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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. ABLAMC 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.



ABL GOVERNMENT SECURITIES FUND

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. Mohammad Naeem Mukhtar* Mr. Muhammad Waseem Mukhtar Mr. Tariq Mahmood Mr. Kamran Nishat Mr. M. Shakeb Murad Mr. M. Jawaid Iqbal Mr. Farid Ahmed Khan	Chairman CEO
Audit Committee:	Mr. Kamran Nishat Mr. Muhammad Waseem Mukhtar Mr. M. Shakeb Murad**	Chairman Member Member
Human Resource and Remuneration Committee	Mr. Muhammad Waseem Mukhtar*** Mr. Jawaid Iqbal Mr. Kamran Nishat Mr. Farid Ahmed Khan	Chairman Member 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:	Bawaney & Partners 3rd & 4th Floors, 68-C, Lane-13 Bokhari Commercial Area Phase-VI, DHA Karachi.	
Registrar:	ABL Asset Management Company Limited. 11 - B, Lalazar, M. T. Khan Road, Karachi.	

* With effect from July 2, 2014.

** With effect from August 26, 2014

*** With effect from April 22, 2014

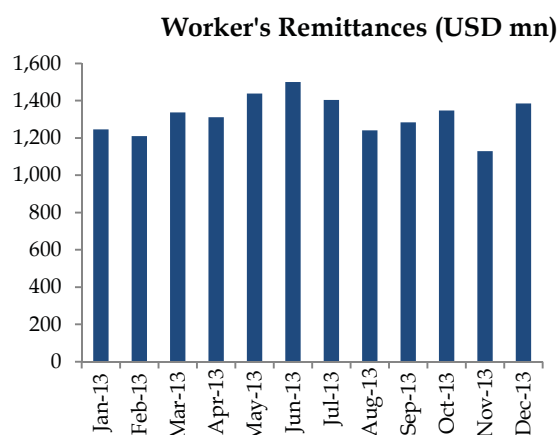
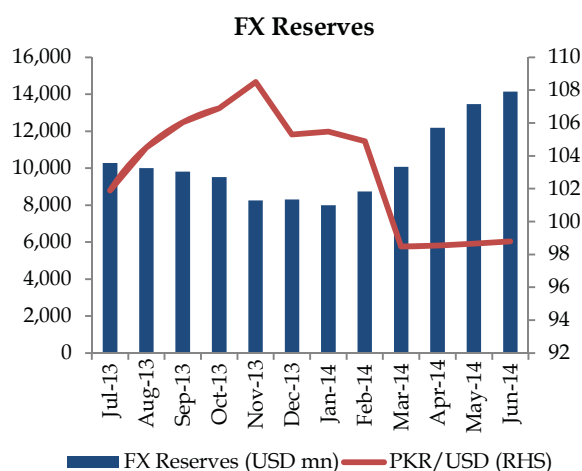
ABL GOVERNMENT SECURITIES FUND

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, 2014.

ECONOMIC PERFORMANCE REVIEW

Pakistan's economic landscape revealed gradual improvement throughout FY14 underpinned by renewed IMF support, significant improvement in PKR/USD parity, stable international oil prices, re-start of privatization process and Pakistan's return to international capital markets through a Eurobond issue. GDP growth, though lower than the target of 4.4% for FY14, grew by 4.1% during the year against 3.7% in FY13 which is the highest rate achieved since FY09. Most of the growth in GDP can be attributed to growth in industrial sector (5.84% in FY14 against 1.37% in FY13); however, growth in agriculture (2.12% in FY14 against 2.88% in FY13) and services sector (4.29% in FY14 against 4.85% in FY13) remained lackluster during the year. In a bid to meet IMF program targets, the government tightened its spending limit during the year and managed to reduce fiscal deficit to 5.8% of GDP which is a major improvement against budgetary target of 6.3% and last year's deficit of 8.2%. Provisional numbers suggest that revenues grew by 16.5%YoY which is also the highest growth rate in the last decade. Total revenue collection in FY14 stood at PKR2,260 billion which translates into a shortfall of PKR15 billion from twice-revised collection target of PKR2,275 billion. Despite this shortfall, the budgetary account received support from privatization proceeds and Eurobond inflows which helped bring down the fiscal deficit.



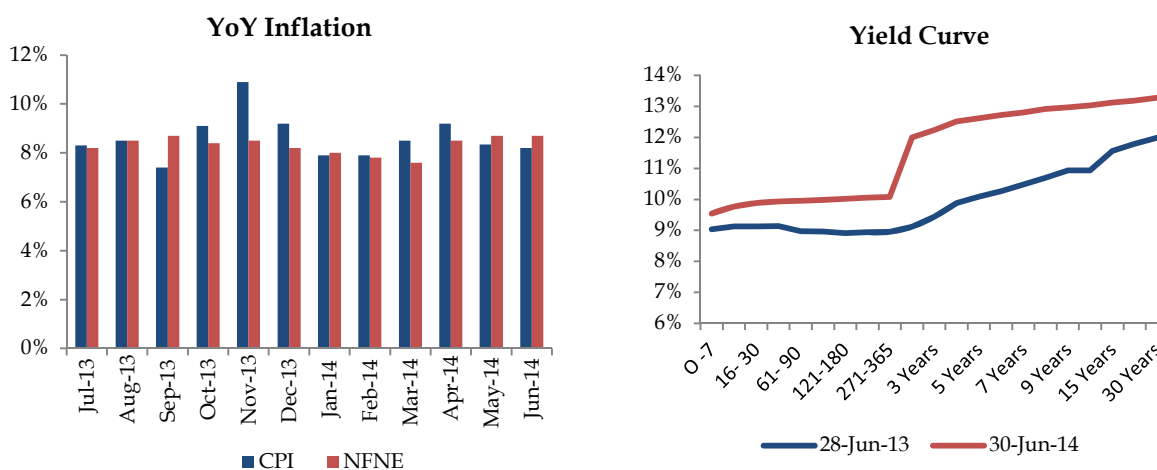
On the external account front, further deterioration was witnessed in the current account deficit which clocked-in at USD2.925 billion in FY14 compared to USD2.496 billion recorded in FY13. Increase in deficit was on account of lackluster growth in exports due to PKR appreciation and failure to reap full benefits of GSP+ status granted by the EU during the year. Deterioration in trade deficit was partially offset by increase in remittances which stood at highest ever level of USD15.832 billion and stable oil prices during the year. On the other hand, overall balance of payment recorded a surplus of USD3.843 billion due to inflow of USD2 billion in financial account from issuance of Eurobonds and USD1.5 billion inflows in the capital account attributed to financial assistance from KSA during the year. These inflows coupled with dollar inflows from other sources such as proceed from 3G & 4G auction, USD330 million from sale of Government's stake in UBL and USD674 million inflow from Coalition Support Fund helped



the country end FY14 with impressive FX reserves level of USD14.139 billion of which USD9.095 billion were held by SBP while the rest were held by commercial banks. Improvement in FX reserves is encouraging given the fact that the country ended FY13 with low reserves level of USD11.02 billion and touched an alarmingly low level of USD7.98 billion at the end of January 2014. As a result of a number of large foreign inflows, especially assistance received from KSA, rupee discontinued its downward trajectory and appreciated slightly by 0.84% to end the year at PKR98.78 vs. the dollar.

The monetary policy also moved in sync with the tight fiscal stance. The State Bank of Pakistan in an effort to curb inflation and meet IMF program requirements adopted a cautious course during the year and increased benchmark interest rate by 50bps to 9.5% in September 2013 and further by 50bps to 10% in November 2013 MPS. As a result, average CPI in FY14 clocked-in at 8.62% well below IMF's forecast of 10% inflation for the year. Government borrowings for budgetary support also improved and stood at PKR302.970 billion during FY14 of which PKR196.884 billion was from the central bank whereas the rest was from commercial banks.

The wheels have started to turn but Pakistan's economy will require continuous efforts and policy decision making in 2014-15. The fragile macroeconomic & geopolitical situation will be the key headwinds marring GDP growth in FY15. The current account deficit has started to expand due to poor export growth and the PKR revaluation does not bode well for the balance of payment position. Reemergence of energy circular debt, ongoing restructuring/sell-off of PSEs and the need for sustainable development spending to develop infrastructure to facilitate growth in the country will require a much bigger effort on tax collection side. Planned hike in energy tariffs and withdrawal of subsidies will keep inflation in the limelight but high base effect is expected to contain CPI inflation below 8% in FY15. The privatization process needs to gather steam and will play a vital role in keeping FX reserves and Rupee at a healthy level. Interest rates are likely to stay at current levels for some time as we see little room for SBP to start monetary easing program.



MUTUAL FUND INDUSTRY REVIEW

Open-end mutual fund industry witnessed significant improvement of 17.4% YoY to close FY14 with AUMs of PKR414 billion. The year saw a significant number of new fund launches, especially in the capital protected category. Once again, money market mutual funds bagged the largest slice of the pie despite recording a 6.4% decline in AUMs on YoY basis and closed the year at PKR119 billion compared to PKR127 billion at the end of FY13. The decline in money market funds' popularity can be attributed to single digit returns which forced investors to shift their funds to relatively riskier but higher-yielding instruments like income and equity funds. Equity funds, on the other hand, posted a strong growth of 27% YoY to close the year at PKR89 billion mainly on account of strong

returns provided by the local bourse during the last couple of years fuelled by strong foreign inflows and corporate profitability. AUMs of Income funds increased by PKR9.283 billion during FY14 to close the year at PKR65.007 billion mainly due to higher yields and gradual increase in risk appetite of investors who shifted from money market to income funds during the year. Prospects of monetary easing during FY14-15 are likely to keep this fund category popular with investors.

MONEY MARKET REVIEW

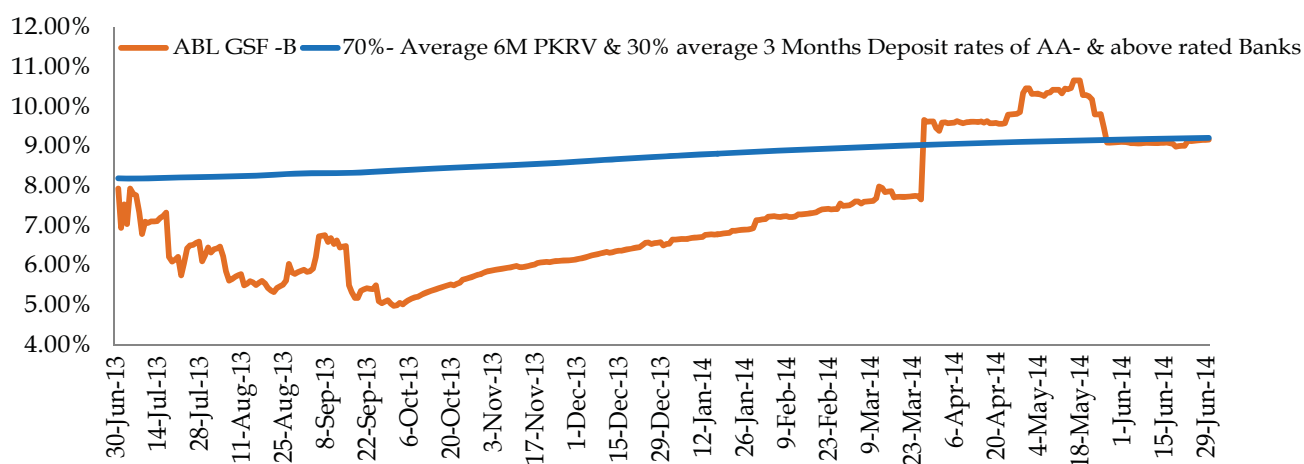
Government borrowings for budgetary support continued unabated during the year due to heavy financing requirements. As a result, borrowings from banking system increased by PKR323.66 billion during the outgoing fiscal year. M2 grew by 12.53% during the year led predominantly by PKR778.238 billion in Net Domestic Assets (NDA) and increase in Net Foreign Assets by PKR331.991 billion. The growth in M2 is much lower than 15.91% recorded in FY13 as well as IMF & government's projections at the start of FY14. The burden of deficit financing was put on the shoulders of domestic sources for most part of FY14; however, dollar inflows from bilateral and multilateral sources such as 3G& 4G auction and UBL privatization etc. in the second half of FY14 shifted the tilt of growth in M2 from domestic to foreign sources.

During the year, Central Bank conducted open market operations on regular basis to provide support to money markets as T-Bills were frequently traded above the DR due to shortage of liquidity. Meanwhile substantial shift of Government borrowing from short term T-bills to long term bonds were seen on account of changing economic dynamics in later half of FY 14.

FUND PERFORMANCE

Thanks to active portfolio reallocation and duration selection, ABL GSF was able to post attractive return of 9.17% per annum during last year compared to benchmark performance of 8.82%, thus beating the benchmark by 35bps. ABL GSF was ranked high among the best performing funds within its peer group during the period. Due to strong return performance and shift in investor's preference towards higher duration funds, ABL GSF's AUMs increased remarkably by 138.93% to PKR 4.395 billion from PKR 1.839 billion as on June 30, 2014.

The fund primarily invests in a diversified blend of high quality short and long term government securities along with investments in TDRs and money market placements. During the period under review, ABL GSF maintained a high duration portfolio due to significant yield differential between long and short maturity instruments and prospects of monetary easing going forward. At the end of the period, investment in PIBs stood at 68.95% of total assets, most of which was in 3-year or below maturity bills. Moreover, cash assets stood at 27.08% of total assets in order to take maximum advantage of high rates offered by banks at year end.



DIVIDENDS

The Board of Directors of ABL Asset Management Company Limited (ABL AMCL), on June 23, 2014 approved and declared final dividend distribution of Re 0.0388 per unit (0.39% of the par value of Rs.10) for Class B units, for the year ending June 30, 2014. This is in addition to the aggregate interim distribution of Re 0.8118 per unit (8.12% on the face value of Rs. 10 per unit) for Class B units already distributed.

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 # 15 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 retirement 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 excepts as disclosed below and in notes to the financial statements;

S. No	Name	Designation	Issued	Redeemed	Bonus Units
1	Mr. M. Jawaid Iqbal	Director	149,154.93	-	7,476.76
2	Mr. Khawaja Almas	Director	99,971.01	3,106,189.61	8,836.84
3	Mr. Farid Ahmed Khan	CEO	597,296.17	845,769.41	27,454.61

12. Meeting of the Board of Directors of the Management Company are held at least once in every quarter. During the year six meeting were held. The 32nd, 33rd, 34th, 35th, 36th and 37th Board of Directors meetings were held on August 06, 2013, October 30, 2013, December 13, 2013, January 13, 2014, February 07, 2014 and April 22, 2014 respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

S. No	Name of Director	Number of Metting Held	Attended	Leave Granted	Metting not Attended
1	Sheikh Mukhtar Ahmed	6	6	-	-
2	Muhammad Waseem Mukhtar	6	5	1	36th
3	Tariq Mahmood*	6	6	-	-
4	Kamran Nishat	6	5	1	34th
5	M. Shakeb Murad	6	2	4	32nd, 34th, 36th, 37th
6	M. Jawaid Iqbal	6	4	2	33rd, 34th
7	Khawaja Muhammad Almas**	6	6	-	-
8	Farid Ahmed Khan***	6	6	-	-

*Appointed as new director vide circular resolution dated July 12, 2013.

**Resigned from the services as Director on the Board of ABL AMCL which has been approved on July 02, 2014

***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 year. During the year Two meeting were held. The 13th and 14th meetings of the Board's Human Resource and Remuneration Committee were held on February 14, 2014, March 12, 2014 and respectively. Information in respect of attendance by directors in the meetings is given below:

S. No	Name of Director	Number of Metting			Metting not Attended
		Held	Attended	Leave Granted	
1	Mr. M. Jawaid Iqbal	2	2	-	-
2	Mr. Kamran Nishat	2	2	-	-
3	Mr. Farid Ahmed Khan	2	2	-	-

14. Meeting of the Board's Audit Committee of the Management Company are held at least once in every quarter. During the year Four meeting were held. The 25th, 26th, 27th, and 28th meetings of the Board's Audit Committee were held on August 6, 2013, October 30, 2013, February 06, 2014 and April 22, 2014 respectively. Information in respect of attendance by directors in the meetings is given below:



S. No	Name of Director	Number of Meeting			Meeting not Attended
		Held	Attended	Leave Granted	
1	Mr. Kamran Nishat	4	3	1	27th
2	Mr. Muhammad Waseem Mukhtar	4	4	-	-
3	Mr. Khawaja Muhammad Almas*	4	4	-	-

*Resigned from the services of the Board of ABL AMCL held on July 02, 2014

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, 2014
1	Associated Companies, undertakings and related parties	
	• ABL Asset Management Company Limited	7,168,381
	• CFA Association of Pakistan	287,112
	• Ibrahim Agencies (Pvt) Ltd.,	16,678,977
	• Poiner Cement Limited	53,386,694
	• Kohinoor Textile Mills Ltd., (Raiwand Division)	97,000,486
2	Mutual Funds	Nil
3	Directors and their spouse(s) and minor children	262,483
4	Executives	220,928
5	Public Sector Companies and corporations	49,904,705
6	Others Corporates	46,737,974
7	Bank, DFIs, NBFCs, Insurance Companies, Takaful, Modaraba and Pension Fund	76,636,395
8	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, 2015 for ABL Government Securities Fund (ABL-GSF).

FUND STABILITY RATING

JCR-VIS Credit Rating Company Ltd. (JCR-VIS) on August 13, 2014 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 to 'AM Two Minus' (AM2-) to 'AM Two' (AM2). Outlook on the assigned rating is 'Stable'.

OUTLOOK AND STRATEGY

Amid political noise and a weak macro environment, signs of economic revival are evident in the economic landscape. Stable near-term oil prices, smooth running of IMF program, stable FX reserves level, successful start of the privatization program and serious efforts to tackle the energy sector problems are expected to act as catalyst for growth going ahead. However, in order to achieve this, the Government will have to put populist politics on the side and take tough decisions on energy subsidies, broadening of tax base, law and order situation and complete overhaul of public sector enterprises.

We believe that Pakistan's economy can break the shackles of anemic growth rates and the investment climate can improve considerably if the Government maintains fiscal discipline. If the recovery continues, we see the possibility of discount rate cut in first half of FY15. Hence, we will align our portfolio accordingly play the yield curve movement and adopt an active trading strategy in order to optimize returns.

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 & on behalf of the Board



Farid Ahmed Khan
Chief Executive Officer

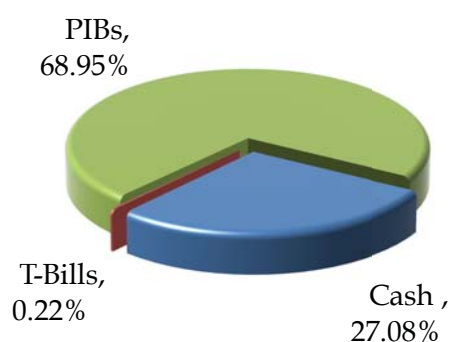
Karachi, August 26, 2014



ABL GSF AUM & Pricing		FY-2014
Assets Under Management as at June 30, 2014 (PKR million)		4,394.90
Class B Closing NAV per unit as June 30, 2014 (PKR) (Ex Dividend)		10.0412
Class B Closing NAV per unit as June 30, 2014 (PKR) (Cum Dividend)		10.8918

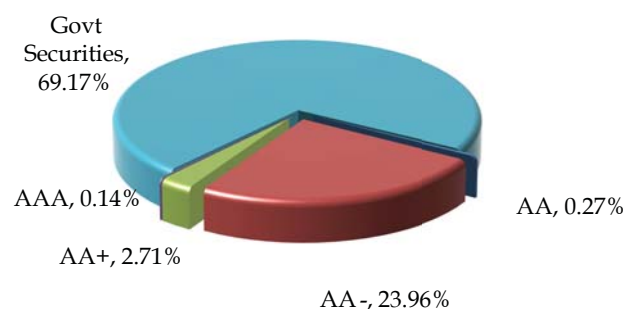
ABL GSF Dividends		
Distribution	Date	FY-2014
1st Distribution	29-Jul-13	0.0580
2nd Distribution	28-Aug-13	0.0454
3rd Distribution	26-Sep-13	0.0286
4th Distribution	25-Oct-13	0.0556
5th Distribution	27-Nov-13	0.0713
6th Distribution	27-Dec-13	0.0700
7th Distribution	29-Jan-14	0.0790
8th Distribution	26-Feb-14	0.0814
9th Distribution	26-Mar-14	0.0714
10th Distribution	28-Apr-14	0.2381
11th Distribution	29-May-14	0.0130
12th Distribution	19-Jun-14	0.0388

Asset Allocation as a % of Total Assets



Other assets account for 3.75% of Total Assets

Credit Quality of Portfolio % of Assets



Other assets account for 3.75% of Total Assets



ABL GOVERNMENT SECURITIES FUND

PERFORMANCE TABLE

	2014	June 2013 (Rupees in '000)		June 2012	
Net Assets	4,394,902	1,839,432		34,838,356	
Net Income	217,559	3,889,663		1,828,837	
	Class B	Class A	Class B	Class B	
	(Rupees per unit)				
Net Assets value	10.0412	-	10.0095	10.0275	10.0246
Interim distribution	0.8118	0.5503	1.0555	0.4234	0.5023
Final distribution	0.0388	-	0.0830	0.0978	0.0865
Distribution date final	June 23, 2014	June 28, 2013		June 25, 2012	
Closing offer price	10.1918	0.0000	10.0095	10.0275	10.0246
Closing repurchase price	10.0412	0.0000	10.0095	10.0275	10.0246
Highest offer price	10.3917	10.2561	10.234	10.2372	10.2846
Lowest offer price	10.1502	10.0014	10.0012	10.0031	10.0010
Highest repurchase price per unit	10.2381	10.2561	10.234	10.2372	10.2846
Lowest repurchase price per unit	10.0002	10.0014	10.0012	10.0031	10.001
	Percentage				
Total return of the fund					
- capital growth	0.66%	5.44%	0.40%	2.25%	0.64%
- income distribution	8.51%	5.50%	11.39%	10.69%	10.04%
Average return of the fund					
First Year	9.17%	10.94%	11.79%	12.94%	10.68%
Second Year	11.02%	11.50%	11.85%	-	-
Third Year / Since inception	11.48%	-	-	-	-
Weighted average Portfolio duration in days	690	117		227	

Distribution History

Monthly Distribution	2014		2013			2012		
	Date of distribution	Distribution Per Unit	Date of distribution	Distribution Per Unit	Distribution Per Unit	Date of distribution	Distribution Per Unit	Distribution Per Unit
	CLASS B	CLASS B	CLASS A & B	CLASS A	CLASS B	CLASS A & B	CLASS A	CLASS B
1st Interim distribution	30 July 2013	0.0580	-	-	-	-	-	-
2nd Interim distribution	29 August 2013	0.0454	29 August 2012	0.2561	0.2340	-	-	-
3rd Interim distribution	October 25, 2013	0.0556	24 October 2012	0.0698	0.2226	-	-	-
4th Interim distribution	28 November 2013	0.0713	29 November 2012	0.0895	0.0778	-	-	-
5th Interim distribution	30 January 2014	0.0790	-	-	-	-	-	-
6th Interim distribution	27 February 2013	0.0814	28 February 2013	-	0.1843	-	-	-
7th Interim distribution	30 April 2014	0.2381	30 April 2013	-	0.0916	-	-	-
8th Interim distribution	30 May 2014	0.0130	30 May 2013	-	0.0721	21 May 2012	0.1862	0.1674

Quarterly Distribution	2014		2013		2013	
	Date of distribution	Distribution Per Unit	Date of distribution	Distribution Per Unit	Date of distribution	Distribution Per Unit
First quarter Interim distribution	0.0286	0.0701	0.0626	-	-	-
Date of distribution - Interim	27 September, 2013	24 September 2012		-		
Second quarter Interim distribution	0.0700	0.0648	0.0558	-	0.0503	-
Date of distribution - Interim	30 December 2013	27 December 2012		26 December 2011		
Third quarter Interim distribution	0.0714	-	0.0547	0.2372	0.2846	-
Date of distribution - Interim	27 March 2014	22 March 2013		26 March 2012		

Final Distribution	2014		2013		2012	
	Date of distribution	Distribution Per Unit	Date of distribution	Distribution Per Unit	Date of distribution	Distribution Per Unit
Final Distribution	0.0388	-	0.0830	0.0978	0.0865	-
Date of distribution - Final	23 June 2014	28 June 2013		25 June 2012		

Disclaimer

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

ABL GOVERNMENT SECURITIES FUND

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shakra-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, 2014 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 23, 2014



ABL GOVERNMENT SECURITIES FUND

REVIEW REPORT TO THE UNIT HOLDERS



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 enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of ABL Asset Management Company Limited, the Management Company of **ABL Government Securities Fund** (the Fund) for the year ended June 30, 2014 to comply with the Listing Regulation No.35 (Chapter XI) of 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 (**ABL Asset 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 of Directors' statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of the Fund's 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 price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price 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 as applicable to the Fund for the year ended June 30, 2014.

Chartered Accountants
Dated: September 12, 2014
Karachi

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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ABL GOVERNMENT SECURITIES FUND

STATEMENT OF COMPLIANCE BY ABL GOVERNMENT SECURITIES FUND WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2014

This statement is being presented to comply with the Code of Corporate Governance (“the Code”) contained in Regulation No. 35 (Chapter XI) of the listing regulations of the Karachi Stock Exchange 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 June 30, 2014 the Board includes:

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

The independent directors meets the criteria of independence under clause i (b) of the Code.

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 Management 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 on July 12, 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 Management 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), other executive and non-executive directors have been taken by the Board. There is no executive director of the Management Company other than the CEO.
8. The meetings of the Board were presided over by the Chairman 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. The directors are conversant with the relevant laws applicable to the company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities.
10. The Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit continued their services and no change in these positions were made during this financial year.
11. The Directors' Report of the Fund for the year ended June 30, 2014 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. The Board has formed Human Resource and Remuneration Committee. It comprises four members, of whom three are non-executive directors and the chairman of the Committee is a non-executive director.
18. The Board has set up an effective internal audit function within the Management Company.

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 NAV of the Fund's units, was determined and intimated to directors, employees and the Stock Exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through the Stock Exchange.
23. We confirm that all other material principles enshrined in the Code have been complied with.

For and on behalf of the Board



Farid Ahmed Khan
Chief Executive Officer

Karachi, August 26, 2014



ABL GOVERNMENT SECURITIES FUND

INDEPENDENT AUDITORS REPORTS



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** (hereinafter referred to as the 'Fund'), which comprise the statement of assets and liabilities as at June 30, 2014, and the related income statement, distribution statement, statement of movement in unit holders' fund and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

The Management Company (**ABL Asset Management Limited**) 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, 2014 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: September 12, 2014

Karachi

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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ABL GOVERNMENT SECURITIES FUND

FUND MANAGER REPORT

OBJECTIVE

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

FUND PERFORMANCE

During the period, ABL-GSF's return performance remained in the top quartile of its category. The fund posted an annualized yield of 9.17%, thus beating the benchmark return of 8.82%. Fund's performance was bolstered by increased allocation in PIBs given the large yield differential between treasury bills and PIBs. The resultant increase in duration also brought some volatility in performance. Initially, the fund underperformed its benchmark due to 100 bps increase in discount rate. However, the performance recovered quickly due to active portfolio and duration management in the 2HFY14 and the fund managed to outperform the benchmark.

Fund size increased by 139% to close at PKR 4.395 billion due to strong performance and investor's preference for longer duration funds. At year end, cash at bank (27.08% of total assets) was increased at the expense of T-Bills as banks offered highly attractive rates at June-end. Moreover, investments in PIBs stood at 69% due to higher accrual income and potential trading & capital gains on yield curve movement. Resultantly, WAM of the fund increased to 949 days from 117 days.

The scheme has maintained provision against Workers' Welfare Fund's Liability to the tune of Rs. 121.144 million, had the same not been made, the NAV per unit of the scheme would have been higher by Rs 0.2768 per unit.

FUTURE OUTLOOK AND STRATEGY

Amid political noise and a weak macro environment, signs of economic revival are evident in the economic landscape. Stable near-term oil prices, smooth running of IMF program, stable FX reserves level, successful start of the privatization program and serious efforts to tackle the energy sector problems are expected to act as catalyst for growth going ahead. However, in order to achieve this, the Government will have to put populist politics on the side and take tough decisions on energy subsidies, broadening of tax base, law and order situation and complete overhaul of public sector enterprises.

If the recovery continues, we see the possibility of discount rate cut in first half of FY15. Hence, we will align our portfolio accordingly play the yield curve movement and adopt an active trading strategy in order to optimize returns. ABL-GSF will maintain high exposure in PIBs due to possible downward shift in yield curve in coming months; however, we will closely monitor developments on macro economy front and actively adjust duration and allocation of the fund. Bank deposits at attractive rates will continue to support returns in short run.

ABL GSF Performance	FY-2014
Yield	9.17%
Benchmark (70% 6M-PKRV & 30% Average of 3 Month Bank Deposit rate)	8.82%
Weighted Average Time to Maturity	949 Days

ABL GOVERNMENT SECURITIES FUND

STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2014

	Note	June 30, 2014	June 30, 2013
----- Rupees in '000-----			
ASSETS			
Balances with banks	4	1,227,836	847,333
Investments	5	3,135,885	1,124,459
Profit receivable	6	167,775	11,850
Prepayments		-	2
Preliminary expenses and floatation costs	7	2,414	3,414
Total assets		4,533,910	1,987,058
LIABILITIES			
Payable to ABL Asset Management Company Limited - Management Company	8	14,144	6,180
Payable to the Central Depository Company of Pakistan Limited - Trustee	9	340	164
Payable to the Securities and Exchange Commission of Pakistan	10	1,782	23,209
Accrued expenses and other liabilities	11	121,626	117,137
Payable against redemption of units		1,116	936
Total liabilities		139,008	147,626
NET ASSETS		4,394,902	1,839,432
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		4,394,902	1,839,432
CONTINGENCIES AND COMMITMENTS			
	12		
-----Number of units-----			
NUMBER OF UNITS IN ISSUE	13	437,687,599	183,768,426
-----Rupees-----			
NET ASSET VALUE PER UNIT		10.0412	10.0095
FACE VALUE PER UNIT		10.0000	10.0000

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


FARID AHMED KHAN
 CEO

For ABL Asset Management Company Limited
 (Management Company)


SHAKEB MURAD
 DIRECTOR



ABL GOVERNMENT SECURITIES FUND

INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2014

	Note	For the year ended June 30, 2014	For the year ended June 30, 2013
----- Rupees in '000-----			
INCOME			
Capital (loss) / gain on sale of government securities - net		(9,000)	239,710
Income from government securities		207,439	2,940,154
Income from term deposit receipts		15,485	24,842
Income from letters of placements		8,837	16,400
Income from reverse repurchase transactions		567	450
Income from sukuks		224	176,026
Profit on deposits with banks		24,457	51,892
		248,009	3,449,474
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	5.2	(1,880)	1,337
Total income		246,129	3,450,811
EXPENSES			
Remuneration of ABL Asset Management Company Limited - Management Company	8.1 & 14	29,700	88,873
Sindh sales tax on remuneration of the Management Company	8.2	5,512	14,247
Federal excise duty on remuneration of the Management Company	8.3	4,752	173
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	9.1	2,532	23,951
Annual fee - Securities and Exchange Commission of Pakistan	10.1	1,782	23,209
Brokerage and securities transaction costs		636	3,697
Bank charges		397	468
Auditors' remuneration	15	412	339
Amortisation of preliminary expenses and floatation costs	7	1,000	1,000
Printing charges		121	103
Listing fee		50	30
Rating fee		200	185
Total operating expenses		47,094	156,275
Net income from operating activities		199,035	3,294,536
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		22,964	674,508
Provision for Workers' Welfare Fund	11.1	(4,440)	(79,381)
Net income before taxation		217,559	3,889,663
Taxation	16	-	-
Net income after taxation		217,559	3,889,663
Other comprehensive income		-	-
Total comprehensive income		217,559	3,889,663
Earnings per unit	17		

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


FARID AHMED KHAN
CEO

For ABL Asset Management Company Limited
(Management Company)


SHAKEB MURAD
DIRECTOR

ABL GOVERNMENT SECURITIES FUND

DISTRIBUTION STATEMENT

FOR THE YEAR ENDED JUNE 30, 2014

	For the year ended June 30, 2014	For the year ended June 30, 2013
	----- Rupees in '000-----	
Undistributed income brought forward comprising of:		
- realised income	286	101,361
- unrealised income / (loss)	1,337	(6,218)
	<u>1,623</u>	<u>95,143</u>
Distribution during the year		
Class - B Re 0.0580 per unit on July 30, 2013		
Cash distribution	-	-
Issue of 1,533,506 bonus units (2013 : Nil units)*	(15,335)	-
Class - B Re 0.0454 per unit on August 29, 2013		
(2013: Class - A Re 0.2561 per unit on August 29, 2012)		
(2013: Class - B Re 0.2340 per unit on August 29, 2012)		
Cash distribution*	-	(1,879,554)
Issue of 857,417 bonus units (2013: 1,546,993 units)*	(8,574)	(15,470)
Class - B Re 0.0286 per unit on September 27, 2013		
(2013: Class - A Re 0.0701 per unit on September 24, 2012)		
(2013: Class - B Re 0.0626 per unit on September 24, 2012)		
Cash distribution*	-	(339,593)
Issue of 457,525 bonus units (2013: 385,801 units)*	(4,575)	(3,858)
Class - B Re 0.0556 per unit on October 25, 2013		
(2013: Class - A Re 0.0698 per unit on October 24, 2012)		
(2013: Class - B Re 0.2226 per unit on October 24, 2012)		
Cash distribution*	-	(208,841)
Issue of 760,070 bonus units (2013: 2,629,017 units)*	(7,601)	(26,290)
Class - B Re 0.0713 per unit on November 28, 2013		
(2013: Class - A Re 0.0895 per unit on November 29, 2012)		
(2013: Class - B Re 0.0778 per unit on November 29, 2012)		
Cash distribution*	-	(892,011)
Issue of 1,015,094 bonus units (2013: 1,354,740 units)*	(10,151)	(13,547)
Class - B Re 0.0700 per unit on December 30, 2013		
(2013: Class - A Re 0.0648 per unit on December 27, 2012)		
(2013: Class - B Re 0.0558 per unit on December 27, 2012)		
Cash distribution*	-	(645,800)
Issue of 1,232,322 bonus units (2013: 679,259 units)*	(12,323)	(6,793)
Class - B Re 0.0790 per unit on Jan 30, 2014		
Cash distribution	-	-
Issue of 1,387,374 bonus units (2013: Nil units)	(13,874)	-
Class - B Re 0.0814 per unit on Feb 27, 2014.		
(2013: Class - B Re 0.1843 per unit on February 28, 2013)		
Cash distribution	-	-
Issue of 1,586,234 bonus units (2013: 1,938,051 units)	(15,862)	(19,381)
Class - B Re 0.0714 per unit on March 27, 2014		
(2013: Class - B Re 0.0547 per unit on March 22, 2013)		
Cash distribution	-	-
Issue of 1,698,337 bonus units (2013: 554,054 units)	(16,983)	(5,541)
Class - B Re 0.2381 per unit on April 30, 2014		
(2013: Class - B Re 0.0916 per unit on April 30, 2013)		
Cash distribution	-	(134)
Issue of 7,293,581 bonus units (2013: 987,761 units)	(72,936)	(9,877)
Class - B Re 0.0130 per unit on May 30, 2014		
(2013: Class - B Re 0.0721 per unit on May 30, 2013)		
Cash distribution	-	(105)
Issue of 599,717 bonus units (2013: 1,028,538 units)	(5,997)	(10,285)
Class - B Re 0.0388 per unit on June 23, 2014		
(2013: Class - B Re 0.0830 per unit on June 28, 2013)		
Cash distribution	-	-
Issue of 1,779,800 bonus units (2013: 1,429,721 units)	(17,798)	(14,297)
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net	766	108,194
Net income for the year after taxation	217,559	3,889,663
Undistributed income carried forward	<u>17,939</u>	<u>1,623</u>
Undistributed income carried forward comprising of:		
- realised income	19,819	286
- unrealised (loss) / income	(1,880)	1,337
	<u>17,939</u>	<u>1,623</u>

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


FARID AHMED KHAN
CEO

For ABL Asset Management Company Limited
(Management Company)


SHAKEB MURAD
DIRECTOR



ABL GOVERNMENT SECURITIES FUND

STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND

FOR THE YEAR ENDED JUNE 30, 2014

	For the year ended June 30, 2014	For the year ended June 30, 2013
----- Rupees in '000-----		
Net assets at the beginning of the year	1,839,432	34,838,356
Issue of 745,607,905 units (2013: 15,269,549,597 units)	7,503,835	153,679,694
Redemption of 511,889,709 units (2013: 18,572,636,186 units)	(5,142,960)	(185,927,735)
	2,360,875	(32,248,041)
Issue of 20,200,977 bonus units (2013:12,533,935 units)	202,009	125,339
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 - net	(22,964)	(674,508)
- amount representing (income) and capital (gains) - transferred to distribution statement - net	(766)	(108,194)
	(23,730)	(782,702)
Capital (loss) / gain on sale of government securities - net	(9,000)	239,710
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	(1,880)	1,337
Other net income	228,439	3,648,616
	217,559	3,889,663
Distribution during the year		
Class - B Re 0.0580 per unit on July 30, 2013		
Cash distribution	-	-
Issue of 1,533,506 bonus units (2013 : Nil units)*	(15,335)	-
Class - B Re 0.0454 per unit on August 29, 2013 (2013: Class - A Re 0.2561 per unit on August 29, 2012) (2013: Class - B Re 0.2340 per unit on August 29, 2012)		
Cash distribution*	-	(1,879,554)
Issue of 857,417 bonus units (2013: 1,546,993 units)*	(8,574)	(15,470)
Class - B Re 0.0286 per unit on September 27, 2013 (2013: Class - A Re 0.0701 per unit on September 24, 2012) (2013: Class - B Re 0.0626 per unit on September 24, 2012)		
Cash distribution*	-	(339,593)
Issue of 457,525 bonus units (2013: 385,801 units)*	(4,575)	(3,858)
Class - B Re 0.0556 per unit on October 25, 2013 (2013: Class - A Re 0.0698 per unit on October 24, 2012) (2013: Class - B Re 0.2226 per unit on October 24, 2012)		
Cash distribution*	-	(208,841)
Issue of 760,070 bonus units (2013: 2,629,017 units)*	(7,601)	(26,290)
Class - B Re 0.0713 per unit on November 28, 2013 (2013: Class - A Re 0.0895 per unit on November 29, 2012) (2013: Class - B Re 0.0778 per unit on November 29, 2012)		
Cash distribution*	-	(892,011)
Issue of 1,015,094 bonus units (2013: 1,354,740 units)*	(10,151)	(13,547)
Class - B Re 0.0700 per unit on December 30, 2013 (2013: Class - A Re 0.0648 per unit on December 27, 2012) (2013: Class - B Re 0.0558 per unit on December 27, 2012)		
Cash distribution*	-	(645,800)
Issue of 1,232,322 bonus units (2013: 679,259 units)*	(12,323)	(6,793)
Class - B Re 0.0790 per unit on Jan 30, 2014		
Cash distribution	-	-
Issue of 1,387,374 bonus units (2013: Nil units)	(13,874)	-
Class - B Re 0.0814 per unit on Feb 27, 2014. (2013: Class - B Re 0.1843 per unit on February 28, 2013)		
Cash distribution	-	-
Issue of 1,586,234 bonus units (2013: 1,938,051 units)	(15,862)	(19,381)
Class - B Re 0.0714 per unit on March 27, 2014 (2013: Class - B Re 0.0547 per unit on March 22, 2013)		
Cash distribution	-	-
Issue of 1,698,337 bonus units (2013: 554,054 units)	(16,983)	(5,541)
Class - B Re 0.2381 per unit on April 30, 2014 (2013: Class - B Re 0.0916 per unit on April 30, 2013)		
Cash distribution	-	(134)
Issue of 7,293,581 bonus units (2013: 987,761 units)	(72,936)	(9,877)
Class - B Re 0.0130 per unit on May 30, 2014 (2013: Class - B Re 0.0721 per unit on May 30, 2013)		
Cash distribution	-	(105)
Issue of 599,717 bonus units (2013: 1,028,538 units)	(5,997)	(10,285)
Class - B Re 0.0388 per unit on June 23, 2014 (2013: Class - B Re 0.0830 per unit on June 28, 2013)		
Cash distribution	-	-
Issue of 1,779,800 bonus units (2013: 1,429,721 units)	(17,798)	(14,297)
	(202,009)	(4,091,377)
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed transferred to distribution statement	766	108,194
Net assets as at the end of the year	4,394,902	1,839,432

* The comparative 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.


FARID AHMED KHAN
CEO

For ABL Asset Management Company Limited
(Management Company)


SHAKEB MURAD
DIRECTOR

ABL GOVERNMENT SECURITIES FUND

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2014

	Note	For the year ended June 30, 2014	For the year ended June 30, 2013
----- Rupees in '000-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income before taxation		217,559	3,889,663
Adjustments for non-cash and other items			
Amortisation of preliminary expenses and floatation costs		1,000	1,000
Unrealised diminution / (appreciation) on re-measurement of investments classified as financial assets at fair value through profit or loss - net		1,880	(1,337)
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units redeemed - net		(22,964)	(674,508)
Federal excise duty on remuneration of the Management Company		4,752	173
Provision for Workers' Welfare Fund		4,440	79,381
		206,667	3,294,372
(Increase) / decrease in assets			
Investments		(2,388,306)	29,659,613
Profit receivable		(155,925)	151,420
Prepayments		2	38
		(2,544,229)	29,811,071
Increase / (decrease) in liabilities			
Payable to ABL Asset Management Company Limited - Management Company		3,212	(8,223)
Payable to the Central Depository Company of Pakistan Limited - Trustee		176	(2,043)
Payable to the Securities and Exchange Commission of Pakistan		(21,427)	11,657
Accrued expenses and other liabilities		49	(25)
		(17,990)	1,366
Net cash (used in) / generated from operating activities		(2,355,552)	33,106,809
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from issuance of units		7,503,835	153,679,694
Payments against redemption of units		(5,142,780)	(185,926,799)
Cash distribution paid		-	(3,966,038)
Net cash generated from / (used in) financing activities		2,361,055	(36,213,143)
Net increase / (decrease) in cash and cash equivalents		5,503	(3,106,334)
Cash and cash equivalents at the beginning of the year		1,222,333	4,328,667
Cash and cash equivalents at the end of the year	4.2	1,227,836	1,222,333

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


FARID AHMED KHAN
CEO

For ABL Asset Management Company Limited
(Management Company)


SHAKEB MURAD
DIRECTOR



ABL GOVERNMENT SECURITIES FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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 August 13, 2014.

The assets of the Fund are held in the name of the 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 (IFRSs) 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 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 IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

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

There are certain new and amended standards and interpretations that are mandatory for accounting periods beginning 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.

2.3 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 the accounting periods beginning on or after July 1, 2014 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 financial assets (notes 3.2 and 5)
- ii) 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. The 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 profits 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 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 the 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 on these instruments are also recognised in the income statement when the financial assets carried at amortised cost are derecognised or impaired.

3.2.5 Impairment

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



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

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

3.2.6 Derecognition

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

3.3 Financial liabilities

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

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

3.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amounts are 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 account for deferred tax, if any, 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.

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.

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, 2014	June 30, 2013
----- Rupees in '000-----			
4			
BALANCES WITH BANKS			
Saving accounts	4.1	<u>1,227,836</u>	<u>847,333</u>

- 4.1 These saving accounts carry mark-up at rates ranging from 7.00% to 10.75% per annum (2013: 6.00% to 9.40%). Deposits in saving accounts include Rs. 1,705 thousand (2013: Rs. 65,572 thousand) maintained with Allied Bank Limited, a related party and carry mark up at rate of 9.30% (2013: 9.00%).

	Note	June 30, 2014	June 30, 2013
----- Rupees in '000-----			
4.2			
Cash and cash equivalents			
Balances with banks		1,227,836	847,333
Term deposit receipts		-	275,000
Clean placements		-	100,000
		<u>1,227,836</u>	<u>1,222,333</u>

5 INVESTMENTS

Financial assets at fair value through profit or loss - net :

Government securities			
- Market treasury bills	5.1	<u>9,901</u>	599,459
- Pakistan investment bonds	5.1	<u>3,125,984</u>	-
		<u>3,135,885</u>	599,459
Loans and receivables	5.3	-	525,000
		<u>3,135,885</u>	<u>1,124,459</u>

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, 2014			Market value as a percentage of the net assets	Market value as a percentage of total market value of the investments	
		As at July 1, 2013	Purchased during the year	Disposed of / matured during the year	As at June 30, 2014	Carrying value	Market value			Appreciation / (diminution)
Rupees in '000										
May 30, 2013	3 Months	-	89,000	89,000	-	-	-	-	-	
July 12, 2013	3 Months	-	500,000	500,000	-	-	-	-	-	
September 19, 2013	3 Months	-	500,000	500,000	-	-	-	-	-	
November 28, 2013	3 Months	-	1,818,200	1,818,200	-	-	-	-	-	
October 3, 2013	3 Months	-	104,000	104,000	-	-	-	-	-	
October 31, 2013	3 Months	-	50,000	50,000	-	-	-	-	-	
September 19, 2013	3 Months	-	31,600	31,600	-	-	-	-	-	
January 9, 2014	3 Months	-	261,000	261,000	-	-	-	-	-	
January 23, 2014	3 Months	-	555,000	555,000	-	-	-	-	-	
February 6, 2014	3 Months	-	125,000	125,000	-	-	-	-	-	
February 20, 2014	3 Months	-	2,598,000	2,598,000	-	-	-	-	-	
February 28, 2014	3 Months	-	688,000	688,000	-	-	-	-	-	
March 6, 2014	3 Months	-	100,000	100,000	-	-	-	-	-	
April 3, 2014	3 Months	-	100,000	100,000	-	-	-	-	-	
April 17, 2014	3 Months	-	650,000	650,000	-	-	-	-	-	
May 15, 2014	3 Months	-	715,000	705,000	10,000	9,901	9,901	0.22%	0.32%	
January 24, 2013	6 Months	45,000	950,000	995,000	-	-	-	-	-	
February 21, 2013	6 Months	-	223,000	223,000	-	-	-	-	-	
July 12, 2013	6 Months	-	750,000	750,000	-	-	-	-	-	
July 25, 2013	6 Months	-	450,000	450,000	-	-	-	-	-	
January 23, 2014	6 Months	-	175,000	175,000	-	-	-	-	-	
March 6, 2014	6 Months	-	250,000	250,000	-	-	-	-	-	
July 26, 2012	12 Months	55	-	55	-	-	-	-	-	
September 6, 2012	12 Months	-	50,000	50,000	-	-	-	-	-	
September 20, 2012	12 Months	-	150,000	150,000	-	-	-	-	-	
October 4, 2012	12 Months	-	30,000	30,000	-	-	-	-	-	
November 15, 2012	12 Months	3,700	-	3,700	-	-	-	-	-	
May 30, 2013	12 Months	250,000	465,000	715,000	-	-	-	-	-	
June 13, 2013	12 Months	347,000	335,000	682,000	-	-	-	-	-	
July 26, 2012	12 Months	-	272,500	272,500	-	-	-	-	-	
March 20, 2014	12 Months	-	575,000	575,000	-	-	-	-	-	
May 15, 2014	12 Months	-	1,275,000	1,275,000	-	-	-	-	-	
Sub - total		645,755	14,835,300	15,471,055	10,000	9,901	9,901	-	0.22%	0.32%

Market treasury bills carry effective interest rate of 9.99% per annum.

b) Government securities - GoP Ijarah sukuk:

Issue date	Coupon rate in % / Tenor	Face Value			Balance as at June 30, 2014			Market value as a percentage of the net assets	Market value as a percentage of total market value of the investments
		As at July 1, 2013	Purchased during the year	Disposed of / matured during the year	As at June 30, 2014	Carrying value	Market value		
Rupees in '000									
December 26, 2011	9.22 / 3 Years	-	45,000	45,000	-	-	-	-	-
June 28, 2012	9.97 / 3 Years	-	65,000	65,000	-	-	-	-	-
Sub - total		-	110,000	110,000	-	-	-	-	-

c) Government securities - Pakistan investment bonds:

Issue date	Coupon rate in % / Tenor	Face Value			Balance as at June 30, 2014			Market value as a percentage of the net assets	Market value as a percentage of total market value of the investments	
		As at July 1, 2013	Purchased during the year	Disposed of / matured during the year	As at June 30, 2014	Carrying value	Market value			Appreciation / (diminution)
Rupees in '000										
August 18, 2011	11.25 / 3 Years	-	200,000	200,000	-	-	-	-	-	
July 18, 2013	11.25 / 3 Years	-	4,764,500	2,442,000	2,322,500	2,291,055	2,291,219	164	50.54%	
July 18, 2013	11.50 / 5 Years	-	50,000	50,000	-	-	-	-	-	
July 19, 2012	12.00 / 10 Years	-	1,275,000	400,000	875,000	836,809	834,765	(2,044)	18.41%	
Sub - total		-	6,289,500	3,092,000	3,197,500	3,127,864	3,125,984	(1,880)	68.95%	99.68%

Pakistan investment bonds carry effective interest rates ranging from 11.55% to 12.90% per annum.



	Note	June 30, 2014	June 30, 2013
----- Rupees in '000-----			
5.2 Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net			
Market value of securities		3,135,885	599,459
Less: carrying value of securities		(3,137,765)	(598,122)
		<u>(1,880)</u>	<u>1,337</u>
5.3 Loans and receivables			
Term deposit receipts		-	425,000
Clean placements		-	100,000
		<u>-</u>	<u>525,000</u>
6 PROFIT RECEIVABLE			
Interest accrued on term deposit receipts		-	8,525
Profit accrued on bank deposits		3,487	1,275
Interest accrued on clean placements		-	2,050
Interest accrued on Pakistan Investment Bonds		164,288	-
		<u>167,775</u>	<u>11,850</u>
7 PRELIMINARY EXPENSES AND FLOATATION COSTS			
Opening balance		3,414	4,414
Less: amortisation during the year	7.1	(1,000)	(1,000)
Closing balance		<u>2,414</u>	<u>3,414</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, 2014	June 30, 2013
----- Rupees in '000-----			
8 PAYABLE TO ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY			
Remuneration of the Management Company	8.1	4,637	1,706
Sindh sales tax on remuneration of the Management Company	8.2	1,528	301
Federal excise duty on remuneration of the Management Company	8.3	4,925	173
Preliminary expenses and floatation costs		3,000	4,000
Sales load		54	-
		<u>14,144</u>	<u>6,180</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 1.25 percent (2013: 1.25 percent) of the average annual net assets of the Fund. 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.
- 8.3 As per the requirements 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 FED may result in double taxation, which does not appear to be the spirit of the law.

The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies together with their respective Collective Investment Schemes through their trustees, through a Constitutional Petition filed in the Honourable Sindh High Court (SHC) during September 2013 challenging the levy of FED. In this respect, the SHC has issued a stay order against the recovery of FED and the hearing of the petition is still pending.

Pending decision of the SHC, the Fund is not making payments for FED. However, the Fund, as a matter of abundant caution, has made full provision in respect of FED effective June 13, 2013 aggregating to Rs 4.925 million (including 4.752 million for the current year). Had the provision not been made the net asset value per unit of the Fund as at June 30, 2014 would have been higher by Re 0.0113 per unit.

	Note	June 30, 2014	June 30, 2013
9 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		----- Rupees in '000-----	
Trustee fee	9.1	<u>340</u>	<u>164</u>

- 9.1 The Trustee is entitled to a monthly remuneration for the services rendered to the Fund as per the tariff specified under the provisions of the Trust Deed, 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, 2014 was as follows:

Net assets value	Tariff per annum
Upto Rs. 1,000 million	Rs. 0.15% per annum 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% per annum of Net asset value exceeding Rs. 10 billion

	Note	June 30, 2014	June 30, 2013
10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN		----- Rupees in '000-----	
Annual fee	10.1	<u>1,782</u>	<u>23,209</u>



- 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% (2013: 0.075%) of the average annual net assets of the scheme.

	Note	June 30, 2014	June 30, 2013
11 ACCRUED EXPENSES AND OTHER LIABILITIES		----- Rupees in '000-----	
Auditors' remuneration		265	238
Brokerage		134	89
Printing charges		59	86
Withholding tax		24	20
Provision for Workers' Welfare Fund	11.1	<u>121,144</u>	<u>116,704</u>
		<u><u>121,626</u></u>	<u><u>117,137</u></u>

11.1 Provision for Workers' Welfare Fund

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

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

During the year ended June 30, 2012, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008, had declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Honourable Sindh High Court (SHC) passed an order declaring that the amendments introduced in the WWF Ordinance, 1971 through the Finance Act, 2006 and 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. In a recent judgement, Peshawar High Court (PHC) has also held these amendments to be ultra vires as they lacked the essential mandate to be introduced and passed through the Money Bill under the Constitution. 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 121.144 million (including Rs 4.440 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, 2014 would have been higher by Re 0.2768 per unit.

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2014.

13 NUMBER OF UNITS IN ISSUE

For the Year ended June 30, 2014

	Class A	Class B	Total
	(Note 13.1)		
Total units in issue at the beginning of the year	-	183,768,426	183,768,426
Add: units issued	-	745,607,905	745,607,905
Add: bonus units issued	-	20,200,977	20,200,977
Less: units redeemed	-	(511,889,709)	(511,889,709)
Total units in issue at the end of the year	-	437,687,599	437,687,599

13.1 The Management Company has suspended offering of Class "A" Units with effect from February 10, 2014.

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

June 30, 2014

	Class A	Class B
Net asset value (Rs. in '000)	Nil	4,394,902
Number of units (units in '000)	Nil	437,688
Net asset value per unit in Rupees	-	10.0412

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



	For the year ended June 30, 2014	For the year ended June 30, 2013
	----- Rupees in '000-----	
14	REMUNERATION OF ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY	
On Class - A units	-	74,490
On Class - B units	<u>29,700</u>	<u>14,383</u>
	<u><u>29,700</u></u>	<u><u>88,873</u></u>

15 AUDITORS' REMUNERATION

Annual audit fee	185	175
Half yearly review fee	90	85
Other certifications	60	55
Out of pocket expenses	<u>77</u>	<u>24</u>
	<u><u>412</u></u>	<u><u>339</u></u>

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.

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

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, 2014, 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, 2014

Loans and receivables	Financial assets 'at fair value through profit or loss'	Total
-----------------------	---	-------

Rupees in '000

Financial assets

Balances with banks
Investments
Profit receivable

1,227,836	-	1,227,836
-	3,135,885	3,135,885
167,775	-	167,775
<u>1,395,611</u>	<u>3,135,885</u>	<u>4,531,496</u>

As at June 30, 2014

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
Payable to the Central Depository Company of Pakistan Limited - Trustee
Accrued expenses and other liabilities
Payable against redemption of units

-	14,144	14,144
-	340	340
-	458	458
-	1,116	1,116
-	<u>16,058</u>	<u>16,058</u>

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
Investments
Profit receivable

847,333	-	847,333
525,000	599,459	1,124,459
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
Payable to the Central Depository Company of Pakistan Limited - Trustee
Accrued expenses and other liabilities
Payable against redemption of units

-	6,180	6,180
-	164	164
-	413	413
-	936	936
-	<u>7,693</u>	<u>7,693</u>



19 TRANSACTIONS WITH 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, Ibrahim Fibres Limited, Ibrahim Agencies (Private) Limited, Arabian Sea Country Club, Muller and Phipps Pakistan (Private) Limited and CFA Association of Pakistan being entities under common management and / or directorship, funds under management, the Central Depository Company of Pakistan limited being the Trustee of the Fund, Pioneer Cement Limited, Kohinoor Textile Mills Limited, the directors and officers of the Management Company 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, 2014	For the year ended June 30, 2013
	----- Rupees in '000-----	
19.5 Details of the transactions during the year		
ABL Asset Management Company Limited - Management Company		
Bonus of 581,416 units (2013: 2,134,213 units)	5,814	21,342
Redemption of Nil units (2013: 14,387,632 units)	-	145,000
Preliminary expenses and floatation costs payable	1,000	1,000
Remuneration	29,700	88,873
Sindh sales tax on remuneration of the Management Company	5,512	14,247
Federal excise duty on remuneration of the Management Company	4,752	173
Central Depository Company of Pakistan Limited		
Remuneration	2,532	23,951
Allied Bank Limited		
Issue of Nil units (2013: 14,928,983,312 Class A units)	-	150,251,534
Redemption of Nil units (2013: 18,305,045,536 Class A units)	-	183,237,451
Issue of 99,352,224 Class B units (2013: Nil Class B units)	1,000,000	-
Redemption of 101,757,743 Class B units (2013: Nil Class B units)	1,022,848	-
Bonus of 2,405,519 Class B units (2013: Nil Class B units)	24,055	-
Cash distribution paid	-	3,965,793
Mark-up income on bank deposits	3,144	13,234
Amount placed in term deposits receipt	102,000	150,000
Income on term deposit receipts (Mark-up rate 9.50% to 10.25%)	5,912	7,775
Bank charges	284	195
Sale of market treasury bills	-	16,979,207
Sale of GoP Ijara Sukuks	-	2,722,483

	For the year ended June 30, 2014	For the year ended June 30, 2013
----- Rupees in '000-----		
Ibrahim Agencies (Private) Limited*		
Issue of 16,635,707 units (2013: Nil units)	167,000	-
Bonus of 43,270 units (2013: Nil units)	433	-
Cyan Limited*		
Issue of 5,155,300 units (2013: Nil units)	52,000	-
Bonus of 26,730 units (2013: Nil units)	267	-
Redemption of 5,182,030 units (2013: Nil units)	51,976	-
CFA Association of Pakistan*		
Issue of 285,631 units (2013: Nil units)	2,882	-
Bonus of 1,481 units (2013: Nil units)	15	-
Getz Pharma (Private) Limited **		
Issue of Nil units (2013: 19,957,337 units)	-	200,000
Bonus of Nil units (2013: 436,109 units)	-	4,361
Pioneer Cement Limited *		
Issue of 49,848,390 units (2013: Nil units)	500,000	-
Bonus of 3,538,304 units (2013: Nil units)	35,383	-
Kohinoor Textile Mills Limited (Raiwand Division) *		
Issue of 96,500,129 units (2013: Nil units)	970,000	-
Bonus of 500,357 units (2013: Nil units)	5,004	-
DIRECTORS OF THE MANAGEMENT COMPANY		
Khawaja Muhammad Almas		
Issue of 99,971 units (2013: 5,067,071 units)	1,000	50,853
Bonus of 8,837 units (2013: 313,984 units)	88	3,140
Redemption of 3,106,189 units (2013: 4,293,760 units)	31,203	43,177
M. Jawaid Iqbal		
Issue of 149,155 units (2013: Nil units)	1,500	-
Bonus of 7,476 units (2013: Nil units)	75	-
KEY MANAGEMENT PERSONNEL		
Chief Executive Officer		
Issue of 597,296 units (2013: 497,498 units)	6,000	5,000
Bonus of 27,455 units (2013: 17,335 units)	275	173
Redemption of 845,769 units (2013: 104,671 units)	8,574	1,052
Executives		
Redemption of Nil units (2013: 1,059 units)	-	11

* Prior year comparatives have not been presented as the entity was not classified as a related party /connected person as at June 30, 2013.

** Current year figure has not been presented as the entity is not classified as a related party /connected person of the fund as at June 30, 2014.



	June 30, 2014	June 30, 2013
	----- Rupees in '000-----	
19.6 Details of amounts outstanding as at year end		
ABL Asset Management Company Limited - Management Company		
Outstanding 7,168,383 units (2013: 6,586,967 units)	71,979	65,932
Preliminary expenses and floatation costs payable	3,000	4,000
Remuneration payable	4,637	1,706
Sindh sales tax on remuneration of the Management Company	1,528	301
Federal excise duty on remuneration of the Management Company	4,925	173
Sales load	54	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	340	164
Allied Bank Limited		
Balances held in saving accounts	1,705	65,570
Term deposits receipts	-	150,000
Accrued mark-up on term deposits receipt	-	7,775
Mark-up accrued on deposits with banks	90	323
CFA Association of Pakistan*		
Outstanding 287,112 units (2013: Nil units)	2,883	-
Ibrahim Agencies (Private) Limited*		
Outstanding 16,678,977 units (2013: Nil units)	167,477	-
Getz Pharma (Private) Limited **		
Outstanding Nil units (2013: 20,393,446 units)	-	204,128
Pioneer Cement Limited*		
Outstanding 53,386,694 units (2013: Nil units)	536,066	-
Kohinoor Textile Mills Limited (Raiwand Division)*		
Outstanding 97,000,486 units (2013: Nil units)	974,001	-
DIRECTORS OF THE MANAGEMENT COMPANY		
Khawaja Muhammad Almas		
Outstanding 105,852 units (2013: 3,103,233 units)	1,063	31,062
M. Jawaid Iqbal		
Outstanding 156,631 units (2013: Nil units)	1,573	-
KEY MANAGEMENT PERSONNEL		
Chief Executive Officer		
Outstanding 220,928 units (2013: 441,946 units)	2,218	4,424

* Prior year comparatives have not been presented as the entity was not classified as a related party / connected person as at June 30, 2013.

** Current year figure has not been presented as the entity is not classified as a related party / connected person of the fund as at June 30, 2014.

20 PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

Details of the 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	20	CFA
2	Muhammad Imran	Chief Investment Officer	15	MBA
3	Abid Jamal	Head of Research	10	CFA
4	Kamran Aziz	Fund Manager	6	CFA
5	Faizan Saleem	Fund Manager	7	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, 2014

S. No.	Particulars	Percentage
1	Invest Capital Markets Limited	29.39%
2	C & M Management (Private) Limited	22.09%
3	Next Capital	12.63%
4	Invest & Finance Securities Limited	11.30%
5	JS Global Capital Limited	7.20%
6	Invest One Markets Limited	3.86%
7	Optimus Markets (Private) Limited	2.98%
8	KASB Securities Limited	2.87%
9	Vector Capital (Private) Limited	2.54%
10	Pearl Securities Limited	1.47%

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%



22 PATTERN OF UNIT HOLDING

-----As at June 30, 2014-----				
Category	Number of Unit holders	Number of units held	Net asset value of the amount invested	Percentage of total investment
			(Rupees in '000)	
Individuals	685	89,403,461	897,718	20.43%
Associated companies / directors	6	24,617,883	247,193	5.62%
Insurance companies	5	24,763,476	248,655	5.66%
Bank / DFIs	1	40,929,673	410,983	9.35%
Retirement Fund	8	10,943,246	109,883	2.50%
Public limited companies	7	200,291,886	2,011,171	45.76%
Others	25	46,737,974	469,299	10.68%
Total	737	437,687,599	4,394,902	100%

-----As at June 30, 2013-----				
Category	Number of Unit holders	Number of units held	Net asset value of the amount invested	Percentage of total investment
			(Rupees in '000)	
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%
Total	510	183,768,426	1,839,432	100%

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

The 32nd, 33rd, 34th, 35th, 36th and 37th Board of Directors meetings were held on August 6, 2013, October 30, 2013, December 13, 2013, January 13, 2014, February 07, 2014 and April 22, 2014 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	6	6	-	-
2	Muhammad Waseem Mukhtar	6	5	1	36th
3	Tariq Mahmood***	6	6	-	-
4	Kamran Nishat	6	5	1	34th
5	M. Shakeb Murad	6	2	4	32nd, 34th, 36th, 37th
6	M. Jawaid Iqbal	6	4	2	33rd, 34th
7	Khawaja Muhammad Almas	6	6	-	-
8	Farid Ahmed Khan*	6	6	-	-
Other persons					
1	Saqib Matin**	6	6	-	-

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

** Attended the BOD meetings as the Company Secretary.

*** Appointed as new Director of ABL Asset Management Company Limited on July 12, 2013 vide circular resolution and was subsequently ratified by the Board of Directors in the 32nd meeting of the Board of Directors held on August 6, 2013.

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 the 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 and is not exposed to cash flow interest rate risk except for balances in certain saving accounts, the interest rate of which in certain circumstances is 7%.



b) Sensitivity analysis for fixed rate instruments

Fixed rates instruments held as at June 30, 2014 include market treasury bills and Pakistan Investment Bonds. The Fund's income from these investments is substantially independent of changes in market interest rates, except for changes if any as a result of fluctuation in respective fair values.

Market treasury bills and Pakistan Investment Bonds which are classified as financial assets at fair value through profit or loss expose the Fund to fair value interest rate risk. In case of 100 basis points increase in rates announced by the Financial Market Association on June 30, 2014, with all other variables held constant, the net income for the year and the net assets would be lower by Rs 80.587 million. In case of 100 basis points decrease in rates announced by the Financial Market Association on June 30, 2014, with all other variables held constant, the net income for the year and the net assets would be higher by Rs 84.389 million.

The composition of the aforementioned Fund's investment portfolio and rates announced by the Financial Market Association are 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, 2014					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	7.00 - 10.75	1,227,836	-	-	-	1,227,836
Investments	9.99 - 12.90	9,901	3,125,984	-	-	3,135,885
Profit receivable		-	-	-	167,775	167,775
Sub total		1,237,737	3,125,984	-	167,775	4,531,496
Financial liabilities						
Payable to ABL Asset Management Company Limited - Management Company		-	-	-	14,144	14,144
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	340	340
Accrued expenses and other liabilities		-	-	-	458	458
Payable against redemption of units		-	-	-	1,116	1,116
Sub total		-	-	-	16,058	16,058
On-balance sheet gap (a)		1,237,737	3,125,984	-	151,717	4,515,438
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		1,237,737	3,125,984	-	151,717	4,515,438
Cumulative interest rate sensitivity gap		1,237,737	4,363,721	4,363,721		

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		-	-	-	6,180	6,180
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	164	164
Accrued expenses and other liabilities		-	-	-	413	413
Payable against redemption of units		-	-	-	936	936
Sub total		-	-	-	7,693	7,693
On-balance sheet gap (a)		1,267,121	704,671	-	4,157	1,975,949
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		1,267,121	704,671	-	4,157	1,975,949
Cumulative interest rate sensitivity gap		1,267,121	1,971,792	1,971,792		

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 issue with these balances as the counter parties are financial institutions with reasonable high credit ratings. The Fund does not foresee any credit risk with respect to government securities since these represent the interests of the Government of Pakistan. The internal risk management policies and investment guidelines (approved by the Investment Committee) require the Fund to invest in 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, 2014:



Balances with banks by rating category

Name of the bank	Rating agency	Published rating	Percentage of Bank Balance
Allied Bank Limited	PACRA	AA+	0.14%
Bank Al Falah Limited	PACRA	AA	0.04%
Faysal Bank Limited	PACRA	AA	0.96%
Habib Metropolitan Bank Limited	PACRA	AA+	9.85%
Sindh Bank Limited	JCRVIS	AA-	0.11%
Standard Chartered Bank (Pakistan) Limited	PACRA	AAA	0.52%
Soneri Bank Limited	PACRA	AA-	88.38%

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

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

Concentration of credit risk

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

24.3 Liquidity risk

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

The Fund is exposed to daily cash redemptions, if any. The Fund's approach to manage liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Fund's reputation. The Fund's policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed of. The Fund's investments are considered readily realisable.

The Fund can borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption

requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below indicates the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity dates. The amounts in the table are the contractual undiscounted cash flows.

As at June 30, 2014				
Upto three months	More than three months and upto one year	More than one year	Total	
----- Rupees in '000 -----				
Payable to ABL Asset Management Company Limited	11,144	1,000	2,000	14,144
Payable to the Central Depository Company of Pakistan Limited - Trustee	340	-	-	340
Accrued expenses and other liabilities	458	-	-	458
Payable against redemption of units	1,116	-	-	1,116
	13,058	1,000	2,000	16,058

As at June 30, 2013				
Upto three months	More than three months and up to one year	More than one year	Total	
----- Rupees in '000 -----				
Payable to ABL Asset Management Company Limited	2,180	1,000	3,000	6,180
Payable to the Central Depository Company of Pakistan Limited - Trustee	164	-	-	164
Accrued expenses and other liabilities	413	-	-	413
Payable against redemption of units	936	-	-	936
	3,693	1,000	3,000	7,693

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 assets 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, 2014 -----				
	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 and Pakistan investment bonds	-	3,135,885	-	3,135,885
----- 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

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 the minimum fund size during the year.

27 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 26, 2014 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 rearrangements or reclassifications were made in these financial statements


FARID AHMED KHAN
CEO

For ABL Asset Management Company Limited
(Management Company)


SHAKEB MURAD
DIRECTOR

