



Session 11:
Engaging External Fund Managers

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**2026 ASIAN REGIONAL FORUM
ON INVESTMENT MANAGEMENT
OF FOREIGN EXCHANGE RESERVES**



Session 11

ADB

Engaging External Fund Managers

Reserves Management

Why Hold FX Reserves?



State Bank of Pakistan is mandated under SBP Act 1956 to manage the country's FX Reserves. Primary objectives of holding FX reserves are:

1. Service foreign currency payments
2. Buffer against unanticipated shocks
3. Improved credit-worthiness and market confidence
4. FX and Monetary Policy Tool

Governance Framework

Three-tier Governance Setup



SBP Central Board

Investment Committee of the Board

Investment Committee of the Management

Front Office – Liquidity
Management and Investments

Middle Office – Risk
Management

Back Office – Settlement and
Accounting

Investment Philosophy

Guiding Principles



Safety

To ensure capital preservation over the investment horizon

Liquidity

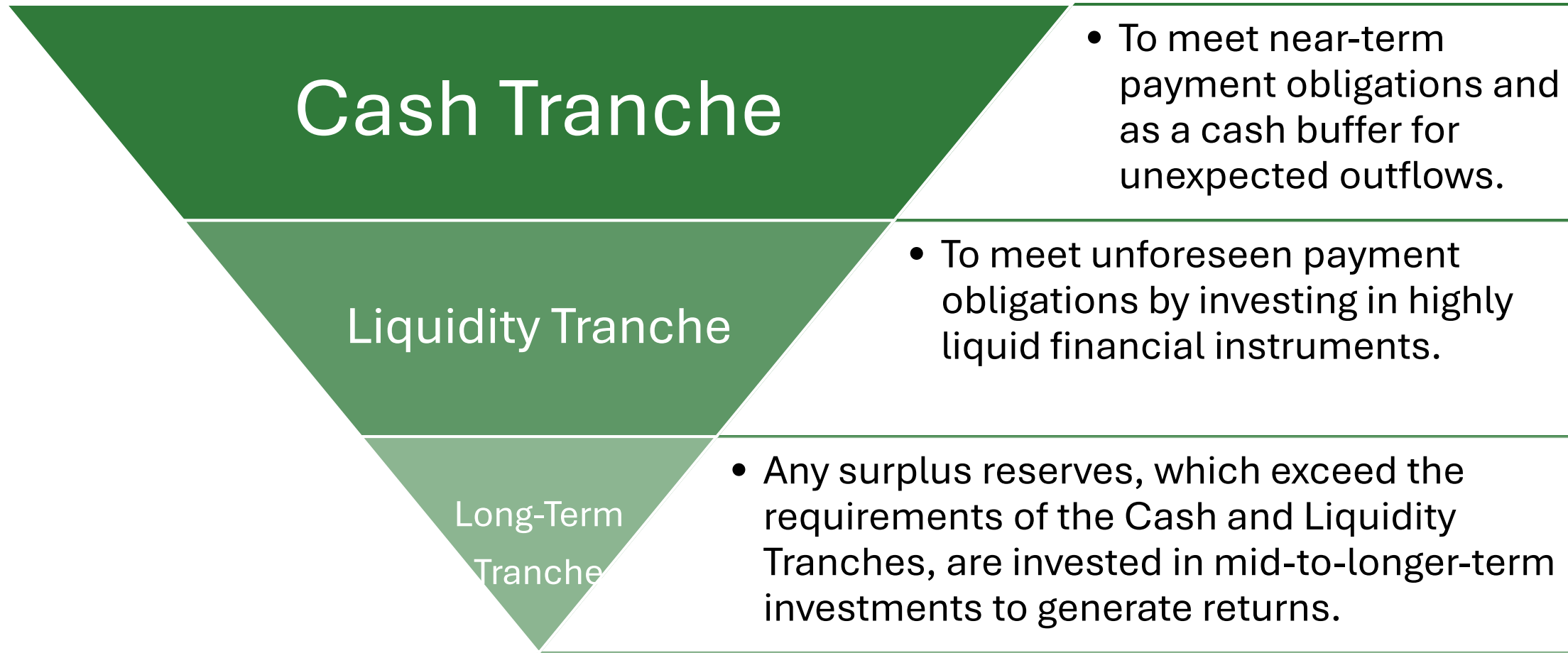
To ensure that adequate reserves are available to meet payment obligations as they fall due

Optimal Returns

To maximize risk-adjusted returns subject to safety and liquidity

Strategic Asset Allocation

‘Tranching’ Approach



Engaging External Fund Manager

Main Considerations



Access to Complex and
Non-Traditional Asset
Classes

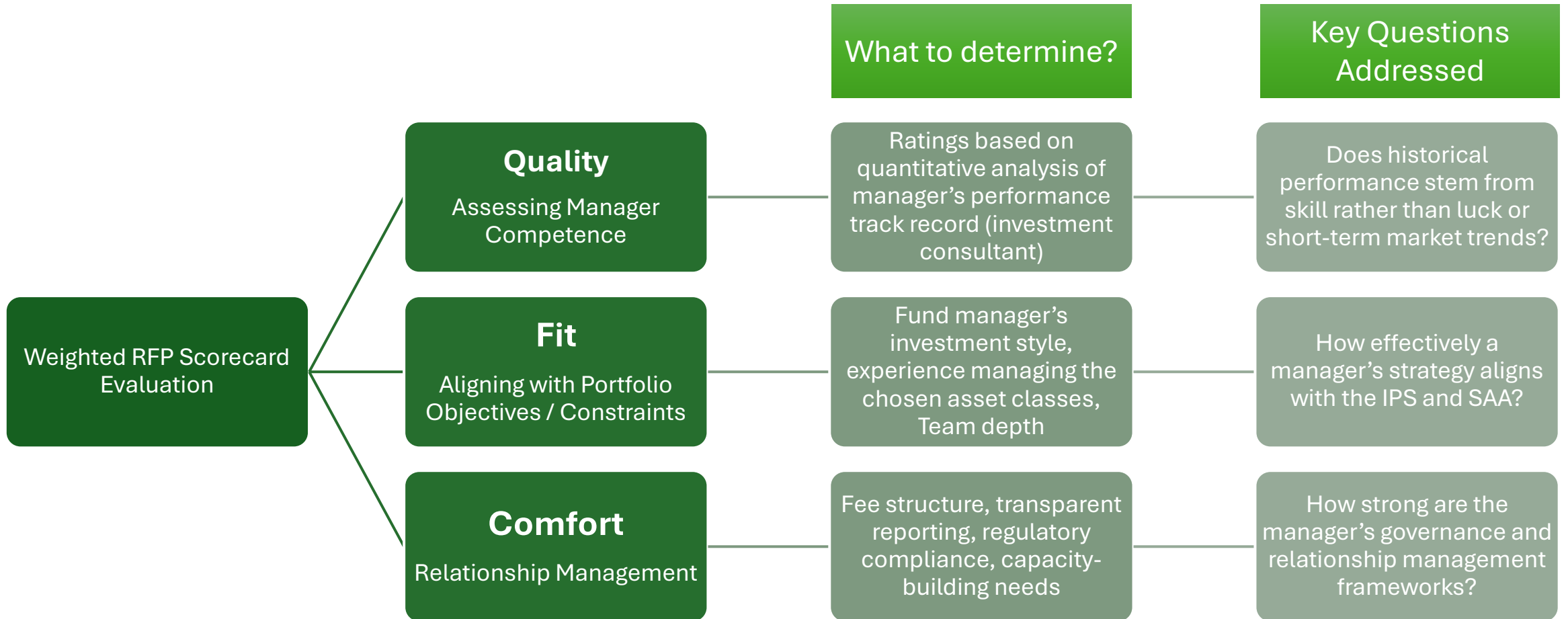
Knowledge Transfer
and Capacity Building

Return Enhancement
and Active
Management Expertise

Benchmarking Internal
Teams

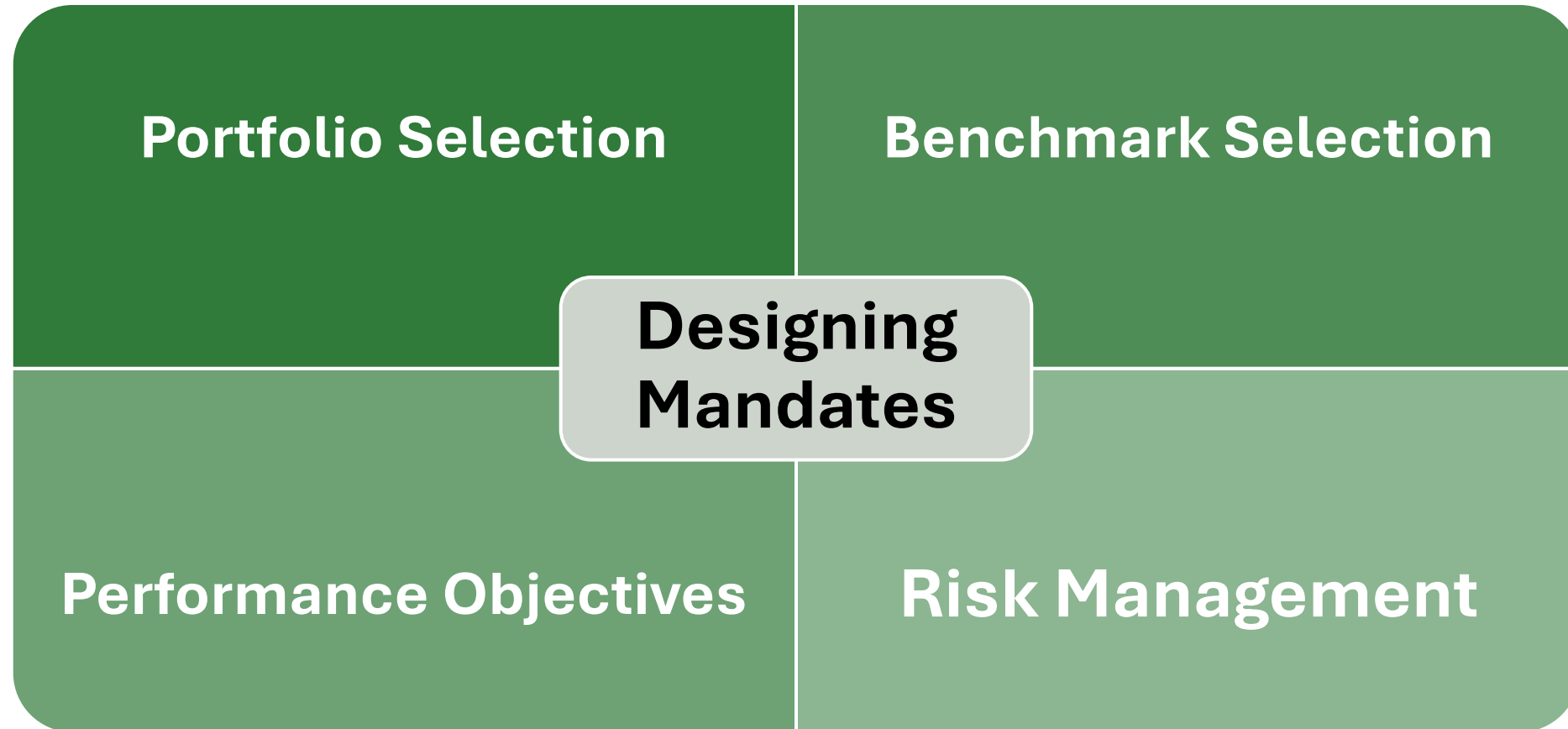
Fund Manager Selection

RFP Procurement, Due Diligence and Short-listing



Designing Effective Mandates

Performance and Risk Management



Additional Consideration

Governance and Allied Services



Governance

Custodial Services

Benchmark Services

Analytics Platforms

Legal Counsel/Consultant

Thank You