



**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 made a net return of 16.1% during 11MFY15 vs. 12.4% during the corresponding period of FY14. This improvement in the performance of the Fund came on the back of realized capital gain on sale of PIBs.

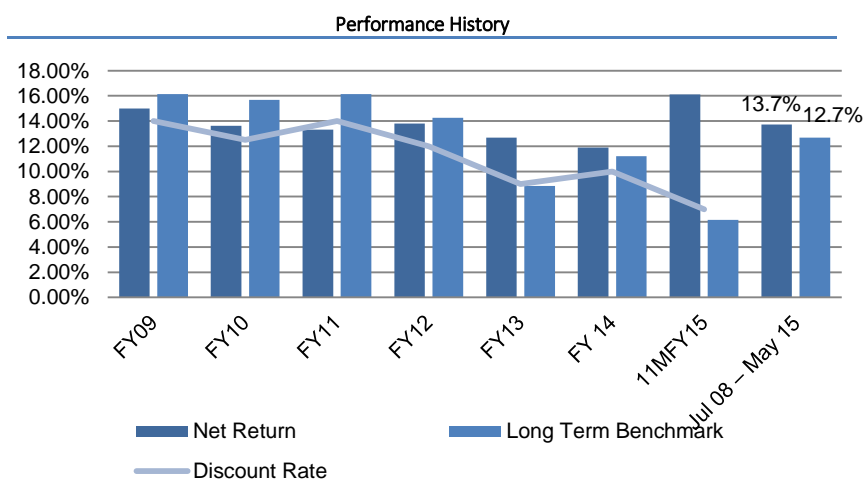
During the month of May15, the Fund posted a net return of 11.3%. The monthly return of the Fund has declined in recent months for two reasons: 1) absence of realized capital gain and 2) the Fund received fresh contribution of Rs. 5.0 billion which was invested at lower yields.

YoY CPI for the month of May15 was recorded 3.16%; however, on MoM basis CPI recorded an increase of 0.8%. The increase in MoM CPI is solely due to sharp rise in Perishable Food Items; which have only 5.0% weight in overall CPI basket but increased by 9.7% on MoM basis.

On 23<sup>rd</sup> May 2015, State Bank of Pakistan (SBP) announced its bi-monthly Monetary Policy Statement (MPS). The SBP reduced its Discount Rate by another 100 basis points taking cumulative reduction to 300 basis points in FY15. In our view interest rates have bottomed out and inflation has already started reversing, especially when we see on MoM basis.

Despite sharp reduction in inflation and interest rates, PPF will continue earning a decent spread over CPI because of its fixed rate portfolio in PIBs and National Savings.

Period	Growth		Market Value (Rs. billion)		Funding Ratio
	Fund Assets	Liability Index	Fund Assets (a)	30-yr Pension 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%
Jul-May FY15	21.71%	60.00%	35.3	1505.0	2.35%
Jul '08 to May '15	14.88%	18.86%			



**Fund Facts**

Fund Type	Pension Fund
Inception Date	16-Jun-08
Net Assets (Rs. million)	35,349
Long Term Benchmark	YoY CPI + 3%
Management Expenses (annualized)	0.17% p.a. of Net Assets
Trustee	CDC Pakistan Limited
Auditors	KPMG Taseer Hadi & Co.
Risk Profile of the Fund	Low to Moderate

**Fund Size FY15**

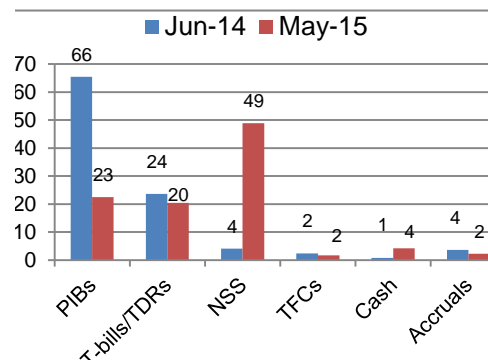
Rs. million

*Beginning Fund Size (30 Jun 2014)	24,555
Add: Contribution during the year	5,000
Add: Gains during the year	3,811
Less: Expenses during the year	(39)

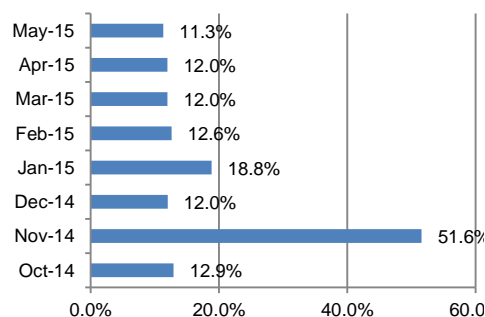
**\*Ending Fund Size (31 May 2015) 33,327**

\* Excluding Unrealized Gain/(Loss) of Rs. 2.1 billion

**Asset Allocation (% of Fund Size)**



**YTD Monthly Returns (Net)**



**Operational Investment Committee**

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