to sustain its recovery in FY26, supported by prudent monetary and fiscal measures. Inflation is projected to remain within 5-7%. However, risk arising from natural consequences like floods remains a threat to overall growth during FY26.

Key developments in July are as follows:

- I. CPI Inflation was recorded at 4.1% (YoY), witnessing a slight increase from 3.2%. On a MoM basis it increased by 2.9% (June '25: 0.2%). Major contributions on a YoY basis came from Health and Education.
- II. The country's Current Account posted a deficit of \$379 million despite an increase in remittances during the month. A greater percentage increase in imports as compared to exports led to a higher trade deficit. Major increases were recorded in Petroleum and Crude Oil related imports. Textile sector exports remained dominant, with IT-related services exports showing growth.
- III. External sector stability was evident from the continued buildup of FX reserves, providing additional import cover of up to 2 times.
- IV. Net FDI was up 6.9% at \$208 million, with the Power and Financial Services sector attracting the majority share.



STOCK MARKET OVERVIEW

The Pakistan Stock Market (PSX) continued its positive momentum during the month of July after registering an outstanding performance during FY25, with the KSE 100 Index witnessing a gain of 60.1%. This remarkable performance was underpinned by strengthened macroeconomic indicators, fiscal and monetary discipline, and attractive equity valuations.

During the month of July, the KSE 100 Index gained 13,763 points, registering an 11% increase to close at a historic high of 139,390 points.

The upcoming month remains crucial for the market, with key developments expected relating to tariff agreements between Pakistan and the United States. Excess liquidity in the market coupled with investor optimism remains crucial to continue the upward trajectory of the market.

Key factors driving the market include:

- i. Stable macro indicators, strong external performance, and investor confidence sustaining the momentum.
- ii. Improved investor confidence and optimism relating to international cooperation
- iii. Upgrade in Pakistan’s Credit Ratings to B- by S&P citing macroeconomic stability and reform progress
- iv. Attractive equity valuations with the KSE 100 currently trading at a PE of 7.6x (2025) compared to its 10-year average of 8.0x.

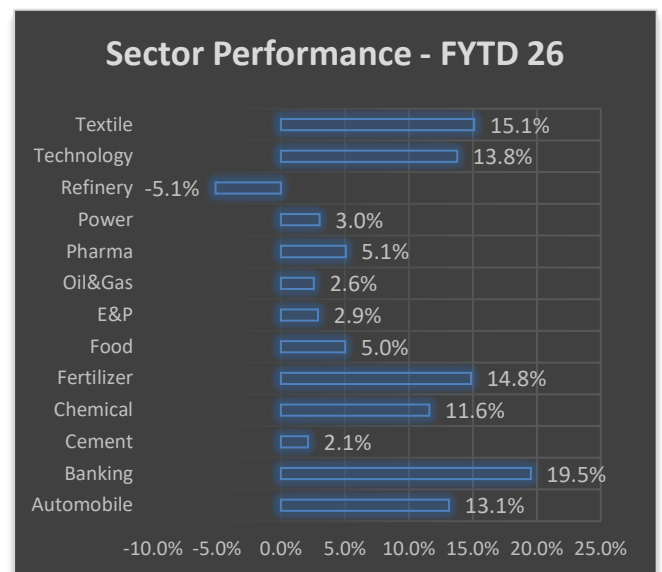
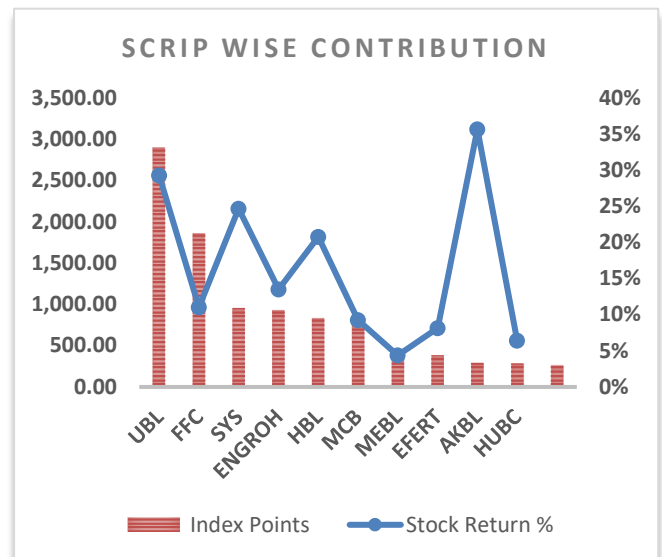
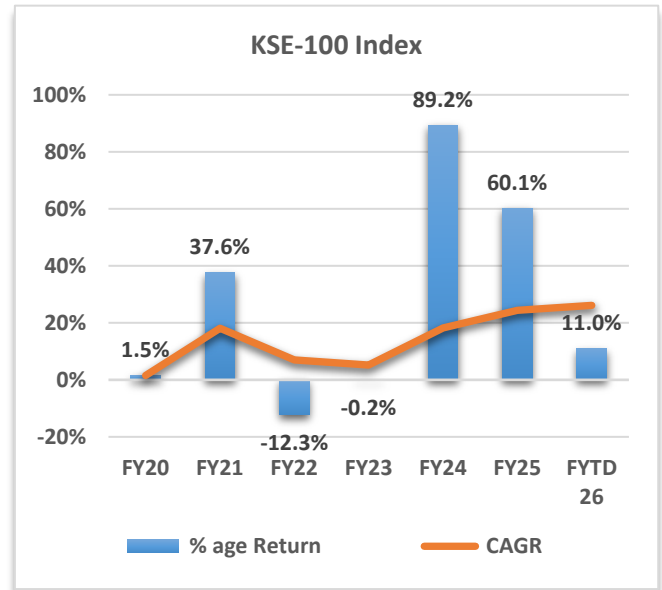
Sector Wise Performance:

Banking, Textile, Fertilizer, Technology, Automobile and Chemical remained the major contributors, outperforming the KSE 100 with attractive equity valuations.

Performance of the Banking sector was driven by a potential increase in the earnings capability of the sector in the upcoming quarter.

Auto financing increased by 20% in June, resulting in an uptick in automobile sales.

Technology and Textile remained attractive for investors as a result of the increase in IT-related service exports along with the potentially favorable outcome of the tariff agreement between Pakistan and the USA, which could benefit Textile exports.



MONEY MARKET OVERVIEW

The Monetary Policy Committee (MPC) decided to maintain the policy rate at 11% in its last review on 30th July 2025. The Committee cited a worsened inflation outlook arising from higher-than-expected adjustments in energy tariffs as a reason to maintain the policy rate and ensure price stability.

The SBP conducted the auction of T-Bills twice this month, on 9th July and 23rd July, with the target amounts of Rs. 1,350 billion and 200 billion, respectively. The participation remained robust in both the auctions with the SBP accepting Rs. 1494 billion and 424 billion, respectively, from the auctions. The yields fell across all the tenors in the latest auction as compared to the first auction of the month, representing investors' expectations of rate cuts in the coming days with a stable inflation outlook in the near term.

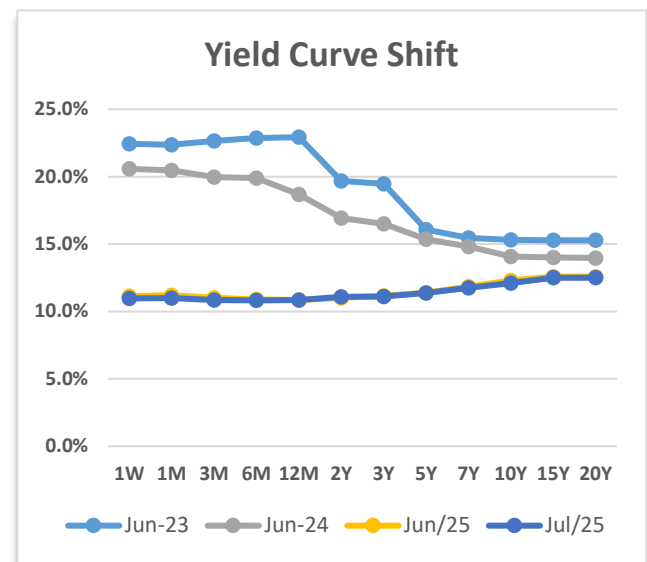
In the PIB Auction on 16th July 2025, the SBP accepted an amount of Rs. 342.3 billion against a target amount of 300 billion, whereas the offer amount was Rs. 1,695 billion, showing investors' robust participation. The table shows the cut off yields of each tenor. However, the bids for the 15-year PIB were rejected, as SBP might not have received favorable pricing from the market as per their expectations.

The yield curve witnessed a slight drop in yields across all tenors ranging from 1 to 22 bps on a MoM basis. The highest drop was witnessed in the 1M T-Bill yield, reflecting investors' expectations of easing inflationary pressure and a policy rate cut in the upcoming MPC meeting.

With the CPI inflation rising at a moderate pace, the SBP projects that it will, however, remain in the range of 5-7% in FY26, though it may breach the upper bound during some months considering the rise in fuel and energy prices. Furthermore, the inflationary outlook, which would further impact the MPC decision regarding policy rate, remains susceptible to multiple risks emanating from global commodity prices, trade deficits, and any natural calamity that could adversely impact the local market dynamics.

| | |
|-------------------------|--------------------|
| Policy Rate | 11% |
| Next MPC Meeting | 15-Sep-2025 |

| Security | Latest Auction | Cut-Off Yields/Price |
|-------------------|----------------|----------------------|
| T-Bill 3M | 23/Jul/25 | 10.71% |
| T-Bill 6M | 23/Jul/25 | 10.70% |
| T-Bill 12M | 23/Jul/25 | 10.70% |
| PIB 3Y | 16/Jul/25 | 11.05% |
| PIB 5Y | 16/Jul/25 | 11.39% |
| PIB 10Y | 16/Jul/25 | 12.20% |
| PFLH 5Y | 30/Apr/25 | 96.87 |
| PFLH 10Y | 23/Jul/25 | - |
| GISFRD1Y | 23/Jul/25 | 9.99% |
| GISF3Y | 23/Jul/25 | 10.23% |
| GISF5Y | 23/Jul/25 | 10.94% |
| GISF10Y | 23/Jul/25 | 12.00% |
| GISV3Y | 30/Apr/25 | - |
| GISV5Y | 23/Jul/25 | - |
| GISV10Y | 23/Jul/25 | 101.76 |





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 month of FY 2025-26, the Fund's net assets grew by 2.6%.

Fixed Income Portfolio: During 1M FY 2025-26, the Fund's Fixed Income portfolio generated an annualized return of 15.9%. 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, generated a return of 8.9%. The KSE-100 Index posted a return of 10.9% during the same period.

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.

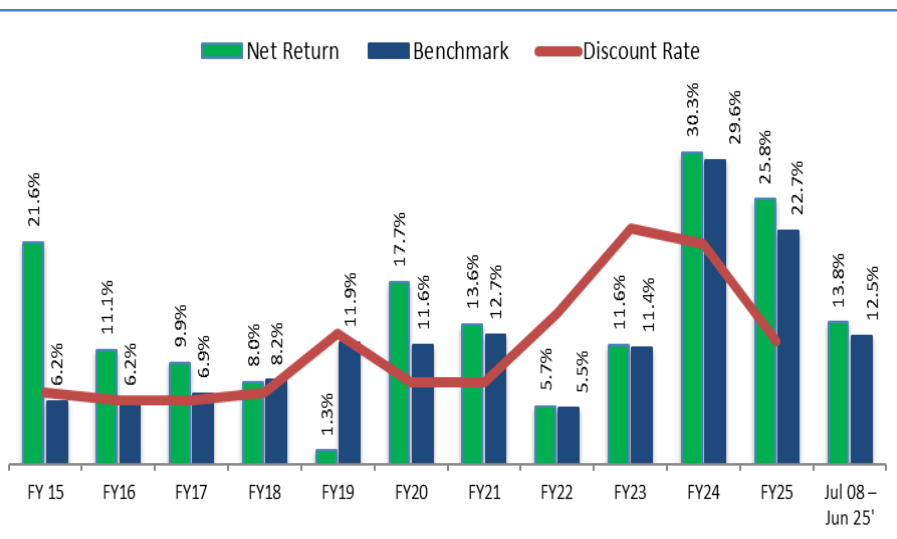
| | Fund Performance* | Fund Size (a) | Estimated** 30-yr Pension Liabilities (b) | (a)/(b) |
|---------|-------------------|---------------|---|---------|
| FY09 | 15.00% | 3.5 | 636.3 | 0.55% |
| FY10 | 13.21% | 12.1 | 718.1 | 1.69% |
| FY11 | 10.81% | 13.4 | 1,005.6 | 1.33% |
| FY12 | 16.86% | 15.6 | 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% |
| 1M FY26 | 2.57% | 175.9 | 6,385.6 | 2.76% |

Jul '08 to Jul '25 13.90%

*Including mark-to-market gains/losses

**Based on actuarial reports

Performance History



Fund Facts

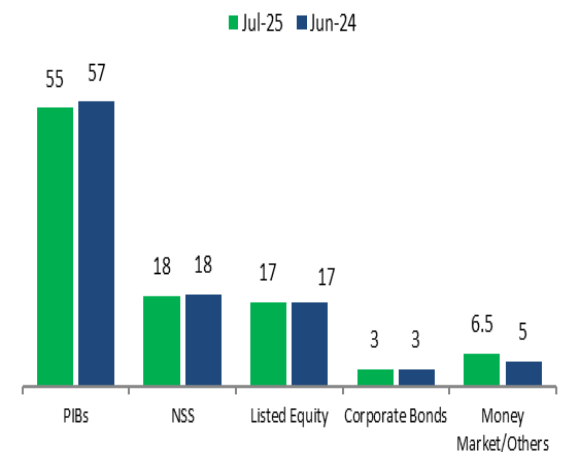
| | |
|----------------------------------|--------------------------|
| Fund Type | Pension Fund |
| Inception Date | 16-Jun-08 |
| Net Assets (Rs. million) | 175,937 |
| Management Expenses (annualized) | 0.15% p.a. of Net Assets |
| Trustee | CDC Pakistan Limited |
| Risk Profile of the Fund | Low to Moderate |

Fund Size FY24-25

Rs. million

| | |
|-------------------------------------|---------|
| Beginning Fund Size (1st Jul 2025) | 171,528 |
| Add: Contribution during the period | - |
| Add: Gain during period | 4,431 |
| Less: Expenses during the period | (22) |
| Less: Profit Withdrawal | - |
| Ending Fund Size (31st July 2025) | 175,937 |

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 |



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 2.48% during 1M FY 2025-26.

Fixed Income: During the period under review, the Fund's Fixed-Income portfolio, which constitutes around 83% of the Fund, posted an annualized return of 17.6%. 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 17% of the Fund, posted a holding-period return of 7.7% compared to a market return (KSE 100 index) of 10.9%.

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

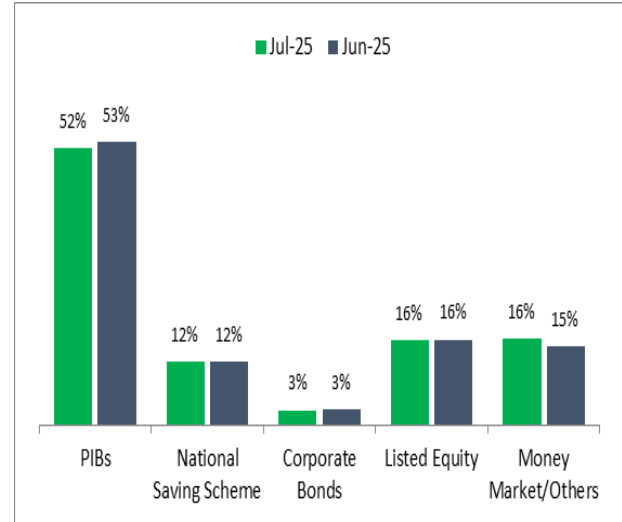
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| Fund Type | Provident Fund |
| Inception Date | 25-Jun-14 |
| Net Assets (Rs. million) | 32,349 |
| Management Expenses (annualized) | 0.06% p.a. |
| Risk Profile of the Fund | Low to Moderate |

Fund Size FY24-25

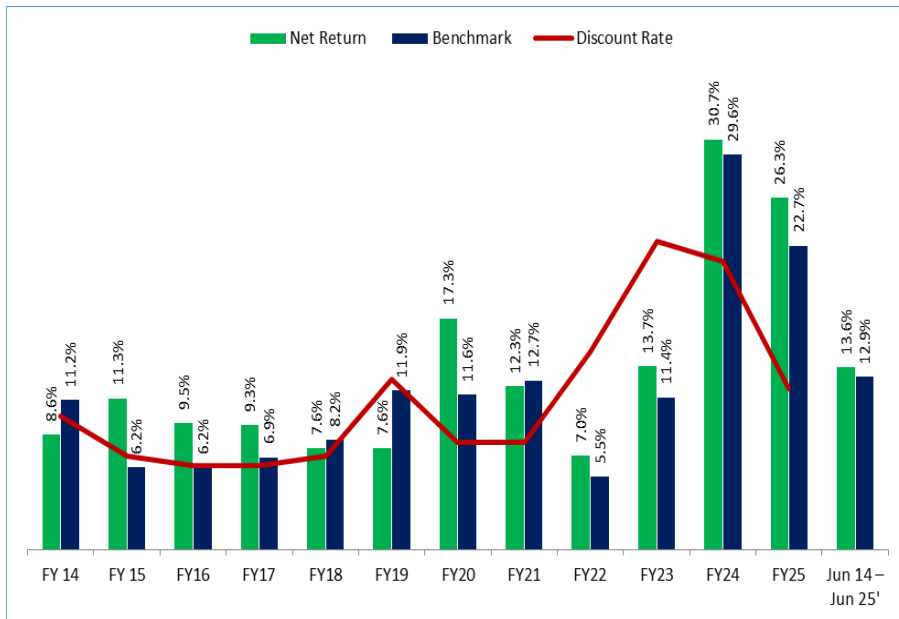
Rs. million

| | |
|---|---------------|
| Beginning Fund Size (1 st July 2025) | 31,565 |
| Add: Contribution during the year | - |
| Add: Gains during the period | 786 |
| Less: Expenses during the period | (2) |
| Ending Fund Size (31st July 25) | 32,349 |

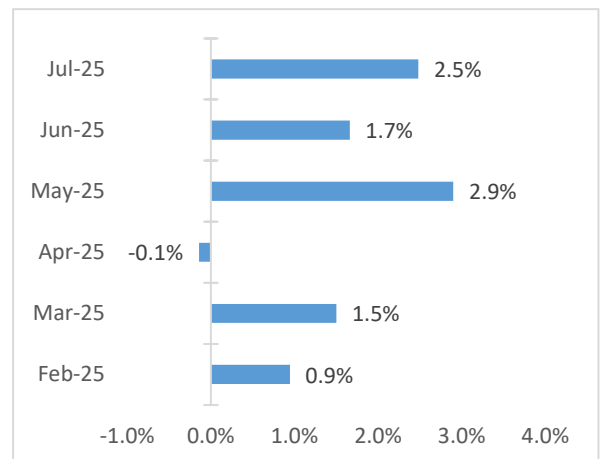
Asset Allocation



Performance History



Growth in Assets



Operational Investment Committee

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