



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 8.95% during FY18 vs. 10.1% during FY17. The Fund posted a real return of 3.74% during the year. The performance of the Fund remains significantly higher than its benchmark of 8.2%; despite low yields during the FY18.

There was a sizeable shift in Fund's asset allocation during FY18. An amount of Rs. 26.9 billion in 3yr Speial Saving Account (SSA), the higher yielding segment of portfolio, matured during the year. As a result, net return of the Fund dropped to single digit. During FY18, the SBP increased its Policy Rate by 75 basis points; resultantly, yield curve has shifted upward and reduced the unrealized capital gain of PPF by Rs.290 million during the year.

At the end of June-18, the Fund has around 51.5% of its exposure in fixed rate PIBs, long term bank deposits, and products of National Saving Schemes. This high yielding portion of the portfolio has supported the Fund's outperformance over its benchmark during FY18.

CPI Inflation recorded at 5.2 percent on YoY basis; an increase of 0.57 percent on MoM basis. Inflation has drastically risen but still fell short of annual target of 6 percent. Consistent pressure on external front, currency devaluation, surge in oil prices, and rising demand side pressure will further increase the inflation in next fiscal year.

Fund Facts

Fund Type	Pension Fund
Inception Date	16-Jun-08
Net Assets (Rs. million)	53,196
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 FY18

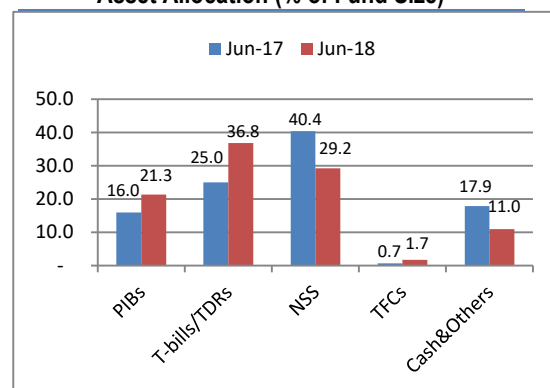
Rs. million

*Beginning Fund Size (01 Jul 2017)	47,128
Add: Contribution during the year	-
Add: Gains during the year	4,276
Less: Expenses during the year	(58)

***Ending Fund Size (30 June 2018) 51,346**

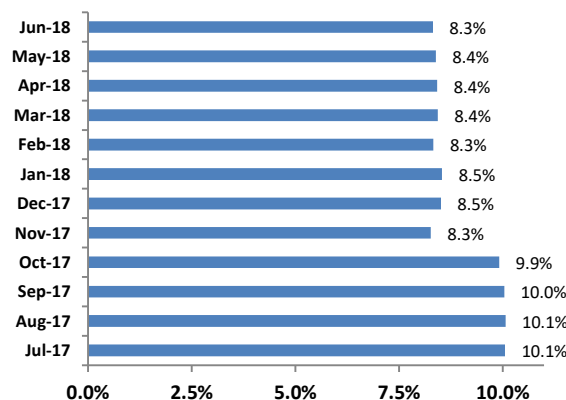
* Excluding Unrealized Gain of Rs. 1,850 million

Asset Allocation (% of Fund Size)

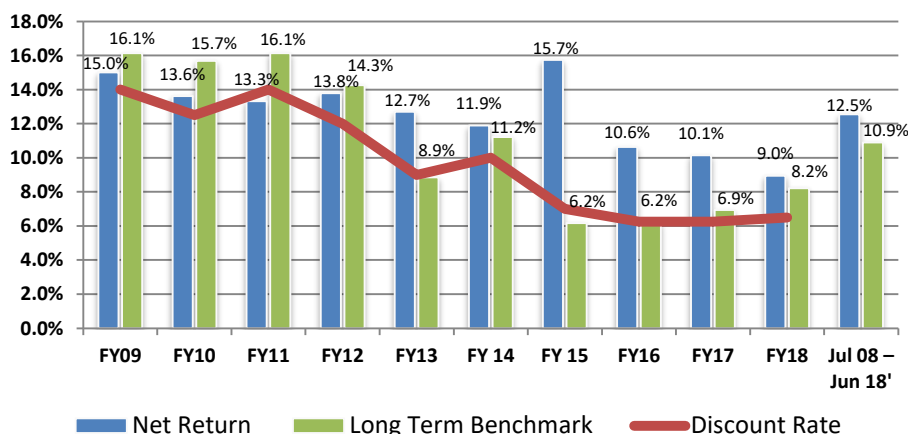


Period	Growth		Market Value (Rs. billion)		Funding Ratio
	Fund Assets	Liability Index	Fund Assets (a)	30-yr Pension Liabilities (b)	(a)/(b)
FY09	15.00%	28.01%	3.5	575.9	0.61%
FY10	13.21%	9.41%	12.1	637.6	1.90%
FY11	10.81%	-4.50%	13.4	608.9	2.20%
FY12	16.86%	21.93%	15.6	742.5	2.10%
FY13	20.46%	39.51%	18.8	1035.8	1.82%
FY14	5.65%	-9.20%	24.8	940.5	2.64%
FY15	21.57%	45.22%	35.3	3866.4	0.91%
FY16	11.14%	18.65%	40.2	4995.0	0.81%
FY17	9.88%	5.08%	49.3	5249.1	0.94%
FY18	7.97%	0.29%	53.2	5264.5	1.01%
Jul '08 to June '18	13.14%	14.19%			

YTD Monthly Returns (Net)



Performance History



Operational Investment Committee

Aquil Raza Khoja, FCA	General Manager
Muhammad Sajid, CFA	Portfolio Manager

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