

## FUND'S PORTFOLIO/ INVESTMENT INFORMATION

Asset Allocation (% of Assets)	Jan. 2010	Feb. 2010
Cash	4.82%	9.61%
Placements with Banks (TDRs)	42.97%	34.04%
Placements with DFIs (COIs)	9.30%	8.97%
Reverse Repo against Govt. Securities	0.00%	14.26%
Money Market placements	21.18%	4.98%
Treasury Bills	17.64%	23.20%
Others including receivables	4.09%	4.94%

### Technical Information

**ABL-IF**

Leverage	NIL
Weighted average time to maturity of the net assets	54 days

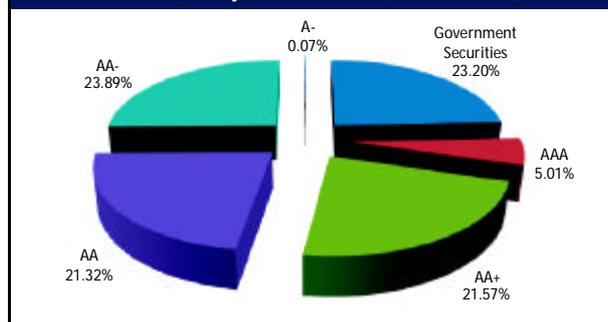
### Fund Returns

**ABL-IF** **Benchmark \***

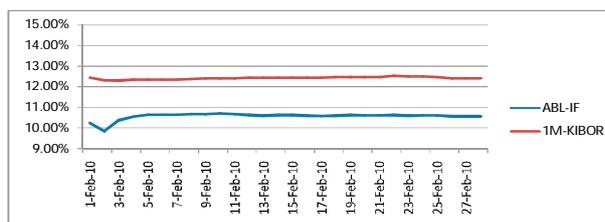
Year to date (YTD)	11.15%	12.50%
Trailing 12 months	11.73%	12.68%
Month to date (MTD)	10.56%	12.42%

\* 1 Month Kibor Average

### Credit Quality of Portfolio (% of Assets)



\* Receivables account for 4.94% of Net Assets.



### Fund Manager's Comments

ABL-IF yielded a monthly annualized return of 10.56% for the month of February. This was 63 bps less than the preceding month's annualized return of 11.19%. The reason for a decline in returns is due to fall in TDR rates and mark to market impact on T-bill prices during the period. However returns are expected to improve as TDR rates are likely to increase on account of Quarter end. TDR placements are presently 34.04% of fund size as compared to 42.97% during the preceding month. Moreover a recent increase in T-bill yields would also facilitate returns going ahead. Due to uncertainties surrounding the economic conditions of the country ABL-IF is maintaining a low duration of 54 days by investing in short term T-bills and money market instruments. Fund size grew by 3.6% to Rs.10.03bn during the period under review.

IMF approved the 5th tranche of US\$1.2bn as most targets set by the IMF were inline except for the fiscal deficit target. A reduction of 45% in public sector development expenditure and implementation of better tax reforms in order to improve Tax to GDP figure may stifle fiscal slippages and subsequently aid reduction in government borrowing. Nevertheless threats to high inflation persist due to high energy and commodity prices which if untamed could lead to interest rate volatility and consequently hamper macroeconomic stability. In fact T-bill cut off yields in the most recent auction increased on account of high inflation and liquidity shortage attributable to a decline in M2 Broad Money during the period.

ABL-IF intends to maintain a conservative investment horizon by enhancing TDR allocation and maintaining a short duration T-bill portfolio.

### Basic Fund Information

Fund Type	Open-end
Category	Income Scheme (Not categorized as per SECP's categorization)
Launch Date	September 20, 2008
Net Assets (Rs.)	10,030 mn as at February 28, 2010
NAV Per Unit (Rs.)	10.1780 mn as at February 28, 2010
Benchmark	1 Month Kibor Average
Dealing Days	As per Local Stock Exchanges
Cut-off time	4:00 pm
Pricing mechanism	Forward
Management Fee	1.5% per annum
Front-end load	NIL
Trustee	Central Depository Company of Pakistan Ltd. (CDC)
Auditor	A.F. Ferguson & Co. Chartered Accountants
Asset Manager Rating	AM3 (JCR-VIS)
Fund Stability Rating	A+(f) (JCR-VIS)
Risk Profile of the Fund	Low

### Investment Objective:

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.

### Investment Committee Members:

1. Sulaiman S. Mehdi – COO & Company Secretary
2. Hammad Ali Abbas – Fund Manager
3. Saqib Matin, ACA – CFO

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### Disclaimer

This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. The NAV based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results.

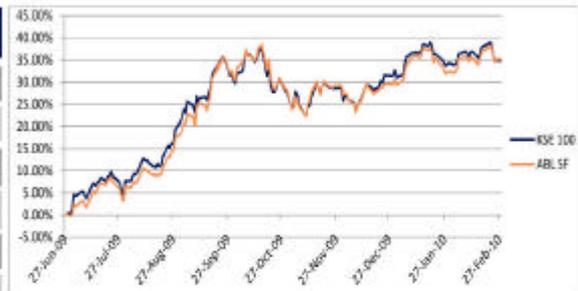


**ABL Asset Management**

Discover the potential

## FUND'S PORTFOLIO/ INVESTMENT INFORMATION

Top Ten Holding (% of Assets)	Jan. 2010	Feb. 2010
HUBCO	9.81%	9.99%
PPL	9.89%	9.56%
PSO	9.46%	9.11%
POL	9.29%	9.01%
ENGRO	9.35%	8.16%
ABL	7.86%	7.88%
MCB	3.82%	5.96%
FFC	5.02%	4.75%
LUCK	2.45%	4.38%
MEBL	3.62%	3.42%
DAWH	5.55%	3.28%



Performance	ABL-SF	KSE-100
Year to Date*	35.41%	34.84%
Trailing 12 months*	n/a	n/a

\*Returns are net of management fee & all other expenses

### Fund Manager's Comments

February 2010 was fourth dull month in a row for equity investors at local bourses. Volumes, just like past three months, were either low or concentrated in third-tier stocks as most investors refrained from actively participating in the market. Foreign participation was better than previous month with net FPI figures showing an inflow of 16.7 mn dollars for the month of February.

Resignation of Finance Minister, finalization of capital gains tax structure for upcoming budget and clash between executive and judiciary, which nearly triggered a political fiasco were the events that marked the outgoing month. Though the latter issue was peacefully resolved during the month uncertainty on appointment of new Finance Minister and implementation of capital gains tax continued to haunt the market. As a result, we witnessed KSE-100 undergoing nearly 300 points correction in last five working days of February albeit with low volumes. ABL-SF returned 2.07% during the month under review against 0.45% appreciation in KSE-100, which is an outperformance by 163 basis points. On since inception basis ABL-SF is showing a return of 35.12% against 34.83% return of its benchmark, which reflects an outperformance by 29 basis points.

During February the fund increased its exposure in Cement sector while exposure in Fertilizers was slightly reduced. Higher than expected cement sales, possible increase in middle-eastern cement prices and news about Indian government levying excise duty on cement exports should attract some attention in the sector, which underperformed the broader index in recent past. Exposure in Fertilizers (Engro and Dawood Hercules mainly) was reduced as part of a tactical move. The lost exposure will likely be rebuilt as and when the opportunity arises.

We continue to like Pakistani market in spite of all the negatives highlighted. We believe current doubts on macro outlook is mainly on account of fear that promised foreign flows will not materialize. Given recent successes in the ongoing military operations in tribal areas we find it likely that the promised flows, though may get delayed, will protect the down-side risk to economy. Security situation has considerably improved over past few weeks and will soon get noticed by both local and foreign investors. Trading at forward PE of 8.2 times and offering a dividend yield of 7% any correction in the market only makes the local stocks more attractive. Nearly 65% of ABL-SF comprises of stocks/sectors that are directly hedged against inflation and/or rupee depreciation while more than 85% of fund contains stocks that historically have beaten the inflation. Corporate results for period ended December 31 2009 have been exceptionally good with both blue-chip and mid-cap stocks surprising investors by and large. Weakness in market, thus, is time driven and not fundamentals driven. We continue to recommend selective exposure in equities to our investors.

### Investment Objective:

ABL-SF aims to provide higher risk-adjusted returns to the investors by investing in diversified portfolio of equity instruments offering capital gains and dividends.

### Investment Committee Members:

1. Sulaiman S. Mehdi - COO & Company Secretary
2. Kamran Aziz - Fund Manager
3. Saqib Matin, ACA - CFO

Sector Allocation (% of Assets)	Jan. 2010	Feb. 2010
Banks	24.14%	23.75%
Fertilizers	19.92%	16.19%
E&P	19.18%	18.57%
OMCs	15.55%	14.99%
Power	11.97%	11.72%

Asset Allocation (% of Assets)	Jan. 2010	Feb. 2010
Placement with Banks and DFIs	2.98%	7.04%
Stocks	97.02%	92.26%

Technical Information	ABL-SF
Leverage	NIL

### Basic Fund Information

Fund Type	Open-end
Category	Equity Scheme
Launch Date	June 28, 2009
Net Assets (Rs.)	415,644,831 as at February 28, 2010
NAV Per Unit (Rs.)	13.5123 as at February 28, 2010
Benchmark	KSE-100 Index
Dealing Days	As Per Local Stock Exchanges
Cut-off time	4:00 pm
Pricing mechanism	Forward
Management Fee	3.0% per annum
Front-end load	3.0%
Trustee	Central Depository Company of Pakistan Ltd. (CDC)
Auditor	A.F. Ferguson & Co., Chartered Accountants
Asset Manager Rating	AM3 (JCR-VIS)
Risk Profile of the Fund	High

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