Punjab Pension Fund
Government of The Punjab

Monthly Performance Report
May 2026

ECONOMIC OVERVIEW & OUTLOOK

Pakistan's economy entered a cautious phase ahead of the federal budget with industries adopting a wait and see approach. However, during the month it also witnessed a record number for remittances inflows helping maintaining macroeconomic stability.

CPI Inflation for May stood at 11.66%, highest during FYTD26. Although the inflation for fiscal year is still within the target range of SBP, average CPI for 11MFY26 rose to 6.7%, as compared to 4.7% during the same period last year. Furthermore, The State Bank of Pakistan in its last meeting held in April increased its policy rate to 11.5% reflecting a cautious stance amid inflation risks.

During 11MFY26, the country's current account posted a surplus of USD 255 million as compared to a surplus of USD 1,862 million during 11MFY25. Strong support was provided by remittances of USD 38.11 billion. Furthermore, trade deficit was recorded at USD 30.14 billion as compared to USD 24.4 billion during the same period last year.

Going forward, the economic outlook depends on the upcoming budget and the continuation of the cautious monetary policy stance amid uncertainty.

Key developments in May were as follows:

I. CPI Inflation was recorded at 11.66% YoY | 0.5% MoM. Whereas Core Inflation rose to 8.75% YoY.

II. The country recorded a Current Account Surplus of USD 459 million.

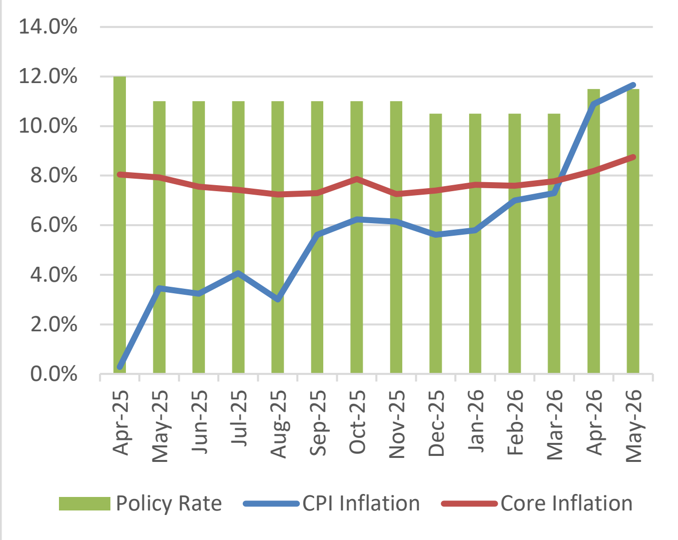
III. Trade Deficit stood at USD 3,290 million, recording an increase of 7.6% YoY.

IV. Exports (PBS) recorded an increase of 1.3% YoY | 9.6% MoM to USD 2.7 Billion.

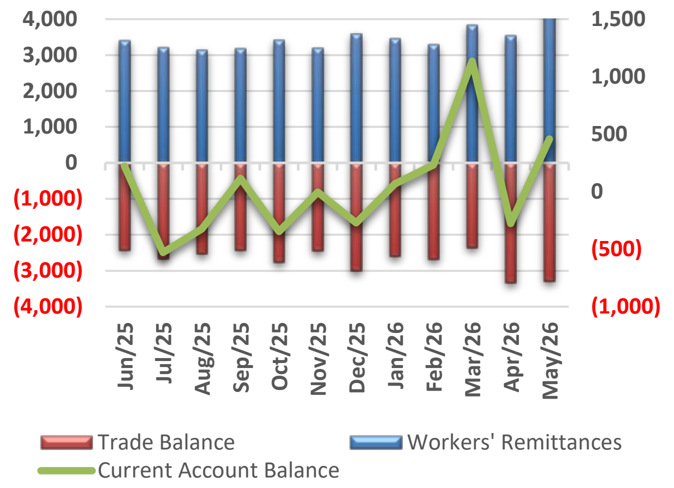
V. Imports (PBS) were up by 8.57% YoY. However, it decreased 5.06% MoM to USD 5.7 billion.

VI. Remittances reached an all-time high during this month with the figure reported at USD 4,251 million.

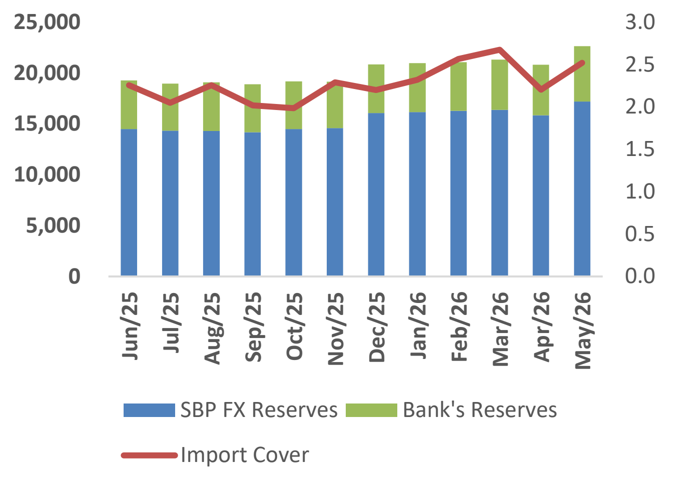
VII. Foreign exchange reserves rose to USD 22,636 million, increasing 8.81% MoM and 40.7% YoY. This was primarily driven by the record remittances figure.



Current Account Trend - USD M



FX Reserves / Import Cover



For feedback and enquiries contact us at:
2nd Floor, Pakistan Engineering Congress Building,
97-A/D-1, Liberty Chowk, Gulberg-III, Lahore
www.ppf.gop.pk
Ph.: 042-35882960-2

STOCK MARKET OVERVIEW

The local equity market continued its upward momentum during May 2026 building on the positive trend established in the previous month, after declining consecutively in February and March. The benchmark KSE-100 Index gained 10,969 points, closing at 173,963 points hence delivering a 6.73% return over the month. As a result, cumulative return of the KSE 100 Index for 11MFY26 stood at 38.5%.

The upward trajectory of the KSE-100 index in May was primarily driven by positive macroeconomic milestones, which included the approval of the approximately USD 1.3 billion tranche by the IMF Executive Board and the successful launch of Panda Bond raising approximately USD 250 million. These developments not only guaranteed currency and external stability but also boosted investor confidence which sparked strong interest in equity shares.

Sector-wise performance of the KSE-100 Index remained positive with Banking Sector outperforming the market by approximate 22%, followed by the Power sector (by 14%) and Fertilizer sector (by 7%). Moreover, the performance of KSE-100 index expected to remain closely tied to geopolitical developments, with any improvement likely to support a near-term market recovery. However, rising inflation and policy rate increments could potentially hamper investor confidence.

Key updates in May were as follows:

I. The KSE 100 Index surged by 10,969 pts (6.7%).

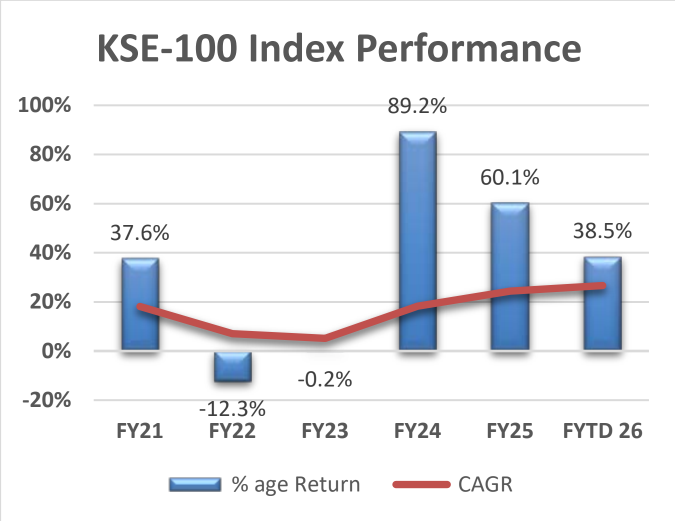
II. Sectors that outperformed the Index included Cement (11.5%), Fertilizer (11.2%), Technology (10.7%), E&P (8.9%) and Automobile (7.5%).

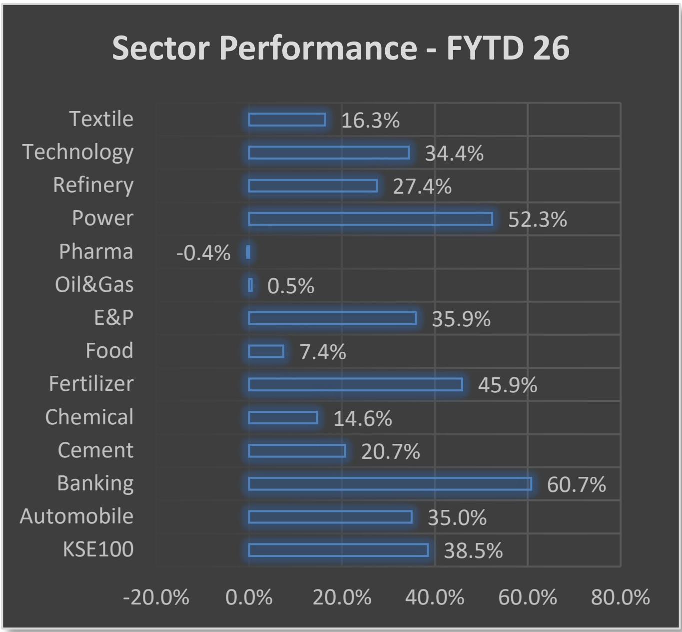
III. Top 5 scrips which contributed positively included FFC, UBL, PPL, LUCK and OGDC.

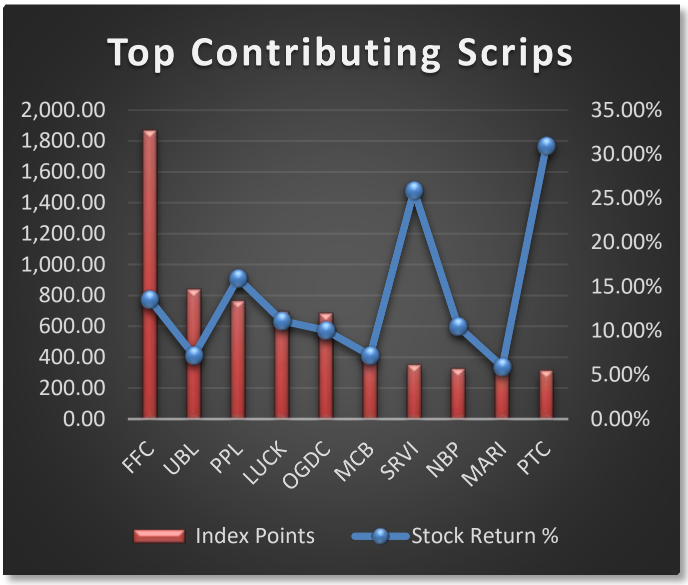
IV. Average Daily Volume of KSE 100 stood at ~309.5 million shares.

V. Average Daily Traded Value of KSE 100 stood at Rs. 23,050 million (~USD 83 million).

VI. As of the end of May, the total market capitalization of the KSE-100 Index stood at Rs. 16.3 trillion (~USD 58.7 billion).







For feedback and enquiries contact us at:
2nd Floor, Pakistan Engineering Congress Building,
97-A/D-1, Liberty Chowk, Gulberg-III, Lahore
www.ppf.gop.pk
Ph.: 042-35882960-2

MONEY MARKET OVERVIEW

The Monetary Policy Committee (MPC) in its previous meeting held on 27th April decided to increase the policy rate by 100 bps to 11.50% and there hasn't been a meeting during the month of May. The macroeconomic environment during the month presented a mixed picture as steady policy rate maintained baseline stability however global tensions fueled market caution. Inflation was at its peak as it increased to 11.7% YoY basis during the month which pushed FYTD26 inflation to the upper bound of the projected 5-7% range.

The SBP conducted primary auctions of Treasury Bills twice during the month on 13th and 20th of May with target of Rs. 400 billion, Rs. 200 billion respectively. The participation remained robust during all the auctions with the government raising total amount of around Rs. 950 billion, and Rs. 702 billion, respectively. The cut off yields were up in each of the auctions across all tenors reflecting rising inflationary expectations.

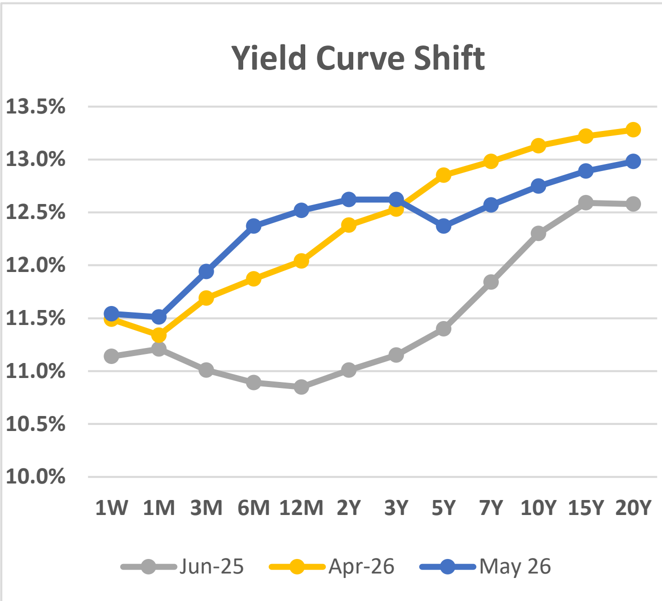
In the fixed rate Pakistan Investment Bonds (PIBs) auction held on 18th May 2026, the SBP accepted the bids across all tenors amounting to Rs. 652 billion against a target amount of Rs. 350 billion.

During May 2026, yields showed a mixed trend. Across the shorter tenure, PKRVs increased while the yields decreased in the longer duration instruments when compared with last month. This mixed trend is majorly due to heightened geopolitical uncertainty arising due to US-Iran war. In short term instruments, the 1-month and 3-month PKRV increased by 17 bps and 25 bps, closing at 11.51% and 11.94%, respectively. Similarly, the 6- and 12-month PKRV rose by 50 bps and 48 bps. However, yields on longer term instruments showed a downward pattern and this is evidenced by the 5, 7 and 10-year PKRVs as these decreased by 48 bps, 41 bps, and 38 bps, settling at 12.37%, 12.57%, and 12.75%, respectively.

Going forward, there is an expectation of an increase in the policy rate in the upcoming meeting to be held on 15th June, mainly due to the spike in inflation and rising geopolitical uncertainty.

Policy Rate	11.50%
Next MPC Meeting	15-Jun-2026

Security	Latest Auction	Cut-Off Yields/Price
T-Bill 1M	29-Apr-26	11.48%
T-Bill 3M	29-Apr-26	11.84%
T-Bill 6M	29-Apr-26	11.98%
T-Bill 12M	29-Apr-26	12.10%
PIB 3Y	18-May-26	13.25%
PIB 5Y	18-May-26	12.95%
PIB 10Y	18-May-26	12.95%
PIB 15Y	18-May-26	12.90%
PFLH 5Y	30-Apr-25	96.87
PFLH 10Y	20-May-26	-
GISFRD1Y	20-May-26	12.49%
GISF3Y	18-May-26	-
GISF5Y	18-May-26	-
GISF10Y	18-May-26	-
GISV3Y	30-Apr-25	-
GISV5Y	14-Oct-25	-
GISV10Y	20-May-26	99.18



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

Performance Review: During the 11M FY 2025-26, the Fund's net assets grew by 14.5%.

Fixed Income Portfolio: During 11M FY 2025-26, the Fund's Fixed Income portfolio constituted around 83.5% of the portfolio, which generated an annualized return of 11.5%. This performance was primarily driven by the Fund's strong focus on diversification across asset classes and investment tenors.

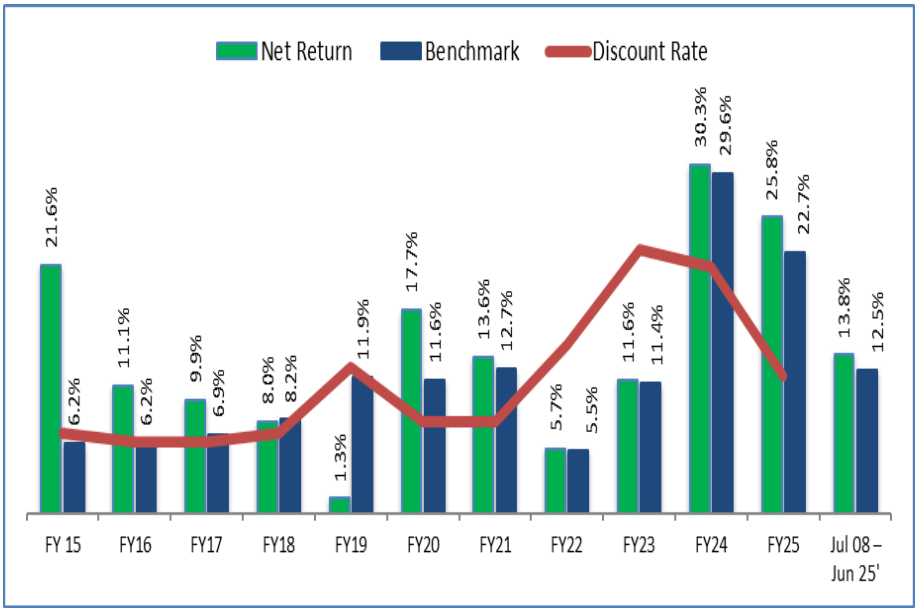
Equity Portfolio: The Equity Portfolio, representing 16.5% of the Fund, posted a holding period return of 34.9%.

Going forward, in FY 2025–26, the Fund will maintain a prudent mix of fixed-income and equity allocations while actively rebalancing in line with evolving interest rates and market conditions. The Fund will also factor in the impact of the ongoing Middle East conflict, particularly elevated energy prices, inflationary pressures, and increased market volatility, necessitating a more robust and risk-conscious investment approach.

	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%
11M FY26	14.49%	196.4	6,385.6	3.08%
Jul '08 to May '26	13.91%			

*Including mark-to-market gains/losses
**Based on actuarial reports

Performance History



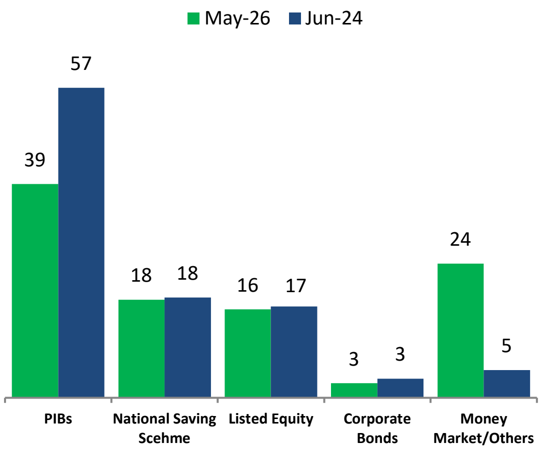
Fund Facts

Fund Type	Pension Fund
Inception Date	16-Jun-08
Net Assets (Rs. million)	196,398
Management 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	25,147
Less: Net Expenses during the period	(283)
Less: Profit Withdrawal	-
Ending Fund Size (31st May 2026)	**196,398**

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

For feedback and enquiries contact us at:
112-Tipu Block, New Garden Town, Lahore
www.ppf.gop.pk
Ph.: 042-35882960-2

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 14.5% during 11M 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 11.7%. This performance was primarily driven by the Fund's strong focus on diversification across asset classes and investment tenors.

Equity: The equity portfolio, which constitutes approximately 16% of the Fund, posted a holding-period return of 35.2%.

Going forward, in FY 2025–26, the Fund will maintain a balanced allocation between fixed-income and equity investments. The fixed-income portfolio will be diversified across maturities, while the equity portfolio will remain anchored to its strategic allocation and benchmark weights. The investment strategy will also consider evolving market conditions, including the potential impact of the ongoing Middle East conflict on inflation, energy prices, and market volatility, while maintaining a prudent risk management approach.

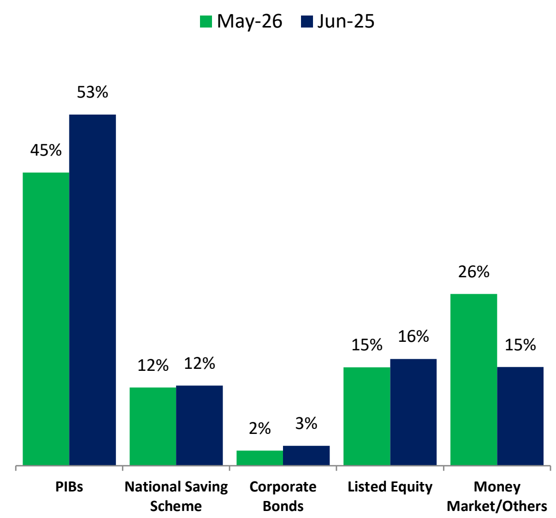
Fund Facts

Fund Type	Provident Fund
Inception Date	25-Jun-14
Net Assets (Rs. million)	36,142
Total Expenses (annualized)	0.04% p.a.
Risk Profile of the Fund	Low to Moderate

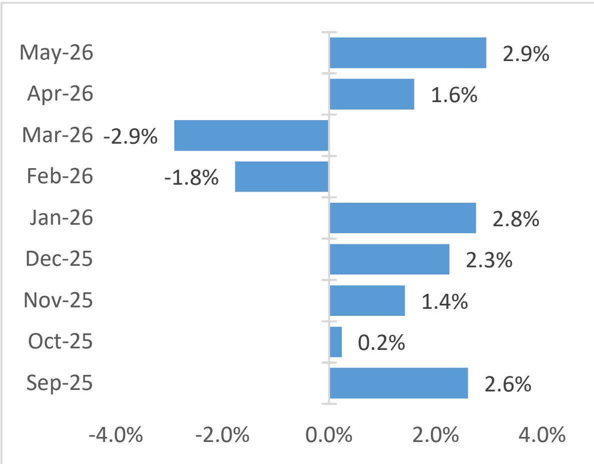
Fund Size FY24-25 *Rs. million*

Beginning Fund Size (1st July 2025)	31,562
Add: Contribution during the year	-
Add: Gains during the period	4,594
Less: Expenses during the period	(14)
Ending Fund Size (30th April 2026)	**36,142**

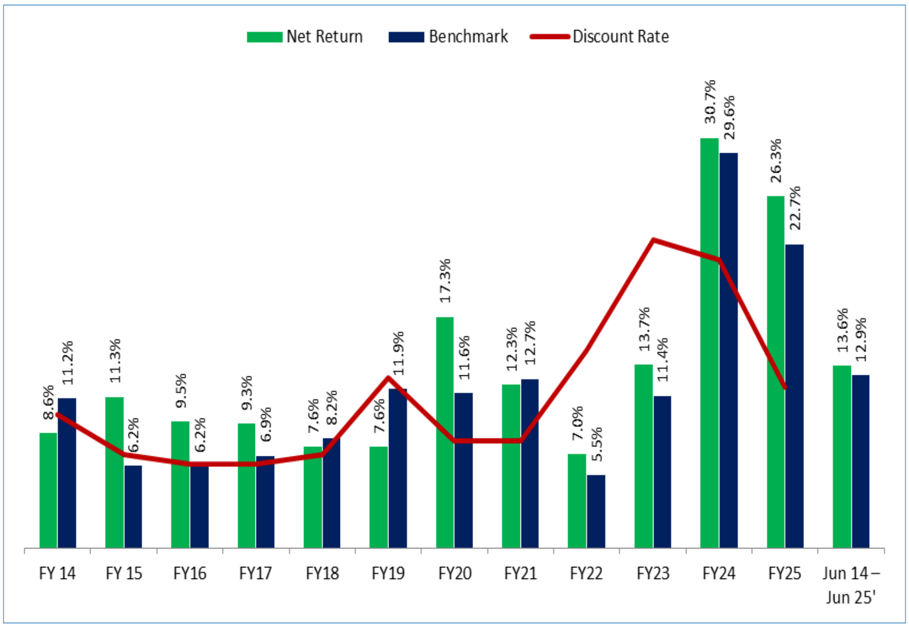
Asset Allocation



Growth in Assets



Performance History



Operational Investment Committee

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

For feedback and enquiries contact us at:
112-Tipu Block, New Garden Town, Lahore
www.ppf.gop.pk
Ph.: 042-35882960-2

The Punjab Pension Fund
2nd Floor, PEC Building, 97-A/D-1,
Liberty Market, Main Boulevard Gulberg III, Lahore.
www.ppf.gop.pk
Ph: 042-36401200