



The Government of the Punjab

Punjab Pension Fund

Investment Policy ^[1]

Dated: October 15, 2008

¹ Amended vide Management Committee meetings; 8th dated 12th March 2010, 26th dated 21st March 2018, 34th dated 10th February 2020, 35th dated 3rd March 21 & 36th dated 21st Jan 22, 39th dated 7th April 2023, 40th dated 18th July 2023.



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PREAMBLE

Purpose

The purpose of the Investment Policy is to provide a framework within which the assets of the Punjab Pension Fund (Fund) are to be invested and managed.

Fund's Objective

The objective of the Fund is to generate revenue for the discharge of the pension liabilities of the Government of the Punjab. Hence, it is desired to achieve financial equilibrium in assets portfolio and the pension liabilities in accordance with actuarial assessment.

Operational Framework

The **Management Committee** shall:

- Approve an Investment Policy and make amendments thereto.
- Appoint an Investment Sub-Committee.
- Appoint an Operational Investment Committee for day to day investment decisions of the Fund.
- Approve proposals for investments / disinvestments put up by the Investment Sub-Committee and the Operational Investment Committee for portfolio investments and investments through a third party.
- Approve proposals for addition / deletion of brokers put up by the Investment Sub-Committee and the Operational Investment Committee.
- Approve proposals for appointment of Investment Advisor put up by the Investment Sub-Committee and the Operational Investment Committee.
- Review performance of the Fund on periodic basis and ratify investments / disinvestments made by the Investment Sub-Committee and the Operational Investment Committee.

The **Investment Sub-Committee** shall:

- Assist the Management Committee in framing an appropriate investment policy and making any changes thereto.
- Review investments / disinvestments made by the Operational Investment Committee on bi-monthly basis and recommend to the Management Committee for ratification.
- Review proposals for investments / disinvestments pertaining to portfolio investments and investments through a third party put up by the Operational Investment Committee and makes recommendations to the Management Committee for approval.



- Approve proposals for investments / disinvestments put up by the Operational Investment Committee for such amounts and time period within the scope of powers delegated by the Management Committee.
- Review performance of the Fund on periodic basis.
- Review proposals for addition / deletion of brokers put up by the Operational Investment Committee and make recommendation to the Management Committee for approval.
- Review proposals for appointment of Investment Advisor put up by the Operational Investment Committee and make recommendations to the Management Committee for approval.
- Perform any other work assigned by the Management Committee.

The **Operational Investment Committee** shall:

- Execute investments / disinvestments in accordance with proposals approved by the Management Committee and the Investment Sub- Committee pertaining to portfolio investments and investments through third party.
- Make investments / disinvestments for such amounts and time period within the scope of powers delegated by the Management Committee.
- Put up investment / disinvestment proposals to the Investment Sub- Committee and the Management Committee.
- Review performance of the Fund on periodic basis.
- Make an Investment Policy and any changes thereto and forward the same to the Investment Sub-Committee for making recommendations to the Management Committee for approval.
- Short list Investment Advisors and forward the same to the Investment Sub-Committee for making recommendations to the Management Committee for approval.
- Perform any other work assigned by the Management Committee or the Investment Sub-Committee.

Methodology

Investment Policy shall provide guidelines to the Management Committee, Investment Sub-Committee, Operational Investment Committee and all the staff members and participants who are involved in the investment activity.



INVESTMENT OBJECTIVES:

While minimizing risk the Fund will endeavor to generate sustained earnings consistent with reasonable concern for safety of principal amount. However, the Fund's management must acknowledge the existence of risks associated with investments as is universally known, greater the risk greater the return.

PERMISSIBLE INVESTMENTS

The Fund shall make investments in following class of assets:

1. Government Securities.
2. National Saving Schemes.
3. Government Bonds.
4. Corporate Bonds, Term Finance Certificates and other forms of Debt.
5. Shares listed on a stock exchange.
6. Unit trusts, mutual funds and other collective investment schemes.
7. Deposit with scheduled banks.
8. Third Party Products.



INVESTMENT CRITERIA:

The Fund shall make investments on the basis of following criteria:

1. Government Securities:
 - a) Securities as defined in the Securities Act, 1920 (X of 1920) and includes securities repayable or irrevocably guaranteed to be paid by a Provincial Government or the Federal Government.
 - b) Securities could be at a fixed or variable rate of interest.
 - c) Return offered by the Government Security compared to other modes of investment.

2. National Saving Schemes:
 - a) Of the Federal Government at a fixed or variable rate of interest.
 - b) Return offered by the National Saving Scheme compared to other modes of investment.

3. Government Bonds:
 - a) Issued by or under the authority of the Federal Government, a Provincial Government or by a body or entity owned or controlled by the Government or a prescribed body or entity.
 - b) Listed on a stock exchange or issued under a prospectus approved by the Securities and Exchange Commission of Pakistan.
 - c) Return offered by the Government Bond compared to other modes of investment.

4. Corporate Bonds, Term Finance Certificates and other forms of Debt – New Issue as well as through secondary market:



- a) [Listed on a stock exchange or issued under a prospectus approved by the Commission or issued with approval of the State Bank of Pakistan.] ^[2]
 - b) The Issuer and the Security to have a minimum rating of “AA-” assigned by a credit rating agency operating in Pakistan.
 - c) Last three years performance of the Issuer, wherever applicable.
 - d) Financial projections for three years of the Issuer, where available.
 - e) Total Issue size.
 - f) Tenor of the Security.
 - g) Return / yield offered by the corporate bond / term finance certificate / other forms of debt compared to other modes of investment.
 - h) Market reputation of the Issuer, Advisor and Arranger, if applicable.
 - i) Latest Research Report.
5. Shares listed on a stock exchange – New subscriptions as well as through stock exchanges:
- a) As part of portfolio investment.
 - b) Investment will be made in scrips approved by the Management Committee listed in Annexure-I.

The Management Committee shall approve scrips based upon latest research report which will cover following criteria:

- i) Priority will be given to blue chip scrips.
- ii) Payouts in the last three years, where applicable.
- iii) Share price trend of the scrip.
- iv) Turnover of the scrip in the Ready Market.
- v) Market reputation of the Company/Group.
- vi) Expected dividend / capital gain.

² Amended vide 8th Management Committee meeting dated 12 March 2010.



- c) Investment in spread transactions will form part of the portfolio investment.

The Fund will invest in spread transactions by buying in Ready Market and selling in Future simultaneously, depending upon the return available in the market.

If liquid funds are available in bank accounts, then option of investment in spread transactions may be exercised if the return is better than return on amount kept in banks' daily product account / deposit account.

Criteria for selection of scrips for spread transaction will be same as defined in Para (b) above and listed in Annexure-I.

- d) Pre-mature closing of spread transactions may be done if the return exceeds the return on spread transactions.

Pre-mature closing of spread transactions may also be undertaken to generate liquidity in the Fund.

6. Unit trusts, mutual funds and other collective investment schemes:

- a) Investment will be made in open-end unit trusts, mutual funds and other collective investment schemes authorized by the Securities and Exchange Commission of Pakistan.
- b) Asset Management Company to have minimum rating of "AM2".
- c) Where applicable, a Unit Trust / Fund to have JCR-VIS minimum Stability Rating of "A(f)" or PACRA minimum Fund Rating of "4- Star".
- d) Unit trusts / funds and their Asset Management Companies who qualify under the above criteria are listed in Annexure-II.
- e) Expected dividend / bonus / capital gain.
- f) Market reputation of the Unit trust / mutual fund / collective investment scheme and the Asset Management Company.



7. Deposit with scheduled banks:

- a) Investment will be made in scheduled banks having a minimum Long Term rating of “AA-”. Scheduled banks which qualify under this criterion have been listed in Annexure-III.
- b) Return offered by the scheduled bank compared to other modes of investment.
- c) Market reputation of the scheduled bank.

8. Third Party Products of Life Insurance Companies:

- a) Investment will be made in third party products having a minimum rating of “AA-”. Life Insurance Companies which qualify under this criteria have been listed in Annexure-IV.
- b) Expected return from the third party products.
- c) Market reputation of the third party.

EXPOSURE LIMITS:

No investment shall be made from the Fund for a period of more than three years or in any foreign market or firm, except with the prior approval of the Government.

The Fund shall not take exposure of more than [20%]^[3] of the value of the Fund in any single group.

Explanation: For the purpose of this exposure requirement “group” means persons having at least 30% common directors or 30% or more shareholding in any other company, as per publicly disclosed information.

³ Amended vide 8th Management Committee meeting dated 12 March 2010.



['Exposure' for the purpose of computing exposure limits on investments includes investment in all asset classes, securities, instruments, deposits etc. allowed by the Investment Policy but does not include:

- a) Lending to a counter party, having a minimum credit rating as approved by the Management Committee, through REVERSE REPO transaction where the underlying securities are government securities eligible for statutory liquidity requirements;
- b) Deposit with Schedule Banks, having a minimum credit rating as approved by the Management Committee, with remaining time to maturity of three months or less; and
- c) Investment in Government Securities with remaining time to maturity of three months or less]^[4]

Exposure limits for each class of asset is as follows:

1. Government Securities and National Saving Schemes:

The Fund shall not invest in the Government Securities or the National Investment Schemes, if at the time of investment:

- a) it would result in any such [security]^[5] exceeding 25% of the value of the Fund; or
- b) []^[6]
- c) []^[7]

2. []^[8]

3. Corporate Bonds, Term Finance Certificates and other forms of Debt:

- a) No investment shall be made for an amount of more than 5% of the value of the Fund per issue of the Bond or the instrument.
- b) Investment shall not exceed 10% of the total Issue amount except for the entities who are majority-owned or controlled by the Government of Punjab; wherein, the exposure can be taken more than 10% of the total issue amount with the approval of the Management Committee of the Fund^[9].
- c) Cumulative investment in Corporate Bonds, Term Finance Certificates and other forms of Debt shall not exceed 20% of the value of the Fund.

⁴ Inserted vide 8th Management Committee meeting dated 12 March 2010.

⁵ Amended vide 8th Management Committee meeting dated 12 March 2010.

⁶ Deleted vide 8th Management Committee meeting dated 12 March 2010.

⁷ Deleted vide 40th Management Committee meeting dated 18 July 2023.

⁸ Ibid

⁹ Amended vide 39th Management Committee meeting dated 07 April 2023.



4. Shares, Unit Trusts, Mutual Funds and other Collective Investment schemes:

- a) The Fund shall not invest in Shares, Unit Trusts and Mutual Funds and other Collective Investment Schemes if at the time of making an investment the aggregate of such investments exceeds 40% of the value of the Fund.

The fund shall not invest in Unlisted Equity Securities unless an application for listing of such securities has been accepted by the stock exchange.

Provided that the Fund may make total investments in pre-initial public offerings (Pre-IPO's) upto 10% of the value of the Fund, subject to the exposure limits prescribed under this Investment Policy.

b) Shares –

- i) Investment in Shares of a company shall not exceed 5% of the value of the Fund.
- ii) Investment in Shares shall not exceed 5% of the Paid-up Capital of the Invested Company.
- iii) Investment in Shares of any one sector shall not exceed 20% of the value of the Fund at the time of making such investment, as per classification of the Stock Exchange.

c) Unit Trusts, Mutual Funds and other Collective Investment Schemes:

- i) Investment in each Unit Trust/Mutual Fund/Collective Investment Schemes shall not exceed 5% of the value of the Fund.
- ii) Investment in a Unit Trust/Mutual Fund/Collective Investment Scheme shall not exceed [10]%^[10] of the total fund size of the Unit Trust /Mutual Fund/Collective Investment Scheme [or Rs 2 billion, whichever is lower]^[10].

¹⁰ Amended vide 26th Management Committee meeting dated 21st May 2018.



5. Deposit with Scheduled Banks:

- a) No investment shall be made for an amount of more than 5% of the value of the Fund per instrument.
- b) At the time of making an investment, the aggregate of deposits in a scheduled bank shall not exceed 20% of the value of the Fund.
- c) []^[11]

6. Third Party Products:

- a) No investment shall be made for an amount of more than 5% of the value of the Fund in third party products, unit trust or through managed portfolios in each case.

EXCEPTION TO EXPOSURE LIMITS:

In the event the exposure limits laid down in the Investment Policy change as a result of the relative movement in the market prices of the investments or through any disinvestments or through corporate actions, the Management Committee shall bring excess exposure within the prescribed limits within three months of the event. However, this restriction of further investment shall not apply to any offer of right shares or bonus shares.

RESTRICTIONS ON CONNECTED PERSONS:

Any member of the Management Committee or officer of the Fund shall not invest in any security owned by the Fund. If the member or officer owns any security before the Fund makes its investment in the same security, the member or officer shall disinvest the same within a period of one month from the date of investment of the Fund.

For the purpose of this restriction the term member and officer shall include spouse, lineal ascendants and descendants, brothers and sisters.

¹¹ Deleted vide 8th Management Committee meeting dated 12 March 2010.



PROHIBITED INVESTMENTS:

The Fund shall not invest in:

1. land, buildings or real estate of any kind including buying or making loans of any description except for its official use or in shares as part of its portfolio;
2. exploration or exploitation of minerals or petroleum including buying or making loans of any description other than in shares as part of its portfolio;
3. a real estate investment trust or other investment company that is not listed on a stock exchange;
4. bearer securities;
5. securities which result in assumption of unlimited or undetermined liabilities (actual or contingent); and
6. commodities and commodity contracts.

GENERAL RESTRICTIONS ON THE FUND:

The Fund shall not:

- a) merge, acquire or take over management of any other pension fund unless it has obtained prior approval of the Government for the merger, acquisition or take over;
- b) pledge securities owned by the Fund except for the benefit of the Fund and with prior approval of the Government;
- c) make a loan or advance money to a person except in connection with the normal business of the Fund;
- d) participate in a joint account with a person in any transaction;
- e) invest in the real estate except that it may purchase or rent real estate for its official use;
- f) employ as a broker, directly or indirectly, a Member, the General Manager or an employee or a member of the family of such a person;
- g) acquire, purchase or sell any security to a Member, the General Manager or an



- employee or a member of the family of such a person;
- h) enter into a short sale transaction in any security, whether listed or unlisted;
 - i) enter into transactions with any single [equity] ^[12] broker that accounts for 20% or more of the Fund's brokerage commission in any one Accounting Year of the Fund;
 - j) lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person. However, sale and repurchase transactions involving Government Securities or listed debt securities can be made;
 - k) seek to acquire a controlling interest in any enterprise in which it has invested or has any other interest, which would give it primary responsibility for management, except where it is necessary to protect its investments;
 - l) purchase shares on leverage i.e. through CFS;
 - m) accept deposits from a company, unit trust, mutual fund, collective investment scheme or a third party;
 - n) undertake brokerage services on stock exchanges or in the money market; and
 - o) enter into underwriting or sub-underwriting contracts.

¹² Amended vide 35th Management Committee meeting dated 3rd March 2021.



BENCHMARK RETURN:

The purpose of benchmark return is to gauge performance of the Fund over a period of time. It also reflects on the performance of the General Manager, Chief Investment Officer/Fund Manager, Operational Investment Committee, Investment Sub-Committee and the Management Committee.

While establishing a benchmark return, associated risks must be taken into consideration. Greater risk in pursuit of higher benchmark return may be counter productive to the establishment of the Fund. Hence, sustained earning over a period of time is preferred to unusual returns over a short period.

Monetary policy of the State Bank of Pakistan (SBP) has a direct bearing on the returns of different class of assets. Hence, continuous review of the benchmark return needs to be made based on inflation rate, SBP's discount rates etc.

The Fund will adopt inflation rate based on Consumer Price Index (CPI) as criteria for establishment of overall bench mark return. The Fund will endeavor to generate an annual return equal to inflation rate of that year plus 3%. For this purpose inflation rate will be taken from the Federal Bureau of Statistics.

In addition to a single benchmark return for the Fund, we have set following benchmark returns for each class of asset:^[13]

<u>Class of Asset</u>	<u>Approved Benchmark</u>
Government Securities (Short-Term)	For T-Bills & Floating PIBS: 6 Month PKRV (Rolling 12 Month Average)
National Saving Schemes	Not applicable (new institutional investment no longer permitted)
Government Bonds	5 Year PKRV (Rolling 12 Month Average)
Corporate Bonds, TFCs & other forms of Debt	6-Month KIBOR (offer side) + 0.5% p.a. The return will vary if the tenure of the coupon is other than 6-months.
Shares listed on a stock exchange	KSE 100 index
Unit trusts, mutual funds & other CIS	The average return of the investable universe (of comparable mutual funds)
Deposit with scheduled banks	3 Month KIBOR – 1%

¹³ Amended vide 35th Management Committee meeting dated 3rd March 2021.



RISK DISCLOSURE:

Investment in all securities, except risk free securities, is subject to market risks. The benchmark return cannot be guaranteed. It should be clearly understood that investments of the Fund are subject to market fluctuations and risk inherent in all such investments. The risk emanates from various factors that include, but are not limited to:

- a) **Credit Risk** – Comprises of default risk, credit spread risk and downgrade risk. Each can have negative impact on the value of fixed-income securities including money market instruments.
- b) **Default Risk** – The risk that the Issuer will not be able to pay the obligation, either on time or at all.
- c) **Credit Spread Risk** – The risk that there will be an increase in the difference between the return / markup rate of an Issuer’s bond and the return / mark up rate of a bond that is considered to have little associated risk (such as a government guaranteed bond or treasury bill). The difference between this return / mark up rates is called a credit spread. Credit spreads are based on macroeconomic events in the domestic or global financial markets. An increase in the credit spread will decrease the value of fixed income securities including money market instruments.
- d) **Downgrade Risk** – The risk that a credit rating agency such as PACRA or JCR-VIS or any other reputed credit agency will reduce the credit rating of an Issuer’s securities. Downgrading in credit rating will decrease the value of those fixed income securities including money market instruments.
- e) **Derivative Risk** – Derivatives may be used to limit or hedge potential losses associated with stock markets and return / mark up rates The process is called hedging. Derivatives may also be used for non-hedging purposes to reduce transaction costs, achieve greater liquidity and create effective exposure to financial markets or increase speed and flexibility in making portfolio changes. Any use of derivatives has risks, including:
 - i) The hedging strategy may not be effective. There is no guarantee that a market will exist when a Fund wants to buy or sell the derivative contract. A large percentage of the assets of the Fund may be placed on deposit with one or more counter parties, which expose the Fund to the credit risk of those counter-parties. There is no guarantee that an acceptable counterpart will be willing to enter into the derivative contract.
 - ii) The counter-party to the derivative contract may not be able to meet its obligations. The Exchanges on which the derivative contracts are traded may set



daily trading limits, to close out its position in that contract. If an Exchange halts trading in any particular derivative contract, a Fund may not be able to close out its position in that contract. The price of a derivative may not accurately reflect the value of the underlying security or index.

- f) **Return / Mark-up Rate Risk** – Fixed income securities including money market instruments, which include treasury bills and commercial paper, pay fixed rate of return / mark-up. The value of the Fund, due to its holdings in fixed income securities including money market instruments, will rise and fall as return / mark-up rate changes. For example, when return / mark-up rates fall, the value of an existing bond will rise because the coupon rate on that bond is greater than prevailing return / mark-up rates.
- g) **Government Regulation Risk** – Government policies or regulations are more prevalent in some sectors than in others. Funds that invest in these sectors may be affected due to change in these regulations or policies, which directly or indirectly affect the earnings and/or the cash flows and/or any governmental or court orders restraining payment of capital, principal or income.
- h) **Voluminous Transfer to Reserve Fund Risk** – Any significant transfer made to Reserve Fund could significantly impact Fund's cash flow. If the Government transfers large amounts, the Fund could temporarily have a high cash balance. Conversely, if the Government recalls large amounts, the Fund may be required to fund the refund by selling securities at an inappropriate time. This unexpected sale may have a negative impact on the performance of the Fund.
- i) **Repurchase, Reverse Repurchase Transactions and Securities Lending Risk** – The risks with these types of transactions are that the other party may default under the agreement or go bankrupt. In a reverse repurchase transaction, the Fund may be left holding the security and may not be able to sell it at the same price it paid for it, plus return/mark-up, if the market value of the security has dropped. In the case of a repurchase or a securities lending transaction, the Fund could incur a loss if the value of the security sold or loaned has increased more than the value of cash or collateral held.
- j) **Other Risks** – Other risks involve mismanagement of the investee company, third party liability whether through class action or otherwise or occurrence of other events such as strike, fraud etc., in the company in which the investment is made or breakdown of law and order, war, natural disasters etc.



RISK MITIGATION STRATEGY:

The Fund shall endeavor to mitigate risk through:

- i) Diversification of investment in different class of assets permitted under the Punjab Pension Fund Act, Rules and the Investment Policy.
- ii) Investment criteria and limit exposures for each class of asset enable the Fund to mitigate risk.
- iii) Certain investments have been prohibited for the Fund in the Investment Policy. Likewise, general restrictions on the Fund have been defined in the Investment Policy. These measures help to avoid undue risk.

SELECTION OF BROKER:

The Fund will require both type of brokers i.e. Money and Capital Market. Money market brokers provide services with regard to investment in Government Securities, Government / Corporate Bonds, Term Finance Certificates, Bank Deposits and other debt instruments. Capital market brokers provide services with regard to investment in shares, spread transactions etc.

In order to invest in Money / Capital Market, the Fund will have an approved panel of brokers who are active in Money / Capital Market. It is the intention of the Fund to build business relationship with only reputable corporate brokerage houses.

The following criteria shall be observed in selecting a broker: ^[14]

Money Market Broker:

All money market brokers accredited by the Financial Market Association of Pakistan and any changes in it from time to time.

^[15] Note: If the money market broker has also a stockbrokerage license, he will only be entertained if he will be rated by the rating agency.

Commission Rate: The notified commission rate by the Financial Market Association of Pakistan and any changes in it from time to time. The rate for TFC/Sukuk shall be 0.05% of Face Value with the proviso to be revised if updated by the FMAP.

¹⁴ Amended vide 35th Management Committee meeting dated 3rd March 2021.

¹⁵ Added vide 35th Investment Sub-Committee meeting dated 27th September 2021.



Stock Market Broker:

Any brokerage house, which meets following qualitative and quantitative parameters shall be included in the approved broker list of the PPF.”

Quantitative Criteria
<ul style="list-style-type: none">• Minimum equity requirement of Rs 50 million in the latest audited accounts (not more than a year old)
Qualitative + Partly Quantitative Criteria
<ul style="list-style-type: none">• Brokerage house must have a minimum Broker Management Rating of “BMR2” or a similar rating as advised by the SECP, rated by VIS Credit Rating Company Limited or the Pakistan Credit Rating Agency Limited (PACRA).
The Operational Investment Committee shall further evaluate the brokerage houses shortlisted based on their ‘Broker Management Rating’, as following: <ul style="list-style-type: none">• The brokerage house must have an active research set-up, meaning that at least two detailed reports should have been issued, during the last six months.• The stock brokerage house must be compliant/up-to-date with its registration with various regulatory bodies, including the following: FBR, provincial Sales Tax on Services, SECP and the EOBI.• Operational Investment Committee shall review the list for addition/ deletion of broker based on approved criteria.

Commission Rate: The commission rates notified by the Pakistan Stock Exchange vide circular no PSX/N-1258 dated 9th October 2019, or any amendment therein from time to time, shall be adopted by the Fund for equity transactions.

SELECTION OF INVESTMENT ADVISOR:

The Management Committee may appoint:

- a) a non-banking finance company to provide investment advisory services, or
- b) a person as an investment advisor, being a person approved by the Commission for such activities, to give advice to the Fund on selection of a third party and portfolio.

The person appointed as investment advisor shall attend such meetings and prepare such reports as the Management Committee may direct. The Management Committee shall determine terms and conditions of an investment advisor. The Investment Sub-Committee and the Operational Investment Committee shall assist the Management Committee in selection of an investment advisor.

PROHIBITION OF INSIDE TRADING:

The provisions of Chapter III-A of the Securities and Exchange Ordinance, 1969 (XVII of 1969), shall apply, *mutatis mutandis*, to the Members, employees, or any other person associated with the Fund.



DELEGATION OF POWERS: ^[16]

The Management Committee may delegate to the General Manager, a Sub-Committee or a Member, any of its powers or functions. Provided that it shall not delegate the power to –

- a) adopt, amend or repeal regulations;
- b) approve the investment policy, standards and procedures for the operation of the Fund; or
- c) fill a vacancy in a Sub-Committee.

The Management Committee authorized the Investment Sub-Committee to do security allocation within the approved Strategic Asset Allocation and any subsequent changes thereto.

The Management Committee also authorized the Investment Sub-Committee to decide mode of investment i.e. internal or out-sourcing, policies and procedures, benchmarking and any other matter ancillary to fixed income or listed equity investment.

FREQUENCY OF MEETINGS:

In normal course of operations the frequency of meetings shall be as follows:

- | | |
|------------------------------------|---------------------------|
| ➤ Operational Investment Committee | Weekly |
| ➤ Investment Sub-Committee | Quarterly ^[17] |
| ➤ Management Committee | Quarterly |

However, a Committee may meet earlier if so desired by the Government or the General Manager. If it is not possible to convene a meeting of the Management Committee the General Manager may get approval from the members of the Management Committee on any pressing matter through circulation of the same.

QUORUM OF THE MEETINGS:

The quorum for the meetings shall be as follows:

- | | |
|------------------------------------|---|
| ➤ Operational Investment Committee | Any two members |
| ➤ Investment Sub-Committee | Majority of members including a member from the private sector and the General Manager. |
| ➤ Management Committee | Atleast four ex-officio members including the Chairman or the Vice-Chairman, two members from the private sector and the General Manager. |

¹⁶ Amended vide 22nd Management Committee meeting dated 23 June 2017.

¹⁷ Amended vide 34th Management Committee meeting dated 10 February 2020.



APPROVAL OF THE INVESTMENT POLICY:

This Investment Policy has been approved in the 4th meeting of the Management Committee held on 15th October, 2008.

The Management Committee hereby issues the Investment Policy for use by all the participants.

**Tanvir Ashraf Kaira Finance
Minister/Chairman, Punjab
Pension Fund**

Copy to:

1. Chief Secretary, Government of the Punjab
2. Chairman P&D Board, Government of the Punjab
3. Finance Secretary, Government of the Punjab
4. Secretary Services, Government of the Punjab
5. Secretary Law, Government of the Punjab
6. Mr. Tariq Iqbal Khan
Member Management Committee, Punjab Pension Fund
7. Mr. Adnan Afaq
Member Management Committee, Punjab Pension Fund
8. Mr. Muhammad Arif Yaqub
Member Management Committee, Punjab Pension Fund
9. Mr. Asim Zulfiqar Ali
Member Management Committee, Punjab Pension Fund
10. General Manager, Punjab Pension Fund

(Aquil Raza Khoja)
General Manager
Punjab Pension Fund

The Government of the Punjab - Punjab Pension Fund
Investment Policy



Annexure-I

Sr. No.	Name of the Bank	Rating Agency	Date of Rating	Short Term Rating	Long Term Rating
<u>COMMERCIAL BANKS:</u>					
1	National Bank of Pakistan	JCR-VIS	June' 2008	A-1+	AAA
2	Standard Chartered Bank (Pakistan) Lim	PACRA	June' 2008	A1+	AA
		JCR-VIS	June' 2008	A-1+	A
3	Habib Bank Limited	JCR-VIS	June' 2008	A-1+	AA+
					AA+
4	Habib Metropolitan Bank Limited	PACRA	June' 2008	A1+	AA+
5	MCB Bank Limited	PACRA	June' 2008	A1+	AA+
6	United Bank Limited	JCR-VIS	June' 2008	A-1+	AA+
7	Allied Bank Limited	PACRA	June' 2008	A1+	AA
8	Askari Bank Limited	PACRA	June' 2008	A1+	AA
9	Bank Alfalah Limited	PACRA	June' 2008	A1+	AA
10	Bank AL-Habib Limited	PACRA	June' 2008	A1+	AA
11	Faysal Bank Limited	PACRA	June' 2008	A-1+	AA
		JCR-VIS	June' 2008	A-1+	AA
12	Royal Bank of Scotland Limited (Formerl	PACRA	Feb.' 2008	A1+	AA
13	NIB Bank Limited	PACRA	June' 2008	A1+	AA-
14	Soneri Bank Limited	PACRA	June' 2008	A1+	AA-
15	The Bank of Punjab	PACRA	May' 2008	A1+	AA-
<u>FOREIGN BANKS OPERATING IN PAKISTAN:</u>					
16	Barclays Bank PLC	Standard & Moody's	PoDec.' 2007 Dec.' 2007	A-1+ P-1	AA Aa1
		Fitch-IBCA	Dec.' 2007	F1+	AA
17	Citibank N.A.	Standard & Moody's	PoDec.' 2007 Dec.' 2007	A-1+ P-1	AA Aa1
		Fitch-IBCA	Dec.' 2007	F1+	AA
18	Deutsche Bank AG	Standard & Moody's	PoJuly' 2008 April' 2008	A-1+ P-1	- AA-
		Fitch-IBCA	July' 2008	F1+	Aa1
19	HSBC Bank Middle East Limited	Moody's	June' 2008	P-1	AA
		Fitch-IBCA	June' 2008	F1+	-
					Aa2
					AA-

Source: Rating of banks have been taken from State Bank of Pakistan's website.

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Annexure-II

APPROVED LIFE INSURANCE COMPANIES

Sr. No.	Name of the Company	Date of Rating	Rating Agency	* IFS Rating
1	EFU Life Assurance	27-Mar-08	JCR-VIS	AA-



* IFS stand for Insurer Financial Strength

Source: Rating of life insurance companies have been taken from their websites.