

RATED AM3 (JCR-VIS)



# INFOCUS

FUND MANAGER'S REPORT, APRIL 2009



- One of the highest rate of return in the industry
- No Exposure in TFC's
- No Exposure in CFS
- Fund stability rating of "A(f)"
- Tax rebate on investment

UNIT PRICE as on 30th April 2009: Rs.10.1152

## ABOUT

The objective of ABL Income Fund is to earn superior risk adjusted rate of return by investing in a blend of short, medium, and long-term instruments, both within and outside Pakistan.

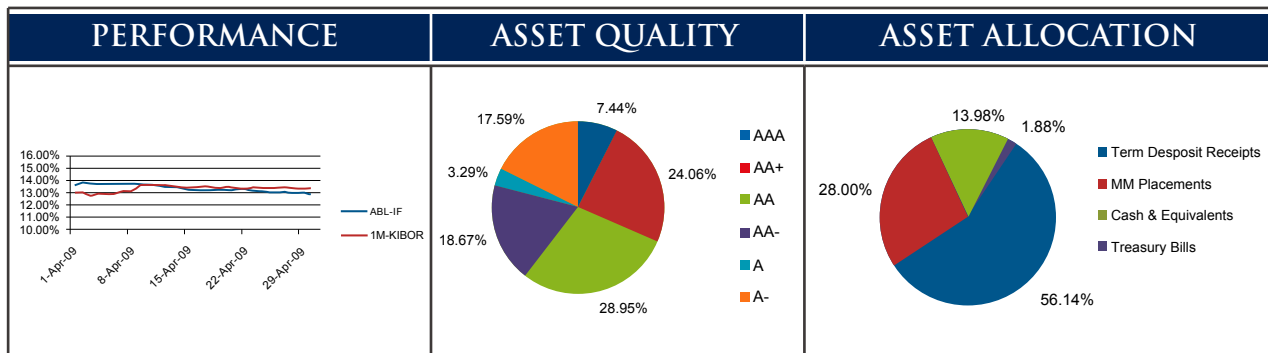
## FUND MANAGER'S COMMENTS - ABL INCOME FUND

ABL-IF earned an annualized return of 12.93% for the month, 0.98% lower than the previous month. This is due to decline in interest rates reflected by a cut in the Discount Rate by 1% during the month. As we expect interest rates to decline and are still weary of investing in TFC's, we have placed ample portion of your fund in Term Deposit Receipts (TDR's) in longer tenors with reputable financial institutions in order to lock in the current rates. This is reflected by the fund's duration which has increased to 104 days from 54 days in March 2009. During the month, the average 1-Month KIBOR increased by 125 basis points, due to liquidity crunch in the money market, leading to an abnormal situation whereby 1-Month KIBOR was higher than 3-Months KIBOR, which led to a sharp increase in the benchmark. The fund size increased by 33.93% to 4,729 million reflecting the growing confidence of investors in ABL-IF.

Macroeconomic indicators are gradually improving and inflationary pressures are decreasing apropos to which a 1% cut in the Discount Rate was announced on April 20, 2009 by the SBP. This indemnifies the prospect of a further cut in the discount rate in the next quarter. However, the economy still faces challenges due to low GDP growth and worsening law and order situation. On the money market front, rates are expected to remain volatile in the short term. The latest T-Bill auction received the highest number of bids in one year maturity, indicating the downward trend in interest rates. However the cut off rates remained high in all tenors due to liquidity pressures. Such pressures are likely to persist during the current quarter.

| PERFORMANCE                         |              |           |           |           |          |
|-------------------------------------|--------------|-----------|-----------|-----------|----------|
| ABL Income Fund                     | Since Launch | Feb 2009  | Mar 2009  | Apr 2009  | 3QFY09   |
| Annualized Performance (%) *        | 15.17%       | 14.99%    | 13.91%    | 12.93%    | 15.07%   |
| Benchmark: (Average 1-Month KIBOR%) | 13.50%       | 12.50%    | 12.07%    | 13.32%    | 12.68%   |
| Profit on Rs. 100,000 invested**    | Rs. 9,013    | Rs. 1,077 | Rs. 1,113 | Rs. 1,005 | Rs.3,522 |
| Dividend %                          | 7.627%       |           |           |           | 3.462%   |

\* Returns are net of management fee & all other expenses  
 \*\* Represents cumulative profit for the respective periods



## GENERAL INFORMATION

|                      |   |
|----------------------|---|
| Launch Date          | September 20 <sup>th</sup> , 2008                       |
| Fund Size            | Rs. 4,729 million                                       |
| Type                 | Open end, Fixed Income Fund                             |
| Fund Rating          | A(f) - JCR-VIS  |
| Risk Level           | Low   |
| Fund Manager         | Hammad Ali Abbas  |
| Listing              | Karachi Stock Exchange                                  |
| Custodian & Trustee  | Central Depository Company (CDC)                        |
| Front/Back end Load  | 0%  |
| Management Fee       | 1.5% per annum  |
| Auditors             | A.F. Ferguson & Co                                      |
| Benchmark            | 1-Month KIBOR Average                                   |
| Minimum Subscription | Growth Unit : Rs. 5,000/-<br>Income Unit : Rs. 50,000/- |

## TECHNICAL INFORMATION

|                    |          |
|--------------------|----------|
| Duration           | 104 days |
| Standard Deviation | 1.35%    |
| Sharpe Ratio***    | 1.83     |

\*\*\* 3 M PKRV Used as Risk free rate of return

## TOPIC OF THE MONTH

As anticipated the SBP in its April 20, 2009 Monetary Policy Statement announced a cut in the benchmark discount rate from 15% to 14% indicating a declining interest rate trend.

### CONTACT US:

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**ABL Asset Management**

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