

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

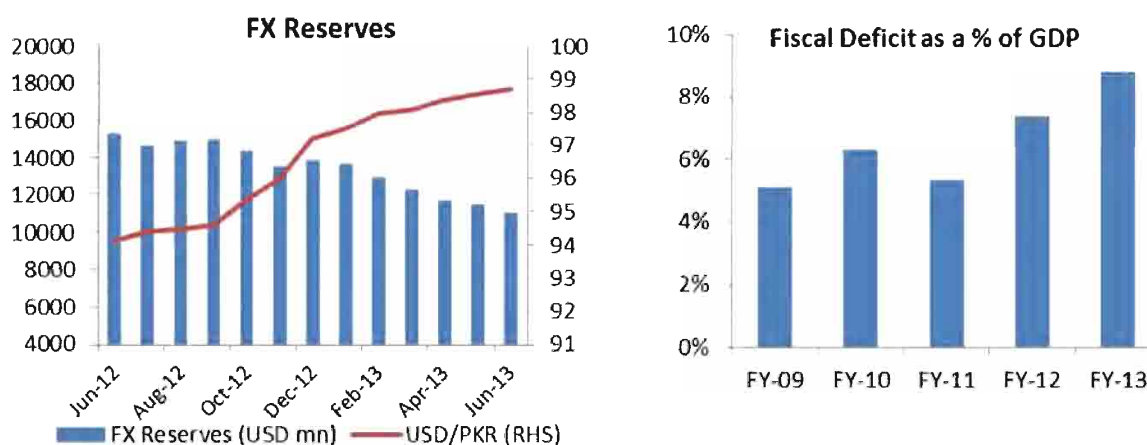
Management Company:	ABL Asset Management Company Limited 11 - B, Lalazar M. T. Khan Road, Karachi.	
Board of Directors	Sheikh Mukhtar Ahmed Mr. Khalid A. Sherwani Mr. Muhammad Waseem Mukhtar Mr. Kamran Nishat Mr. M. Shakeb Murad Mr. M. Jawaid Iqbal Mr. Khawaja Muhammad Almas Mr. Farid Ahmed Khan	Chairman 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 Shahra-e-Faisal, Karachi - 74400	
Bankers to the fund:	Allied Bank Limited Bank Al- Falah Limited Standard Chartered Bank Pakistan 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 Government Securities Fund (ABL-GSF), is pleased to present the Audited Financial Statements of ABL Government Securities Fund for the year ended June 30, 2013.

ECONOMIC PERFORMANCE REVIEW

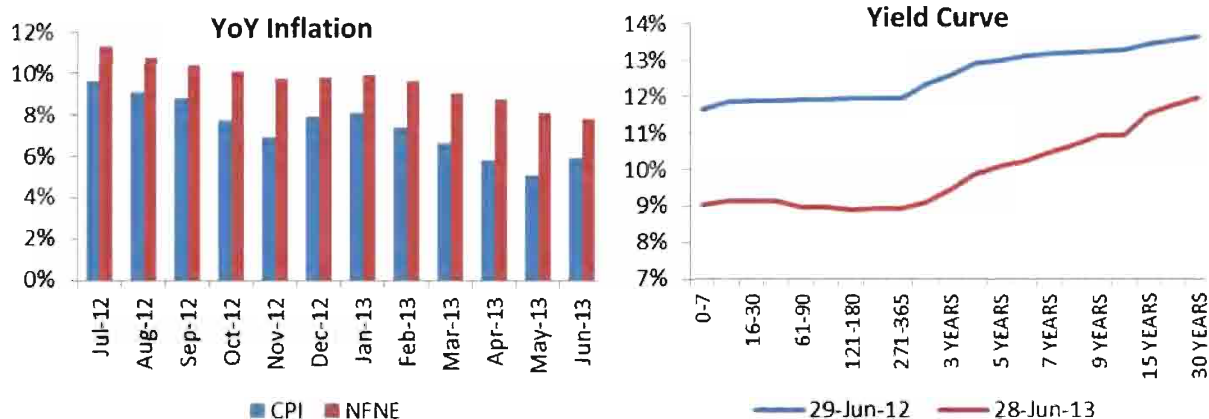
Pakistan's economic landscape remained checkered during FY13 as it continued to be marred by crippling power shortages and an adverse law and order situation. Low investment levels, poor large scale industrial growth and a grid-locked energy chain kept the economic growth under check. As a result, GDP 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 behaviour; 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.

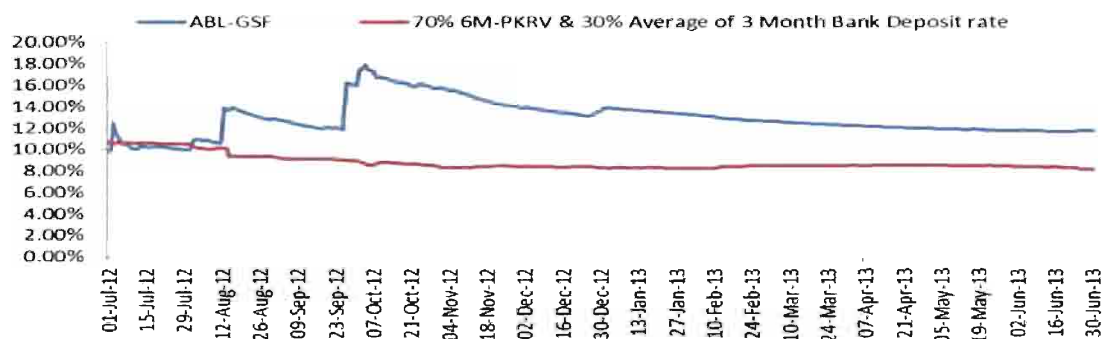
MUTUAL FUND INDUSTRY REVIEW

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

During the period under review, net assets of the fund fell by 95% to PKR 1.839 billion from PKR 34.838 billion as on June 30, 2013 as changes in the tax rules in FY12-13 budget led to heavy redemptions from financial institutions. As far as the performance goes, ABL GSF remained in the top quartile in its peer group despite an uncertain economic environment and interest rate volatility. The fund yielded an attractive return of 11.79% p.a. compared to its benchmark of 8.84%, a significant outperformance of 296 bps.

ABL GSF's portfolio consists of a diversified blend of government securities such as T-bills, PIBs and GoP Ijara Sukuks. It is also invested in term deposits and money market placements. During the year, active management of the portfolio helped achieve valuation gains on account of 300 bps reduction in discount rate. At the end of the period, investment in government securities stood at 30.17% of total assets whereas term deposits, placements with DFIs, and cash balances constituted at 21.39%, 5.03% and 42.65% of total assets respectively.



DIVIDENDS

The Board of Directors of the Management Company on June 28, 2013 approved and declared final dividend distribution of Re.0.0830 per unit (0.83% of the par value of Rs.10) for Class B units, for the year ending June 30, 2013. This is in addition to the aggregate interim distributions of Re.0.5503 per unit (5.50% on the face value of Rs. 10 per unit) for Class A units and Rs.1.0555 per unit (10.55% on the face value of Rs. 10 per unit) for Class B units) 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. Farid Ahmed Khan	CEO	497,498.0000	104,671.0000	17,335.0000
2	Mr. Saqib Matin	CFO	-	1,059.4758	-

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 of the 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 Government Securities 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	6,586,966
2	Mutual Funds	Nil
3	Directors and their spouse(s) and minor children	
	• Mr. Khawaja Muhammad Almas	3,103,233
4	Executives	441,946
5	Public Sector Companies and corporations	34,025,448
6	Bank, DFIs, NBFCs, Insurance Companies, Takaful, Modaraba and Pension Fund	44,294,270
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 Government Securities Fund (ABL-GSF).

FUND STABILITY RATING

JCR-VIS Credit Rating Company Ltd. (JCR-VIS) on January 17, 2013 assessed the Fund Stability Rating of ABL Government Securities Fund (ABL-GSF) as 'A+ (f)' (Single A plus (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) 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

The objective of ABL Government Securities Fund is to deliver optimal risk adjusted returns by investing mainly in a mix of short to long term Government Securities and other debt instrument.

FUND PERFORMANCE

ABL GSF remained in the top quartile of its peer group and was ranked as the best performing government securities fund last year. During the period under review, ABL-GSF posted an impressive annualized return of 11.79% compared to the benchmark performance of 8.84%. The fund outperformed its benchmark by 296 bps on account of active positioning towards the higher end of the yield curve and valuation gains on government securities due to 300 bps cut in discount rate. Heavy redemptions from FIs on account of changes in tax regulations reduced the Fund size of ABL GSF by 95% to close at PKR 1.84 billion.

After the latest monetary policy announcement, ABL GSF reduced its exposure in long tenor government securities by closing positions and booking capital gains. The resultant liquidity was diverted towards TDRs and Money Market placements, resulting in WAM of the fund declining to 117 days. At the end of the period, investment in government securities stood at 30.17% of total assets whereas term deposits, placements with DFIs, and cash constituted 21.4%, 5.0% and 42.7% of total assets respectively.

The Scheme has maintained provision against Workers' Welfare Fund's Liability to the tune of Rs. 116.7041 million, Had the same not been made, the NAV per unit of the scheme would have been higher by Rs0.6351 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.

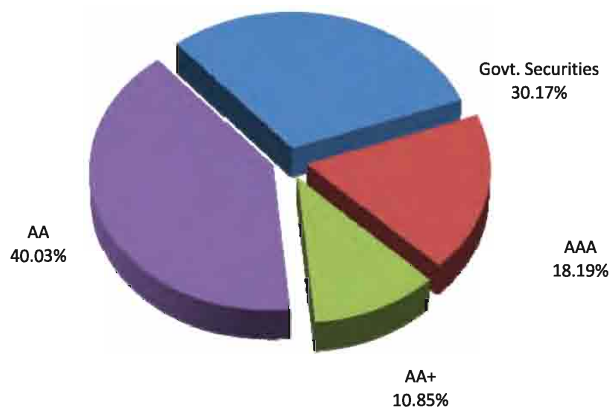
In light of the above, ABL-GSF will maintain a bias towards short to medium term Government securities and the fund manager will try to actively manage the positions to add value. Moreover, healthy exposure in placements at attractive levels will continue to add stability to returns. Given the economic uncertainties, we will continuously monitor key macroeconomic indicators and adjust the duration of the fund accordingly.

ABL GSF Performance		FY 2013
Yield		11.79%
Benchmark (70% 6M-PKR V & 30% Average of 3 Month Bank Deposit rate)		8.84%
Weighted Average Time to Maturity		117 Days

ABL GSF AUMs and Pricing		FY 2013
Assets Under Management as at June 30, 2013 (PKR million)		1,839.43
Class B Closing NAV per unit as June 30, 2013 (PKR) (Ex Dividend)		10.0095
Class B Closing NAV per unit as June 30, 2013 (PKR) (Cum Dividend)		11.1480

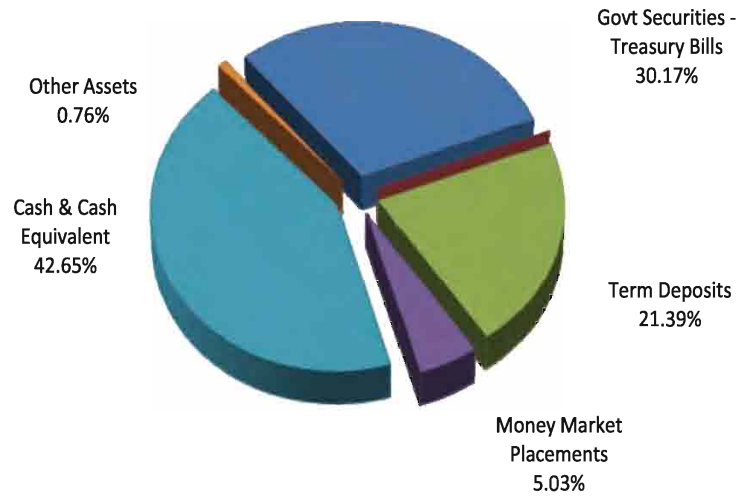
ABL GSF Dividends		
Distribution	Date	FY-13
1st Distribution	28-Aug-12	0.2340
2nd Distribution	20-Sep-12	0.0626
3rd Distribution	23-Oct-12	0.2226
4th Distribution	28-Nov-12	0.0778
5th Distribution	26-Dec-12	0.0558
6th Distribution	26-Feb-13	0.1843
7th Distribution	21-Mar-13	0.0547
8th Distribution	29-Apr-13	0.0916
9th Distribution	29-May-13	0.0721
10th Distribution	26-Jun-13	0.0830

Asset Quality as a % age of Total Assets



Other assets account for 0.76% of Total Assets

Asset Allocation as a % age of Total Assets



ABL Government Securities Fund Performance Table

	June 2013		June 2012	
	(Rupees in '000)			
Net Assets	1,839,432		34,838,356	
Net Income	3,889,663		1,828,837	
	Class A	Class B	Class A	Class B
	(Rupees per unit)			
Net Assets value	-	10.0095	10.0275	10.0246
Interim distribution	0.5503	1.0555	0.4234	0.5023
Final distribution	-	0.0830	0.0978	0.0865
Distribution date final	June 28, 2013		June 25, 2012	
Closing offer price	-	10.0095	10.0275	10.0246
Closing repurchase price	-	10.0095	10.0275	10.0246
Highest offer price	10.2561	10.2340	10.2372	10.2846
Lowest offer price	10.0014	10.0012	10.0031	10.0010
Highest repurchase price per unit	10.2561	10.2340	10.2372	10.2846
Lowest repurchase price per unit	10.0014	10.0012	10.0031	10.0010
	Percentage			
Total return of the fund				
- capital growth	5.44%	0.40%	2.25%	0.64%
- income distribution	5.50%	11.39%	10.69%	10.04%
Average return of the fund				
First Year	10.94%	11.79%	12.94%	10.68%
Second Year / inception	11.50%	11.85%	-	-
Weighted average Portfolio duration in days	117		227	

Distribution History

Monthly Distribution	2013			2012		
	Date of distribution	Distribution Per Unit		Date of distribution	Distribution Per Unit	
		CLASS A & B	CLASS A	CLASS B	CLASS A & B	CLASS A
1st Interim distribution	29 August 2012	0.2561	0.2340	-	-	-
2nd Interim distribution	24 October 2012	0.0698	0.2226	-	-	-
3rd Interim distribution	29 November 2012	0.0895	0.0778	-	-	-
4th Interim distribution	28 February 2013	-	0.1843	-	-	-
5th Interim distribution	30 April 2013	-	0.0916	-	-	-
6th Interim distribution	30 May 2013	-	0.0721	21 May 2012	0.1862	0.1674

Quarterly Distribution	2013		2012	
	CLASS A	CLASS B	CLASS A	CLASS B
First quarter Interim distribution	0.0701	0.0626	-	-
Date of distribution - Interim	24 September 2012			
Second quarter Interim distribution	0.0648	0.0558	-	0.0503
Date of distribution - Interim	27 December 2012		26 December 2011	
Third quarter Interim distribution	-	0.0547	0.2372	0.2846
Date of distribution - Interim	22 March 2013		26 March 2012	

Final Distribution	2013		2012	
	CLASS A	CLASS B	CLASS A	CLASS B
Final Distribution	-	0.0830	0.0978	0.0865
Date of distribution - Final	28 June 2013		25 June 2012	


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

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400 Pakistan
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com


TRUSTEE REPORT TO THE UNIT HOLDERS
ABL GOVERNMENT SECURITIES 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 Government Securities 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 Government Securities 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
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 Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

Lahore: 23-C, Aziz Avenue, Canal Bank, Gulberg V, P.O.Box 39, Lahore-54660, Pakistan; Tel: +92 (42) 35715804-71; Fax: +92 (42) 35715872
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STATEMENT OF COMPLIANCE BY ABL GOVERNMENT SECURITIES FUND 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 Government Securities 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 NBFIs 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 Government Securities 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 ended June 30, 2013 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 GOVERNMENT SECURITIES FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2013**

	Note	June 30, 2013	June 30, 2012
-----Rupees in '000-----			
ASSETS			
Balances with banks	4	847,333	1,698,667
Investments	5	1,124,459	33,037,735
Profit receivable	6	11,850	163,270
Prepayments		2	40
Preliminary expenses and floatation costs	7	3,414	4,414
Total assets		1,987,058	34,904,126
LIABILITIES			
Payable to ABL Asset Management Company Limited - Management Company	8	5,979	14,202
Payable to the Central Depository Company of Pakistan Limited - Trustee	9	164	2,207
Payable to the Securities and Exchange Commission of Pakistan	10	23,209	11,552
Accrued expenses and other liabilities	11	117,338	37,809
Payable against redemption of units		936	-
Total liabilities		147,626	65,770
NET ASSETS		1,839,432	34,838,356
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		1,839,432	34,838,356
CONTINGENCIES AND COMMITMENTS			
	12		
-----Number of units-----			
NUMBER OF UNITS IN ISSUE	13	183,768,426	3,474,321,080
-----Rupees-----			
NET ASSET VALUE PER UNIT		10.0095	10.0274
FACE VALUE PER UNIT		10.0000	10.0000

The annexed notes 1 to 28 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


KAMRAN NISHAT
DIRECTOR

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

	Note	For the year ended June 30, 2013	For the period from November 30, 2011 to June 30, 2012
-----Rupees in '000-----			
INCOME			
Capital gain / (loss) on sale of government securities - net		239,710	(6,370)
Income from government securities		2,940,154	1,534,863
Income from term deposit receipts		24,842	36,894
Income from letters of placements		16,400	18,242
Income from reverse repurchase transactions		450	953
Income from sukus		176,026	204,414
Profit on deposits with banks		51,892	40,912
		3,449,474	1,829,908
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss - net	5.2	1,337	(6,218)
Total income		3,450,811	1,823,690
EXPENSES			
Remuneration of ABL Asset Management Company Limited - Management Company	14	88,873	45,604
Sindh sales tax on remuneration of Management Company		14,219	7,297
Federal excise duty on remuneration of Management Company		173	-
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		23,951	11,983
Annual fee - Securities and Exchange Commission of Pakistan		23,209	11,552
Brokerage and securities transaction costs		3,697	841
Bank charges		468	197
Auditors' remuneration	15	339	295
Amortisation of preliminary expenses and floatation costs	7	1,000	586
Printing charges		103	150
Listing fee		30	30
Rating fee		185	175
Other expenses		28	-
Total operating expenses		156,275	78,710
Net income from operating activities		3,294,536	1,744,980
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		674,508	121,180
Provision for Workers' Welfare Fund	11.2	(79,381)	(37,323)
Net income before taxation		3,889,663	1,828,837
Taxation	16	-	-
Net income after taxation		3,889,663	1,828,837
Other comprehensive income		-	-
Total comprehensive income		3,889,663	1,828,837
Earnings per unit	17		

The annexed notes 1 to 28 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


KAMRAN NISHAT
DIRECTOR

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

	For the year ended June 30, 2013	For the period from November 30, 2011 to June 30, 2012
	-----Rupees in '000-----	
Undistributed Income brought forward comprising of:		
- realised income	101,361	-
- unrealised loss	(6,218)	-
	<u>95,143</u>	<u>-</u>
Distribution during the year		
Class - A Re 0.2561 per unit on August 29, 2012		
Class - B Re 0.2340 per unit on August 29, 2012		
Cash distribution*	(1,879,554)	-
Issue of 1,546,993 bonus units*	(15,470)	-
Class - A Re 0.0701 per unit on September 24, 2012		
Class - B Re 0.0626 per unit on September 24, 2012		
Cash distribution*	(339,593)	-
Issue of 385,801 bonus units*	(3,858)	-
Class - A Re 0.0698 per unit on October 24, 2012		
Class - B Re 0.2226 per unit on October 24, 2012		
Cash distribution*	(208,841)	-
Issue of 2,629,017 bonus units*	(26,290)	-
Class - A Re 0.0895 per unit on November 29, 2012		
Class - B Re 0.0778 per unit on November 29, 2012		
Cash distribution*	(892,011)	-
Issue of 1,354,740 bonus units*	(13,547)	-
Class - A Re 0.0648 per unit on December 27, 2012		
Class - B Re 0.0558 per unit on December 27, 2012		
Class - B (2012: Re 0.0503 per unit on December 26, 2011)		
Cash distribution*	(645,800)	(3,772)
Issue of 679,259 bonus units (2012: 59,177 units)*	(6,793)	(592)
Class - B Re 0.1843 per unit on February 28, 2013		
Cash distribution	-	-
Issue of 1,938,051 of bonus units	(19,381)	-
Class - B Re 0.0547 per unit on March 22, 2013		
Class - A (2012: Re 0.2372 per unit on March 26, 2012)		
Class - B (2012: Re 0.2846 per unit on March 26, 2012)		
Cash distribution*	-	(713,963)
Issue of 554,054 bonus units (2012: 3,391,587 units)*	(5,541)	(33,916)
Class - B Re 0.0916 per unit on April 30, 2013		
Cash distribution	(134)	-
Issue of 987,761 bonus units	(9,877)	-
Class - B Re 0.0721 per unit on May 30, 2013		
Class - A (2012: Re 0.1862 per unit on May 21, 2012)		
Class - B (2012: Re 0.1674 per unit on May 21, 2012)		
Cash distribution*	(105)	(634,535)
Issue of 1,028,538 bonus units (2012: 842,573 units)*	(10,285)	(8,428)
Class - B Re 0.0830 per unit on June 28, 2013		
Class - A (2012: Re 0.0978 per unit on June 25, 2012)		
Class - B (2012: Re 0.0865 per unit on June 25, 2012)		
Cash distribution*	-	(331,943)
Issue of 1,429,721 bonus units (2012: 654,460 units)*	(14,297)	(6,545)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	108,194	-
Net income after taxation	3,889,663	1,828,837
Undistributed income carried forward	<u>1,623</u>	<u>95,143</u>
Undistributed income carried forward comprising of:		
- realised income	286	101,361
- unrealised income / (loss)	1,337	(6,218)
	<u>1,623</u>	<u>95,143</u>

* The amounts of cash distribution and issue of bonus units include distribution of class A units and class B units, where applicable

The annexed notes 1 to 28 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


KAMRAN NISHAT
DIRECTOR

ABL GOVERNMENT SECURITIES FUND MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2013

	For the year ended June 30, 2013	For the period from November 30, 2011 to June 30, 2012
	-----Rupees in '000-----	
Net assets at the beginning of the year / period	34,838,356	-
Issue of 15,269,549,597 units (2012: 5,710,957,175 units)	153,679,694	57,321,793
Redemption of 18,572,636,186 units (2012: 2,241,584,072 units)	(185,927,735)	(22,506,881)
	(32,248,041)	34,814,912
Issue of 12,533,935 bonus units (2012: 4,947,977 units)	125,339	49,481
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		
- amount representing income and capital gains - transferred to income statement	(674,508)	(121,180)
- amount representing income and capital gains - transferred to distribution statement	(108,194)	-
	(782,702)	(121,180)
Capital gain / (loss) on sale of government securities - net	239,710	(6,370)
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss - net	1,337	(6,218)
Other net income	3,648,616	1,841,425
	3,889,663	1,828,837
Distribution during the year		
Class - A Re 0.2561 per unit on August 29, 2012		
Class - B Re 0.2340 per unit on August 29, 2012		
Cash distribution*	(1,879,554)	-
Issue of 1,546,993 bonus units*	(15,470)	-
Class - A Re 0.0701 per unit on September 24, 2012		
Class - B Re 0.0626 per unit on September 24, 2012		
Cash distribution*	(339,593)	-
Issue of 385,801 bonus units*	(3,858)	-
Class - A Re 0.0698 per unit on October 24, 2012		
Class - B Re 0.2226 per unit on October 24, 2012		
Cash distribution*	(208,841)	-
Issue of 2,629,017 bonus units*	(26,290)	-
Class - A Re 0.0895 per unit on November 29, 2012		
Class - B Re 0.0778 per unit on November 29, 2012		
Cash distribution*	(892,011)	-
Issue of 1,354,740 bonus units*	(13,547)	-
Class - A Re 0.0648 per unit on December 27, 2012		
Class - B Re 0.0558 per unit on December 27, 2012		
Class - B (2012: Re 0.0503 per unit on December 26, 2011)		
Cash distribution*	(645,800)	(3,772)
Issue of 679,259 bonus units (2012: 59,177 units)*	(6,793)	(592)
Class - B Re 0.1843 per unit on February 28, 2013		
Cash distribution	-	-
Issue of 1,938,051 of bonus units	(19,381)	-
Class - B Re 0.0547 per unit on March 22, 2013		
Class - A (2012: Re 0.2372 per unit on March 26, 2012)		
Class - B (2012: Re 0.2846 per unit on March 26, 2012)		
Cash distribution*	-	(713,963)
Issue of 554,054 bonus units (2012: 3,391,587 units)*	(5,541)	(33,916)
Class - B Re 0.0916 per unit on April 30, 2013		
Cash distribution	(134)	-
Issue of 987,761 bonus units	(9,877)	-
Class - B Re 0.0721 per unit on May 30, 2013		
Class - A (2012: Re 0.1862 per unit on May 21, 2012)		
Class - B (2012: Re 0.1674 per unit on May 21, 2012)		
Cash distribution*	(105)	(634,535)
Issue of 1,028,538 bonus units (2012: 842,573 units)*	(10,285)	(8,428)
Class - B Re 0.0830 per unit on June 28, 2013		
Class - A (2012: Re 0.0978 per unit on June 25, 2012)		
Class - B (2012: Re 0.0865 per unit on June 25, 2012)		
Cash distribution*	-	(331,943)
Issue of 1,429,721 bonus units (2012: 654,460 units)*	(14,297)	(6,545)
	(4,091,377)	(1,733,694)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - transferred to distribution statement - net	108,194	-
Net assets at the end of the year / period	1,839,432	34,838,356

* The amounts of cash distribution and issue of bonus units include distribution of class A units and class B units, where applicable

The annexed notes 1 to 28 form an integral part of these financial statements.

**For ABL Asset Management Company Limited
(Management Company)**


FARID AHMED KHAN
CEO


KAMRAN NISHAT
DIRECTOR

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

	Note	For the year ended June 30, 2013	For the period from November 30, 2011 to June 30, 2012
-----Rupees in '000-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income before taxation		3,889,663	1,828,837
Adjustments for non-cash and other items			
Amortisation of preliminary expenses and floatation costs		1,000	586
Unrealised (appreciation) / diminution on re-measurement of investments classified as financial assets at fair value through profit or loss - net		(1,337)	6,218
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units redeemed - net		(674,508)	(121,180)
Federal excise duty on remuneration of Management Company		173	-
Provision for Workers' Welfare Fund		79,381	37,323
		3,294,372	1,751,784
(Increase) / decrease in assets			
Profit receivable		151,420	(163,270)
Investments		29,659,613	(30,413,953)
Prepayments		38	(40)
Preliminary expenses and floatation costs		-	(5,000)
		29,811,071	(30,582,263)
Increase / (decrease) in liabilities			
Payable to ABL Asset Management Company Limited - Management Company		(8,223)	14,202
Payable to the Central Depository Company of Pakistan Limited - Trustee		(2,043)	2,207
Payable to the Securities and Exchange Commission of Pakistan		11,657	11,552
Accrued expenses and other liabilities		(25)	486
		1,366	28,447
Net cash generated from / (used in) operating activities		<u>33,106,809</u>	<u>(28,802,032)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from issuance of units		153,679,694	57,321,793
Payments against redemption of units		(185,926,799)	(22,506,881)
Cash distribution paid		(3,966,038)	(1,684,213)
Net cash (used in) / generated from financing activities		<u>(36,213,143)</u>	<u>33,130,699</u>
Net (decrease) / increase in cash and cash equivalents		<u>(3,106,334)</u>	<u>4,328,667</u>
Cash and cash equivalents at the beginning of the year / period		4,328,667	-
Cash and cash equivalents at the end of the year / period	4.2	<u><u>1,222,333</u></u>	<u><u>4,328,667</u></u>

The annexed notes 1 to 28 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
CEO


KAMRAN NISHAT
DIRECTOR

ABL GOVERNMENT SECURITIES 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 Government Securities Fund (the Fund) was established under a Trust Deed executed on November 01, 2011 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 Securities and Exchange Commission of Pakistan (SECP) authorised constitution of the Trust Deed vide letter no. NBFC-II/ABLAMC/439/2011 dated October 31, 2011 in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

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 SECP on December 7, 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 and are transferable and redeemable by surrendering them to the Fund.

The Fund has been categorised as an open-end income scheme as per the criteria laid down by the SECP for categorisation of Collective Investment Schemes (CISs).

The objective of the Fund is to deliver optimal risk adjusted returns by investing mainly in a mix of short to long term government securities and other debt instruments.

The 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 a Fund stability rating of A+(f) to the Fund as at January 17, 2013.

The assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

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 Regulation or the directives issued by the SECP prevails.

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

The following amendments 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. The revisions to accounting estimates are recognised in the year in which the estimates are 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 of 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 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, sukuks 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.

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.

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 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 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 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.

The Fund has two types of units. These represent Class 'A' and Class 'B'. Class 'A' units are offered to those customers who make investment of Rs. 10 billion or above in the Fund and Class 'B' units are offered to those customers who make investment of below Rs. 10 billion in the Fund.

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, reverse repurchase transactions, bank deposits and placements is recognised on an accrual basis.

	Note	June 30, 2013	June 30, 2012
-----Rupees in '000-----			
4 BALANCES WITH BANKS			
Saving accounts	4.1	<u>847,333</u>	<u>1,698,667</u>

- 4.1 These saving accounts carry mark-up at rates ranging from 6.00% to 9.40% per annum (2012: 6.00% to 12.28%). Deposits in savings accounts include Rs. 65,570 thousand maintained with Allied Bank Limited, a related party.

	Note	June 30, 2013	June 30, 2012
-----Rupees in '000-----			
4.2 Cash and cash equivalents			
Balances with banks		847,333	1,698,667
Term deposit receipts		275,000	2,630,000
Clean placements		<u>100,000</u>	<u>-</u>
		<u>1,222,333</u>	<u>4,328,667</u>

5 INVESTMENTS

Financial assets at fair value through profit or loss

Government securities

- Market treasury bills
- GoP Ijara Sukuks

5.1	599,459	23,773,349
5.1	-	6,634,386
	<u>599,459</u>	<u>30,407,735</u>
5.3	<u>525,000</u>	<u>2,630,000</u>
	<u>1,124,459</u>	<u>33,037,735</u>

Loans and receivables

5.1 Financial assets at fair value through profit or loss

a) 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 1, 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	1,152,000	50,000	1,202,000	-	-	-	-	-
May 3, 2012	3 Months	4,065,000	4,538,540	8,603,540	-	-	-	-	-
May 17, 2012	3 Months	5,929,280	1,897,000	7,826,280	-	-	-	-	-
May 31, 2012	3 Months	1,001,000	557,000	1,558,000	-	-	-	-	-
June 14, 2012	3 Months	2,300,000	2,498,000	4,798,000	-	-	-	-	-
June 28, 2012	3 Months	1,750,000	1,793,300	3,543,300	-	-	-	-	-
July 12, 2012	3 Months	-	1,050,000	1,050,000	-	-	-	-	-
July 26, 2012	3 Months	-	2,022,300	2,022,300	-	-	-	-	-
August 9, 2012	3 Months	-	250,000	250,000	-	-	-	-	-
August 23, 2012	3 Months	-	1,852,000	1,852,000	-	-	-	-	-
September 6, 2012	3 Months	-	5,907,000	5,907,000	-	-	-	-	-
September 20, 2012	3 Months	-	250,000	250,000	-	-	-	-	-
October 4, 2012	3 Months	-	750,000	750,000	-	-	-	-	-
October 18, 2012	3 Months	-	1,355,000	1,355,000	-	-	-	-	-
November 1, 2012	3 Months	-	2,250,000	2,250,000	-	-	-	-	-
November 15, 2012	3 Months	-	4,895,000	4,895,000	-	-	-	-	-
November 29, 2012	3 Months	-	10,250,000	10,250,000	-	-	-	-	-
December 13, 2012	3 Months	-	187,000	187,000	-	-	-	-	-
January 10, 2013	3 Months	-	250,000	250,000	-	-	-	-	-
January 24, 2013	3 Months	-	250,000	250,000	-	-	-	-	-
February 7, 2013	3 Months	-	250,000	250,000	-	-	-	-	-
February 21, 2013	3 Months	-	300,000	300,000	-	-	-	-	-
March 7, 2013	3 Months	-	350,000	350,000	-	-	-	-	-
March 21, 2013	3 Months	-	500,000	500,000	-	-	-	-	-
April 4, 2013	3 Months	-	500,000	500,000	-	-	-	-	-
April 18, 2013	3 Months	-	250,000	250,000	-	-	-	-	-
May 2, 2013	3 Months	-	500,000	500,000	-	-	-	-	-
May 30, 2013	3 Months	-	250,000	250,000	-	-	-	-	-
January 26, 2012	6 Months	50,000	1,928,000	1,978,000	-	-	-	-	-
February 9, 2012	6 Months	5,226,000	1,552,000	6,778,000	-	-	-	-	-
June 28, 2012	6 Months	-	500,000	500,000	-	-	-	-	-
July 12, 2012	6 Months	-	34,216,350	34,216,350	-	-	-	-	-
July 26, 2012	6 Months	-	28,564,780	28,564,780	-	-	-	-	-
August 9, 2012	6 Months	-	16,997,000	16,997,000	-	-	-	-	-
August 23, 2012	6 Months	-	22,177,000	22,177,000	-	-	-	-	-
September 6, 2012	6 Months	-	600,000	600,000	-	-	-	-	-
September 20, 2012	6 Months	-	250,000	250,000	-	-	-	-	-
October 4, 2012	6 Months	-	3,350,000	3,350,000	-	-	-	-	-
October 18, 2012	6 Months	-	6,250,000	6,250,000	-	-	-	-	-
November 1, 2012	6 Months	-	54,394,000	54,394,000	-	-	-	-	-
November 15, 2012	6 Months	-	750,000	750,000	-	-	-	-	-
November 29, 2012	6 Months	-	9,895,000	9,895,000	-	-	-	-	-
December 13, 2012	6 Months	-	187,000	187,000	-	-	-	-	-
January 10, 2013	6 Months	-	250,000	250,000	-	-	-	-	-
January 24, 2013	6 Months	-	490,000	445,000	45,000	44,735	44,734	(1)	2.43%
February 7, 2013	6 Months	-	250,000	250,000	-	-	-	-	-
February 21, 2013	6 Months	-	250,000	250,000	-	-	-	-	-
March 7, 2013	6 Months	-	250,000	250,000	-	-	-	-	-
March 21, 2013	6 Months	-	250,000	250,000	-	-	-	-	-
April 4, 2013	6 Months	-	500,000	500,000	-	-	-	-	-
April 18, 2013	6 Months	-	250,000	250,000	-	-	-	-	-
May 2, 2013	6 Months	-	535,000	535,000	-	-	-	-	-
May 16, 2013	6 Months	-	250,000	250,000	-	-	-	-	-
May 30, 2013	6 Months	-	250,000	250,000	-	-	-	-	-
June 13, 2013	12 Months	510,000	4,500,350	5,010,350	-	-	-	-	-
July 28, 2011	12 Months	180,000	2,200	182,200	-	-	-	-	-
August 11, 2011	12 Months	1,273,800	11,040,500	12,314,300	-	-	-	-	-
August 25, 2011	12 Months	200,000	-	200,000	-	-	-	-	-
September 8, 2011	12 Months	470,000	4,179,410	4,649,410	-	-	-	-	-
September 22, 2011	12 Months	-	4,006,000	4,006,000	-	-	-	-	-
October 6, 2011	12 Months	-	4,737,150	4,737,150	-	-	-	-	-
October 20, 2011	12 Months	-	45,633,900	45,633,900	-	-	-	-	-
November 3, 2011	12 Months	-	-	-	-	-	-	-	-
Balance carried forward		24,107,080	305,237,780	329,299,860	45,000	44,735	44,734	(1)	

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 1, 2012	Purchased during the year	Disposed of / matured during the year	As at June 30, 2013	Carrying value	Market value		
-----Rupees in '000-----									
Balance brought forward		24,107,080	305,237,780	329,299,860	45,000	44,735	44,734	(1)	
November 17, 2011	12 Months	-	12,334,000	12,334,000	-	-	-	-	-
December 1, 2011	12 Months	-	14,542,855	14,542,855	-	-	-	-	-
January 12, 2012	12 Months	-	1,230,000	1,230,000	-	-	-	-	-
January 26, 2012	12 Months	-	300,000	300,000	-	-	-	-	-
July 12, 2012	12 Months	-	11,350,000	11,350,000	-	-	-	-	-
July 26, 2012	12 Months	-	6,465,055	6,465,000	55	55	55	-	-
August 9, 2012	12 Months	-	3,744,100	3,744,100	-	-	-	-	-
August 23, 2012	12 Months	-	3,490,000	3,490,000	-	-	-	-	-
September 6, 2012	12 Months	-	8,750,000	8,750,000	-	-	-	-	-
September 20, 2012	12 Months	-	64,907,000	64,907,000	-	-	-	-	-
October 4, 2012	12 Months	-	5,250,000	5,250,000	-	-	-	-	-
October 18, 2012	12 Months	-	1,350,000	1,350,000	-	-	-	-	-
November 1, 2012	12 Months	-	1,463,000	1,463,000	-	-	-	-	-
November 15, 2012	12 Months	-	253,700	250,000	3,700	3,581	3,581	-	0.19%
November 29, 2012	12 Months	-	250,000	250,000	-	-	-	-	-
December 13, 2012	12 Months	-	187,000	187,000	-	-	-	-	-
February 7, 2013	12 Months	-	100,000	100,000	-	-	-	-	-
May 16, 2013	12 Months	-	350,000	350,000	-	-	-	-	-
May 30, 2013	12 Months	-	700,000	450,000	250,000	230,572	231,199	627	12.57%
June 13, 2013	12 Months	-	1,200,000	853,000	347,000	319,179	319,890	711	17.39%
Total		24,107,080	443,454,490	466,915,815	645,755	598,122	599,459	1,337	

Market treasury bills carry effective interest rates ranging from 9.14% to 9.38% per annum.

b) 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 1, 2012	Purchased during the year	Disposed of / matured during the year	As at June 30, 2013	Carrying value	Market value		
-----Rupees in '000-----									
March 7, 2011	3 Years	-	55,000	55,000	-	-	-	-	-
May 16, 2011	3 Years	4,300	85,000	89,300	-	-	-	-	-
December 26, 2011	3 Years	44,086	127,075	171,161	-	-	-	-	-
March 2, 2012	3 Years	3,901,000	2,349,900	6,250,900	-	-	-	-	-
April 30, 2013	3 Years	5,000	-	5,000	-	-	-	-	-
June 28, 2012	3 Years	2,680,000	4,228,200	6,908,200	-	-	-	-	-
September 18, 2012	3 Years	-	6,275,000	6,275,000	-	-	-	-	-
Total		6,634,386	13,120,175	19,754,561	-	-	-	-	-

c) 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 1, 2012	Purchased during the year	Disposed of / matured during the year	As at June 30, 2013	Carrying value	Market value		
-----Rupees in '000-----									
July 19, 2012	3 Years	-	175,000	175,000	-	-	-	-	-
August 18, 2011	5 Years	-	300,000	300,000	-	-	-	-	-
July 19, 2012	5 Years	-	100,000	100,000	-	-	-	-	-
July 19, 2012	10 Years	-	125,000	125,000	-	-	-	-	-
September 3, 2009	3 Years	-	100,000	100,000	-	-	-	-	-
Total		-	800,000	800,000	-	-	-	-	-

	Note	June 30, 2013	June 30, 2012
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		599,459	30,407,735
Less: carrying value of securities		(598,122)	(30,413,953)
		<u>1,337</u>	<u>(6,218)</u>
5.3 Loans and receivables			
Term deposit receipts	5.3.1	425,000	2,630,000
Clean placements	5.3.2	100,000	-
		<u>525,000</u>	<u>2,630,000</u>

5.3.1 Term Deposit Receipts carry mark-up at rates ranging from 9.50% to 10.25% per annum (2012: 12.25% to 12.45%) and maturities ranging from July 22, 2013 to December 11, 2013 (2012: July 18, 2012 to July 19, 2012).

5.3.2 Clean placements carry mark-up rate of 10.25% per annum and mature on July 18, 2013.

	Note	June 30, 2013	June 30, 2012
6 PROFIT RECEIVABLE			
Interest accrued on term deposit receipts		8,525	6,413
Interest accrued on Ijara sukuks - Government of Pakistan		-	155,129
Profit accrued on bank deposits		1,275	1,728
Interest accrued on clean placements		2,050	-
		<u>11,850</u>	<u>163,270</u>
7 PRELIMINARY EXPENSES AND FLOATATION COSTS			
Opening balance		4,414	-
Preliminary expenses and floatation costs incurred	7.1	-	5,000
Less: amortisation during the year / period		(1,000)	(586)
Closing balance		<u>3,414</u>	<u>4,414</u>

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

	Note	June 30, 2013	June 30, 2012
8 PAYABLE TO ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY			
Remuneration of Management Company	8.1	1,706	7,933
Preliminary expenses and floatation costs		4,000	5,000
Sindh sales tax on remuneration of Management Company	8.2	273	1,269
		<u>5,979</u>	<u>14,202</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. In the current year, the Management Company has charged remuneration at the rate of 0.25 percent and 1.25 percent of the average annual net assets of the Class A and Class B respectively. The amount of remuneration is being paid monthly in arrears.

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
9 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN PAKISTAN LIMITED - TRUSTEE			
Trustee fee	9.1	<u>164</u>	<u>2,207</u>

- 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 is paid to the Trustee monthly in arrears.

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

Net assets value	Tariff per annum
Upto Rs. 1,000 million	Rs. 0.7 million or 0.15% p.a of Net asset value whichever is higher.
Exceeding Rs. 1,000 million	Rs. 1.5 million plus 0.075% per annum of Net asset value exceeding Rs. 1,000 million.
Over Rs. 10 billion	Rs. 8.25 million plus 0.06% p.a. of Net Assets exceeding Rs. 10 billion

	Note	June 30, 2013	June 30, 2012
10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN		Rupees in '000	

Annual fee	10.1	23,209	11,552
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- 10.1 Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme classified as income 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
11 ACCRUED EXPENSES AND OTHER LIABILITIES		Rupees in '000	

Auditors' remuneration		238	212
Brokerage		89	144
Printing charges		86	104
Withholding tax		20	26
Other payable		28	-
Provision for Federal Excise Duty	11.1	173	-
Provision for Workers' Welfare Fund	11.2	116,704	37,323
		<u>117,338</u>	<u>37,809</u>

- 11.1 As per the requirement of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the 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 Management Company has made a provision with effect from June 13, 2013, aggregating to Rs. 173 thousand.

11.2 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 the 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 116.70 million (including Rs 79.38 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 0.6351 per unit.

12 CONTINGENCIES AND COMMITMENTS

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

13 NUMBER OF UNITS IN ISSUE

	For the Year ended June 30, 2013		
	Class A	Class B	Total
Total units in issue at the beginning of the year	3,376,062,224	98,258,856	3,474,321,080
Add: units issued	14,928,983,312	340,566,285	15,269,549,597
Add: bonus units issued	-	12,533,935	12,533,935
Less: units redeemed	(18,305,045,536)	(267,590,650)	(18,572,636,186)
Total units in issue at the end of the year	-	183,768,426	183,768,426

	For the period from November 30, 2011 to June 30, 2012		
	Class A	Class B	Total
Total units in issue at the beginning of the period	-	-	-
Add: units issued	4,871,948,536	839,008,639	5,710,957,175
Add: bonus units issued	-	4,947,977	4,947,977
Less: units redeemed	(1,495,886,312)	(745,697,760)	(2,241,584,072)
Total units in issue at the end of the period	3,376,062,224	98,258,856	3,474,321,080

	June 30, 2013	
	Class A	Class B
Net asset value (Rs. in '000)	Nil	1,839,432
Number of units (units in '000)	Nil	183,768
Net asset value per unit in Rupees	-	10.0095

	June 30, 2012	
	Class A	Class B
Net asset value (Rs. in '000)	33,853,350	985,006
Number of units (units in '000)	3,376,062	98,259
Net asset value per unit in Rupees	10.0275	10.0246

14 REMUNERATION OF ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY

	For the year ended June 30, 2013	For the period from November 30, 2011 to June 30, 2012
	Rupees in '000	
On Class - A units	74,490	7,942
On Class - B units	14,383	37,662
	88,873	45,604

15 AUDITORS' REMUNERATION

Annual audit fee	175	150
Half yearly review fee	85	75
Other certifications and services	55	50
Out of pocket expenses	24	20
	339	295

16 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 at least ninety percent of the Fund's accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

17 EARNINGS PER UNIT

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

18 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 and 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	847,333	-	847,333
Investments	525,000	599,459	1,124,459
Profit receivable	11,850	-	11,850
	<u>1,384,183</u>	<u>599,459</u>	<u>1,983,642</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	-	5,979	5,979
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	164	164
Accrued expenses and other liabilities	-	441	441
Payable against redemption of units	-	936	936
	<u>-</u>	<u>7,520</u>	<u>7,520</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	1,698,667	-	1,698,667
Investments	2,630,000	30,407,735	33,037,735
Profit receivable	163,270	-	163,270
	<u>4,491,937</u>	<u>30,407,735</u>	<u>34,899,672</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	-	14,202	14,202
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	2,207	2,207
Accrued expenses and other liabilities	-	460	460
Payable against redemption of units	-	-	-
	<u>-</u>	<u>16,869</u>	<u>16,869</u>

19 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 19.1** 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, the directors and officers of the Management Company and Getz Pharma (Private) Limited being connected person.
- 19.2** Transactions with connected persons / related parties are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 19.3** Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 19.4** 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 period from November 30, 2011 to June 30, 2012
	Rupees in '000	
19.5 Details of the transactions during the year / period		
ABL Asset Management Company Limited - Management Company		
Issue of Nil units (2012: 27,468,382 units)	-	275,000
Bonus of 2,134,213 units (2012: 1,302,589 units)	21,342	13,026
Redemption of 14,387,632 units (2012: 9,930,585 units)	145,000	100,000
Remuneration	88,873	45,604
Preliminary expense and floatation costs incurred by Management Company	-	5,000
Sindh sales tax on remuneration of Management Company	14,219	7,297
Central Depository Company of Pakistan Limited		
Remuneration	23,951	11,983
Allied Bank Limited		
Issue of 14,928,983,312 units (2012: 4,871,948,536 units)	150,251,534	48,885,416
Redemption of 18,305,045,536 units (2012: 1,495,886,312 units)	183,237,451	15,000,000
Cash distribution paid	3,965,793	1,668,166
Mark-up income on bank deposits	13,234	7,927
Amount placed in term deposits receipt	150,000	500,000
Mark-up income on term deposits receipt	7,775	5,202
Bank charges	195	88
Sale of market treasury bills	16,979,207	-
Sale of GoP Ijara Sukuks	2,722,483	-
Getz Pharma (Private) Limited **		
Issue of 19,957,337 units	200,000	-
Bonus of 436,109 units	4,361	-
DIRECTORS OF THE MANAGEMENT COMPANY		
Khawaja Muhammad Almas*		
Issue of 5,067,071 units (2012: 2,454,115 units)	50,853	24,817
Bonus of 313,984 units (2012: 60,984 units)	3,140	610
Redemption of 4,293,760 units (2012: 499,161 units)	43,177	5,000
KEY MANAGEMENT PERSONNEL		
Chief Executive Officer		
Issue of 497,498 units (2012: 29,984 units)	5,000	300
Bonus of 17,335 units (2012: 1,800 units)	173	18
Redemption of 104,671 units (2012: Nil units)	1,052	-
Executives		
Issue of Nil units (2012: 1,999 units)	-	20
Bonus of Nil units (2012: 65 units)	-	1
Redemption of 1,059 units (2012: 1,005 units)	11	10

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

19.6 Details of amounts outstanding as at year / period end	June 30, 2013	June 30, 2012
	Rupees in '000	
ABL Asset Management Company Limited - Management Company		
Outstanding 6,586,967 units (2012: 18,840,386 units)	65,932	188,867
Preliminary expenses and floatation costs payable	4,000	5,000
Remuneration payable	1,706	7,933
Sindh sales tax on remuneration of the Management Company	273	1,269
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	164	2,207
Allied Bank Limited		
Outstanding Nil units (2012: 3,376,062,224 units)	-	33,853,350
Balances held in saving accounts	65,570	75,694
Term deposits receipts	150,000	-
Accrued mark-up on term deposits receipt	7,775	-
Mark-up accrued on deposits with banks	323	82
Getz Pharma (Pvt) Limited **		
Outstanding 20,393,446 units	204,128	-
DIRECTORS OF THE MANAGEMENT COMPANY		
Khawaja Muhammad Almas*		
Outstanding 3,103,233 units (2012: 2,015,938 units)	31,062	20,209
KEY MANAGEMENT PERSONNEL		
Chief Executive Officer		
Outstanding 441,946 units (2012: 31,784 units)	4,424	319
Executives		
Outstanding Nil units (2012: 1,059 units)	-	11

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

** Prior year comparatives have not been presented as the entity did not classify as a related party / connected person as at June 30, 2012.

20 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

20.1 Mr. Faizan Saleem is the Fund Manager of the Fund. He is also managing ABL Income Fund and ABL Cash Fund.

21 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	42.81%
2	JS Global Capital Limited	22.00%
3	C & M Management (Private) Limited	11.87%
4	Vector Capital (Private) Limited	7.13%
5	Elixir Securities Pakistan (Private) Limited	5.24%
6	Invest & Finance Securities Limited	2.15%
7	Invest One Markets Limited	1.68%
8	Summit Capital (Private) Limited	1.57%
9	Icon Securities (Private) Limited	1.32%
10	KASB Securities Limited	1.26%

List of brokers by percentage of commission paid during the period ended June 30, 2012

S. No.	Particulars	Percentage
1	Invest Capital Markets Limited	33.81%
2	JS Global Capital Ltd	22.74%
3	C & M Management (Pvt) Limited	13.15%
4	Invest One	8.06%
5	Elixir Securities Pakistan (Pvt) Ltd	6.52%
6	Invest & Finance Securities Ltd	3.57%
7	BMA Capital Management Ltd	3.41%
8	Summit Capital (Pvt) Ltd	3.27%
9	Global Securities Pakistan Ltd	2.85%
10	KASB Securities Ltd	2.63%

22 PATTERN OF UNIT HOLDING

Category	As at June 30, 2013			
	Number of Unit holders	Number of units held	Net asset value of the amount invested (Rupees in '000)	Percentage of total investment
Class B				
Individuals	464	54,682,876	547,350	29.76%
Associated companies / directors	3	10,132,146	101,418	5.51%
Insurance companies	4	20,927,710	209,476	11.39%
Bank / DFIs	1	12,039,406	120,508	6.55%
Retirement Fund	8	11,327,154	113,379	6.16%
Public limited companies	5	34,025,448	340,578	18.52%
Others	25	40,633,686	406,723	22.11%
	510	183,768,426	1,839,432	
Class A				
Associated companies	-	-	-	-
Total	510	183,768,426	1,839,432	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)				
Class B				
Individuals	160	14,601,788	146,377	0.42%
Associated companies / directors	2	18,872,170	189,186	0.55%
Insurance companies	2	9,184,400	92,070	0.26%
Bank / DFIs	2	40,034,489	401,330	1.16%
Public limited companies	1	12,616,793	126,478	0.36%
Others	8	2,949,216	29,565	0.08%
	<u>175</u>	<u>98,258,856</u>	<u>985,006</u>	
Class A				
Associated companies	1	3,376,062,224	33,853,350	97.17%
Total	<u>176</u>	<u>3,474,321,080</u>	<u>34,838,356</u>	100.00%

23 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 held	Number of meetings attended	Leave granted	Meetings not attended
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					
1	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.

24 FINANCIAL RISK MANAGEMENT

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

24.1 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 the market risk through diversification of the investment portfolio by exposures and by following the internal guidelines established by the investment committee.

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

24.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign currency exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

24.1.2 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 as at June 30, 2013 include market treasury bills, term deposit receipts and letters of placements. 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 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 4.731 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 4.836 million.

The composition of the aforementioned Fund's investment portfolio and rates announced by the Financial Market Association is expected to change over time. Therefore, the sensitivity analysis 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					Total
	Effective Yield / Interest Rate	Exposed to yield / Interest risk			Not exposed to Yield / Interest rate risk	
		Upto three months	More than three months and upto one year	More than one year		
	%	(Rupees in '000)				
On-balance sheet financial instruments						
Financial assets						
Balances with banks	6.00 - 9.40	847,333	-	-	-	847,333
Investments	9.14 - 10.25	419,788	704,671	-	-	1,124,459
Profit receivable		-	-	-	11,850	11,850
Sub total		1,267,121	704,671	-	11,850	1,983,642
Financial liabilities						
Payable to ABL Asset Management Company Limited - Management Company		-	-	-	5,979	5,979
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	164	164
Accrued expenses and other liabilities		-	-	-	441	441
Payable against redemption of units		-	-	-	936	936
Sub total		-	-	-	7,520	7,520
On-balance sheet gap (a)		1,267,121	704,671	-	4,330	1,976,122
Off-balance sheet financial instruments						
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		1,267,121	704,671	-	4,330	1,976,122
Cumulative interest rate sensitivity gap		1,267,121	1,971,792	1,971,792		

Particulars	Effective Yield / Interest Rate	As at June 30, 2012				Total
		Exposed to yield / Interest risk			Not exposed to Yield / Interest rate risk	
		Upto three months	More than three months and upto one year	More than one year		
		(Rupees in '000)				
On-balance sheet financial instruments						
Financial assets						
Balances with banks	6 - 12.28	1,698,667	-	-	-	1,698,667
Investments	12.09 - 12.54	26,403,349	-	6,634,386	-	33,037,735
Profit receivable		-	-	-	163,270	163,270
Sub total		28,102,016	-	6,634,386	163,270	34,899,672
Financial liabilities						
Payable to ABL Asset Management Company Limited - Management Company		-	-	-	14,202	14,202
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	2,207	2,207
Accrued expenses and other liabilities		-	-	-	460	460
Payable against redemption of units		-	-	-	-	-
Sub total		-	-	-	16,869	16,869
On-balance sheet gap (a)		28,102,016	-	6,634,386	146,401	34,882,803
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		28,102,016	-	6,634,386	146,401	34,882,803
Cumulative interest rate sensitivity gap		28,102,016	28,102,016	34,736,402		

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.

24.1.3 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. The Fund does not hold any security which exposes the Fund to price risk.

24.2 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 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 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.

24.2.1 The analysis below summarises the available published credit ratings 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+	7.74%
Bank Alfalah Limited	PACRA	AA	0.40%
Faysal Bank Limited	PACRA	AA	49.22%
Standard Chartered Bank Limited	PACRA	AAA	42.64%

25 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are traded in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from the carrying values as the items are either short term in nature or periodically repriced.

International Financial Reporting Standard 7, 'Financial Instruments: Disclosure' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or the liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Investment of the Fund carried at fair value are categorised as follows:

	----- As at June 30, 2013 -----			
	Level 1	Level 2	Level 3	Total
----- Rupees in '000-----				
ASSETS				
Investment in securities - financial assets at fair value through profit or loss				
- Government securities - market treasury bills	-	599,459	-	599,459

	----- As at June 30, 2012 -----			
	Level 1	Level 2	Level 3	Total
----- Rupees in '000-----				
ASSETS				
Investment in securities - financial assets at fair value through profit or loss				
- Government securities - market treasury bills	-	23,773,349	-	23,773,349
- GoP Ijara Sukuks	-	6,634,386	-	6,634,386

26 UNIT HOLDER'S FUND RISK MANAGEMENT

The unit holder's fund is represented by the net assets attributable to unit holders / redeemable units. The unit holders of the Fund are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' funds.

The Fund has no restrictions or specific funding requirements on the subscription and redemption of units.

The Fund's objectives when managing funds received are to safeguard its ability to continue as a going concern so that it can continue to provide returns for unit holders and to maintain a strong base to meet unexpected losses or opportunities.

In accordance with the risk management policies, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests. Such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

As required under the NBFC Regulations, every open end scheme shall maintain minimum fund size (i.e. net assets of the Fund) of Rs. 100 million at all times during the life of scheme. The Fund has maintained and complied with the requirements of minimum fund size during the year.

27 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 06, 2013 by the Board of Directors of the Management Company.

28 GENERAL

28.1 Figures have been rounded off to the nearest thousand rupees.

28.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation. No significant rearrangement or reclassification were made in these financial statements.


FARID AHMED KHAN
CEO

For ABL Asset Management Company Limited
(Management Company)


KAMRAN NISHAT
DIRECTOR