



Investment Objective of Punjab Pension Fund (PPF) is to generate revenue for the discharge of pension liabilities of the Government of Punjab.

Performance Review

PPF posted a net return of 10.9% during 2MFY16 vs. 12.6% during 2MFY15. The performance of the Fund was significantly higher than its benchmark of 4.8%; despite a sharp decline in market yields.

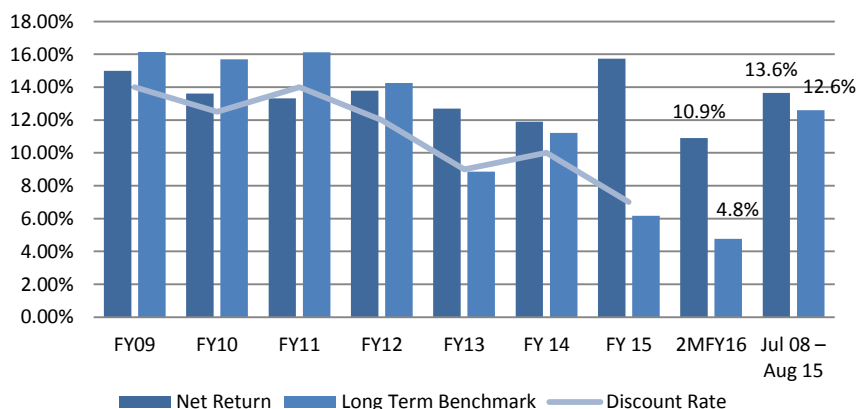
The State Bank of Pakistan (SBP) announced its Monetary Policy Statement (MPS) on 12th September, 2015 and reduced its Discount Rate by 50 basis points to 6.5 percent (Policy Rate 6.0%). The SBP justified the reduction in rate with lower inflation expectations and comfortable Balance of Payment situation.

The Fund’s portfolio allocation during the month has remained unchanged. At the end of August 2015, the Fund has more than 70% of its exposure in fixed rate PIBs and products of National Saving Schemes. This high fixed rate exposure was built during FY15. This high yielding portion of the portfolio will support the Fund in outperforming its benchmark in FY16.

CPI Inflation for the month of August was recorded at 1.8 percent on YoY and 0.2 percent on MoM basis. Although the decline in prices was broadband, but main contributors towards this very low inflation were Perishable Food Items and Transport segments. As far as inflation outlook is concerned, the OIC is of the view that inflation will remain subdued during the first half of FY16 and may pick up in the second half.

| Period | Growth | | Market Value (Rs. billion) | | Funding Ratio (a)/(b) |
|------------------|-------------|-----------------|----------------------------|-------------------------------|-----------------------|
| | Fund Assets | Liability Index | Fund Assets (a) | 30-yr Pension Liabilities (b) | |
| FY09 | 15.00% | 28.01% | 3.5 | 575.9 | 0.61% |
| FY10 | 13.21% | 9.41% | 12.1 | 637.6 | 1.90% |
| FY11 | 10.81% | -4.50% | 13.4 | 608.9 | 2.20% |
| FY12 | 16.86% | 21.93% | 15.6 | 742.5 | 2.10% |
| FY13 | 20.46% | 39.51% | 18.8 | 1035.8 | 1.82% |
| FY14 | 5.65% | -9.20% | 24.8 | 940.5 | 2.64% |
| FY15 | 21.57% | 45.30% | 35.3 | 1366.0 | 2.58% |
| Jul-Aug FY16 | 2.03% | 6.05% | 36.0 | 1448.5 | 2.49% |
| Jul 08 to Aug 15 | 14.62% | 17.25% | | | |

Performance History



Fund Facts

| | |
|----------------------------------|--------------------------|
| Fund Type | Pension Fund |
| Inception Date | 16-Jun-08 |
| Net Assets (Rs. million) | 36,019 |
| Long Term Benchmark | YoY CPI + 3% |
| Management Expenses (annualized) | 0.12% p.a. of Net Assets |
| Trustee | CDC Pakistan Limited |
| Auditors | KPMG Taseer Hadi & Co. |
| Risk Profile of the Fund | Low to Moderate |

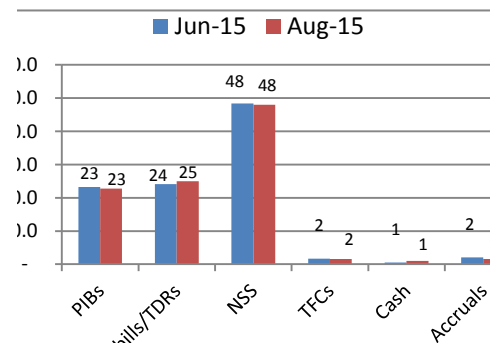
Fund Size FY16

Rs. million

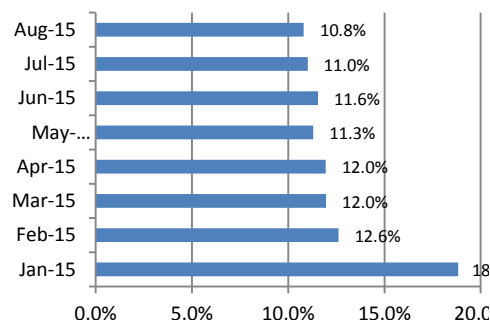
| | |
|---|---------------|
| *Beginning Fund Size (30 Jun 2015) | 33,618 |
| Add: Contribution during the year | - |
| Add: Gains during the year | 604 |
| Less: Expenses during the year | (7) |
| *Ending Fund Size (31 August 2015) | 34,215 |

* Excluding Unrealized Gain of Rs. 1,804 million

Asset Allocation (% of Fund Size)



YTD Monthly Returns (Net)



Operational Investment Committee

| | |
|-----------------------|---------------------|
| Aquil Raza Khoja, FCA | General Manager |
| Sobia Hasan, CFA | Head of Investments |
| Muhammad Sajid, CFA | Portfolio Manager |

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