



Punjab Pension Fund
Government of The Punjab



Monthly Performance Report October 2025



ECONOMIC OVERVIEW & OUTLOOK

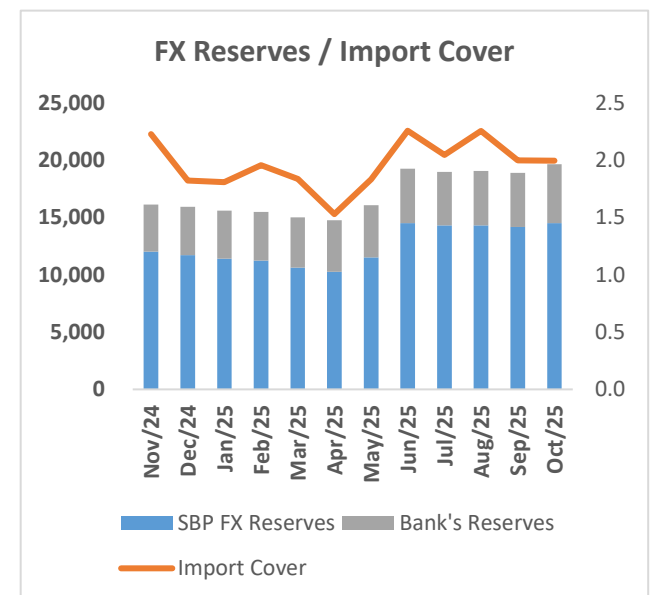
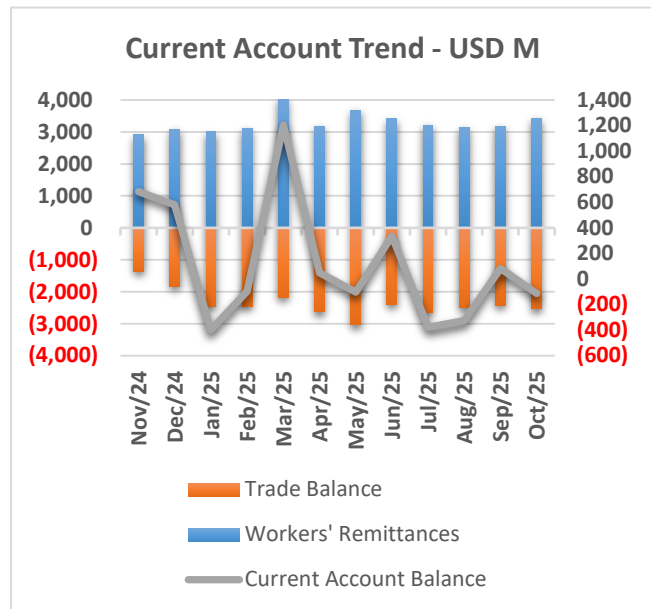
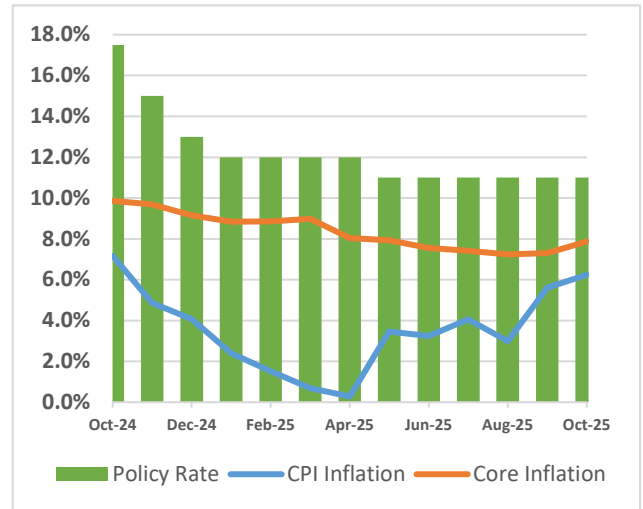
Pakistan’s economic environment in October 2025 reflected gradual stabilization, supported by improving external indicators, steady monetary policy, and continued progress on reforms. The external sector posted a current account deficit of USD 112 million in October, and the cumulative 4MFY26 deficit reached USD 733 million due to higher import demand as domestic activity normalized. Foreign exchange reserves remained broadly stable at USD 19.7 billion, giving an import cover of around 2 months while the PKR stayed range-bound around 280.9 per USD, indicating currency stability.

Trade dynamics were mixed: Exports in October declined 3.6% YoY, while imports rose 13.4% YoY, widening the trade deficit. However, remittance inflows are expected to cushion external pressures in the coming months. Inflation saw a mild rise, with CPI increasing to 6.2% YoY, largely driven by food and utility prices, while core inflation approached 8%. Given manageable price trends, the SBP maintained its policy rate, adopting a cautious approach in the monetary policy meeting held on 27th October 2025.

Equity markets saw a pause after consecutive months of gains, with the KSE-100 Index declining 2.33% (MoM) amid geopolitical tensions along the Pakistan–Afghanistan border and profit-taking. A later ceasefire helped restore sentiment, while corporate earnings remained strong, posting 11% YoY growth in 1QFY26.

A key positive development was Pakistan’s progress with the IMF. The staff-level agreement on the EFF and RSF reviews is expected to unlock USD 1.2 billion in December, supporting external buffers and policy continuity.

The overall outlook remains cautiously constructive. Stable external conditions, manageable inflation, and reform continuity provide support, though fiscal pressures and uneven industrial recovery remain key challenges as Pakistan progresses through FY26.



STOCK MARKET OVERVIEW

The Pakistan Stock Market (PSX) experienced a pause in its upward momentum during October 2025, reflecting a cautious investor stance amid heightened geopolitical tensions and profit-taking. Escalating border tensions with Afghanistan initially weighed on sentiment, although the announcement of a ceasefire later in the month provided temporary relief. Additionally, Pakistan reached a staff-level agreement with the IMF for a USD 1.2 billion disbursement, which bolstered investor confidence and highlighted progress on fiscal consolidation and energy sector reforms.

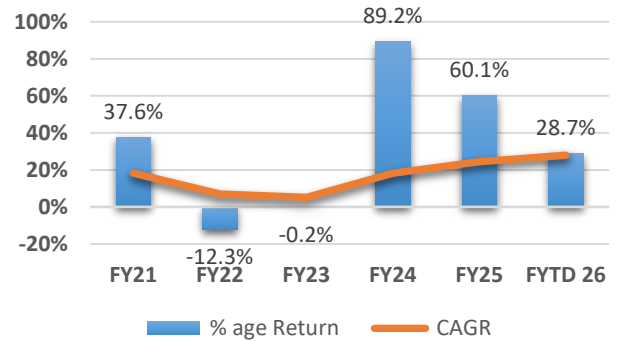
The KSE-100 Index declined by 3,862 points (-2.3%), closing at 161,632 points, marking the first monthly drop after five consecutive months of gains. On the flow front, individuals and banks were net buyers, while foreign investors, insurance companies, and mutual funds were net sellers. Sector performance was mixed. Commercial Banks and Fertilizer sectors contributed positively to the index, supported by attractive valuations and dividend yields, while Oil & Gas Exploration and Cement sectors dragged performance due to profit-taking.

While near-term volatility may persist due to geopolitical and macroeconomic developments, the market continues to offer opportunities for medium-to long-term investors, underpinned by structural reforms, IMF support, and stable macroeconomic fundamentals.

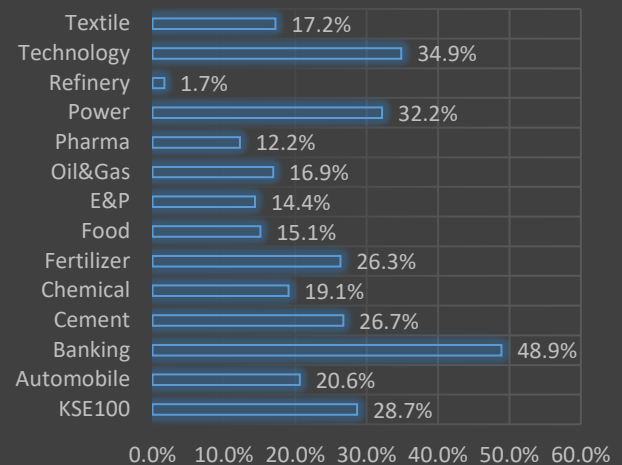
Key updates in October are as follows:

- i. The KSE-100 Index closed the month at 161,632 points, reflecting a 2.3% MoM decline. Overall, during the 4MFY26, the Index has surged 28.7%.
- ii. Highest sectoral gains were recorded by Banking (3.6%), Fertilizer (3.3%), and Technology (2.9%), while Refinery (-9.4%), and Textile (-8.3) contributed negatively on the market.
- iii. Foreign investors remained net sellers (USD 25 million), while domestic participation remained strong.
- iv. As of the end of October, the total market capitalization of the Pakistan Stock Market stood at around Rs. 18.5 trillion.

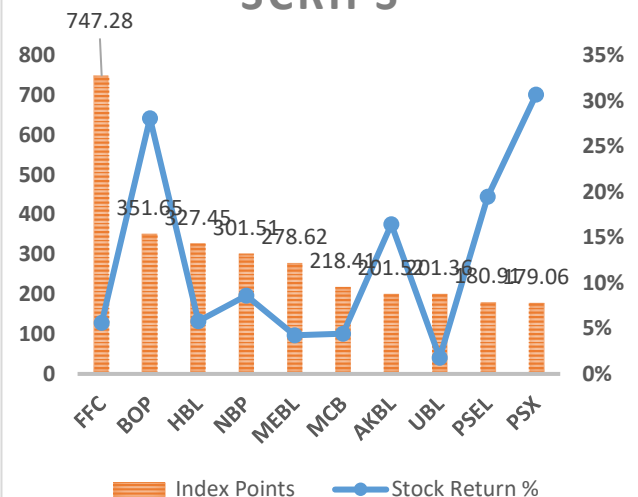
KSE-100 Index Performance (5 Years)



Sector Performance - FYTD 26



TOP CONTRIBUTING SCRIPS





MONEY MARKET OVERVIEW

The Monetary Policy Committee (MPC) maintained the policy rate at 11.0% in its meeting held on 27th October 2025, keeping a cautious stance amid moderate inflation and improving macro fundamentals. The MPC noted that economic activity continues to gain momentum, supported by robust high-frequency indicators, receding flood impact, and a steady improvement in external buffers. Headline CPI rose to 6.2% YoY in October (vs. 5.6% in September), driven mainly by higher food and housing-related prices, whereas core inflation remained broadly stable. The Committee reiterated that inflation is expected to stay above the 5–7% target range during the second half of FY26.

The SBP conducted three T-Bill auctions during the month with a combined target of Rs. 2.45 trillion. Participation remained strong, and the central bank accepted Rs. 621 billion in 1-month, Rs. 666 billion in 3-month, Rs. 266 billion in 6-month, and Rs. 1,089 billion in 12-month tenors across the auctions, with cut-off yields hovering around 11.00–11.35%. Yields remained largely in a tight band, reflecting market expectations of a continued status quo in monetary policy's.

In the PIB (fixed-rate) auction held on 14 October, SBP raised Rs. 506 billion, accepting amounts across 2-year to 15-year tenors at yields of 11.33–12.34%. Investor appetite remained robust in longer-duration bonds, driven by positive real yields and improving external account indicators.

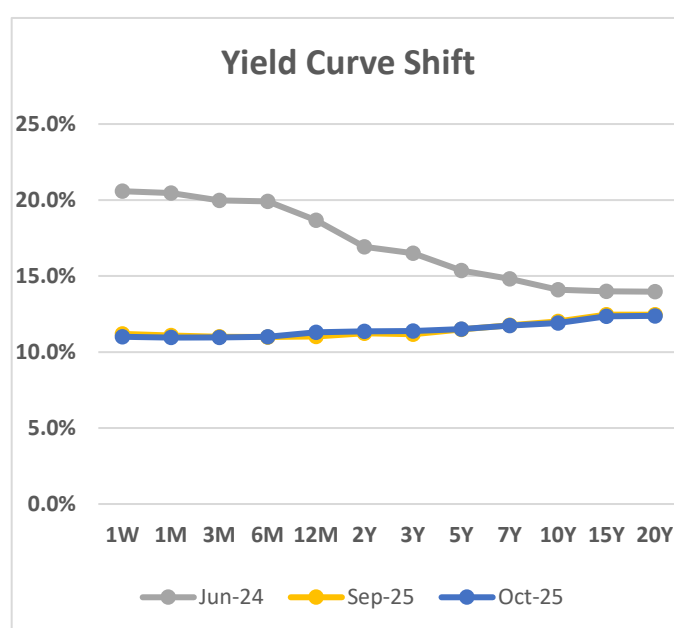
Secondary market yields (PKRV) remained broadly stable during the month. Short-term yields moved marginally by 6–15 bps, while long-term yields were largely unchanged. The 10-year PKRV closed at 11.90%, whereas the 1-year settled near 11.30%.

Externally, the current account posted a USD 112 million deficit in October, taking the 4MFY26 deficit at USD 733 million. Worker remittances improved to USD 3.41 billion, while SBP reserves rose to USD 14.50 billion, indicating strengthening external buffers.

Going forward, with real interest rates remaining positive and the macroeconomic backdrop gradually stabilizing, we expect monetary policy to remain data-dependent. Sovereign yields are likely to stay range-bound, while longer-tenor instruments may continue to offer selective value for fixed-income portfolios.

Policy Rate	11%
Next MPC Meeting	15-Dec-2025

Security	Latest Auction	Cut-Off Yields/Price
T-Bill 1M	29/Oct/25	11.00%
T-Bill 3M	29/Oct/25	11.05%
T-Bill 6M	29/Oct/25	11.05%
T-Bill 12M	29/Oct/25	11.35%
PIB 3Y	14/Oct/25	11.35%
PIB 5Y	14/Oct/25	11.50%
PIB 10Y	14/Oct/25	12.00%
PIB 15Y	14/Oct/25	12.34%
PFLH 5Y	30/Apr/25	96.87
PFLH 10Y	29/Oct/25	95.00
GISFRD1Y	14/Oct/25	10.43%
GISF3Y	14/Oct/25	10.82%
GISF5Y	14/Oct/25	11.13%
GISF10Y	14/Oct/25	11.85%
GISV3Y	30/Apr/25	-
GISV5Y	14/Oct/25	-
GISV10Y	14/Oct/25	100.00





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 four months of FY 2025-26, the Fund's net assets grew by 7.85%.

Fixed Income Portfolio: During 4M FY 2025-26, the Fund's Fixed Income portfolio generated an annualized return of 13%. The benchmark return of fixed income for the corresponding period was 11.3%. 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 25.4%. The PPF's equity benchmark posted a return of 26.8% during the same period.

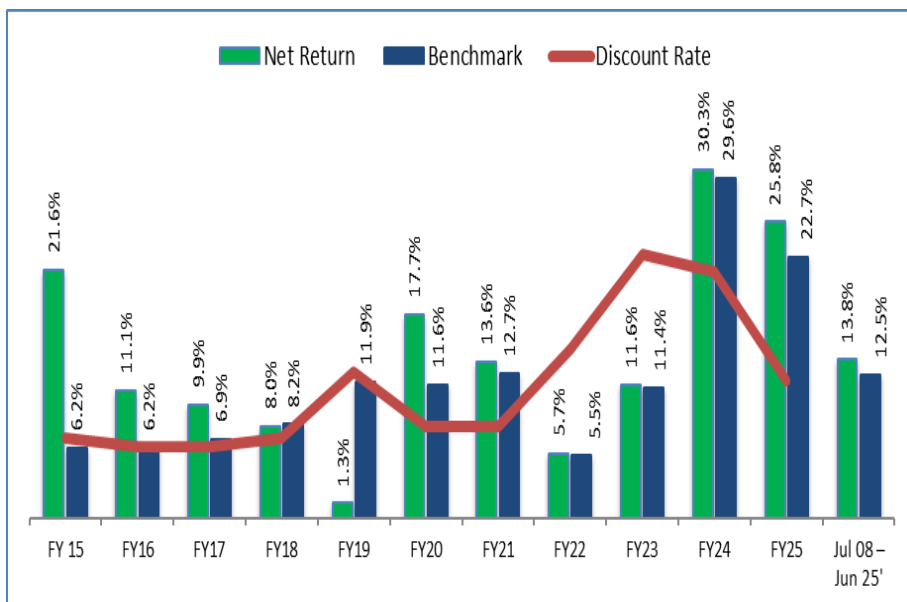
Going forward, in FY 2025-26, the Fund will continue to maintain a prudent mix of fixed-income and equity allocations, while actively rebalancing to align with evolving interest rates and market conditions.

	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%
4M FY26	7.85%	185.0	6,385.6	2.90%
Jul '08 to Oct '25	14.02%			

*Including mark-to-market gains/losses

**Based on actuarial reports

Performance History



Fund Facts

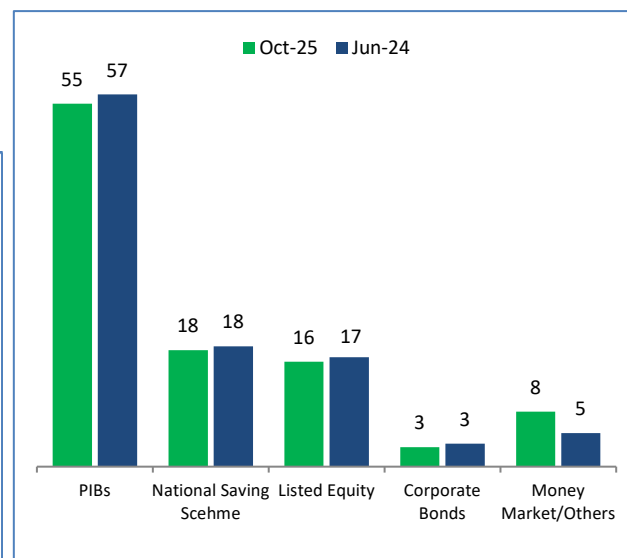
Fund Type	Pension Fund
Inception Date	16-Jun-08
Net Assets (Rs. million)	184,996
Management Expenses (annualized)	0.16% p.a. of Net Assets
Trustee	CDC Pakistan Limited
Risk Profile of the Fund	Low to Moderate

Fund Size FY24-25

Rs. million

Beginning Fund Size (1 st Jul 2025)	171,528
Add: Contribution during the period	-
Add: Gain during period	13,563
Less: Expenses during the period	(95)
Less: Profit Withdrawal	-
Ending Fund Size (31 st October 2025)	184,996

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

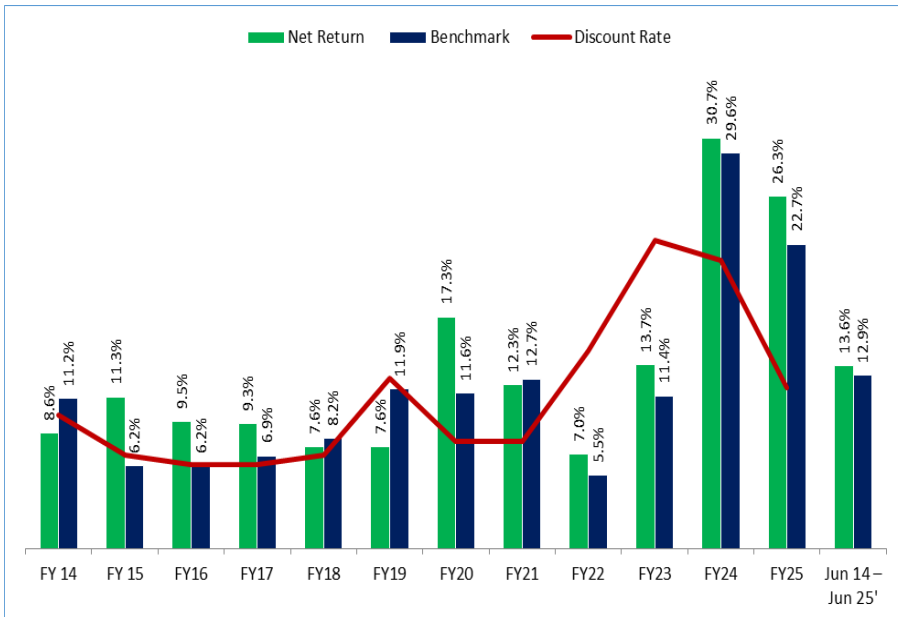
The Fund's assets grew by 7.7% during 4M FY 2025-26.

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 12.5%. The benchmark return of fixed income for the corresponding period was 11.1%. 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: The equity portfolio, which constitutes approximately 17% of the Fund, posted a holding-period return of 25.9%, compared with a benchmark return of 26.6%.

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.

Performance History



Fund Facts

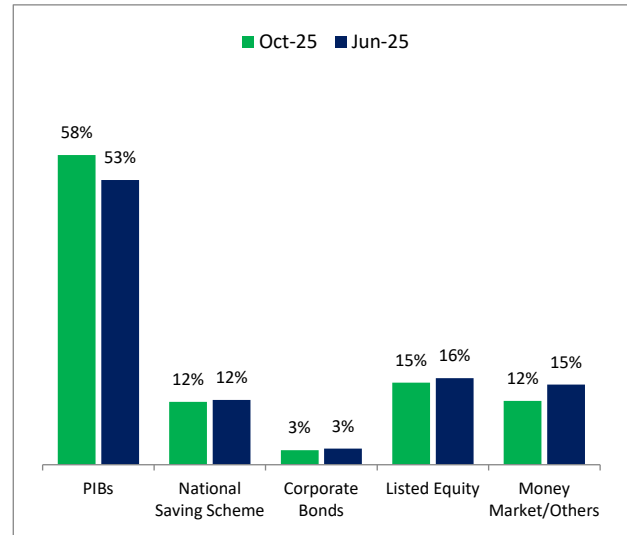
Fund Type	Provident Fund
Inception Date	25-Jun-14
Net Assets (Rs. million)	33,989
Management Expenses (annualized)	0.04% p.a.
Risk Profile of the Fund	Low to Moderate

Fund Size FY24-25

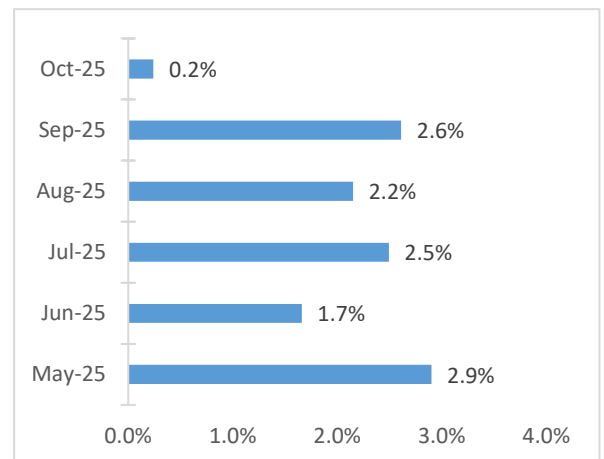
Rs. million

Beginning Fund Size (1 st July 2025)	31,562
Add: Contribution during the year	-
Add: Gains during the period	2,432
Less: Expenses during the period	(5)
Ending Fund Size (31st October 25)	33,989

Asset Allocation



Growth in Assets



Operational Investment Committee

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



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