

# ABL *Stock Fund*

## CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED MARCH 31, 2014



**ABL Asset Management**

Discover the potential  
RATED AM2 (JCR-VIS)

(A wholly owned subsidiary of Allied Bank Ltd.)

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## FUND'S INFORMATION

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

## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of ABL Asset Management Company Limited, the management company of ABL Stock Fund (ABL-SF), is pleased to present the un-audited Condensed Interim Financial Information of ABL-SF for the nine months ended March 31, 2014.

### ECONOMIC PERFORMANCE REVIEW

3QFY14 reflected a major turnaround in the fortunes of Pakistan's economic landscape with key economic indicators depicting significant improvement. The talking point for the quarter was the remarkable 6.7% appreciation of the rupee vs. the US dollar after the rupee hit an all-time low against the greenback of Rs108.63. Release of IMF tranches (USD550mn for 3QFY14), Coalition support funds (USD352mn) and an unexpected USD1.5bn inflow through Pakistan Development Fund pushed the FX reserves near the USD10bn mark at quarter end. Improvement in reserves, coupled with solid current account numbers (USD263mn deficit for 2MCY14, USD2,020mn for 8MFY14) and a steady stream of foreign inflows lined up for the next few quarters' (3G/4G licenses auction, Eurobond issue, Etisalat payments, and more funds expected through Pakistan Development Funds) has renewed the optimism in Pak Rupee, resulting in a significant bounce back.

Inflationary pressures also receded over the past quarter as food inflation remained largely under control. Overall CPI inflation averaged 8.1% for 3QFY14, remaining well below the 10% mark. Significant decline in inflation (9.73% for 2QFY14) resulted in SBP aborting its monetary tightening stance with the policy rate remaining unchanged at 10% during the last quarter. In fact, there was market chatter of a possible rate cut before the March MPS. However, SBP kept rates unchanged giving more weight to challenges on the external account front while noting the improvement in FX reserves as one off inflows. On the fiscal front, Government borrowing from SBP eased (PKR133bn at March 31st, 2014, vs. PKR612bn at December 31st, 2013) as banks participated heavily in PIB auctions (PKR982bn raised for 3QFY14), sighting a stable or dovish monetary stance for the next few quarters. Tax collection remained commendable at PKR1573bn, +16% YoY, however, though still short of target by 210bn.

As we move to the last quarter of the current fiscal year, all eyes will be on the upcoming FY15 budget. Removal of subsidies, enhancing tax to GDP ratio and resolving the circular debt issue, are expected to be the core focus areas for the FY15 budget. With key IMF prescribed targets (FX reserves, Central Bank Borrowing, fiscal deficit) seemingly achievable and inflationary pressures expected to ease further on account of rupee appreciation, a pro-growth monetary easing stance cannot be ruled out in the near term. Despite significant recovery in the LSM segment (6.05% growth in 7MFY14), GDP growth is expected to clock in well below 5% for FY14. As economic indicators stabilize and energy related issues get priority handling, we anticipate policy makers to gradually shift focus towards a more growth oriented strategy.

### MARKET OVERVIEW

Equities continued their robust performance over the period under review with the benchmark KSE100 index gaining 7.52% to close at 27,160 points. Strong payouts accompanying annual results, significant weight increase for Pakistan in the MSCI frontier index, and general improvement in economic outlook boosted investor sentiment. Banks, consumers, and the downstream oil sector performed strongly in this backdrop while textiles and IPPs lost out due to strengthening of the rupee. Foreign flows clocked in at USD37mn for 3QFY14 with 9MFY14 FIPI standing at USD22.7mn. Volumes also depicted strength with average daily value traded recorded at USD89mn for the quarter (USD81mn for 9MFY14). As we move ahead, privatizations and secondary offerings from the Government are expected to attract more foreign investment while continuous improvement in key economic indicators is expected to keep corporate earnings growth robust. At quarter end, Pakistan equities were trading at 2014E P/E of 8x and offer prospective dividend yield of 6%, which is fairly attractive when compared to regional standards.

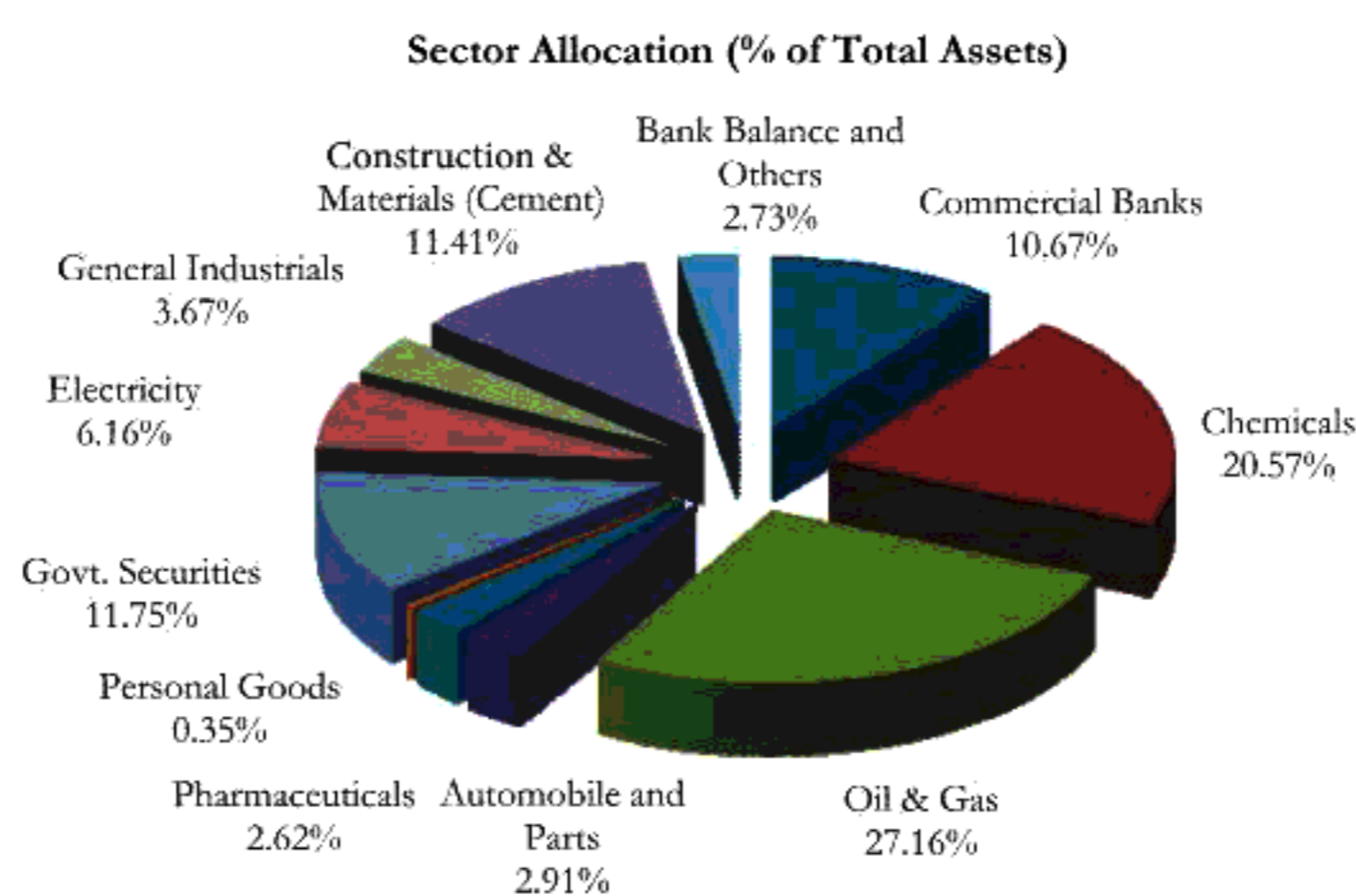
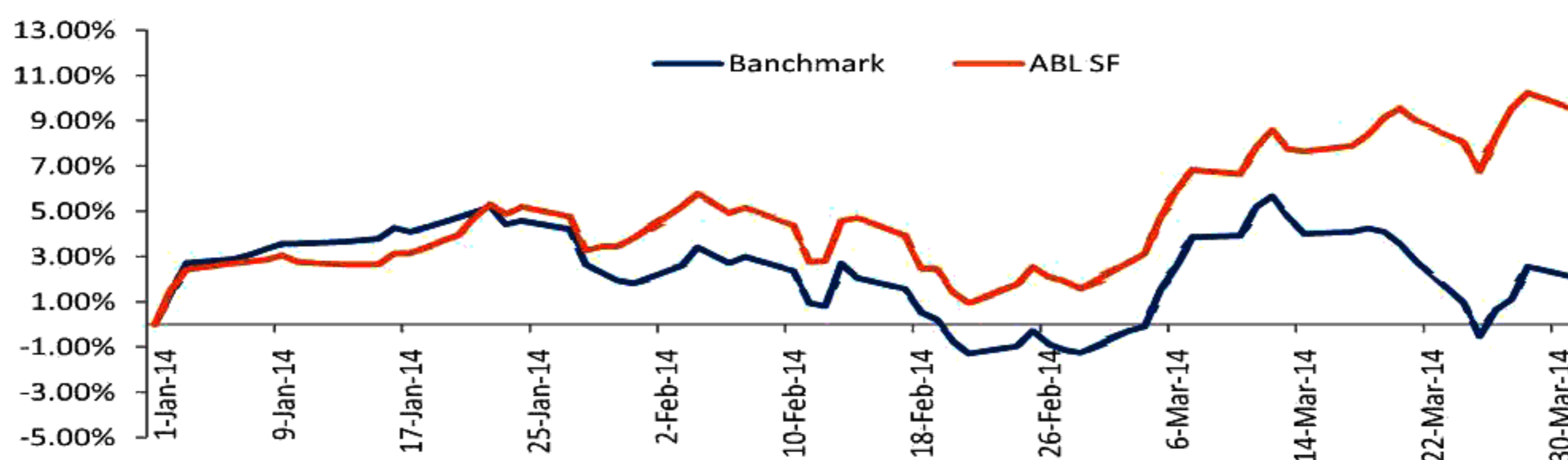
### MUTUAL FUND INDUSTRY REVIEW

Total assets under management (AUMs) of Pakistan's open end mutual fund industry grew by 9% in 3QFY14 (from PKR369 billion to PKR402 billion) led by the equity fund category as improving macro-economic fundamentals swayed investors towards riskier asset classes. Growing popularity of CPPI methodology based capital protected funds pushed AUMs in the Fund of Funds category significantly from PKR5 billion in December 2013 to PKR11 billion in March 2014. Flows in the Fund of Funds category also supported growth

in the equity funds (comprising of conventional and Islamic Equity funds) category where AUMs increased from PKR98 billion in December 2013 to PKR111 billion in March 2014. When compared to the market, conventional equity funds' AUMs increased by 12.5% during 3QFY14 against 7.5% increase in KSE-100 index in the same period. We anticipate interest in equity funds to continue as the risk/return profile of equities has improved significantly on the back of improving economic indicators.

## FUND PERFORMANCE

ABL-SF posted an absolute return of 9.84% against the benchmark return of 1.92%, an out-performance of 7.92% during the quarter. When measured from its inception date, ABL-SF posted a return of 322.12% as compared to its benchmark return of 152.15%, depicting a significant out-performance of 170%. During the period under review, the fund's AUMs increased by 14.34% to Rs.822.82 million compared to Rs.719.65 million as at December 31, 2013. The fund kept low exposure to cash during the period and remained largely invested to take advantage of the on-going rally in equities.



## OUTLOOK

Next quarter will be an eventful period for equity markets as improving macro outlook will clash with uncertainties surrounding FY15 budget which can create some volatility in the bourses. Pakistan is also expected to benefit from enhancement of its weight in the MSCI Frontier Market Index as Qatar and UAE markets move on to MSCI Emerging Market Index status. While remaining positive on the long term outlook of the market, we will tread the next quarter with caution. We will continue to channel our energies in picking stocks with strong fundamentals while avoiding any speculative bubbles that might come up during this bull run.

## AUDITORS

M/s. A.F. Fergusons & Co. (Chartered Accountants), have been appointed as auditors for the year ending June 30, 2014 for ABL Stock Fund (ABL-SF).

## **FUND RANKING**

JCR-VIS Credit Rating Company Ltd. (JCR-VIS) on December 31, 2013 assigned MFR 3-Star (based on Three Year weighted average ranking) to ABL-SF, which denotes 'average performance'.

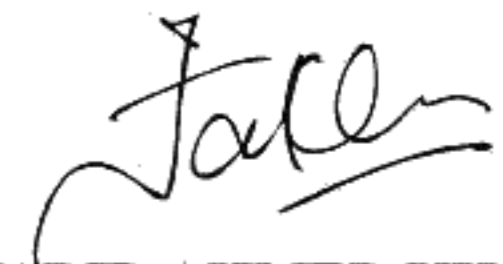
## **MANAGEMENT QUALITY RATING**

The Management Quality Rating of ABL Asset Management Limited (ABL AMC) is 'AM Two' (AM2). Outlook on the assigned rating is 'Stable'.

## **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 Limited for their continued guidance and support. The Directors also appreciate the efforts put in by the management team.

For and on behalf of the Board



**FARID AHMED KHAN**  
(Chief Executive Officer)

**Karachi, April 22, 2014**

**ABL STOCK FUND  
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT MARCH 31, 2014**

		(Un-audited) March 31, 2014	(Audited) June 30, 2013
	Note	----- Rupees -----	
<b>ASSETS</b>			
Bank balances	4	9,799,786	87,063,365
Investments	5	821,843,416	708,390,910
Dividend and profit receivable		10,435,033	1,331,583
Security deposits and prepayments		2,612,506	2,600,000
Receivable against sale of investments		-	1,758
Preliminary expenses and floatation costs		177,299	715,161
<b>Total assets</b>		<u>844,868,040</u>	<u>800,102,777</u>
<b>LIABILITIES</b>			
Payable to ABL Asset Management Company Limited - Management Company	6	6,512,924	4,152,705
Payable to Central Depository Company of Pakistan Limited - Trustee		134,693	140,350
Payable to Securities and Exchange Commission of Pakistan		537,666	413,628
Accrued expenses and other liabilities	7	14,857,245	11,508,107
Payable against redemption of units		1,500	500,000
<b>Total liabilities</b>		<u>22,044,028</u>	<u>16,714,790</u>
<b>NET ASSETS</b>		<u>822,824,012</u>	<u>783,387,987</u>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<u>822,824,012</u>	<u>783,387,987</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	9	-----Number of Units -----	
<b>NUMBER OF UNITS IN ISSUE</b>		<u>59,099,318</u>	<u>49,038,380</u>
		----- Rupees -----	
<b>NET ASSETS VALUE PER UNIT</b>		<u>13.9227</u>	<u>15.9750</u>
<b>FACE VALUE PER UNIT</b>		<u>10.0000</u>	<u>10.0000</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

For ABL Asset Management Company Limited  
(Management Company)

  
**FARID AHMED KHAN**  
CEO

  
**KHAWAJA MUHAMMAD ALMAS**  
DIRECTOR

**ABL STOCK FUND  
CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014**

	<u>Nine months ended</u>		<u>Quarter ended</u>	
	<u>March 31,</u>		<u>March 31,</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	----- Rupees -----			
<b>INCOME</b>				
Dividend income	36,372,610	19,172,650	15,453,800	7,261,500
Capital gain on sale of equity investments-net	81,121,270	47,142,414	45,013,450	22,705,754
Income from government securities-net	806,798	-	727,409	-
Profit on deposits with banks	4,802,898	1,745,137	1,474,590	428,674
Back end load	403	4,682	-	4,682
	<u>123,103,979</u>	<u>68,064,883</u>	<u>62,669,249</u>	<u>30,400,610</u>
Unrealised appreciation on remeasurement of investments classified as financial assets 'at fair value through profit or loss' - held for trading	<u>77,685,667</u>	<u>50,765,242</u>	<u>20,324,934</u>	<u>24,580,531</u>
	<u>200,789,646</u>	<u>118,830,125</u>	<u>82,994,183</u>	<u>54,981,141</u>
<b>EXPENSES</b>				
Remuneration of ABL Asset Management Company Limited - Management Company	16,976,738	8,299,316	5,751,044	3,122,172
Sindh sales tax on Management Company's Remuneration	3,150,689	1,327,745	1,067,216	499,489
Federal excise duty on remuneration of Management Company	2,716,350	-	920,312	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	1,128,788	576,783	380,408	207,388
Annual fee - Securities and Exchange Commission of Pakistan	537,666	262,864	182,186	98,921
Brokerage expense and other transaction costs	3,668,620	2,702,811	1,136,015	645,102
Auditors' remuneration	378,998	303,318	108,493	100,817
Amortisation of preliminary expenses and floatation costs	537,862	537,862	176,670	176,670
Printing charges	112,614	111,366	36,990	36,366
Annual rating fee	94,741	72,091	29,610	27,090
Listing fee	37,519	22,468	12,330	7,468
Settlement and bank charges	423,870	223,331	137,304	55,021
<b>Total operating expenses</b>	<u>29,764,455</u>	<u>14,439,955</u>	<u>9,938,578</u>	<u>4,976,504</u>
<b>Net income for the period from operating activities</b>	<u>171,025,191</u>	<u>104,390,170</u>	<u>73,055,605</u>	<u>50,004,637</u>
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	30,467,198	2,535,733	36,551,478	(14,378,853)
Provision for Workers' Welfare Fund	7.1 (4,029,848)	(2,138,523)	(1,631,306)	(712,511)
<b>Net income for the period before taxation</b>	<u>197,462,541</u>	<u>104,787,380</u>	<u>107,975,777</u>	<u>34,913,273</u>
Taxation	-	-	-	-
<b>Net income for the period after taxation</b>	<u>197,462,541</u>	<u>104,787,380</u>	<u>107,975,777</u>	<u>34,913,273</u>
<b>Other comprehensive income for the period</b>	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>197,462,541</u>	<u>104,787,380</u>	<u>107,975,777</u>	<u>34,913,273</u>
<b>Earnings per unit</b>		10		

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

  
**FARID AHMED KHAN**  
CEO

  
**KHAWAJA MUHAMMAD ALMAS**  
DIRECTOR



**ABL STOCK FUND  
CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2014**

	<u>Nine months ended</u> <u>March 31,</u>	
	<b>2014</b>	<b>2013</b>
	----- Rupees -----	
<b>Undistributed income brought forward comprising of:</b>		
- realised income	217,351,928	2,686,688
- unrealised income	<u>75,651,274</u>	<u>3,530,730</u>
	293,003,202	6,217,418
 <b>Distribution during the period</b>		
Rs 5.3270 per unit on August 6, 2013		
Cash distribution (March 2013: nil)	(53,273,290)	-
Issue of 16,878,820 bonus units (March 2013: nil)	(205,361,227)	-
	(258,634,517)	-
 Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net	28,041,825	-
 Net income for the period after taxation	197,462,541	104,787,380
 Undistributed income carried forward	<u>259,873,051</u>	<u>111,004,798</u>
 <b>Undistributed income carried forward comprising of:</b>		
- realised income	182,187,384	60,239,556
- unrealised income	<u>77,685,667</u>	<u>50,765,242</u>
	<u>259,873,051</u>	<u>111,004,798</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

  
**FARID AHMED KHAN**  
CEO

  
**KHAWAJA MUHAMMAD ALMAS**  
DIRECTOR

**ABL STOCK FUND  
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2014**

	Nine months ended	
	March 31,	
	2014	2013
	----- Rupees -----	
<b>Net assets at the beginning of the period</b>	783,387,987	255,749,187
Issue of 34,223,300 units (March 2013: 21,038,046 units)	452,139,820	247,283,468
Redemption of 41,041,182 units (March 2013: 15,310,674 units)	(526,425,848) (74,286,028)	(187,473,329) 59,810,139
Issue of 16,878,820 bonus units (March 2013: Nil)	205,361,227	-
Net element of (income) / loss and (capital gains) / losses included in prices of units issued less those in units redeemed		
- amount representing (income) / loss and capital (gains) / losses - transferred to Income Statement	(30,467,198)	(2,535,733)
- amount representing (income) / loss and capital (gains) / losses - transferred to Distribution Statement	(28,041,825) (58,509,023)	- (2,535,733)
Other net income for the period	83,404,264	6,879,724
Net capital gain on sale of investments	36,372,610	47,142,414
Unrealised (diminution) / appreciation on remeasurement of investments classified as financial assets 'at fair value through profit or loss' - held for trading	77,685,667 197,462,541	50,765,242 104,787,380
<b>Distribution during the period</b>		
Rs 5.3270 per unit on August 6, 2013		
Cash distribution (March 2013: Nil)	(53,273,290)	-
Issue of 16,878,820 bonus units (March 2013: Nil)	(205,361,227)	-
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - transferred to Distribution Statement	28,041,825	-
<b>Net assets at the end of the period</b>	<u>822,824,012</u>	<u>417,810,973</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

  
**FARID AHMED KHAN**  
CEO

  
**KHAWAJA MUHAMMAD ALMAS**  
DIRECTOR

**ABL STOCK FUND  
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2014**

	<u>Nine months ended</u>	
	<u>March 31,</u>	
	<u>2014</u>	<u>2013</u>
	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	197,462,541	104,787,380
<b>Adjustments:</b>		
Unrealised diminution / (appreciation) on remeasurement of investments classified as financial assets 'at fair value through profit or loss' - held for trading	(77,685,667)	(50,765,242)
Dividend income	(36,372,610)	(19,172,650)
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed	(30,467,198)	(2,535,733)
Amortisation of preliminary expenses and floatation costs	537,862	537,862
	<u>53,474,928</u>	<u>32,851,617</u>
<b>(Increase) / decrease in assets</b>		
Investments - net	(35,766,839)	(103,123,482)
Profit receivable	163,125	88,481
Security deposits and prepayment	(12,506)	(7,532)
Receivable against sale of investments	1,758	756,518
	<u>(35,614,462)</u>	<u>(102,286,015)</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to ABL Asset Management Company Limited - Management Company	2,579,905	(96,333)
Payable to Central Depository Company of Pakistan Limited - Trustee	(5,657)	17,111
Payable to Securities and Exchange Commission of Pakistan	124,038	(111,112)
Payable against purchase of investments	-	3,510,615
Accrued expenses and other liabilities	3,129,452	3,166,162
	<u>5,827,738</u>	<u>6,486,443</u>
	<u>27,106,035</u>	<u>14,374,167</u>
<b>Net cash generated from / (used in) operating activities</b>	<u>50,794,239</u>	<u>(48,573,788)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(53,273,290)	-
Receipts from issue of units	452,139,820	247,283,468
Payments on redemption of units	(526,924,348)	(187,473,329)
<b>Net cash (used in) / generated from financing activities</b>	<u>(128,057,818)</u>	<u>59,810,139</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<u>(77,263,579)</u>	<u>11,236,351</u>
Cash and cash equivalents at the beginning of the period	87,063,365	20,845,250
<b>Cash and cash equivalents at the end of the period</b>	<u>9,799,786</u>	<u>32,081,601</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

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

  
**FARID AHMED KHAN**  
CEO

  
**KHAWAJA MUHAMMAD ALMAS**  
DIRECTOR

## **1 LEGAL STATUS AND NATURE OF BUSINESS**

ABL Stock Fund (the Fund) was established under a trust deed executed on April 23, 2009 between ABL Asset Management Company Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Securities and Exchange Commission of Pakistan (SECP) authorised the constitution of the Trust Deed vide letter no. NBFC-II/DD/ABLAMC/422/09 on April 10, 2009 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 fund and is listed on the Karachi Stock Exchange (Guarantee) Limited. The units of the Fund are offered for public 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 equity scheme as per the criteria laid down by the SECP for categorisation of Collected Investment Schemes (CISs).

The objective of the Fund is to provide higher risk adjusted returns to investors by investing in diversified portfolio of equity instruments. The investment objectives and policies of the Fund are more fully explained in the Fund's offering document.

JCR-VIS Credit Rating Company Limited has assessed the fund's performance ranking at "MFR-3 star (Based on one year weighted average ranking). MFR 3-star (Based on three year weighted average ranking) for periods ended December 31, 2013.

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

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan. 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 NBFC Rules, the Non-Banking Finance Companies 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 directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Fund for the year ended June 30, 2013.

## **3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual published financial statements of the Fund for the year ended June 30, 2013.

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

The significant judgments made by management in applying the accounting policies and the key sources of estimation of uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2013.

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2013.

Certain amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after July 1, 2013. None of these amendments are expected to have a significant effect on this condensed interim financial information.

		(Un-audited) March 31, 2014	(Audited) June 30, 2013
	Note	----- Rupees -----	
<b>4</b>	<b>BANK BALANCES</b>		
	Saving accounts	4.1 <u>9,799,786</u>	<u>87,063,365</u>
<b>4.1</b>	These saving accounts carry mark-up at rates ranging from 6.50% to 8.50% (June 30, 2013: 6.00% to 9.50%) per annum. Deposits in savings accounts include Rs.8,464,106 (June 30, 2013: Rs. 84,083,493) maintained with Allied Bank Limited, a related party.		
		(Un-audited) March 31, 2014	(Audited) June 30, 2013
<b>5</b>	<b>INVESTMENTS</b>		
	<b>At fair value through profit or loss-held for trading</b>		
	- Listed equity securities	5.1 722,559,566	708,390,910
	- Government securities-Market treasury bills	5.2 <u>99,283,850</u>	<u>-</u>
		<u>821,843,416</u>	<u>708,390,910</u>

## 5.1 Listed equity securities

Name of investee company	Number of Shares				as at March 31, 2014			Market value as a percentage of net assets	Market value as a percentage of total investment	Market value as a percentage of paid-up capital of investee company	
	As at July 01, 2013	Purchases during the period	Bonus issue during the period	Sales during the period	As at March 31, 2014	Carrying value	Market value				Appreciation/ (diminution)
<b>Oil and gas</b>											
National Refinery Limited	-	126,500	-	3,500	123,000	26,316,917	28,144,860	1,827,944	3.42%	3.42%	3.52%
Oil and Gas Development Company Limited	276,200	261,100	-	429,800	107,500	28,318,307	25,921,475	(2,396,832)	3.15%	3.15%	0.06%
Pakistan Oilfields Limited	139,500	64,500	-	63,600	140,400	69,325,973	76,402,872	7,076,899	9.29%	9.30%	3.23%
Pakistan Petroleum Limited	333,000	165,200	57,400	332,000	223,600	43,212,187	50,032,736	6,820,549	6.08%	6.09%	0.25%
Pakistan State Oil Company Limited	217,260	242,200	-	344,700	114,760	37,223,595	48,969,240	11,745,645	5.95%	5.96%	1.98%
	965,960	859,500	57,400	1,173,600	709,260	204,396,979	229,471,183	25,074,204	27.89%	27.92%	
<b>Chemicals</b>											
Engro Corporation Limited	371,800	477,900	-	600,000	249,700	40,737,624	46,561,559	5,823,935	5.66%	5.67%	0.91%
Fatima Fertilizer Company Limited	1,220,000	2,661,500	-	2,560,500	1,321,000	38,329,549	41,585,080	3,255,531	5.05%	5.06%	0.20%
Fauji Fertilizer Company Limited	50,000	507,100	-	364,000	193,100	20,893,550	21,403,204	509,654	2.60%	2.60%	0.17%
Fauji Fertilizer Bin Qasim Limited	-	739,000	-	739,000	-	-	-	-	-	-	-
Arif Habib Corporation Limited	-	2,512,000	-	222,000	2,290,000	54,183,041	62,837,600	8,654,559	7.64%	7.65%	1.38%
Engro Fertilizer Limited	-	522,970	-	500,000	22,970	1,328,125	1,371,309	43,184	0.17%	0.17%	0.01%
	1,641,800	7,420,470	-	4,985,500	4,076,770	155,471,890	173,758,752	18,286,862	21.12%	21.14%	
<b>Construction and materials (Cement)</b>											
D.G. Khan Cement Company Limited	784,500	295,500	-	914,500	165,500	13,082,048	15,229,310	2,147,262	1.85%	1.85%	0.35%
Fauji Cement Limited	2,301,000	3,660,500	-	3,869,500	2,092,000	29,752,274	35,752,280	6,000,006	4.35%	4.35%	0.27%
Fecto Cement Limited	120,500	-	-	120,500	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	2,319,000	2,359,500	-	3,136,500	1,542,000	38,598,683	45,381,060	6,782,377	5.52%	5.52%	0.86%
Lucky Cement Limited	-	227,600	-	227,600	-	-	-	-	-	-	-
	5,525,000	6,543,100	-	8,268,600	3,799,500	81,433,005	96,362,650	14,929,645	11.71%	11.73%	
<b>General industrials</b>											
Packages Limited	45,500	104,700	-	60,000	90,200	21,358,607	31,003,544	9,644,937	3.77%	3.77%	3.67%
	45,500	104,700	-	60,000	90,200	21,358,607	31,003,544	9,644,937	3.77%	3.77%	
<b>Food Producers</b>											
Engro Foods Limited	-	145,000	-	145,000	-	-	-	-	-	-	-
Habib Sugar Mills Limited	-	50,000	-	50,000	-	-	-	-	-	-	-
	-	195,000	-	195,000	-	-	-	-	-	-	-
<b>Personal goods (Textiles)</b>											
Nishat Mills Limited	523,000	262,000	-	759,400	25,600	2,564,778	2,983,680	418,902	0.36%	0.36%	0.08%
Nishat (Chunian) Limited	-	379,150	-	379,150	-	-	-	-	-	-	-
Gadoon Textile Limited	38,000	-	-	38,000	-	-	-	-	-	-	-
	561,000	641,150	-	1,176,550	25,600	2,564,778	2,983,680	418,902	0.36%	0.36%	
<b>Fixed line Telecommunications</b>											
Pakistan Telecommunication Company Limited	800,000	12,000	-	812,000	-	-	-	-	-	-	-
	800,000	12,000	-	812,000	-	-	-	-	-	-	-
<b>Electricity</b>											
Nishat Power Limited	770,000	354,000	-	1,124,000	-	-	-	-	-	-	-
Hub Power Company Limited	1,154,500	763,000	-	938,200	979,300	56,794,059	52,069,380	(4,724,679)	6.33%	6.34%	0.45%
Nishat Chunian Power Limited	-	200,000	-	200,000	-	-	-	-	-	-	-
	1,924,500	1,317,000	-	2,262,200	979,300	56,794,059	52,069,380	(4,724,679)	6.33%	6.34%	
<b>Commercial Banks</b>											
Bank Al Habib Limited	-	515,000	-	125,500	389,500	14,281,097	15,899,780	1,618,683	1.93%	1.93%	0.14%
MCB Bank Limited	-	172,700	-	172,700	-	261,857	246,205	(15,652)	0.03%	0.03%	0.00%
Habib Metropolitan Bank Limited	-	422,500	-	78,500	344,000	8,218,371	9,181,360	962,989	1.12%	1.12%	0.08%
United Bank Limited	203,000	322,000	-	330,000	195,000	26,288,293	31,556,850	5,268,557	3.84%	3.84%	0.26%
Bank Alfalah Limited	-	2,308,000	-	1,410,000	898,000	21,701,453	23,994,560	2,293,107	2.92%	2.92%	0.18%
National Bank of Pakistan	1,500	929,500	-	759,500	171,500	10,060,746	9,271,290	(789,456)	1.13%	1.13%	0.04%
Faysal Bank Limited	-	500,000	-	500,000	-	-	-	-	-	-	-
	204,500	5,169,700	-	3,376,200	1,998,000	80,811,817	90,150,045	9,338,228	10.96%	10.97%	
<b>Non Life Insurance</b>											
IGI Insurance Limited	8,000	-	-	8,000	-	-	-	-	-	-	-
	8,000	-	-	8,000	-	-	-	-	-	-	-
<b>Pharma and Bio Tech</b>											
Ferozsons Laboratories Limited	-	114,000	-	-	114,000	17,463,894	22,144,500	4,680,606	2.69%	2.69%	7.34%
	-	114,000	-	-	114,000	17,463,894	22,144,500	4,680,606	2.69%	2.69%	
<b>Automobile And Parts</b>											
Indus Motor Company	-	63,300	-	1,600	61,700	24,575,819	24,615,832	40,013	2.99%	3.00%	3.13%
	-	63,300	-	1,600	61,700	24,575,819	24,615,832	40,013	2.99%	3.00%	
<b>Technology Hardware and Equipment</b>											
Avanceon Limited	-	130,000	-	130,000	-	-	-	-	-	-	-
	-	130,000	-	130,000	-	-	-	-	-	-	-
						644,870,850	722,559,566	77,688,716	87.81%	87.92%	

**5.1.1** The above investment includes shares having a market value (in aggregate) amounting to Rs.84,097,940 (2013: Rs 37,714,200) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated October 23, 2007 issued by the Securities & Exchange Commission of Pakistan. The details of shares which have been pledged are as follows:

- D.G.Khan Cement Company Limited: 50,000 (June 30, 2013:Nil) shares.

- Engro Corporation Limited: 50,000 (June 30, 2013: Nil) shares.
- Fauji Fertilizer Company Limited: Nil (June 30, 2013: 8,000) shares.
- Oil & Gas Development Company Limited: Nil (June 30, 2013: 15,000) shares.
- Pakistan Oilfields Limited: 63,000 (June 30, 2013: 33,000) shares.
- Pakistan Petroleum Limited: 90,000 (June 30, 2013: 60,000) shares.
- Pakistan State Oil Company Limited: 30,000 (June 30, 2013: Nil) shares.
- Hub Power Company Limited: 170,000 (June 30, 2013: 70,000) shares.

## 5.2 Government securities - Market Treasury Bills

Issue date	Tenor	Face value			Balance as at March 31, 2014			Market value as a percentage of net assets	Market value as a percentage of total investments
		Purchases during the period	Disposed / matured during the period	Balance as at March 31, 2014	Carrying value	Market value	Appreciation / (diminution)		
-----Rupees-----									
2/20/2014	3 months	50,500,000	25,000,000	25,500,000	25,200,800	25,191,425	(9,375)	3.06%	3.065%
3/26/2014	OMO	75,000,000	-	75,000,000	74,086,099	74,092,425	6,326	9.00%	9.015%
		<b>125,500,000</b>	<b>25,000,000</b>	<b>100,500,000</b>	<b>99,286,899</b>	<b>99,283,850</b>	<b>(3,049)</b>	<b>12.07%</b>	<b>12.08%</b>

## 5.3 Unrealised appreciation on re-measurement of investments

classified as financial asset at fair value through profit or loss - net

Note

	(Un-audited) March 31, 2014	(Audited) June 30, 2013
	----- Rupees -----	
Market value of securities	821,843,416	708,390,910
Less: carrying value of securities	<u>744,157,749</u>	<u>632,739,636</u>
	<u>77,685,667</u>	<u>75,651,274</u>

## 6 PAYABLE TO ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY

Remuneration of Management Company		2,042,848	2,082,773
Sindh sales tax on remuneration of Management Company	6.1	791,577	363,546
Federal excise duty on remuneration of Management Company	6.2	2,905,734	189,384
Preliminary expenses and floatation costs		717,013	1,433,575
Sales load		55,752	83,427
		<u>6,512,924</u>	<u>4,152,705</u>

6.1 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.

6.2 As per the requirements of the Finance Act 2013, Federal Exercise 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 provincial sales tax as explained in note 6.1, 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 Honorable 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 the 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 (including resultant impact of its Sindh sales tax) effective June 13, 2013 aggregating to Rs 2.716 million. Had the provision not been made the net asset value per unit of the Fund as at March 31, 2014 would have been higher by Re 0.0406 per unit.

7	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	(Un-audited)	(Audited)
			March 31, 2014	June 30, 2013
			----- Rupees -----	
	Auditors' remuneration		186,066	284,936
	Rating fee		89,402	110,000
	Brokerage and other charges		149,013	585,680
	Provision for Workers' Welfare Fund	7.1	14,149,080	9,996,969
	Other payables		283,684	530,522
			<u>14,857,245</u>	<u>11,508,107</u>

#### 7.1 PROVISION FOR WORKER'S 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 regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication.

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

During the year ended June 30, 2012, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008, had declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Honourable Sindh High Court (SHC) passed an order declaring that the amendments introduced in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in the WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the Court. Without prejudice to the above, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs 14.1491 million (including Rs 4.0298 million for the current period) in these financial statements. Had the same not been made the net asset value per unit of the Fund as at March 31, 2014 would have been higher by Re 0.2394 per unit.

#### 8 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Further, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains to the unit holders. The management intends to distribute at least 90% of the Fund net accounting income earned by the year end to the unit holders. Accordingly, no provision in respect of taxation has been made in this condensed interim financial information.

#### 9 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2014 and as at June 30, 2013.

#### 10 EARNINGS PER UNIT (EPU)

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



## 11 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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, Ibrahim Agencies Pvt. Limited, Cyan Limited, Cyan Limited - Employees Provident Fund and CFA Association of Pakistan being entities under common management and / or directorship, the Central Depository Company of Pakistan limited being the Trustee of the Fund and the directors and officers of the Management Company and Sindh Province Pension Fund being connected person.

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

Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

Remuneration to the Trustee is determined in accordance with the provisions of the Trust Deed.

### 11.1 Detail of transactions with connected persons during the period are as follows:

	----- (Un-audited) -----	
	Nine months ended	
	March 31,	
	2014	2013
	----- Rupees -----	
<b>ABL Asset Management Company Limited - Management Company</b>		
Remuneration for the period	16,976,738	8,299,316
Sindh Sales Tax on Management Company's Remuneration	3,150,689	1,327,745
Federal Excise Duty on Management fee	2,716,350	-
Bonus of 705,965 units( 2013: NIL units)	8,589,337	-
<b>Allied Bank Limited</b>		
Markup income for the period	4,713,099	1,461,529
Bank charges	49,775	15,076
Cash distribution (2013: Nil)	53,270,000	-
Issue of 10,000,000 units (2013: Nil)	179,713,000	-
Redemption of 10,000,000 units (2013: Nil)	179,713,000	-
<b>Sindh Province Pension Fund</b>		
Bonus of 2,318,724 units (2013: Nil)	28,211,456	-
Redemption of 3,807,000 units (2013: Nil)	49,591,886	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration for the period	1,128,788	576,783
Settlement charges and connection fee	120,363	42,241
<b>Ibrahim Agencies Pvt Limited</b>		
Issue of 524,915 units (2013: Nil)	7,000,000	-
<b>DIRECTORS OF THE MANAGEMENT COMPANY</b>		
<b>Mr.Sheikh Mukhtar Ahmad</b>		
Issue of 1,019,194 units (2013: Nil)	12,000,000	-
<b>Mr.Khawaja Muhammad Almas</b>		
Issue of 1,097,603 units (2013: Nil)	19,994,479	-
Redemption of 1,097,603 units (2013: Nil)	19,711,188	-

**11.2 Detail of balances outstanding at the period / year end with connected persons are as follows:**

	(Un-audited) March 31, 2014	(Audited) June 30, 2013
	----- Rupees -----	
<b>ABL Asset Management Company Limited - Management Company</b>		
Remuneration payable	2,042,848	2,082,773
Preliminary expenses and floatation costs payable	717,013	1,433,575
Federal Excise Duty on remuneration of Management company	2,905,734	189,384
Sales load payable	55,752	83,427
Sindh sales tax on Management Company's Remuneration	791,577	363,553
Outstanding 2,318,380 Units. (June 30, 2013: 1,612,416 units)	32,278,118	25,756,564
<b>Allied Bank Limited</b>		
Markup accrued	581,451	602,878
Bank balances	8,500,094	84,083,493
Outstanding 10,000,000 units (June 30, 2013: 10,000,000)	139,227,000	159,739,000
<b>Ibrahim Agencies Pvt Limited</b>		
Outstanding 524,915 units (2013: Nil)	7,308,230	-
<b>Sindh Province Pension Fund</b>		
Outstanding 3,807,661 units ( June 30, 2013: 5,295,937 units)	53,012,927	84,602,594
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	134,693	140,350
Security deposit with CDC	100,000	100,000
<b>DIRECTORS OF THE MANAGEMENT COMPANY</b>		
<b>Mr. Sheikh Mukhtar Ahmad</b>		
Outstanding 1,019,194 Units (2013: Nil)	14,189,944	-

\* Prior period comparative has not been presented as the entity did not classify as a related party / connected person as at March 31, 2014.

**12 GENERAL**

**12.1** Figures have been rounded off to the nearest rupee.

**12.2** Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation. No significant reclassifications have been made during the current period.

**13 DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on April 22, 2014 by the Board of Directors of the Management Company.

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

  
**FARID AHMED KHAN**  
CEO

  
**KHAWAJA MUHAMMAD ALMAS**  
DIRECTOR



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