

ABL *Cash Fund*

ANNUAL
REPORT

2013



ABL Asset Management

Discover the potential
RATED AM2 (JCR-VIS)

(A wholly owned subsidiary of Allied Bank Ltd.)

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Vision

“Creating investment solutions
within everyone's reach”



Mission & Core Values

- To create a conducive working environment, to attract the best talent in the Asset Management Sector. ABL AMC strives to be the 'employer of choice' for young and experienced talent.
- To set the highest industry standards in terms of product ranges and innovations, in order to offer products for clients of all demographics.
- To adhere to the highest industry standard for integrity and quality across all the spheres of the company.
- To use technology and financial structuring to serve as a "cutting-edge" compared to the competition.
- To enhance Stakeholders Value.

FUND'S INFORMATION

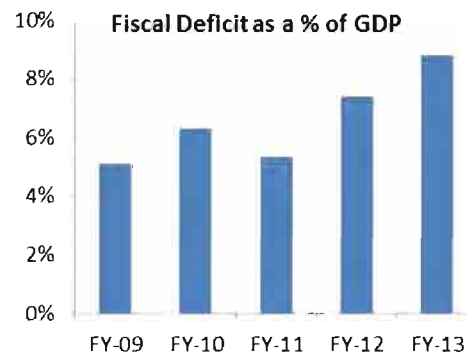
Management Company:	ABL Asset Management Company Limited 11 - B, Lalazar M. T. Khan Road, Karachi.	
Board of Directors	Sheikh Mukhtar Ahmed Mr. Khalid A. Sherwani Mr. Muhammad Waseem Mukhtar Mr. Kamran Nishat Mr. M. Shakeb Murad Mr. M. Jawaid Iqbal Mr. Khawaja Muhammad Almas Mr. Farid Ahmed Khan	Chairman CEO
Audit Committee:	Mr. Kamran Nishat Mr. Muhammad Waseem Mukhtar Mr. Khawaja Muhammad Almas	Chairman Member Member
Human Resource Committee:	Mr. Jawaid Iqbal Mr. Kamran Nishat Mr. Farid Ahmed Khan	Chairman Member Member
Chief Executive Officer of The Management Company:	Mr. Farid Ahmed Khan	
Chief Financial Officer & Company Secretary:	Mr. Saqib Matin	
Chief Internal Auditor:	Mr. Mubeen Ashraf Bhimani	
Trustee:	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shakra-e-Faisal, Karachi - 74400	
Bankers to the fund:	Allied Bank Limited Bank Al- Falah Limited United Bank Limited	
Auditor:	A.F. Ferguson & Co Chartered Accountants State Life Building No. 1-C I.I. Chundrigar Road, Karachi.	
Legal Advisor:	Bawany & Partners Room No. 404, 4th Floor Beaumont Plaza, 6 - C1 - 10, Beaumont Road, Civil Lines, Karachi.	
Registrar:	ABL Asset Management Company Limited. 11 - B, Lalazar, M. T. Khan Road, Karachi.	

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of ABL Asset Management Company Limited, the management company of ABL Cash Fund (ABL-CF), is pleased to present the Audited Financial Statements of ABL Cash Fund for the year ended June 30, 2013.

ECONOMIC PERFORMANCE REVIEW

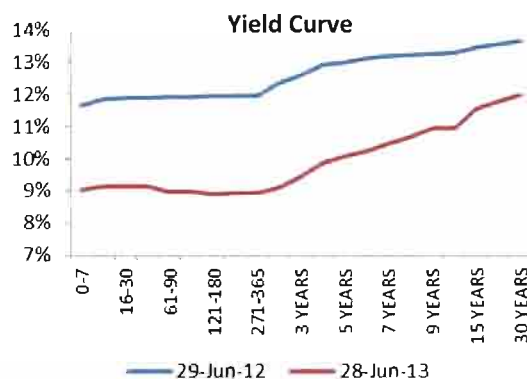
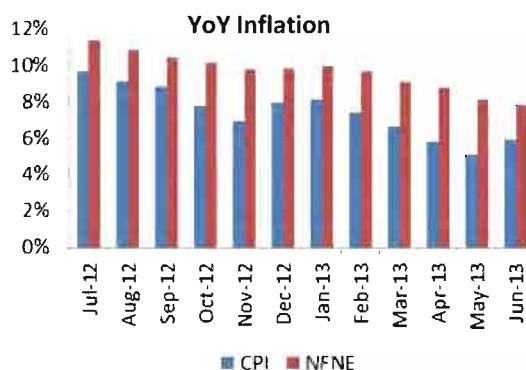
Pakistan's economic landscape remained checkered during FY13 as it continued to be marred by crippling power shortages and an adverse law and order situation. Low investment levels, poor large scale industrial growth and a grid-locked energy chain kept the economic growth under check. As a result, GDP growth was recorded at 3.6%, well below the target of 4.3%. Despite SBP adopting a monetary easing stance (Discount Rate cut by 300bps to 9% in FY13), private sector credit off-take failed to pick up (down by PKR19 billion YoY). Fiscal deficit was recorded at 8.8% of GDP owing to heavy government spending and low revenue generation (PKR1,952 billion vs initial target of PKR2,381 billion) exacerbated by weak foreign inflows. Due to poor revenue collection, government borrowing for budgetary support increased by a massive PKR1.6 trillion in FY13 (PKR1.0 trillion from banks and PKR0.6 trillion from the SBP). Inflation, however, declined considerably clocking in at 7.4% against a target of 9.5% due to stable commodities and a high base effect. Dominant victory for PML N in the 2013 elections rekindled hopes of economic revival as the new Government with clear majority in parliament is expected to better implement its policies. Early signs have been positive as immediate steps have been taken to address major structural issues facing Pakistan's economy such as power outages (payment of circular debt dues) and weak revenue collection (revenue focused FY14 budget).



On the external account front, the situation remained precarious as the current account posted a deficit of US\$2.3 billion in FY13. However, the figure stood improved over FY12 deficit of US\$4.5 billion, backed by strong remittances of US\$13.9 billion and price stability of essential commodities. Financial account for FY13 recorded a deficit of US\$80 million, an improvement over the preceding year's US\$386 million deficit owing to foreign direct inflow of US\$1.45 billion in FY13. Yet, FX Reserves continued their downward stride (settling at US\$11 billion against US\$15.2 billion a year ago) on account of significant IMF repayments. Resultantly the Rupee depreciated by 5.3% to close the year at PKR99.57 vs. the US dollar. As the fiscal situation deteriorated, the new government immediately sought IMF support for US\$5.3 billion under the Extended Finance Facility (EFF). The IMF seems to have obliged in return for an improved fiscal behavior; however, these would entail harsh conditions which may fuel inflation.

In order to boost credit off-take growth and encouraged by a low inflation figure, the central bank cut the key policy rate by 300bps to 9% during the year. However, the move proved ineffective in spurring private sector growth due to power shortages and security related problems. Overall M2 growth was recorded at 17% for FY13 as fiscal deficit soared to 8.8% of GDP. To tackle this perennial issue, the FY14 budget focused on revenue collection (FY14 tax collection target PKR2,598 billion) and lowering expenditures to contain fiscal deficit at 6.3%. An increase in GST, resolution of circular debt, cut in power subsidies and reduction in corporate tax rate (excluding banks) were some of the key initiatives taken in the FY14 budget.

However, the announced budgetary measures are likely to fuel inflation which could eventually lead to monetary adjustments by Central Bank. Improved revenue collection, reduction in size of the government and tackling security concerns to promote a business friendly environment are paramount for economic growth. The steps taken by the new government to tackle these challenges will dictate the future growth trajectory of the country.



MONEY MARKET REVIEW

Budgetary borrowing via banks remained high during the year and swelled by 48% to PKR3.1 trillion towards the end of FY13. M2 growth for FY13 was recorded at 17.2% (PKR1.3 trillion) led predominantly by PKR1.5 trillion rise in Net Domestic Assets (NDA) whereas Net Foreign Assets (NFA) contracted by PKR184 billion during the year. Major contributors to NDA included PKR578 billion borrowing from the SBP and PKR1.0 trillion from commercial banks as the burden of deficit financing remained entirely on domestic sources.

To balance market liquidity and generate sufficient liquidity for auction subscription, weekly Open Market Operation (OMO) was conducted by the central bank on a regular basis. Declining interest rates (discount rate cut to 9% from 12%) greatly facilitated auction subscription as despite liquidity constraints, banks participated aggressively in both T-bills and PIBs sale in anticipation of capital gains in their trading books. Interbank trades were conducted over and above the discount rate as SBP discouraged excessive use of interest rate corridor and penalized banks who regularly approached the floor and ceiling window of the central bank.

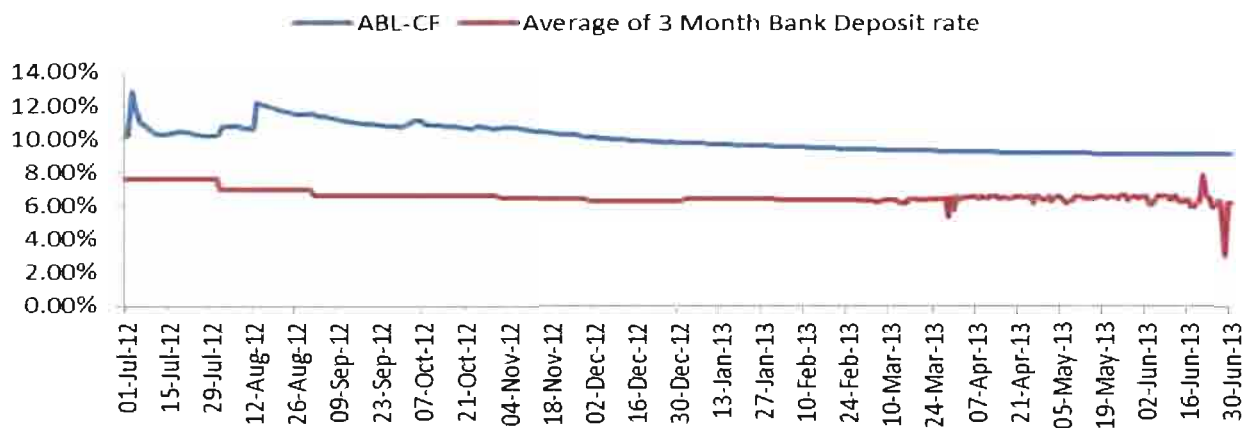
MUTUAL FUND INDUSTRY REVIEW

The open end mutual fund industry contracted by 8% during the year to close at PKR324 billion. Money market funds remained the dominant asset class closing at PKR124 billion despite a 17% decline YoY as investors preferred the comfort of stable and risk free returns. Equities on the other hand showed the highest growth in AUMs, as the market rallied during the period due to declining political risk premium and continued foreign inflows in the bourses. As a result Assets under Management (AUM) of equity funds grew by 18%, closing the year at PKR62 billion surpassing income funds which closed the year at PKR 55 billion - down 36% YoY. Investor bias towards money market funds remained strong despite handsome gains earned on bond holdings of income funds due to declining interest rates. However those were mostly one time jumps against as baseline yields on fixed income instruments declined making both income and money market funds less attractive compared to equity funds. Moreover, mixed sentiments towards rate cuts led to extreme volatility on long bonds which did not bode well with conservative investors.

FUND PERFORMANCE

ABL Cash Fund's net assets decreased by 14.85% to PKR13.953 billion from PKR16.385 billion as at June 30, 2013. The fund's heavy exposure to government securities coupled with declining interest rates led to considerable valuation gains on the sovereign debt instruments. This helped ABL-CF to outperform not only its benchmark but its peer group as well. Furthermore, money market placement & TDRs with AA and above rated counters supported returns performance at year end.

The fund was able to generate annualized return of 9.11% surpassing the benchmark return of 6.61% during the period under discussion, showing an outperformance of 250 bps. The fund's duration was kept generally high which benefited returns in the form of capital gains amidst declining interest rate scenario throughout the year. Treasury bills accounted for 39.59% of the fund as at 30th June 13, whereas cash balances and bank placements were 51.86%. The tilt towards bank deposits was due to better rates seasonally offered by banks at fiscal year end.



DISTRIBUTION

The Board of Directors of the Management Company on June 28, 2013 approved and declared final dividend distribution of Re.0.0661 per unit (0.66% of the par value of Rs.10) for the year ending June 30, 2013. This is in addition to the aggregate interim distributions of Re.0.8294 per unit (8.29% on the face value of Rs. 10 per unit) which were approved by Chief Executive Officer under the authority delegated to him by the Board of Directors.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Board of Directors states that:

1. Financial Statements present fairly the state of affairs, the results of operations, cash flows and the changes in unit holder's fund;
2. Proper books of accounts of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgments;
4. Relevant International Accounting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 & Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the Trust Deed and directives issued by the Securities and Exchange Commission of Pakistan, have been followed in the preparation of the financial statements;
5. The system of internal control is sound in design and has been effectively implemented and monitored;
6. There have been no significant doubts upon the Funds' ability to continue as going concern;
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
8. Performance table of the Fund is given on page # 12 of the Annual Report;
9. There is no statutory payment on account of taxes, duties, levies and charges outstanding other than already disclosed in the financial statements;
10. The statement as to the value of investments of Provident Fund is not applicable in the case of the Fund as employees post-employment benefits expenses are borne by the Management Company;
11. There have been no trades in the units of the Fund's carried out by the Directors, CEO, CFO, CIA and the Company Secretary and their spouse except as disclosed below and in notes to the financial statements;

S. No.	Name	Designation	Units Issued	Units Redeemed	Bonus Units
1	Mr. Muhammad Waseem Mukhtar	Director	189,605.0000	-	58,245.0000
2	Mr. Muhammad Jawaid Iqbal	Director	-	-	6,018.0000
3	Mr. Farid Ahmed Khan	CEO	100,000.0000	513,097.0000	78,393.0000

12. Meeting of the Board of Directors of the Management Company are held at least once in every quarter. During the year five meetings were held. The 27th, 28th, 29th, 30th and 31st Board meetings were held on August 10, 2012, October 25, 2012, December 20, 2012, February 15, 2013 and April 25, 2013 respectively. Information in respect of attendance by directors in the meetings is given below:

S.No.	Name of Director	Number of meetings held	Attended	Leave granted	Meetings not attended
1	Sheikh Mukhtar Ahmed	5	5	-	-
2	Mr. Muhammad Waseem Mukhtar	5	5	-	-
3	Mr. Khalid A. Sherwani*	5	4	1	31 st BOD
4	Mr. Kamran Nishat	5	5	-	-
5	Mr. M. Shakeb Murad	5	2	3	27 th , 29 th and 30 th BOD
6	Mr. M. Jawaid Iqbal	5	4	1	31 st BOD
7	Mr. Zia Ijaz**	4	3	1	27 th BOD,
8	Mr. Khawaja Muhammad Almas***	1	1	-	-
9	Mr. Farid Ahmed Khan****	5	5	-	-

*Resigned from the services as Director on the Board of ABL AMCL which has been approved on July 12, 2013

**Resigned in the 30th BOD Meeting of ABL AMCL held on February 15, 2013

***Appointed as new Directors of the ABL AMCL in the 30th Meeting of the BOD of ABL AMCL held on February 15, 2013

****Deemed Director under section 200 Companies Ordinance, 1984.

13. Meeting of the Board's Human Resource and Remuneration of the Management Company needs to be held at least three times in a year. During the year, four meetings were held. The 9th, 10th, 11th, and 12th meetings of the Board's Human Resource and Remuneration Committee were held on January 17, 2013, February 13, 2013, February 28, 2013 and March 05, 2013 respectively. Information in respect of attendance by members in the meetings is given below:

S.No.	Name of Director	Number of meetings held	Attended	Leave granted	Meetings not attended
1	Mr. M. Jawaid Iqbal	4	4	-	-
2	Mr. Kamran Nishat	4	4	-	-
3	Mr. Farid Ahmed Khan	4	4	-	-

14. Meeting of the Board's Audit Committee of the Management Company are held at least once in every quarter. During the year, four meetings were held. The 21st, 22nd, 23rd, and 24th meetings of the Board's Audit Committee were held on August 9, 2012, October 24, 2012, February 15, 2013 and April 25, 2013 respectively. Information in respect of attendance by directors in the meetings is given below:

S.No.	Name of Director	Number of meetings held	Attended	Leave granted	Meetings not attended
1	Mr. Kamran Nishat	4	4	-	-
2	Mr. Muhammad Waseem Mukhtar	4	4	-	-
3	Mr. Zia Ijaz*	3	2	1	21 st AC Meeting
4	Mr. Khawaja Muhammad Almas**	1	1	-	-

*Resigned in the 30th BOD Meeting of ABL AMCL held on February 15, 2013

**Appointed as new Directors of the ABL AMCL in the 30th Meeting of the BOD of ABL AMCL held on February 15, 2013

15. The details as required by the Code of Corporate Governance regarding the pattern of holding in ABL Cash Fund, is given hereunder:

S. No.	Particulars	Units Held on June 30, 2013
1	Associated Companies, undertakings and related parties	
	● ABL Asset Management Company Limited	22,000,408
	● Allied Bank Limited	510,031,386
	● Cyan Limited	25,814,701
	● Cyan Limited - Employees Provident Fund	495,432
	● CFA Association of Pakistan	6,850
2	Mutual Funds	Nil
3	Directors and their spouse(s) and minor children	
	● Mr. Muhammad Waseem Mukhtar	799,351
	● Mr. M. Jawaid Iqbal	70,607
4	Executives	642,114
5	Public Sector Companies and corporations	432,913,220
6	Bank, DFIs, NBFCs, Insurance Companies, Takaful, Modaraba and Pension Fund	163,625,009
7	Shareholders holding five percent or more voting rights in the listed company	Not Applicable

AUDITORS

M/s. A.F. Fergusons & Co. (Chartered Accountants), on the recommendation of the Audit Committee of the Board of Directors being eligible for re-appointment have been appointed as auditors for the year ending June 30, 2014 for ABL Cash Fund (ABL-CF).

FUND STABILITY RATING

JCR-VIS Credit Rating Company Ltd., (JCR-VIS) on January 17, 2013 assessed the Fund Stability Rating of ABL Cash Fund as 'AA (f)' (double A (f)).

MANAGEMENT QUALITY RATING

On June 21, 2013, JCR-VIS Credit Rating Company Limited upgraded the Management Quality Rating of ABL Asset Management Limited (ABL AMC) from 'AM Two Minus' (AM2-) to 'AM Two' (AM2). Outlook on the assigned rating is 'Stable'.

OUTLOOK AND STRATEGY

With the unveiling of a revenue focused budget for FY14, the new setup seems to be headed in the right direction. However, fiscal and monetary challenges will require stringent measures to be taken in order to kick start the economy. Support from IMF and other multi-lateral agencies will be crucial to support the precarious balance of payment position. Gradual removal of subsidies will also change the inflation outlook and financial markets will closely watch Government's efforts to contain the fiscal deficit.

Inflation is expected to rise in FY14 as high base effect diminishes and the impact of higher taxes and electricity tariffs kicks in. In this backdrop, it will be extremely difficult for the Central Bank to continue with its monetary easing stance. In all likelihood, we may see a gradual tightening of the monetary policy if inflation creeps up.

As the macro scenario unfolds, the fund manager will actively monitor key macroeconomic indicators and adjust the duration and asset allocation of the fund accordingly.

ACKNOWLEDGEMENT

We thank our valued investors who have placed their confidence in us. The Board is also thankful to Securities & Exchange Commission of Pakistan, the Trustee Central Depository Company of Pakistan Limited (CDC) and the management of Karachi Stock Exchange (Guarantee) Limited for their continued guidance and support. The Directors also appreciate the efforts put in by the management team.

For and on behalf of the Board



Farid Ahmed Khan
Chief Executive Officer

Karachi, August 06, 2013

FUND MANAGER'S REPORT

INVESTMENT OBJECTIVE

To provide investors, consistent returns with a high level of liquidity through a blend of money market and sovereign debt instruments.

FUND PERFORMANCE

On year to date basis, ABL CF performed exceptionally well, yielding a return of 9.11% p.a. compared to its benchmark return of 6.61% - a decent outperformance of 250 bps. Based on expectations of discount rate cuts, fund manager actively shuffled the T-Bills portfolio and raised allocations to longer tenor bills. As a result, weighted average maturity of the fund was kept generally high throughout the year. The net assets of ABL CF declined by 14.9% to PKR 13,953 billion as at June 30, 2013, due to withdrawals from financial institutions following changes in tax laws.

At the end of the period, investment in government securities stood at 39.59% of the portfolio. In order to contain return volatility and book gains on T-bill portfolio, bank placements were made at year-end. ABL CF placed 33% of its portfolio in TDRs and remaining 18% in bank placements due to attractive rates offered by banks on account of year end.

The Scheme has maintained the provision against Workers' welfare Fund's Liability to the tune of Rs. 90.433million, had the same not been made, the NAV per unit of the scheme would have been higher by Rs.0.0649 per unit.

FUTURE OUTLOOK AND STRATEGY

With the unveiling of a revenue focused budget for FY14, the new setup seems to be headed in the right direction. However, fiscal and monetary challenges will require stringent measures to be taken in order to kick start the economy. Inflation is expected to rise in FY14 as high base effect diminishes coupled by increase in taxes and electricity tariffs. Gradual removal of subsidies will also change the inflation outlook as the country braces for a new program with IMF which will require better fiscal discipline in order to contain fiscal deficit. In this background, it will be extremely difficult for the Central Bank to continue with its recent monetary easing stance. In all likelihood, we may see a gradual tightening of the monetary policy if inflation creeps up.

As ABL CF aims at providing consistent and stable returns to its investors, the fund will opt for a short to medium duration with money market instruments and implement an active trading strategy to optimize returns. On account of extensive placements in bank deposits at attractive rates, we expect returns to remain stable in short term. Beyond that, given the economic uncertainties, we will closely monitor key macroeconomic indicators and adjust the WAM of the fund accordingly.

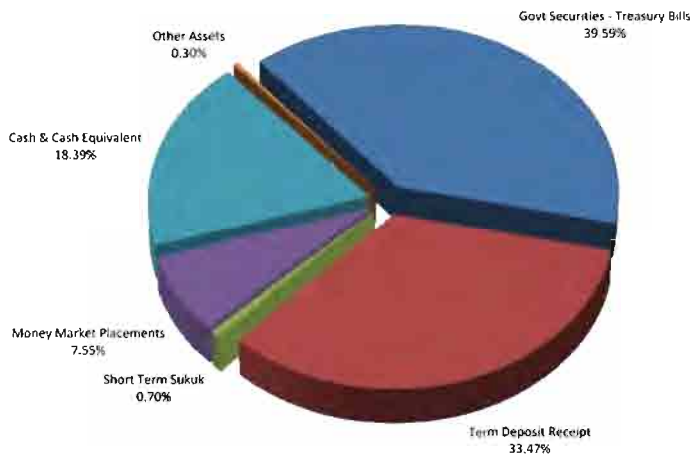
ABL Cash Fund Performance		FY-2013
Yield		9.11%
Benchmark (Average of 3 Month Bank Deposit rate)		6.61%
Weighted Average Time to Maturity of Net Assets		65 Days

ABL Cash Fund AUM & Pricing		FY-2013
Asset under management as at June 30,2013 (PKR mn)		13,953
Closing NAV per unit as on June 30,2013 (PKR) (Ex-Dividend)		10.0077
Closing NAV per unit as on June 30,2013 (PKR) (Cum-Dividend)		10.9011

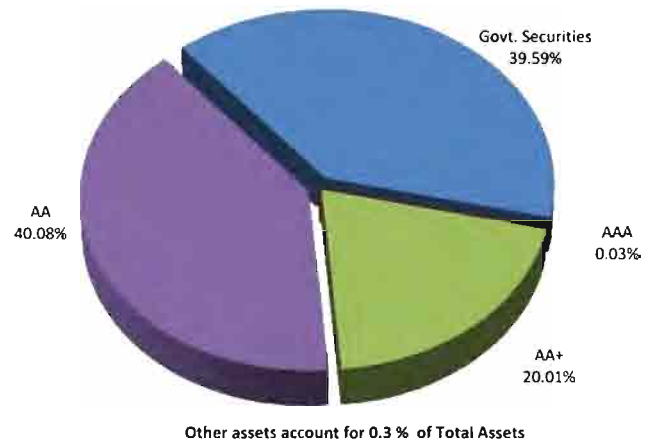
ABL Cash Fund – Dividends

Distribution	Date	FY-13
1st Distribution	28-Aug-12	0.2105
2nd Distribution	20-Sep-12	0.0587
3rd Distribution	23-Oct-12	0.0876
4th Distribution	28-Nov-12	0.0823
5th Distribution	26-Dec-12	0.0575
6th Distribution	29-Jan-13	0.0757
7th Distribution	26-Feb-13	0.0585
8th Distribution	21-Mar-13	0.0491
9th Distribution	29-Apr-13	0.0839
10th Distribution	29-May-13	0.0635
11th Distribution	26-Jun-13	0.0661

Asset Allocation as a % age of Total Assets



Asset Quality as a % age of Total Assets



ABL CASH FUND PERFORMANCE TABLE

	June 2013	June 2012	June 2011
	----- (Rupees in '000) -----		
Net Assets	13,952,631	16,385,230	10,650,817
Net Income	940,953	2,596,950	893,326
	(Rupees per unit)		
Net Assets value	10.0077	10.0247	10.0188
Interim distribution*	0.8294	0.9904	0.7466
Final distribution*	0.0661	0.0835	0.2832
Distribution date final	June 28, 2013	June 25, 2012	June 29, 2011
Closing offer price	10.0077	10.0247	10.0188
Closing repurchase price	10.0077	10.0247	10.0188
Highest offer price	10.2077	10.3008	10.2943
Lowest offer price	10.0000	10.0023	10.0020
Highest repurchase price per unit	10.2077	10.3008	10.2943
Lowest repurchase price per unit	10.0000	10.0023	10.0020
	Percentage		
Total return of the fund			
- capital growth	0.18%	0.49%	1.64%
- income distribution	8.96%	10.74%	10.30%
Average return of the fund			
First Year	9.13%	11.23%	11.94%
Two Year	10.69%	12.18%	-
Three Year /Since Inception	11.87%	-	-
Weighted average Portfolio duration in days	65	47	69

* Distribution History

Monthly Distribution	2013		2012		2011	
	Date of distribution	Distribution Per Unit	Date of distribution	Distribution Per Unit	Date of distribution	Distribution Per Unit
1st Interim distribution	August 29, 2012	0.2105	-	-	-	-
2nd Interim distribution	October 24, 2012	0.0876	-	-	-	-
3rd Interim distribution	November 29, 2012	0.0844	-	-	-	-
4th Interim distribution	January 30, 2013	0.0757	-	-	-	-
5th Interim distribution	February 27, 2013	0.0585	-	-	-	-
6th Interim distribution	April 30, 2013	0.0839	-	-	-	-
7th Interim distribution	May 30, 2013	0.0635	May 21, 2012	0.1604	-	-

Quarterly Distribution	2013		2012		2011	
	Date of distribution	Distribution Per Unit	Date of distribution	Distribution Per Unit	Date of distribution	Distribution Per Unit
First quarter Interim distribution	September 24, 2012	0.0587	September 27, 2011	0.3008	September 29, 2010	0.1781
Second quarter Interim distribution	December 27, 2012	0.0575	December 26, 2011	0.2738	December 30, 2010	0.2742
Third quarter Interim distribution	March 22, 2013	0.0491	March 26, 2012	0.2554	March 30, 2011	0.2943

Final Distribution	2013		2012		2011	
	Date of distribution	Distribution Per Unit	Date of distribution	Distribution Per Unit	Date of distribution	Distribution Per Unit
Final Distribution (Bonus)	June 28, 2013	0.0661	June 25, 2012	0.0835	June 29, 2011	0.2832

Disclaimer

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.


**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**
Head Office

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Karachi - 74400 Pakistan
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdrpakistan.com
Email: info@cdcpak.com


TRUSTEE REPORT TO THE UNIT HOLDERS
ABL CASH FUND
Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of ABL Cash Fund (the Fund) are of the opinion that ABL Asset Management Company Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2013 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.


Muhammad Hanif Jakhura
 Chief Executive Officer
 Central Depository Company of Pakistan Limited

Karachi: September 13, 2013





A. F. FERGUSON & CO.

REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of ABL Asset Management Company Limited, the Management Company of **ABL Cash Fund** to comply with the Listing Regulation No.35 of Chapter XI contained in the Listing Regulations issued by the Karachi Stock Exchange where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Sub-Regulation (x) of Listing Regulation No. 35 as notified by the Karachi Stock Exchange on which the Fund is listed requires the Management Company to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length prices recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of the above requirements to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length prices or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2013.

Chartered Accountants

Karachi

Dated: August 6, 2013

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
 State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2013

This statement is being presented to comply with the Code of Corporate Governance ("the Code") contained in Regulation No.35 of the Listing Regulations of the Karachi Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

The board of directors ("the Board") of ABL Asset Management Company Limited ("the Management Company"), an un-listed public company, manages the affairs of ABL Cash Fund ("the Fund"). The Fund being a unit trust open ended scheme does not have its own board of directors. The Management Company has applied the principles contained in the Code to the Fund, whose units are listed as a security on the Karachi Stock Exchange, in the following manner:

1. The Management Company encourages representation of independent non-executive directors. At present, the Board includes:

Category	Names
Executive Director	Mr. Farid Ahmed Khan (deemed director u/s 200 of Companies Ordinance 1984)
Independent Director	Mr. Muhammad Shakeb Murad Mr. Kamran Nishat
Non-Executive Directors	Mr. Sheikh Mukhtar Ahmed Mr. Muhammad Waseem Mukhtar Mr. Khalid A. Sherwani Mr. M. Jawaid Iqbal Mr. Khawaja Muhammad Almas

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Management Company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year, a casual vacancy occurred on the Board which has been simultaneously filled by the Board in the 30th Meeting of the Board of the Management Company on February 15, 2013.
5. The Management Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which these were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and non-executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before such meetings. The minutes of the meetings were appropriately recorded and circulated.
9. Two directors have obtained certification under the 'Board Development Series' program conducted by Institute of Corporate Governance. However, the Management Company is arranging orientation program for its directors in near future.
10. The Board has approved the appointment of Chief Financial Officer (CFO), Company Secretary and Chief Internal Auditor, including their remuneration and terms and conditions of employment.
11. The Directors' Report of the Fund for the year ended June 30, 2013 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Fund were duly endorsed by the CEO and CFO of the Management Company before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the units of the Fund other than those disclosed in the Directors Report, pattern of unit holding and notes to the financial statements.
14. The Management Company has complied with all the applicable corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors of the Management Company, including the Chairman of the Committee who is an independent director.
16. The meetings of the Audit Committee were held once in every quarter and prior to the approval of interim and final results of the Fund as required by the Code. The terms of reference of the Audit Committee have been approved in the meeting of the Board and the Committee has been advised to ensure compliance with those terms of reference.
17. There exists an internal audit function within the Management Company.
18. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors including the chairman of the Committee.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partner of the firm, their spouse and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Fund's units, was determined and intimated to directors, employees and stock exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board



Farid Ahmed Khan
Chief Executive Officer

Karachi, August 06, 2013



A. F. FERGUSON & CO.

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **ABL Cash Fund** (here in after referred to as the 'Fund'), which comprise the statement of assets and liabilities as at June 30, 2013, and the related income statement, distribution statement, statement of movement in unit holders' fund and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the financial position of the Fund as at June 30, 2013 and of its financial performance, cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Chartered Accountants

Engagement Partner: **Noman Abbas Sheikh**

Dated: August 6, 2013

Karachi

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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**ABL CASH FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2013**

	Note	June 30, 2013 ----- (Rupees in '000) -----	June 30, 2012
ASSETS			
Balances with banks	4	2,618,063	1,849,772
Investments	5	11,576,369	14,630,918
Profit receivable	6	40,827	18,139
Prepayments		100	-
Preliminary expenses and floatation costs	7	1,937	2,868
Total assets		14,237,296	16,501,697
LIABILITIES			
Payable to ABL Asset Management Company Limited - Management Company	8	17,231	26,345
Payable to the Central Depository Company of Pakistan Limited - Trustee	9	902	1,223
Payable to the Securities and Exchange Commission of Pakistan	10	8,680	16,988
Payable against redemption of units		164,699	-
Accrued expenses and other liabilities	11	93,153	71,911
Total liabilities		284,665	116,467
NET ASSETS		13,952,631	16,385,230
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		13,952,631	16,385,230
CONTINGENCIES AND COMMITMENTS			
	12		
		----- (Number of units in '000) -----	
NUMBER OF UNITS IN ISSUE	13	1,394,186	1,634,482
		----- (Rupees)-----	
NET ASSET VALUE PER UNIT		10.0077	10.0247
FACE VALUE PER UNIT		10.0000	10.0000

The annexed notes 1 to 27 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


KAMRAN NISHAT
DIRECTOR

**ABL CASH FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013**

	For the year ended June 30, 2013	For the year ended June 30, 2012
Note	------(Rupees in '000)-----	
INCOME		
Capital gain / (loss) on sale of government securities - net	34,233	(942)
Income from government securities	829,285	2,293,852
Income from term deposit receipts	227,663	265,882
Income from certificates of deposit	-	5,028
Income from letters of placements	16,924	52,419
Income from reverse repurchase transactions	3,471	2,203
Income from sukus	4,018	16,423
Profit on deposits with banks	80,318	142,992
	1,195,912	2,777,857
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss - net	5.2 4,336	(1,971)
Total income	<u>1,200,248</u>	<u>2,775,886</u>
EXPENSES		
Remuneration of ABL Asset Management Company Limited - Management Company	8.1 132,313	283,135
Sindh sales tax on remuneration of Management Company	8.2 21,170	45,302
Federal excise duty on remuneration of Management Company	11.2 1,179	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1 9,505	17,457
Annual fee - Securities and Exchange Commission of Pakistan	10.1 8,680	16,988
Brokerage and securities transaction costs	1,924	2,130
Bank charges	408	595
Auditors' remuneration	14 365	326
Legal & professional charges	-	189
Amortization of preliminary expenses and floatation costs	7 931	934
Printing charges	200	122
Listing fee	30	30
Annual rating fee	175	160
Other expenses	189	-
Total operating expenses	<u>177,069</u>	<u>367,368</u>
Net income from operating activities	<u>1,023,179</u>	<u>2,408,518</u>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	(63,023)	241,431
Provision for Workers' Welfare Fund	11.1 (19,203)	(52,999)
Net income before taxation	<u>940,953</u>	<u>2,596,950</u>
Taxation	15 -	-
Net income after taxation	<u>940,953</u>	<u>2,596,950</u>
Other comprehensive income	-	-
Total comprehensive income	<u><u>940,953</u></u>	<u><u>2,596,950</u></u>
Earnings per unit	16	

The annexed notes 1 to 27 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


KAMRAN NISHAT
DIRECTOR

ABL CASH FUND DISTRIBUTION STATEMENT FOR THE YEAR ENDED JUNE 30, 2013

	For the year ended June 30, 2013	For the year ended June 30, 2012
	----- (Rupees in '000) -----	
Undistributed income brought forward comprising of:		
- realised income	42,378	22,548
- unrealised loss	(1,971)	(2,564)
	<u>40,407</u>	<u>19,984</u>
Distribution during the year:		
- Re 0.2105 per unit on August 29, 2012 (2012: Nil)		
Cash distribution	(3,077)	-
Issue of 17,857,703 bonus units (2012 : Nil)	(178,577)	-
- Re 0.0587 per unit on September 24, 2012 (2012: Re 0.3008 per unit on September 27, 2011)		
Cash distribution	(858)	(205,727)
Issue of 5,799,995 bonus units (2012 : 23,618,043 units)	(58,000)	(236,180)
- Re 0.0876 per unit on October 24, 2012 (2012: Nil)		
Cash distribution	(1,281)	-
Issue of 8,113,541 bonus units(2012 : Nil)	(81,135)	-
- Re 0.0844 per unit on November 29, 2012 (2012: Nil)		
Cash distribution	(1,234)	-
Issue of 8,284,584 bonus units (2012 : Nil)	(82,846)	-
- Re 0.0575 per unit on December 27, 2012 (2012: Re 0.2738 per unit on December 26, 2011)		
Cash distribution	(841)	(751,382)
Issue of 5,441,902 bonus units (2012 : 20,331,378 units)	(54,419)	(203,314)
- Re 0.0757 per unit on January 30, 2013 (2012: Nil)		
Cash distribution	-	-
Issue of 7,985,185 bonus units (2012 : Nil)	(79,852)	-
- Re 0.0585 per unit on February 27, 2013 (2012: Nil)		
Cash distribution	-	-
Issue of 5,557,184 bonus units (2012 : Nil)	(55,572)	-
- Re 0.0491 per unit on March 22, 2013 (2012: Re 0.2554 per unit on March 26, 2012)		
Cash distribution	-	(435,915)
Issue of 4,968,898 bonus units (2012 : 22,989,520 units)	(49,689)	(229,895)
- Re 0.0839 per unit on April 30, 2013 (2012: Nil)		
Cash distribution	-	-
Issue of 11,802,107 bonus units (2012 : Nil)	(118,021)	-
- Re 0.0635 per unit on May 30, 2013 (2012: Re 0.1604 per unit on May 21, 2012)		
Cash distribution	-	(217,680)
Issue of 9,530,497 bonus units (2012 : 16,059,010 units)	(95,305)	(160,590)
- Re 0.0661 per unit on June 28,2013 (2012: Re 0.0835 per unit on June 25, 2012)		
Cash distribution	-	(70,312)
Issue of 9,082,518 bonus units (2012: 7,316,490 units)	(90,825)	(73,165)
	<u>(951,532)</u>	<u>(2,584,160)</u>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	(19,056)	7,633
Net income after taxation	940,953	2,596,950
Undistributed income carried forward	<u>10,772</u>	<u>40,407</u>
Undistributed income carried forward comprising of:		
- realised income	6,436	42,378
- unrealised income / (loss)	4,336	(1,971)
	<u>10,772</u>	<u>40,407</u>

The annexed notes 1 to 27 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


KAMRAN NISHAT
DIRECTOR

ABL CASH FUND STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2013

	For the year ended June 30, 2013	For the year ended June 30, 2012
	----- (Rupees in '000) -----	
Net assets at the beginning of the year	16,385,230	10,650,817
Issue of 5,832,631,737 units (2012: 5,702,705,253 units)	58,429,239	57,553,646
Redemption of 6,167,352,502 units (2012: 5,221,620,802 units)	(61,858,523)	(52,493,736)
	(3,429,284)	5,059,910
Issue of 94,424,114 bonus units (2012: 90,314,441)	944,241	903,144
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		
- amount representing (income) / loss and capital (gains) / losses - transferred to income statement	63,023	(241,431)
- amount representing (income) / loss and capital (gains) / losses - transferred to distribution statement	19,056	(7,633)
	82,079	(249,064)
Capital gain / (loss) on sale of government securities - net	34,233	(942)
Unrealised appreciation / (diminution) on re-measurement of investments at fair value through profit or loss - net	4,336	(1,971)
Other net income for the year	902,384	2,599,863
	940,953	2,596,950
Distribution during the year		
- Re 0.2105 per unit on August 29, 2012 (2012: Nil)		
Cash distribution	(3,077)	-
Issue of 17,857,703 bonus units (2012 : Nil)	(178,577)	-
- Re 0.0587 per unit on September 24, 2012 (2012: Re 0.3008 per unit on September 27, 2011)		
Cash distribution	(858)	(205,727)
Issue of 5,799,995 bonus units (2012 : 23,618,043 units)	(58,000)	(236,180)
- Re 0.0876 per unit on October 24, 2012 (2012: Nil)		
Cash distribution	(1,281)	-
Issue of 8,113,541 bonus units (2012 : Nil)	(81,135)	-
- Re 0.0844 per unit on November 29, 2012 (2012: Nil)		
Cash distribution	(1,234)	-
Issue of 8,284,584 bonus units (2012 : Nil)	(82,846)	-
- Re 0.0575 per unit on December 27, 2012 (2012: Re 0.2738 per unit on December 26, 2011)		
Cash distribution	(841)	(751,382)
Issue of 5,441,902 bonus units (2012 : 20,331,378 units)	(54,419)	(203,314)
- Re 0.0757 per unit on January 30, 2013 (2012: Nil)		
Cash distribution	-	-
Issue of 7,985,185 bonus units (2012 : Nil)	(79,852)	-
- Re 0.0585 per unit on February 28, 2013 (2012: Nil)		
Cash distribution	-	-
Issue of 5,557,184 bonus units (2012 : Nil)	(55,572)	-
- Re 0.0491 per unit on March 22, 2013 (2012: Re 0.2554 per unit on March 26, 2012)		
Cash distribution	-	(435,915)
Issue of 4,968,898 bonus units (2012 : 22,989,520 units)	(49,689)	(229,895)
- Re 0.0839 per unit on April 30, 2013 (2012: Nil)		
Cash distribution	-	-
Issue of 11,802,107 bonus units (2012 : Nil)	(118,021)	-
- Re 0.0635 per unit on May 30, 2013 (2012: Re 0.1604 per unit on May 21, 2012)		
Cash distribution	-	(217,680)
Issue of 9,530,497 bonus units (2012 : 16,059,010 units)	(95,305)	(160,590)
- Re 0.0661 per unit on June 28, 2013 (2012: Re 0.0835 per unit on June 25, 2012)		
Cash distribution	-	(70,312)
Issue of 9,082,518 bonus units (2012: 7,316,490 units)	(90,825)	(73,165)
	(951,532)	(2,584,160)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		
- transferred to distribution statement - net	(19,056)	7,633
Net assets at the end of the year	13,952,631	16,385,230

The annexed notes 1 to 27 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


KAMRAN NISHAT
DIRECTOR

**ABL CASH FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013**

Note	For the year ended June 30, 2013	For the year ended June 30, 2012
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before taxation	940,953	2,596,950
Adjustments for non-cash and other items		
Amortisation of preliminary expenses and floatation costs	931	934
Unrealised (appreciation) / diminution on re-measurement of investments classified as financial assets at fair value through profit or loss - net	(4,336)	1,971
Provision for Workers' Welfare Fund	19,203	52,999
Federal excise duty on remuneration of Management Company	1,179	-
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	63,023	(241,431)
	<u>1,020,953</u>	<u>2,411,423</u>
(Increase) / decrease in assets		
Profit receivable	(22,688)	23,743
Investments	5,848,885	(5,799,058)
Prepayment	(100)	63
	<u>5,826,097</u>	<u>(5,775,252)</u>
Increase / (decrease) in liabilities		
Payable to ABL Asset Management Company Limited - Management Company	(9,114)	7,384
Payable to Central Depository Company of Pakistan Limited - Trustee	(321)	290
Payable to Securities and Exchange Commission of Pakistan	(8,308)	12,537
Accrued expenses and other liabilities	860	(130,427)
	<u>(16,883)</u>	<u>(110,216)</u>
Net cash generated from / (used in) operating activities	<u>6,830,167</u>	<u>(3,474,045)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash distribution	(7,291)	(1,863,709)
Receipts from issuance of units	58,429,239	57,553,646
Payments against redemption of units	(61,693,824)	(52,548,379)
Net cash (used in) / generated from financing activities	<u>(3,271,876)</u>	<u>3,141,558</u>
Net increase / (decrease) in cash and cash equivalents	<u>3,558,291</u>	<u>(332,487)</u>
Cash and cash equivalents at the beginning of the year	3,549,772	3,882,259
Cash and cash equivalents at the end of the year	<u>4.2</u> <u>7,108,063</u>	<u>3,549,772</u>

The annexed notes 1 to 27 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


KAMRAN NISHAT
DIRECTOR

ABL CASH FUND NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

1 LEGAL STATUS AND NATURE OF BUSINESS

ABL Cash Fund was established under a trust deed executed on September 25, 2009 between ABL Asset Management Company Limited (ABL AMCL) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The trust deed was executed in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The Fund commenced its operations on July 31, 2010.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate issued by the Securities and Exchange Commission of Pakistan (SECP) on December 07, 2007. The registered office of the Management Company is situated at 11-B, Lalazar, M.T. Khan Road, Karachi.

The Fund is an open-ended mutual fund and is listed on the Karachi Stock Exchange (Guarantee) Limited. The units of the Fund are offered to the public for subscription on a continuous basis. The units are transferable and redeemable by surrendering them to the Fund.

The Fund has been categorized as an open-end money market scheme as per the criteria laid down by the SECP for categorisation of Collective Investment Schemes (CIS).

The objective of the Fund is to earn consistent returns with a high level of liquidity through a blend of money market and sovereign debt instruments. The Fund, in line with its investment objectives, invests primarily in market treasury bills, government securities and cash and near cash instruments.

JCR-VIS Credit Rating Company Limited has assigned management quality rating of AM2 (stable outlook) to the Management Company as at June 21, 2013 and fund stability rating of AA(f) to the Fund as at January 17, 2013.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year:

The following standards, amendments and interpretation to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 1, 2012:

- IAS 1, 'Financial statement presentation'. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The amendments do not have any effect on the Fund's financial statements.

There are other new and amended standards and interpretations that are mandatory for accounting periods beginning July 1, 2012 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

2.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

There are certain new and amended standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2013 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise the judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- i) Classification and valuation of investments (notes 3.2 and 5)
- ii) Amortisation of preliminary expenses and floatation costs (notes 3.5 and 7)
- iii) Impairment of financial assets (note 3.2.5)

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments which have been carried at fair value.

2.6 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

3.1 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried in the statement of assets and liabilities at cost.

3.2 Financial assets

3.2.1 Classification

The Fund classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available for sale. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

Investments are categorised as follows:

a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as financial assets at fair value through profit or loss category.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

c) Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables or (b) financial assets at fair value through profit or loss. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

3.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

3.2.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value while the related transaction costs are expensed out in the income statement.

3.2.4 Subsequent measurement

a) Financial assets at fair value through profit or loss and available for sale

Subsequent to initial recognition, financial assets designated by the management as at fair value through profit or loss and available for sale are valued as follows:

- Basis of valuation of debt securities

The investment of the Fund in debt securities (comprising any security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital and includes term finance certificates, bonds, debentures, sukus and commercial papers etc.) is valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP for valuation of debt securities. In the determination of the rates the MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

- Basis of valuation of government securities

The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Markets Association of Pakistan.

Net gains and losses arising from changes in the fair value and on sale of financial assets at fair value through profit or loss are taken to the income statement.

Net gains and losses arising from changes in fair value of available for sale financial assets are taken to the other comprehensive income until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised in the other comprehensive income is shown as part of net income for the year.

b) Loans and receivables

Subsequent to initial recognition financial assets classified as 'loans and receivables' are carried at amortised cost using the effective interest method.

Gains or losses are also recognised in the income statement when financial assets carried at amortised cost are derecognised or impaired.

3.2.5 Impairment

The Fund assesses at each reporting date whether there is an objective evidence that the financial asset or a group of financial assets is impaired. The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

The amount of provision for certain debt securities is determined based on the provisioning criteria specified by the SECP.

For certain other financial assets, a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The provision against these amounts is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company in accordance with the requirements of the Securities and Exchange Commission of Pakistan.

3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership.

3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

3.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.5 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

3.6 Provisions

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

3.7 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilized tax losses to the extent that it is no longer probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

3.8 Proposed distributions

Distributions declared subsequent to the year end are considered as non-adjusting events and are recognised in the year in which such distributions are declared.

3.9 Issue and redemption of units

Units issued are recorded at the offer price as per constitutive documents. The offer price is determined by the Management Company after realisation of subscription money.

The offer price represents the previous day net asset value per unit as of the close of the business day plus the allowance for sales load, provision for transaction costs and any provision for duties and charges, if applicable. Currently, the Fund is not charging any sales load, transactions costs or any provision for duties and charges.

Units redeemed are recorded at the redemption price, as per constitutive documents, applicable to units for which the distributors receive redemption requests during business hours of that day. The redemption price represents the previous day net asset value per unit as of the close of the business day less any back-end load, provision for transaction costs and any provision for duties and charges, if applicable. Currently, the Fund is not charging any back-end load, transactions costs or any provision for duties and charges.

3.10 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

The Fund records that portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting year which pertains to unrealised gains / (losses) held in the unit holder's funds and undistributed income in a separate reserve account and any amount remaining in this reserve account at the end of an accounting year (whether gain or loss) is included in the amount available for distribution to the unit holders.

The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting year is recognised in the income statement.

3.11 Net asset value per unit

The Net Asset Value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

3.12 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the sale transaction takes place.
- Income on government securities, debt securities, bank deposits, certificate of deposits, reverse repurchase transactions and placements is recognised on an accrual basis.

	Note	June 30, 2013	June 30, 2012
------(Rupees in '000)-----			
4 BALANCES WITH BANKS			
Current accounts		4	4
Saving accounts	4.1	<u>2,618,059</u>	<u>1,849,768</u>
		<u>2,618,063</u>	<u>1,849,772</u>

- 4.1 These saving accounts carry mark-up at rates ranging from 6.00% to 9.40% (2012: 6.00% to 12.28%) per annum. Deposits in savings accounts include Rs. 744,658,201 (2012: Rs. 12,106,257) maintained with Allied Bank Limited, a related party.

	June 30, 2013	June 30, 2012
------(Rupees in '000)-----		
4.2 Cash and cash equivalents		
Balances with banks	2,618,063	1,849,772
Term deposit receipts	3,415,000	1,700,000
Letters of placements	<u>1,075,000</u>	<u>-</u>
	<u>7,108,063</u>	<u>3,549,772</u>

	Note	June 30, 2013	June 30, 2012
------(Rupees in '000)-----			
5 INVESTMENTS			
Financial assets at fair value through profit or loss			
Government securities			
- market treasury bills	5.1	4,709,994	12,930,918
- Pakistan investment bonds	5.1	926,375	-
Sukuks	5.1	100,000	-
		5,736,369	12,930,918
Loans and receivables	5.3	<u>5,840,000</u>	<u>1,700,000</u>
		<u>11,576,369</u>	<u>14,630,918</u>

5.1 Financial assets at fair value through profit or loss

5.1.1 Government securities - market treasury bills

Issue date	Tenor	Face Value			Balance as at June 30, 2013			Market value as a percentage of net assets	Market value as a percentage of total market value of investments
		As at July 01, 2012	Purchased during the year	Disposed of / matured during the year	As at June 30, 2013	Carrying value	Market value		
-----Rupees in (000)-----									
April 19, 2012	3 Months	458,900	75,000	533,900	-	-	-	-	-
May 3, 2012	3 Months	1,865,000	572,000	2,437,000	-	-	-	-	-
May 17, 2012	3 Months	2,679,000	1,243,000	3,922,000	-	-	-	-	-
May 31, 2012	3 Months	465,000	50,000	515,000	-	-	-	-	-
June 14, 2012	3 Months	2,246,700	2,704,000	4,950,700	-	-	-	-	-
June 28, 2012	3 Months	2,955,000	355,000	3,310,000	-	-	-	-	-
July 12, 2012	3 Months	-	840,375	840,375	-	-	-	-	-
July 26, 2012	3 Months	-	365,480	365,480	-	-	-	-	-
August 9, 2012	3 Months	-	500,000	500,000	-	-	-	-	-
August 23, 2012	3 Months	-	1,873,500	1,873,500	-	-	-	-	-
September 6, 2012	3 Months	-	250,000	250,000	-	-	-	-	-
September 20, 2012	3 Months	-	952,000	952,000	-	-	-	-	-
October 4, 2012	3 Months	-	250,000	250,000	-	-	-	-	-
October 18, 2012	3 Months	-	1,250,000	1,250,000	-	-	-	-	-
November 1, 2012	3 Months	-	250,000	250,000	-	-	-	-	-
November 15, 2012	3 Months	-	1,900,000	1,900,000	-	-	-	-	-
November 29, 2012	3 Months	-	810,000	810,000	-	-	-	-	-
December 13, 2012	3 Months	-	497,000	497,000	-	-	-	-	-
January 10, 2013	3 Months	-	1,950,000	1,950,000	-	-	-	-	-
January 24, 2013	3 Months	-	250,000	250,000	-	-	-	-	-
February 7, 2013	3 Months	-	875,000	875,000	-	-	-	-	-
February 21, 2013	3 Months	-	5,010,000	5,010,000	-	-	-	-	-
March 7, 2013	3 Months	-	2,405,000	2,405,000	-	-	-	-	-
March 21, 2013	3 Months	-	5,400,000	5,400,000	-	-	-	-	-
May 2, 2013	3 Months	-	6,125,700	5,728,500	397,200	394,768	394,848	80	2.83
May 30, 2013	3 Months	-	250,000	249,500	500	493	494	1	3.41
		10,669,600	37,003,055	47,274,955	397,700	395,261	395,342	81	-*
January 12, 2012	6 Months	175,000	-	175,000	-	-	-	-	-
February 9, 2012	6 Months	785,000	1,600,000	2,385,000	-	-	-	-	-
March 8, 2012	6 Months	186,350	-	186,350	-	-	-	-	-
July 12, 2012	6 Months	-	4,457,000	4,457,000	-	-	-	-	-
July 26, 2012	6 Months	-	11,436,000	11,436,000	-	-	-	-	-
August 9, 2012	6 Months	-	730,000	730,000	-	-	-	-	-
August 23, 2012	6 Months	-	351,600	351,600	-	-	-	-	-
September 6, 2012	6 Months	-	2,031,575	2,031,575	-	-	-	-	-
September 20, 2012	6 Months	-	2,363,000	2,363,000	-	-	-	-	-
October 4, 2012	6 Months	-	1,325,000	1,325,000	-	-	-	-	-
October 18, 2012	6 Months	-	5,455,000	5,455,000	-	-	-	-	-
November 1, 2012	6 Months	-	7,169,000	7,169,000	-	-	-	-	-
November 15, 2012	6 Months	-	930,000	930,000	-	-	-	-	-
November 29, 2012	6 Months	-	1,343,000	1,343,000	-	-	-	-	-
December 13, 2012	6 Months	-	1,250,200	1,250,200	-	-	-	-	-
January 10, 2013	6 Months	-	350,000	350,000	-	-	-	-	-
January 24, 2013	6 Months	-	2,540,000	2,110,000	430,000	427,379	427,454	75	3.06
February 7, 2013	6 Months	-	480,000	480,000	-	-	-	-	-
February 21, 2013	6 Months	-	860,000	860,000	-	-	-	-	-
March 7, 2013	6 Months	-	237,851	237,000	851	836	837	1	0.01
March 21, 2013	6 Months	-	250,000	250,000	-	-	-	-	-
May 2, 2013	6 Months	-	910,000	515,000	395,000	383,179	383,539	360	2.75
May 16, 2013	6 Months	-	250,000	250,000	-	-	-	-	-
May 30, 2013	6 Months	-	1,250,000	-	1,250,000	1,204,032	1,205,750	1,718	8.64
June 13, 2013	6 Months	-	2,250,000	559,000	1,691,000	1,623,928	1,625,768	1,840	14.04
		1,146,350	49,819,226	47,198,725	3,766,851	3,639,354	3,643,348	3,994	
Balance carried forward		11,815,950	86,822,281	94,473,680	4,164,551	4,034,615	4,038,690	4,075	

* Nil values due to rounding off.

Issue date	Tenor	Face Value				Balance as at June 30, 2013			Market value as a percentage of net assets	Market value as a percentage of total market value of investments
		As at July 01, 2012	Purchased during the year	Disposed of / matured during the year	As at June 30, 2013	Carrying value	Market value	Appreciation / (diminution)		
-----Rupees in (000)-----										
Balance brought forward		11,815,950	86,822,281	94,473,680	4,164,551	4,034,615	4,038,690	4,075		
August 11, 2011	12 Months	420,900	-	420,900	-	-	-	-	-	-
October 6, 2011	12 Months	64,000	-	64,000	-	-	-	-	-	-
July 28, 2011	12 Months	-	511,500	511,500	-	-	-	-	-	-
August 25, 2011	12 Months	600,000	870,000	1,470,000	-	-	-	-	-	-
September 8, 2011	12 Months	250,000	115,000	365,000	-	-	-	-	-	-
September 22, 2011	12 Months	-	4,954,000	4,954,000	-	-	-	-	-	-
November 3, 2011	12 Months	-	16,382,090	16,382,090	-	-	-	-	-	-
November 17, 2011	12 Months	-	393,300	393,300	-	-	-	-	-	-
December 1, 2011	12 Months	-	27,855	27,855	-	-	-	-	-	-
January 12, 2012	12 Months	-	198,900	198,900	-	-	-	-	-	-
January 26, 2012	12 Months	-	803,895	803,895	-	-	-	-	-	-
February 9, 2012	12 Months	-	200,000	200,000	-	-	-	-	-	-
March 8, 2012	12 Months	-	330	330	-	-	-	-	-	-
June 14, 2012	12 Months	-	50,000	50,000	-	-	-	-	-	-
July 26, 2012	12 Months	-	2,461,000	1,840,500	620,500	616,652	616,825	173	4.42	5.33
August 9, 2012	12 Months	-	586,000	586,000	-	-	-	-	-	-
October 4, 2012	12 Months	-	16,000	-	16,000	15,638	15,640	2	0.11	0.14
November 1, 2012	12 Months	-	40,000	-	40,000	38,789	38,839	50	0.28	0.34
		1,334,900	27,609,870	28,268,270	676,500	671,079	671,304	225		
Total - June 30, 2013		13,150,850	114,432,151	122,741,950	4,841,051	4,705,694	4,709,994	4,300		

5.1.1.1 Market treasury bills carry effective interest rates ranging from 9.30 % to 10.15 % per annum.

5.1.2 Government securities - Pakistan investment bonds

Issue date	Tenor	Face Value				Balance as at June 30, 2013			Market value as a percentage of net assets	Market value as a percentage of total market value of investments
		As at July 01, 2012	Purchased during the year	Disposed of / matured during the year	As at June 30, 2013	Carrying value	Market value	Appreciation / (diminution)		
-----Rupees in (000)-----										
July 22, 2010	3 years	-	739,051	-	739,051	735,190	735,218	28	5.27	6.35
July 22, 2010	3 years	-	192,153	-	192,153	191,149	191,157	8	1.37	1.65
Total - June 30, 2013		-	931,204	-	931,204	926,339	926,375	36		

5.1.2.1 Pakistan investment bonds carry effective interest rate of 9.14% per annum.

5.1.3 GoP Ijara Sukuks

Issue date	Tenor	Face Value				Balance as at June 30, 2013			Market value as a percentage of net assets	Market value as a percentage of total market value of investments
		As at July 01, 2012	Purchased during the year	Disposed of / matured during the year	As at June 30, 2013	Carrying value	Market value	Appreciation / (diminution)		
-----Rupees in (000)-----										
November 15, 2010	3 years	-	6,000,000	6,000,000	-	-	-	-	-	-
November 15, 2010	3 years	-	5,000,000	5,000,000	-	-	-	-	-	-
November 15, 2010	3 years	-	3,970,000	3,970,000	-	-	-	-	-	-
Total - June 30, 2013		-	14,970,000	14,970,000	-	-	-	-		

5.1.4 Other sukuk

Issue	Yield% / Tenor	Face Value				Balance as at June 30, 2013			Carrying value as a percentage of net assets	Carrying value as a percentage of total market value of investments
		As at July 01, 2012	Purchased during the year	Disposed of / matured during the year	As at June 30, 2013	Cost	Carrying Value	Appreciation / (diminution)		
-----Rupees in (000)-----										
Hub Power Company Limited	10.70 / 6 months	-	100,000	-	100,000	100,000	100,000	-	0.72	0.86
Total - June 30, 2013		-	100,000	-	100,000	100,000	100,000	-		

	Note	June 30, 2013	June 30, 2012
------(Rupees in '000)-----			
5.2 Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss - net			
Market value of securities		5,736,369	12,930,918
Less: carrying value of securities		(5,732,033)	(12,932,889)
		<u>4,336</u>	<u>(1,971)</u>
5.3 Loans and receivables			
Term deposit receipts	5.3.1	4,765,000	1,700,000
Letters of placements	5.3.2	1,075,000	-
		<u>5,840,000</u>	<u>1,700,000</u>
5.3.1 Term deposit receipts carry mark-up at rates ranging from 9.5% to 9.95% (2012: 12.25%) per annum and maturities ranging from July 5, 2013 to December 11, 2013 (2012: July 19, 2012 to August 27, 2012).			
5.3.2 Letters of placements carry mark-up at rates ranging from 9.45% to 9.90% (2012: Nil) per annum and maturities ranging from July 8, 2013 to September 23, 2013 (2012: Nil).			
		June 30, 2013	June 30, 2012
------(Rupees in '000)-----			
6 PROFIT RECEIVABLE			
Interest accrued on term deposit receipts		28,844	12,820
Interest accrued on letters of placements		3,812	-
Interest accrued on Sukuks		4,018	-
Profit accrued on bank deposits		4,153	5,319
		<u>40,827</u>	<u>18,139</u>
7 PRELIMINARY EXPENSES AND FLOATATION COSTS			
Opening balance		2,868	3,802
Less: amortised during the year		(931)	(934)
Closing balance		<u>1,937</u>	<u>2,868</u>
7.1 Preliminary expenses and floatation costs represents expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortized over five years as per the requirement of the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations 2008.			
		June 30, 2013	June 30, 2012
------(Rupees in '000)-----			
8 PAYABLE TO ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY			
Remuneration of Management Company	8.1	12,446	19,500
Preliminary expenses and floatation costs		2,794	3,725
Sindh sales tax on remuneration of Management Company	8.2	1,991	3,120
		<u>17,231</u>	<u>26,345</u>
8.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding 3 percent of the average annual net assets of the Fund and thereafter an amount equal to 2 percent of such assets of the Fund. From July 01, 2013 till January 27, 2013 the Management Company has charged remuneration at the rate of 1.25 percent of the average annual net assets of the Fund. Effective from January 28, 2013 the Management Company has charged a remuneration at the rate of 10% of the gross earnings of the Fund. This fee is subject to a minimum of 1.00% and a maximum of 1.25% of the average daily Net Assets of the Fund.			
8.2 The Provincial Government of Sindh has levied Sindh sales tax at the rate of 16% on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.			

	Note	June 30, 2013	June 30, 2012
----- (Rupees in '000) -----			
9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Trustee fee	9.1	902	1,223

- 9.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund. The remuneration was paid to the Trustee monthly in arrears.

The tariff structure applicable to the Fund as at June 30, 2013 is as follows:

Net assets value	Tariff per annum
Upto Rs 1 billion	0.15 percent per annum of net assets
Rs 1 billion to Rs 10 billion	Rs 1.5 million plus 0.075 percent per annum of net asset exceeding Rs 1 billion.
Over Rs 10 billion	Rs 8.25 million plus 0.06 percent per annum of net asset exceeding Rs 10 billion.

	Note	June 30, 2013	June 30, 2012
----- (Rupees in '000) -----			
10 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Annual fee	10.1	8,680	16,988

- 10.1** Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme categorised as a money market scheme is required to pay, as an annual fee to the SECP, an amount equal to 0.075% of the average annual net assets of the scheme.

	Note	June 30, 2013	June 30, 2012
----- (Rupees in '000) -----			
11 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		286	262
Brokerage payable		381	66
Printing charges		165	139
Withholding taxes		520	214
Provision for Workers' Welfare Fund	11.1	90,433	71,230
Provision for Federal Excise Duty	11.2	1,179	-
Other payable		189	-
		<u>93,153</u>	<u>71,911</u>

11.1 Provision for Workers' Welfare Fund

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this connection, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

During the year ended June 30, 2011, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010, the Ministry filed its response against the constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the Court.

During the year ended June 30, 2012, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008, had declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Honourable Sindh High Court (SHC) passed an order declaring that the amendments introduced in the WWF Ordinance, 1971 through the Finance Act, 2006 and Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in the WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the Court. Without prejudice to the above, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs 90.433 million (including Rs 19.203 million for the current year) in these financial statements. Had the same not been made the net asset value per unit of the Fund as at June 30, 2013 would have been higher by Rs 0.0649 per unit.

- 11.2** As per the requirement of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax as explained in note 8.2, further levy of the FED may result in double taxation, which does not appear to be the spirit of the law. The matter has been taken up collectively by the Mutual Fund Association of Pakistan where various options are being considered. As a matter of abundant caution, the fund has made a provision with effect from June 13, 2013, aggregating to Rs. 1,179 thousand.

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2013.

	June 30, 2013	June 30, 2012
	----- (Number of units in '000)-----	
13 NUMBER OF UNITS IN ISSUE		
Total units in issue at the beginning of the year	1,634,482	1,063,083
Add: units issued	5,832,632	5,702,705
Add: bonus units issued	94,424	90,314
Less: units redeemed	(6,167,352)	(5,221,620)
Total units in issue at the end of the year	<u>1,394,186</u>	<u>1,634,482</u>

14 AUDITORS' REMUNERATION

Annual audit fee	210	175
Half yearly review fee	85	75
Other certification and services	50	45
Out of pocket expenses	20	31
	<u>365</u>	<u>326</u>

15 TAXATION

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders. The Fund has not recorded provision for taxation as the Management Company has distributed more than ninety percent of the Fund's accounting income for the current year.

16 EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed as in the opinion of the management the determination of the cumulative weighted average number of outstanding units for calculating EPU is not practicable.

17 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2013, all the financial assets carried on the statement of assets and liabilities are categorised either as loans and receivables or financial assets at fair value through profit or loss. All the financial liabilities carried on the statement of assets and liabilities are categorised as other financial liabilities i.e. liabilities other than at fair value through profit or loss.

-----As at June 30, 2013-----			
	Loans and receivables	Financial assets at fair value through profit or loss	Total
----- (Rupees in '000) -----			
Financial assets			
Balances with banks	2,618,063	-	2,618,063
Investments	5,840,000	5,736,369	11,576,369
Profit receivable	40,827	-	40,827
	<u>8,498,890</u>	<u>5,736,369</u>	<u>14,235,259</u>

-----As at June 30, 2013-----			
	Liabilities 'at fair value through profit or loss'	Other financial liabilities	Total
----- (Rupees in '000) -----			
Financial liabilities			
Payable to ABL Asset Management Company Limited - Management Company	-	17,231	17,231
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	902	902
Payable against redemption of units	-	164,699	164,699
Accrued expenses and other liabilities	-	832	832
	<u>-</u>	<u>183,664</u>	<u>183,664</u>

-----As at June 30, 2012-----			
	Loans and receivables	Financial assets at fair value through profit or loss	Total
----- (Rupees in '000) -----			
Financial assets			
Balances with banks	1,849,772	-	1,849,772
Investments	1,700,000	12,930,918	14,630,918
Profit receivable	18,139	-	18,139
	<u>3,567,911</u>	<u>12,930,918</u>	<u>16,498,829</u>

-----As at June 30, 2012-----			
	Liabilities at fair value through profit or loss	Other financial liabilities	Total
----- (Rupees in '000) -----			
Financial liabilities			
Payable to ABL Asset Management Company Limited - Management Company	-	26,345	26,345
Payable to Central Depository Company of Pakistan Limited - Trustee	-	1,223	1,223
Payable against redemption of units	-	-	-
Accrued expenses and other liabilities	-	467	467
	<u>-</u>	<u>28,035</u>	<u>28,035</u>

18 TRANSACTIONS WITH CONNECTED PERSONS

18.1 Connected persons / related parties include ABL Asset Management Company Limited being the Management Company, Allied Bank Limited, ABL Asset Management Company Limited - Staff Provident Fund, Allied Bank Limited - Employees Superannuation (Pension) Fund, Allied Bank Limited - Staff Provident Fund, Cyan Limited, Cyan Limited - Employees Provident Fund and CFA Association of Pakistan being entities under common management and / or directorship, the Central Depository Company of Pakistan limited being the Trustee of the Fund and the directors and officers of the Management Company.

18.2 Transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

- 18.3** Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 18.4** Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

	For the year ended June 30, 2013	For the year ended June 30, 2012
	----- (Rupees in '000) -----	
18.5 Details of transactions with connected persons are as follows:		
ABL Asset Management Company Limited		
- Management Company		
Issue of 31,143,153 units (2012: 57,145,132 units)	312,500	578,600
Bonus of 2,511,128 units (2012: 2,479,730 units)	25,111	24,797
Redemption of 32,245,582 units (2012: 56,833,298 units)	324,000	573,000
Remuneration	132,313	283,135
Sindh sales tax on remuneration of Management Company	21,170	45,302
Allied Bank Limited		
Issue of 3,796,662,920 units (2012: 2,379,300,683 units)	38,000,000	24,000,000
Redemption of 3,823,418,353 (2012: 1,951,189,433 units)	38,318,802	19,555,562
Cash distribution	-	1,178,928
Bonus of 10,735,393 units (2012: Nil units)	107,353	-
Profit on bank deposits	15,300	5,978
Term deposit receipts	1,350,000	2,500,000
Bank charges	152	108
ABL - Employees Superannuation (Pension) Fund		
Redemption of Nil units(2012: 10,000,000 units)	-	101,330
Cyan Limited		
Issue of 106,959,999 units (2012: 114,753,834 units)	1,073,090	1,152,396
Bonus of 941,801 units (2012: 2,767,770 units)	9,418	27,678
Redemption of 82,087,099 units (2012: 160,528,753 units)	824,357	1,617,291
Cyan Limited - Employees provident Fund		
Issue of 426,871 units (2012: 52,821 units)	4,279	530
Bonus of 15,298 units (2012: 441 units)	153	4
CFA Association of Pakistan		
Bonus of 687 units (2012: Nil units)	7	-
Redemption of 22,347 units (2012: Nil units)	225	-
DIRECTORS OF THE MANAGEMENT COMPANY		
Muhammad Waseem Mukhtar		
Issue of 189,605 units (2012: Nil units)	1,900	-
Bonus of 58,245 units (2012: 55,515 units)	582	555
Muhammad Javaid Iqbal		
Bonus of 6,018 units (2012: 36,879 units)	60	369
Redemption of Nil units (2012: 1,040,260 units)	-	10,500
KEY MANAGEMENT PERSONNEL		
Chief Executive Officer		
Issue of 100,000 units (2012: 1,037,789 units)	1,000	10,500
Bonus of 78,393 units (2012: 38,735 units)	784	387
Redemption of 513,097 units (2012: 843,242 units)	5,150	8,511

	For the year ended June 30, 2013	For the year ended June 30, 2012
	----- (Rupees in '000) -----	

Executives

Issue of Nil units (2012: 34,002 units)	-	344
Bonus Nil units (2012: 1,153 units)	-	12
Redemption Nil units (2012: 25,263 units)	-	257

TRUSTEE**Central Depository Company of Pakistan Limited**

Remuneration	9,505	17,457
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June 30, 2013	June 30, 2012
----- (Rupees in '000) -----	

18.6 Details of amounts outstanding as at year end**ABL Asset Management Company Limited - Management Company**

Outstanding 22,000,408 units (2012: 20,591,709 units)	220,173	206,426
Preliminary expenses and floatation costs payable	2,794	3,725
Remuneration	12,446	19,500
Sindh sales tax on Remuneration of Management Company	1,991	3,120

Allied Bank Limited

Outstanding 510,031,386 units (2012: 526,051,426 units)	5,104,241	5,273,508
Balances with banks	744,658	12,106
Profit accrued on bank deposit	2,320	177
Profit accrued on term deposit receipts	5,973	-
Term deposit receipt	1,350,000	-

Cyan Limited

Outstanding 25,814,701 units (2012: Nil units)	258,346	-
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Cyan Limited - Employees provident Fund

Outstanding units 495,432 units (2012: 53,263 units)	4,958	533,940
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CFA Association of Pakistan

Outstanding 6,850 units (2012: 28,510 units)	69	286
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Central Depository Company of Pakistan Limited - Trustee

Remuneration	902	1,223
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DIRECTORS OF THE MANAGEMENT COMPANY**Muhammad Waseem Mukhtar**

Outstanding 799,351 units (2012: 551,501 units)	8,000	5,529
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Mr. Muhammad Javaid Iqbal

Outstanding 70,607 units(2012: 64,589 units)	707	647
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KEY MANAGEMENT PERSONNEL**Chief Executive Officer**

Outstanding 642,114 units (2012: 976,818 units)	6,426	9,792
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Executives

Outstanding Nil units* (2012: 10,026 units)	-	101
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*Does not include units held by a former employee whose units were included as at June 30, 2012.

19 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the investment committee of the Fund are as follows:

S. No	Name	Designation	Experience in years	Qualification
1	Farid Ahmed Khan	Chief Executive Officer	19	CFA
2	Muhammad Imran	Chief Investment Officer	14	MBA
3	Abid Jamal	Head of Research	10	BS
4	Kamran Aziz	Fund Manager	6	CFA
5	Faizan Saleem	Fund Manager	6	MBA

19.1 Faizan Saleem is the Fund Manager of the Fund. He is also managing ABL Income Fund and ABL Government Securities Fund.

20 TRANSACTIONS WITH BROKERS / DEALERS

List of top 10 brokers by percentage of commission charged during the year ended June 30, 2013

S. No.	Particulars	Percentage
1	Invest Capital Markets Limited	20.49%
2	JS Global Capital Limited	17.67%
3	C & M Management (Private) Limited	12.38%
4	Invest & Finance Securities Limited	11.31%
5	Invest One Markets Limited	9.85%
6	Icon Securities (Private) Limited	4.53%
7	KASB Securities Limited	4.31%
8	Summit Capital (Private) Limited	3.88%
9	Vector Capital (Private) Limited	3.60%
10	Optimus Markets (Private) Limited	3.11%

List of top 10 brokers by percentage of commission charged during the year ended June 30, 2012

S. No.	Particulars	Percentage
1	JS Global Capital Limited	18.78%
2	Invest One Markets Limited	13.38%
3	C & M Management (Private) Limited	12.54%
4	Invest Capital Markets Limited	12.21%
5	Invest & Finance Securities Limited	11.02%
6	Invisor Securities (Private) Limited	4.91%
7	Icon Securities (Private) Limited	4.52%
8	BMA Capital Management Limited	4.14%
9	Elixir Securities Pakistan (Private) Limited	4.11%
10	Global Securities Pakistan Limited	3.81%

21 PATTERN OF UNIT HOLDING

-----As at June 30, 2013-----

Category	Number of unit holders	Number of units held	Net asset value of the amount invested (Rupees in '000)	Percentage of total investment
Individuals	970	114,475,720	1,145,639	8.21%
Associated companies / directors	8	559,860,849	5,602,920	40.17%
Insurance companies	10	84,841,038	849,064	6.09%
Bank / DFIs	3	75,215,923	752,738	5.39%
NBFCs	-	-	-	-
Retirement funds	14	3,568,048	35,708	0.25%
Public limited companies	24	432,913,220	4,332,466	31.05%
Others	29	123,310,890	1,234,096	8.84%
	1,058	1,394,185,688	13,952,631	100.00%

-----As at June 30, 2012-----

Category	Number of unit holders	Number of units held	Net asset value of the amount invested	Percentage of total investment
(Rupees in '000)				
Individuals	1,077	117,591,951	1,178,858	7.19%
Associated companies / directors	7	548,317,816	6,030,128	36.80%
Insurance companies	6	67,852,489	680,201	4.15%
Bank / DFIs	7	451,230,572	4,523,451	27.61%
NBFCs	-	-	-	-
Retirement funds	11	3,009,775	30,172	0.18%
Public limited companies	24	359,017,880	3,599,047	21.97%
Others	31	87,461,858	343,373	2.10%
	1,163	1,634,482,341	16,385,230	100.00%

22 ATTENDANCE AT THE MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The 27th, 28th, 29th, 30th and 31st Board of Directors meetings were held on August 10, 2012, October 25, 2012, December 20, 2012, February 15, 2013 and April 25, 2013 respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

S.No.	Name	Number of meetings			Meetings not attended
		Held	Attended	Leave granted	
Directors					
1	Sheikh Mukhtar Ahmed	5	5	-	-
2	Muhammad Waseem Mukhtar	5	5	-	-
3	Khalid A. Sherwani*	5	4	1	31st BOD
4	Kamran Nishat	5	5	-	-
5	M. Shakeb Murad	5	2	3	27th BOD, 29th BOD and 30th BOD
6	M. Jawaid Iqbal	5	4	1	31st BOD
7	Farid Ahmed Khan**	5	5	-	-
8	Zia Ijaz***	4	3	1	27th BOD
9	Khawaja Muhammad Almas****	1	1	-	-
Other persons					
I	Saqib Matin*****	5	5	-	-

* Resigned from the services as director on the Board of ABL AMCL which has been approved on July 12, 2013.

** Deemed director under section 200 of the Companies Ordinance, 1984.

*** Resigned in the 30th BOD Meeting of ABL AMCL held on February 15, 2013.

**** New director of ABL AMCL appointed in the 30th meeting of the BODs of ABL AMCL held on February 15, 2013.

***** Attended BOD meetings as Company Secretary.

23 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

23.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

23.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. At present, the Fund is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

23.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund does not hold any variable rate instrument.

b) Sensitivity analysis for fixed rate instruments

Fixed rates instruments held at June 30, 2013 include market treasury bills, Pakistan investment bonds, term deposit receipts, letters of placements and sukuks. The Fund's income from these investments is substantially independent of changes in market interest rates, except for changes if any as a result of fluctuation in respective fair values.

Market treasury bills and Pakistan investment bonds which are classified as financial assets at fair value through profit or loss expose the Fund to fair value interest rate risk. In case of 100 basis points increase in rates announced by the Financial Market Association on June 30, 2013, with all other variables held constant, the net income for the year and the net assets would be lower by Rs 14.787 million (2012: Rs 18.045 million). In case of 100 basis points decrease in rates announced by the Financial Market Association on June 30, 2013, with all other variables held constant, the net income for the year and the net assets would be higher by Rs 14.644 million (2012: Rs 18.125 million).

The composition of the Fund's investment portfolio and rates announced by the Financial Market Association is expected to change over time. Therefore, the sensitivity analysis prepared as of June 30, 2013 is not necessarily indicative of the effect on the Fund's net assets due to future movements in interest rates.

Yield / interest rate sensitivity position for the financial instruments recognised on the statement of assets and liabilities is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

Particulars	As at June 30, 2013					
	Effective yield / interest rate	Exposed to yield / interest risk			Not exposed to yield / interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
On-balance sheet financial instruments	%	------(Rupees in '000)-----				
Financial assets						
Balances with banks	6.00-9.40	2,618,059	-	-	4	2,618,063
Investments	9.14-10.70	6,956,833	4,619,536	-	-	11,576,369
Profit receivable		-	-	-	40,827	40,827
Sub total		9,574,892	4,619,536	-	40,831	14,235,259
Financial liabilities						
Payable to ABL Asset Management Company Limited - Management Company		-	-	-	17,231	17,231
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	902	902
Payable against redemption of units		-	-	-	164,699	164,699
Accrued expenses and other liabilities		-	-	-	832	832
Sub total		-	-	-	183,664	183,664
On-balance sheet gap (a)		9,574,892	4,619,536	-	(142,833)	14,051,595
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		9,574,892	4,619,536	-	(142,833)	14,051,595
Cumulative interest rate sensitivity gap		9,574,892	14,194,428	14,194,428		
Particulars	As at June 30, 2012					
	Effective yield / interest rate	Exposed to yield / interest risk			Not exposed to yield / interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
On-balance sheet financial instruments	%	------(Rupees in '000)-----				
Financial assets						
Balances with banks	6.00-12.28	1,849,768	-	-	4	1,849,772
Investments	12.25-12.57	14,568,844	62,074	-	-	14,630,918
Profit receivable		-	-	-	18,139	18,139
Sub total		16,418,612	62,074	-	18,143	16,498,829
Financial liabilities						
Payable to ABL Asset Management Company Limited - Management Company		-	-	-	26,345	26,345
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	1,223	1,223
Payable against redemption of units		-	-	-	-	-
Accrued expenses and other liabilities		-	-	-	467	467
Sub total		-	-	-	28,035	28,035
On-balance sheet gap (a)		16,418,612	62,074	-	(9,892)	16,470,794
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		16,418,612	62,074	-	(9,892)	16,470,794
Cumulative interest rate sensitivity gap		16,418,612	16,480,686	16,480,686		

23.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market. At present the Fund is not exposed to price risk.

23.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investments and balances with banks. The Fund does not foresee any credit risk with respect to government securities since these represent the interests of the Government of Pakistan. The credit risk on other financial assets is limited because the counter parties are financial institutions and companies with reasonably high credit ratings. In addition, the internal risk management policies and investment guidelines (approved by the Investment Committee) require the Fund to invest in debt securities that have been rated as investment grade by a well known rating agency.

23.2.1 The analysis below summarises the credit rating quality of the Fund's financial assets as at June 30, 2013:

Balances with banks by rating category

Name of the bank	Rating agency	Published rating	Percentage of Bank Balance
Allied Bank Limited	PACRA	AA+	28.43%
Askari Bank Limited	PACRA	AA	1.02%
Bank Alfalah Limited	PACRA	AA	6.24%
Faysal Bank Limited	PACRA	AA	63.97%
Habib Metropolitan Bank Limited	PACRA	AA+	0.04%
National Bank of Pakistan Limited	JCR-VIS	AAA	0.01%
Standard Chartered Bank Limited	PACRA	AAA	0.20%
United Bank Limited	JCR-VIS	AA+	0.09%

Term deposit receipts and letters of placement by rating category

Name of the bank	Rating agency	Published rating	Percentage of term deposit receipts and letters of placements receipt
Bank Alfalah Limited	PACRA	AA	58.47%
Allied Bank Limited	PACRA	AA+	23.12%
PAIR Investment Company Limited	PACRA	AA+	7.28%
Pak Brunei Investment Company Limited	JCR-VIS	AA+	11.13%

A portion of the investment is invested by the Fund in market treasury bills and Pakistan investment bonds which are auctioned by the State Bank of Pakistan and are available for investments / trade through secondary market.

There are no financial assets that are past due or impaired.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is mainly held with various banks, financial institutions and securities issued by the State Bank of Pakistan on behalf of the Government of Pakistan.

23.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.