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

## **Performance Review**

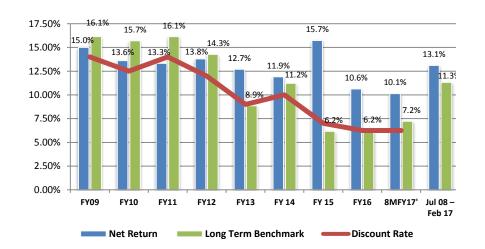
PPF posted a net return of 10.2% during the 8MFY17 vs. 10.8% during the same period of FY16. The performance of the Fund remains significantly higher than its benchmark of 7.2%; despite a sharp decline in market yields.

The Fund's portfolio allocation remained almost unchanged. The OIC of the Fund is currently following a strategy of investing in short duration instruments and not taking exposure in long term instruments at currently prevailing lower yields. At the end of February 2017, the Fund has around 65% of its exposure in fixed rate PIBs, Long term Bank TDRs and products of National Saving Schemes. This high yielding portion of the portfolio will support the Fund in outperforming its benchmark in the year FY17.

CPI Inflation for the month of February was recorded at 4.22 percent on YoY and 0.28 percent on MoM basis. The lower inflation is mainly due to lower food and fuel prices. The YoY Inflation reading for the month of Feb-17 was the highest during FY17; mainly due to low base effect of last year. The SBP expects that annual rate of inflation will remain lower than the target rate of 6.0 percent, set by the Federal Government for FY17.

| Period             | Growth         |                    | Market Value (Rs. billion) |                                     | Funding Ratio |
|--------------------|----------------|--------------------|----------------------------|-------------------------------------|---------------|
|                    | Fund<br>Assets | Liability<br>Index | Fund<br>Assets (a)         | 30-yr<br>Pension<br>Liabilities (b) | (a)/(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%         | 45.22%             | 35.3                       | 3866.4                              | 0.91%         |
| FY16               | 11.14%         | 18.65%             | 40.2                       | 4280.7                              | 0.94%         |
| 8M FY17            | 6.43%          | 4.63%              | 43.4                       | 4499.2                              | 0.96%         |
| Jul '08 to Feb '16 | 13.87%         | 16.38%             |                            |                                     |               |

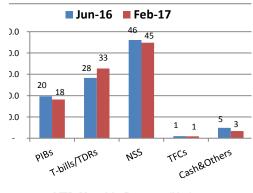
## **Performance History**

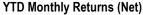


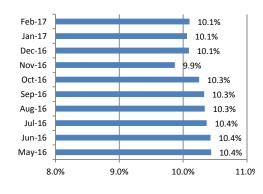
| Fund Facts                          |                          |  |  |  |
|-------------------------------------|--------------------------|--|--|--|
| Fund Type                           | Pension Fund             |  |  |  |
| Inception Date                      | 16-Jun-08                |  |  |  |
| Net Assets (Rs. million)            | 43,350                   |  |  |  |
| Long Term Benchmark                 | YoY CPI + 3%             |  |  |  |
| Management Expenses<br>(annualized) | 0.14% p.a. of Net Assets |  |  |  |
| Trustee                             | CDC Pakistan Limited     |  |  |  |
| Auditors                            | KPMG Taseer Hadi & Co.   |  |  |  |
| Risk Profile of the Fund            | Low to Moderate          |  |  |  |
| Fund Size FY17                      | Rs. million              |  |  |  |
| *Beginning Fund Size (01 Jul 201    | 6) 38,204                |  |  |  |
| Add: Contribution during the yea    | r 500                    |  |  |  |
| Add: Gains during the year          | 2,592                    |  |  |  |
| Less: Expenses during the year      | (35)                     |  |  |  |
| *Ending Fund Size (28 Feb 201       | 6) 41,261                |  |  |  |

\* Excluding Unrealized Gain of Rs. 2,089 million

## Asset Allocation (% of Fund Size)







| <b>Operational Investment Committee</b> |                   |  |  |  |
|---|-------------------|--|--|--|
| Aquil Raza Khoja, FCA                   | General Manager   |  |  |  |
| Muhammad Sajid, CFA                     | Portfolio Manager |  |  |  |

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