

RATED AM3+ (Positive Outlook) - JCR-VIS



INFOCUS

FUND MANAGER'S REPORT JANUARY 2011



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.

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.

Fund Manager's Comments

ABL-IF made an impressive return of 12.25% p.a. for the month of January, an improvement of 59 bps over the previous month. Active T-bill portfolio management and higher rates on bank deposits were the primary factors contributing to the superior performance. Fears of another Discount Rate hike due to economic uncertainties led to an increase in yields across the spectrum. T-bills allocation was thus enhanced to 28.1% of the fund size as compared to 14.4% in the previous month. During the month, fund size grew by 8.5% to Rs.6,453 million reflecting increased investor confidence in ABL-IF.

Contrary to market expectations, SBP in its MPS Announcement on the 29th of January maintained the Discount Rate at 14% for the next two months. Factors that led to the decision were reduced government borrowing from the SBP, Current Account surplus and increase in Net Foreign Assets. Giving some benefit of doubt to the Government, SBP toned down its hawkish stance after three consecutive hikes. However, it did highlight risks to economic revival from high inflation and generally weak fiscal conditions. There is a clear risk that the budget deficit target will be missed due to delays in revenue enhancement measures and rising expenditures owing to higher subsidies. Unfortunately, the Government continues to drag its feet on critical fiscal reforms which is also likely to put the IMF program in jeopardy.

Status quo in the recent MPS Announcement is a welcomed gesture; however, risks to economic revival persist, which make future interest rate trajectory difficult to predict. Thus macroeconomic fundamentals would be closely monitored and investments will be tuned accordingly. For the time being, ABL-IF will continue to maintain a conservative portfolio entailing T-bills and Bank deposits with good rated counters.

Basic Fund Information

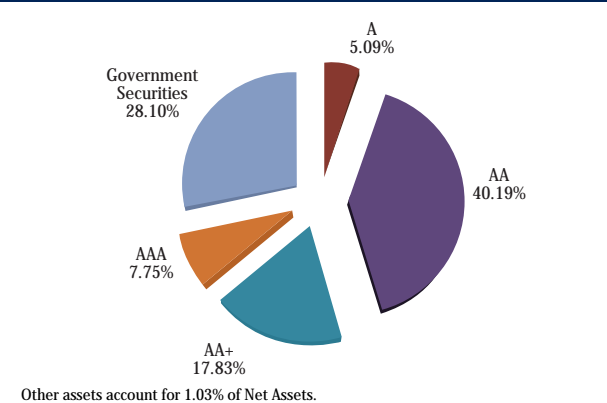
| | |
|--------------------------|---|
| Fund Type | Open-end |
| Category | Income Fund |
| Launch Date | September 20, 2008 |
| Net Assets | PKR 6,453 mn as at 31 January, 2011 |
| NAV | PKR 10.1083 |
| Benchmark | 6 Month Kibor Average |
| Dealing Days | As per Local Stock Exchanges |
| Cut-off time | 4:00 pm |
| Pricing mechanism | Forward |
| Management Fee | 1.5% p.a |
| 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) |
| Risk Profile of the Fund | Low |
| Fund Stability Rating | A+(f) (JCR-VIS) |
| Fund Manager | Hammad Ali Abbas |

Technical Information

| | |
|---|---------|
| Leverage | NIL |
| Weighted average time to maturity of net assets | 32 days |

| Asset Allocation (% of Assets) | Dec '10 | Jan '11 |
|--------------------------------|---------|---------|
| Cash | 21.74% | 10.64% |
| Placement with Banks (TDRs) | 64.03% | 55.12% |
| Reverse Repo | 0.00% | 5.09% |
| T-Bills | 14.35% | 28.10% |
| Other assets / (Payables) | (0.11%) | 1.03% |

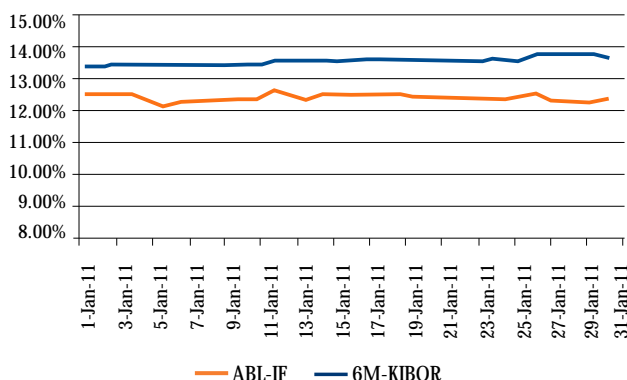
Credit Quality of Portfolio (% of Assets)



Fund Returns*

| | ABL-IF | 6 M-KIBOR |
|---------------------|--------|-----------|
| Year to Date (YTD) | 11.16% | 13.13% |
| Trailing 12 months | 10.92% | 12.81% |
| Month to date (MTD) | 12.25% | 13.73% |

* Returns are net of management fee & all other expenses



Investment Committee Members:

1. Farid A. Khan, CFA - CEO
2. Muhammad Imran - CIO
3. Hammad Ali Abbas - Fund Manager
4. Kamran Aziz - Fund Manager

Investment Objective

To provide higher risk-adjusted returns over the long term by investing in a diversified portfolio of equity instruments offering capital gains and dividends.

Fund Manager's Comments

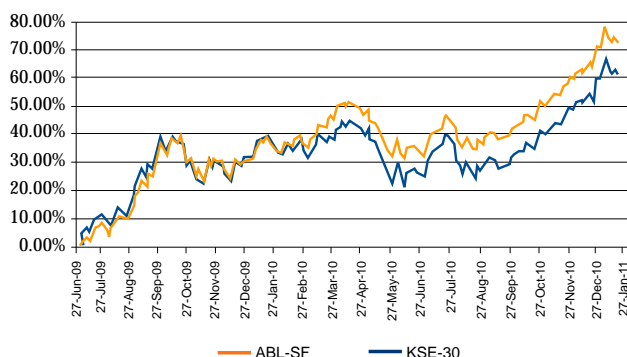
January 2011 was yet another exciting month for equities in Pakistan with benchmark KSE-100 index marching further above the 12,000 level, posting MoM appreciation of 2.80%. Foreign buying clocked in \$63mn during the month and the flows appear to be getting stronger with each passing day. Corporate result season, which is still underway, has given investors a reason to cheer with most companies (blue-chips as well as mid-tier stocks) announcing better than expected earnings and payouts. The most significant event, nonetheless, during the month was the announcement of Monetary Policy, where the State Bank of Pakistan (SBP) kept Discount Rate constant at 14%. The decision to keep DR unchanged caught everyone by surprise and resulted in some volatility in the capital markets towards the end of the month. Although a positive development for capital markets, we cannot rule out a belated interest rate hike as government struggles to curb its borrowing and fails to push critical fiscal reforms (petroleum price adjustments, RGST) against its political will.

ABL-SF appreciated by 3.66% in January'11, almost at par with KSE-30. This is despite our slightly conservative stance on the market due to deteriorating macro variables. The fund, nevertheless, took advantage of the positive momentum in the market by constantly reallocating assets into undervalued sectors and stocks, which explains our decent performance in spite of maintaining higher cash balance. During the month, investment in Oil & Gas sector was reduced from 31.79% to 28.09% of the portfolio and from 1.2% to 0.61% in General Industries. Exposure in Chemicals sector was reduced from 21.33% to 20.83% while investment in banks was increased from 13.83% to 15.99%, during the month. ABL-SF as of January 31, 2011 is 83.8% invested in equities and 16.2% in T-bills, cash and others.

The corporate sector, in spite of facing slowdown in economic growth and a high interest rate environment, has maintained if not enhanced, its profitability, which only reflects the resilience of corporate Pakistan. Our strategy going forward will remain the same, that is, to build higher exposure in cash rich blue-chips stocks and undervalued, deeply discounted quality mid-tier companies, which have lagged in performance in the recent rally.

| Performance* | ABL-SF | KSE-30 |
|---------------------|--------|--------|
| Year to Date (YTD) | 28.00% | 25.67% |
| Trailing 12 months | 28.07% | 19.43% |
| Month to Date (MTD) | 3.66% | 3.64% |

* Returns are net of management fee & all other expenses



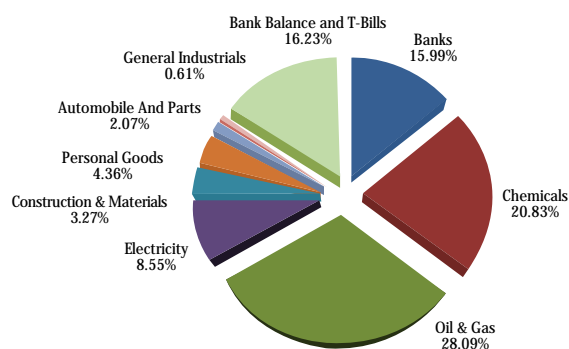
Basic Fund Information

| | |
|--------------------------|--|
| Fund Type | Open-end |
| Category | Equity Scheme |
| Launch Date | June 28th, 2009 |
| Net Assets | PKR 505.01 mn as at 31 January, 2011 |
| NAV | 12.8172 as at 31 January, 2011 |
| Benchmark | KSE-30 |
| Dealing Days | As Per Local Stock Exchanges |
| Cut-off Time | 4:00 PM |
| Pricing Mechanism | Forward |
| Management Fee | 3% p.a |
| Front-end Load | 3% |
| Trustee | Central Depository Company of Pakistan Ltd |
| Auditor | A.F Ferguson & Co, Chartered Accountants |
| Asset Manager Rating | AM3+ (ICR-VIS) |
| Risk Profile of the Fund | High |
| Performance Rating | MFR 5-Star (ICR VIS) |
| Fund Manager | Kamran Aziz |

| Asset Allocation (% of Assets) | Dec'10 | Jan'11 |
|--------------------------------|--------|---------|
| Stock/Equities | 83.78% | 84.02% |
| Cash | 3.36% | 10.88% |
| T-Bills | 10.56% | 5.87% |
| Others | 2.30% | (0.77%) |
| Leverage | NIL | NIL |

| Top Ten Holdings (% of Assets) | Dec'10 | Jan'11 |
|--------------------------------|--------|--------|
| ENGRO | 5.89% | 8.30% |
| PPL | 7.96% | 6.54% |
| POL | 8.38% | 6.40% |
| OGDC | 4.84% | 6.34% |
| PSO | 6.70% | 6.21% |
| MCB | 6.62% | 5.35% |
| HUBCO | 4.92% | 5.31% |
| UBL | 2.35% | 4.83% |
| FFC | 9.14% | 4.79% |
| NML | 3.26% | 3.52% |

Sector Allocation (% of Assets)



Investment Committee Members:

1. Farid A. Khan, CFA - CEO
2. Muhammad Imran - CIO
3. Hammad Ali Abbas - Fund Manager
4. Kamran Aziz - Fund Manager



Investment Objective

The objective of ABL Cash Fund is to provide investors, consistent returns with a high level of liquidity, through a blend of money market and sovereign debt instruments.

Fund Manager's Comments

ABL-CF continued to outperform its benchmark delivering an annualized return of 12.34% for the month of January, an improvement of 59 bps over the previous month and 5.18% outperformance over its benchmark rate. Expectations of an increase in the Discount Rate led to enhanced returns on T-bills and bank deposits which helped overall portfolio yields. The status quo in the MPS bodes well for ABL-CF as the fund has a high allocation of short term T-bills where declining yields may result in capital gains. During the month, fund size grew by 32.9% to Rs.6,816 million on account of competitive yet consistent returns and continued investor interest.

Much to the market's surprise, the SBP in its bi-monthly MPS announcement maintained the Discount Rate at 14% for the next two months. High inflation and a ballooning fiscal deficit had led majority of the market pundits to predict another hike. Furthermore, the higher cut-off yields in the last T-bill auction cemented that view. However, the central bank gave some credit to the reduction in Government borrowing and better external account numbers. However, it did highlight risks to economic revival from sticky inflation and generally weak fiscal conditions. Most economic indicators are likely to undershoot targets this year with GDP growth lurking at 2-3% and inflation touching 16-18% mark.

The decision of status quo in the recent MPS Announcement is an exciting development which could add to ABL CF's returns in the short term. However, fragile macroeconomic fundamentals warrant that the fund maintain a conservative stance with emphasis on liquid, short duration investments. ABL-CF will continue to maintain a balanced portfolio entailing T-bills and Bank deposits with good rated counters.

Basic Fund Information

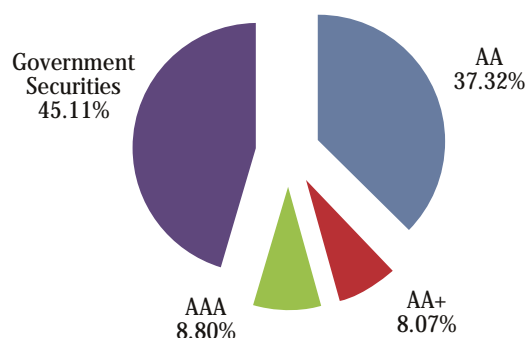
| | |
|--------------------------|---|
| Fund Type | Open-end |
| Category | Money Market Fund |
| Launch Date | July 30, 2010 |
| Net Assets | PKR 6,816 mn as at 31 January, 2011 |
| NAV | PKR 10.1085 |
| Benchmark | Average 3 Month Deposit rates of AA and above rated Banks |
| Dealing Days | As per Local Stock Exchanges |
| Cut-off time | 4:00 pm |
| Pricing mechanism | Backward |
| Management Fee | 1.25% p.a |
| 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) |
| Risk Profile of the Fund | Low |
| Fund Stability Rating | AA+(f) (JCR-VIS) |
| Fund Manager | Hammad Ali Abbas |

Technical Information

| | |
|--|---------|
| Leverage | NIL |
| Weighed average time to maturity of net assets | 44 days |

| Asset Allocation (% of Assets) | Dec '10 | Jan '11 |
|--------------------------------|---------|---------|
| Cash | 11.22% | 16.69% |
| Placement with Banks (TDRs) | 49.84% | 37.51% |
| T-Bills | 39.13% | 45.11% |
| Others assets / (Payables) | (0.19%) | 0.69% |

Credit Quality of Portfolio (% of Assets)



Other assets account for 0.69% of Net Assets.

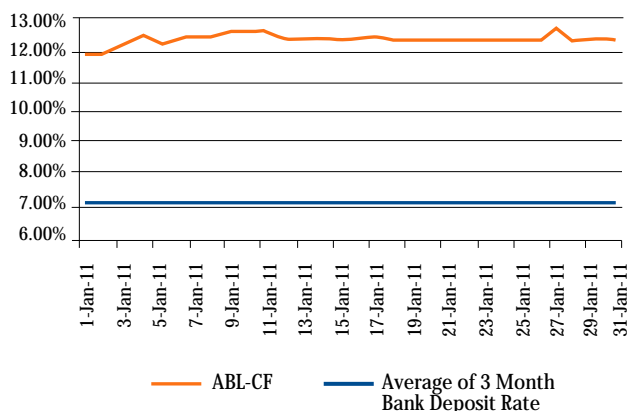
Investment Committee Members:

1. Farid A. Khan, CFA - CEO
2. Muhammad Imran - CIO
3. Hammad Ali Abbas - Fund Manager
4. Kamran Aziz - Fund Manager

Fund Returns*

| | ABL-CF | Benchmark |
|-------------------------|--------|-----------|
| Since inception to date | 11.57% | 7.59% |
| Month to Date (MTD) | 12.34% | 7.16% |

* Returns are net of magement fee & all other expenses



Investment Objective

The objective of ABL Islamic Cash Fund is to seek maximum possible preservation of capital and offer steady rate of return by investing in liquid Shariah compliant instruments.

Fund Manager's Comments

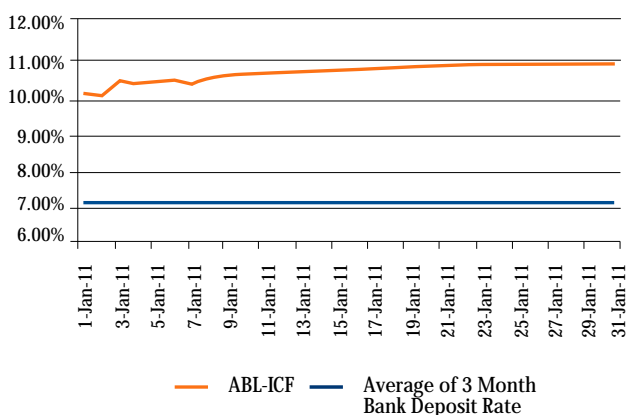
ABL-ICF yielded an annualized return of 10.93% for the month of January, an outperformance of 3.82% against its benchmark rate of 7.11%. The return was an improvement of 57 bps over the previous month on account of higher rates negotiated on Term Deposits and daily product accounts. Despite limited investment avenues for such funds, ABL-ICF performance improved considerably during the period through active hunting of money market opportunities. Asset allocation was maintained and placements were primarily with AA and above rated Islamic counters. Fund size grew marginally by 1.3% to close at Rs.423.63mn.

The SBP in its bi-monthly MPS announcement maintained the Discount Rate at 14% for the next two months. This was against market expectations where a fourth consecutive hike was anticipated due to high inflation and a ballooning fiscal deficit. The SBP justified its stance on account of reduced Government borrowing in the short term and Current Account surplus due to multilateral inflows, higher remittances and healthy export figures. However the SBP was quite vocal in highlighting the risks to economic revival due to high inflation and generally weak fiscal conditions.

Although the SBP decision bodes well for economic stability, medium term interest rate outlook is still murky and macro situation warrants a conservative approach for money market funds. Your fund is likely to maintain its existing strategy of investing in short term deposits and other liquid money market instruments to take advantage of higher short term profit rates.

| Fund Returns* | ABL-ICF | Benchmark |
|-------------------------|---------|-----------|
| Since inception to date | 9.66% | 6.99% |
| Month to Date (MTD) | 10.93% | 7.11% |

* Returns are net of management fee & all other expenses



Basic Fund Information

| | |
|--------------------------|---|
| Fund Type | Open-end |
| Category | Islamic Money Market Fund |
| Launch Date | July 30, 2010 |
| Net Assets | PKR 423.63 mn as at 31 January, 2011 |
| NAV | PKR 10.0969 |
| Benchmark | Average of 3 Month Deposit rates of 3 Islamic Banks |
| Dealing Days | As per Local Stock Exchanges |
| Cut-off time | 4:00 pm |
| Pricing mechanism | Forward |
| Management Fee | 1.0% p.a |
| 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) |
| Risk Profile of the Fund | Low |
| Fund Stability Rating | AA(f) (JCR-VIS) |
| Fund Manager | Hammad Ali Abbas |

Technical Information

| | |
|--|---------|
| Leverage | NIL |
| Weighed average time to maturity of net assets | 31 days |

| Asset Allocation (% of Assets) | Dec '10 | Jan '11 |
|--------------------------------|---------|---------|
| Cash | 25.24% | 25.03% |
| Term Deposit Scheme | 72.97% | 73.18% |
| Others assets / (Payables) | 1.79% | 1.79% |

Credit Quality of Portfolio (% of Assets)



Other assets account for 1.79% of Net Assets.

Investment Committee Members:

1. Farid A. Khan, CFA - CEO
2. Muhammad Imran - CIO
3. Hammad Ali Abbas - Fund Manager
4. Kamran Aziz - Fund Manager

3 steps to Invest in ABL AMC FUNDS

STEP ONE

Contact Us:

- ▶ Call us on our Toll Free number 0800-ABLAM (225-26) to let our Investment Consultant guide you better or
- ▶ Visit ABL's 45 designated Branches to be facilitated by our investment Consultant or
- ▶ Email us at: contactus@ablmc.com and we will answer all your queries or
- ▶ Visit us on our website www.ablmc.com for information and guidance

STEP TWO

Investment Process

Forms

- ▶ Our investment advisors will help you fill the required forms;
 - ▶ Form 1 – Account Opening Form
 - ▶ Form 2- Investment Form
 - ▶ Know Your Customer Form

Payment Mode

- ▶ Payments can be made through Cheques / Demand Draft or Pay Orders
- ▶ Payments shall be made in favor of: "CDC-Trustee ABL _____ FUND"

Documents to be attached

- ▶ For Individuals:
 - ▶ Copy of CNIC (Incase of Joint Application, CNIC of all applicants is required)
 - ▶ Zakat Affidavit (Incase of exemption from Zakat)
 - ▶ Know Your Customer Form
- ▶ For Corporate:
 - ▶ Memorandum and Articles of Association/Bye Laws / Trust Deed
 - ▶ Power of Attorney or other document authorizing the authorized signatory(ies) to sign the application
 - ▶ Board Resolution authorizing the Investment
 - ▶ Copy of CNIC(s) of the Authorized Signatory(ies)

STEP THREE

Submission of Documents

- ▶ You may submit your documents at the designated branches of ABL or drop them / courier them at ABL AMC's Head Office: First Floor, 11-B, Lalazar, MT Khan Road, Karachi

Once we receive the documents, a registration number will be generated and allotted to you. Units will be issued against your investment on the Net Asset Value (NAV) of that day. An introductory letter will be dispatched to confirm your investment in ABL AMC Funds.

For further details please contact:

Head Office: 021-111-ABL AMC (225-262)

Helpline: 0800 ABL-AM (0800 225 26)

| Name | Contact No. | Designated Branch |
|-----------------------|----------------|--------------------------------|
| Karachi | | |
| Furqan Ali Dakhan | 0321-2014622 | Clifton Branch |
| Raheel Khawar Kamal | 0345-2584931 | S.I.T.E. Branch |
| Mushtaq Ur Rehman | 0300-2417978 | Hyderi Branch |
| Branch Manager | 021-35301958 | Zamzama Branch |
| Shoaib Shoukat | 0333-5473547 | Foreign Exchange Branch |
| Muhammad Naeem | 0321-2393830 | Hassan Square Branch |
| Farhana Masood | 0300-3340640 | Shahrah-E-Faisal Branch |
| Shahid Ali Chishti | 0300-2127537 | Karimabad Branch |
| Branch Manager | 021-34554409 | Tariq Road. Branch |
| Branch Manager | 021-32430353 | Cloth Market Branch |
| Branch Manager | 021-35853995 | Khayaban- E- Badar Branch |
| Farrukh Khan | 0345 3572181 | Korangi Industrial Area Branch |
| Syed Muneeb Hassan | 0345-3149239 | Bath Island Branch |
| Branch Manager | 021-35678779 | Zaib-un-Nissa Street Branch |
| Lahore | | |
| Muhammad Yasir | 0333-4306795 | Y-Block DHA Branch |
| Waqar Ahmad Paracha | 0300-8840151 | Kashmir Road Branch |
| Malik Faisal Faryad | 0300-4619625 | Mall Road Branch |
| Aamir Aslam | 0321-4175607 | PAF Base Branch |
| Zahra Sabahat | 0321-9440359 | Brandreth Road Branch |
| Islamabad | | |
| Iftikhar Hameed Khan | 0333-5607962 | Blue Area Branch |
| Zahir Mehmood Khan | 0346-9273633, | I-8 Markaz Branch |
| M. Rashid Qayyum | 0345-5923766 | F-6 Markaz Branch |
| Branch Manager | 051-2292830 | G-11 Markaz Branch |
| Branch Manager | 051-2293980 | F-10 Markaz Branch |
| Arif Raza | 0333-8505435 | Chaklala Branch |
| Branch Manager | 051-5510001 | Adamjee Road Branch |
| Multan | | |
| Hafiz Tariq | 0301-7570040 | Chowk Rasheed Branch |
| Fizza Hassan | 0321-4339404 | Abdali Road Branch |
| Saira Habib | 0342-7012691 | Multan Cantt Branch |
| Branch Manager | 061-4552551 | Shah Rukn-e-Alam Branch |
| Branch Manager | 061-4573100, | Nawan Sheher Branch |
| | 4570705 | |
| Faisalabad | | |
| Mughees Ahmad Sheikh | 0332-8663525 | Peoples Colony Branch |
| Branch Manager | 041-8813202 | Jail Road. Branch |
| Gujranwala | | |
| Sidra Iqbal | 0336-4655633 | Zia Plaza Branch |
| Hayderabad | | |
| Haider Abbas | 0321-3051874 | Civic Center Branch |
| Sahiwal | | |
| Asif Mehmood | 0314-3600421 | High Street Branch |
| Rahimyarkhan | | |
| Branch Manager | 068-5889717 | Shahi Road Branch |
| D.G.Khan | | |
| Branch Manager | 064-2471355 | Azmat Road Branch |
| Bahawalpur | | |
| Fahad Husnain Lashari | 0301-7755667 | Fareed Gate Branch |
| Gujrat | | |
| Branch Manager | 053-3525350 | G.T. Road Branch |
| Abbotabad | | |
| Branch Manager | 0992-330889 | Supply Bazar Branch |
| Quetta | | |
| Inran Hassan Khan | 0345-8165666 | Jinnah Road Branch |
| Sialkot | | |
| Branch Manager | 052-9250541-42 | Kashmir Road Branch |
| Sargodha | | |
| Tanzel Maqbool | 0331-7660756 | New Queens Road Branch |
| Jhelum | | |
| Branch Manager | 054-4622993 | Cantt Branch |

CONTACT US:

Helpline 0800 ABL-AM (0800 225 26)

UAN: (021) 111-ABL-AMC (111-225-262)

Email: contactus@ablmc.com

Website: www.ablmc.com



ABL Asset Management

Discover the potential