

GPI & PENSION FUNDS

Introduction

General Provident Investment Fund was established in the year 1991-92 with initial allocation of Rs. 200 million as equity. The prime purpose for establishment of the GPI Fund was to invest its reserves in safe and well protected instruments for maximum profits and benefits. To oversee the affairs of the fund, a Fund Management Board, under the Chairmanship of the Chief Secretary, Khyber Pakhtunkhwa has been established. The composition of the Board is diversified with members from Finance, Administration, banking sectors and representation of the subscribers. This gives a more representative and robust outlook to the management of the fund affairs. The Fund is governed by an Act with specified rules of business for running the affairs of the Fund. An Investment Committee, headed by the Finance Secretary, was constituted to carry out the day to day functions of the Fund. It has a total size of Rs 14,590.423 million (Government contribution Rs. 4,750 million + Profit Rs. 9,840.423 million) upto 30th June, 2011.

The **Pension Fund** was established in 1997-98 with initial allocation of Rs. 150 million as seed money. The Fund was created to meet the ever increasing pension liabilities of the retired Government employees. This fund too has a Management Board headed by the Chief Secretary, Khyber Pakhtunkhwa. It has a total size of Rs 9,680.282 million (Government contribution Rs. 4,850 million + Profit Rs. 4,830.282 million) upto 30th June, 2011

Fund Management:

Fund Management is more of a treasury function, which deals mainly with control of interest rate risk and the placement of funds in various profitable ventures for specific time periods. The Government regulates its funds and investment in a cautious manner and aims to benefit the subscribers of the funds, during and after, their service. The Government of Khyber Pakhtunkhwa is custodian to the contributions made by the subscribers in shape of Provident Fund and Pension fund. Each year the Government pays a hefty amount as interest on the Provident Fund balance and at the same time it receives a considerable burden in the shape of expenditure on pension liabilities. The annual mark up paid to account holders is also a heavy toll on the Provincial exchequer. If both these revenue expenditures are put together, it exceeds the Provincial own receipts. Foreseeing this adverse and unfavorable scenario, the Provincial Government has taken certain initiatives like establishment of the General Provident Investment Fund and Pension Fund. Establishment of such funds was also essential to augment and supplement the resources of Khyber Pakhtunkhwa.

PORTFOLIO POSITION OF GPI & PENSION FUNDS (UPTO 31-12-2011)

	GENERAL PROVIDENT INVESTMENT FUND		PENSION FUND		Consolidated	
	<i>Amount</i>	<i>% invest</i>	<i>Amount</i>	<i>% invest</i>	<i>Amount</i>	<i>% invest</i>
Banks (A)	5,216,415,225	34.27	3,545,682,131	34.69	8,762,097,356	34.44
The Bank of Khyber	4,155,703,567	27.31	3,070,679,298	30.04	7,226,382,865	28.41
HPR(FWBL)/SDA (BoK)	54,698,000	0.36	26,890,000	0.26	81,588,000	0.32
Bank Al-Falah	1,006,013,658	6.61	448,112,833	4.38	1,454,126,491	5.72
National Saving Certificate (B)	1,411,569,500	9.27	1,433,757,499	14.03	2,845,326,999	11.18
Trading A/C (C)	425,000,000	2.79	283,000,000	2.77	708,000,000	2.78
CFS	120,000,000	0.79	80,000,000	0.78	200,000,000	0.79
Trading A/C	249,000,000	1.64	203,000,000	1.99	452,000,000	1.78
Trading in BoK Stocks	56,000,000	0.37	-	-	56,000,000	0.22
Equity Share in PSL (D)	93,000,000	0.61	-	-	93,000,000	0.37
Bonds (E)	7,790,675,932	51.19	4,691,543,099	45.90	12,482,219,031	49.06

PIBs	920,000,000	6.04	671,000,000	6.56	1,591,000,000	6.25
T-Bills	6,870,675,932	45.14	4,020,543,099	39.34	10,891,219,031	42.81

TFCs/Corporate Bonds (F)	199,500,080	1.31	39,440,983	0.39	238,941,063	0.94
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UBL TFCs	199,500,080	1.31	-	-	199,500,080	0.78
Orix Leasing TFCs	-	-	8,326,800	0.08	8,326,800	0.03
Bank Al-Falah TFCs	-	-	31,114,183	0.30	31,114,183	0.12

Mutual Funds (G)	83,339,309	0.55	227,469,490	2.23	310,808,799	1.22
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PSAF	4,295,000	0.03	-	-	4,295,000	0.02
FDMF	-	-	34,534,500	0.34	34,534,500	0.14
Meezan Balanced Fund	-	-	32,934,990	0.32	32,934,990	0.13
NAMCO Balanced Fund	56,000,000	0.37	94,000,000	0.92	150,000,000	0.59
Mutual Fund	23,044,309	0.15	66,000,000	0.65	89,044,309	0.35

Grand Total (A+B+C+D+E+F+G)	15,219,500,046	100.00	10,220,893,202	100.00	25,440,393,248	100.00
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Associate:

- The GPI Fund also have 40% ownership rights of a brokerage house namely Pearl Securities Limited.
- Pearl Securities Limited is one of Pakistan's leading online brokers. Since year 2000, the company has been providing active traders and investors advanced online brokerage services, support and training through state of the art technology at a better price.
- Pearl Securities is the corporate member of the Karachi Stock Exchange (Guarantee) Limited, which is the largest equity trading platform in Pakistan with the market capitalization of US\$55.6b on June 30, 2008. The exchange operates as per regulations of the Securities & Exchange Commission of Pakistan (SECP).
- The company is also the member of National Commodity Exchange Limited (NCEL), which is the country's commodities trading dais. The NCEL is also regulated by the Securities and Exchange Commission of Pakistan.
- Pearl Securities provides services to broad-based clientele, includes both institutional and retail segments. The company's management has the vast experience of providing brokerage services to both government owned entities and the private sector organizations.