

RATED AM3+ (Positive Outlook) - JCR-VIS

 **ABL Asset Management**  
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# INFOCUS

## FUND MANAGER'S REPORT JULY 2011

 **ABL**

*Goes Green*



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For further details contact us at [contactus@ablmc.com](mailto:contactus@ablmc.com) or call our helpline 0800-225 26 to submit your email address.

Disclaimer: All investments in Mutual Funds are subject to market risks. The NAV of units may go up or down based on the market conditions. Past performance is not necessarily indicative of future results. Please read the Offering Document of the funds to understand the investment policies and the risks involved.

## 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 yielded an annualized compounded return of 13.61% for the month of July up to a whopping 1.16% over the preceding month. The increase in return is attributable to capital gains booked on GoP Ijara Sukuk investments. Limited supply of Ijara paper amidst heavy investor demand led to handsome trading gains on this instrument. However, primary investments of the fund continue to remain in T-bills which constitute 71.1% of total assets. During the month, money markets remained tight, leaving the State Bank with no option but to conduct regular Open Market Operations in order to pump liquidity in the system. Despite colossal amounts of liquidity injection in the market, the T-bill auction cut off yields remained high as government borrowing targets consistently exceeded maturities. During the month, ABL-IF built up positions in 6 and 12 months T-bills due to their attractive yields. This is going to bode well in the aftermath of a decline in the discount rate by 50 bps to 13.50% as the T-bill inventory will yield decent capital gains. Fund size grew by a pleasing 8.3% and crossed the prestigious Rs. 5 bn mark to close at Rs. 5,285 mn.

The economic highlight of the month was indeed the surprise reduction in discount rate by 50 bps to 13.5%. The decision caught the market participants unaware but it was welcomed nevertheless. The central bank cited stable inflation and adherence to budgetary borrowing limits by the Government as the primary reasons supporting the decision. A surplus in the current account due to healthy export figures and heavy inflow of worker's remittances also facilitated the rate cut decision. While cutting rates, the central bank has also cautioned economic managers from the perils of rising fiscal deficit and poor developmental spending which is hampering economic growth. Law and order situation, exacerbated by power shortages also continue to plague economic recovery. Moreover, global markets are anxious over the US Debt Ceiling issue which could greatly impact world markets and cause volatility in international capital flows.

The fund will keep an eye on emerging opportunities in longer duration instruments as the interest rate environment stabilizes. Although the 50 bps decline in rates could impact future returns, the prevailing liquidity conditions indicate that upwards pressure on yields will remain strong.

## Basic Fund Information

Fund Type	Open-end
Category	Income Fund
Launch Date	September 20 <sup>th</sup> , 2008
Net Assets	PKR 5,285 mn as at July 31 <sup>st</sup> , 2011
NAV	PKR 10.1280 as at July 31 <sup>st</sup> , 2011
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

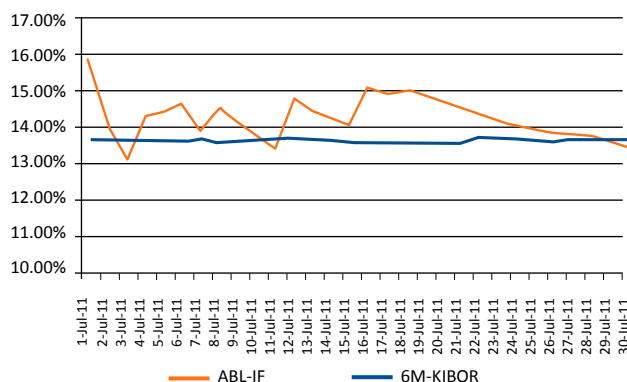
Leverage	NIL
Weighted average time to maturity of net assets	77 days

Asset Allocation (% of Total Assets)	June '11	July '11
Cash	19.82%	5.15%
Placement with Banks (TDRs)	24.14%	0.00%
Placement with NBFCs	0.00%	3.76%
Placement with DFIs	7.04%	11.28%
Reverse Repo against all other Securities	0.00%	5.68%
T-Bills	32.13%	71.07%
Govt. Ijara Sukuk	13.28%	0.00%
PIBs	0.48%	0.45%
Short Term KAPCO Sukuk	2.51%	2.35%
Others including Receivables	0.60%	0.26%

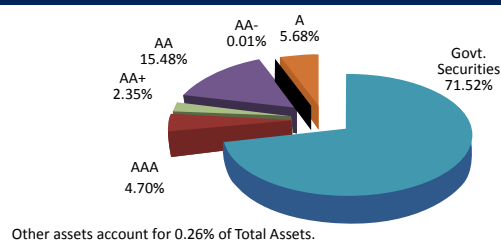
## Fund Returns\*

	ABL-IF	6M-KIBOR
CY 2011 to date	12.51%	13.74%
Month to date (MTD)	13.61%	13.80%

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



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



## Investment Committee Members:

1. Farid A. Khan, CFA – CEO
2. Muhammad Imran – CIO
3. Abid Jamal – Head of Research
4. Hammad Ali Abbas – Fund Manager
5. Kamran Aziz – Fund Manager

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## 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

KSE-100 index closed 2.4% down amidst thin trading during July 2011. The market was hit by aggressive foreign selling (net foreign outflow of \$30 mn) and failed to trigger a sustained rally despite onset of corporate results season and robust corporate sector earnings. Foreigners turned net sellers as confusion over settlement of US debt crisis wrecked havoc in global financial markets. Locals, too, followed the suit and preferred booking gains at higher levels. Nevertheless, the 50 basis points cut in discount rate towards the end of the month came as a positive surprise and is likely to provide relief to equity investors and business community alike.

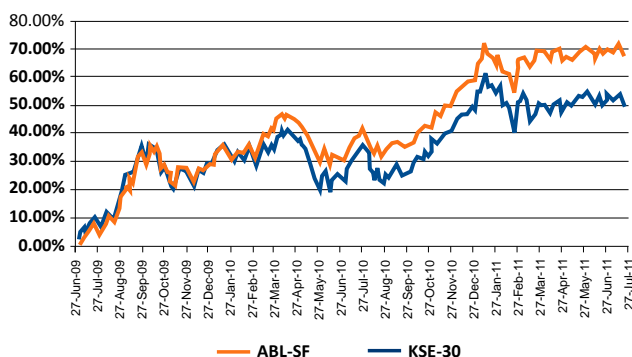
ABL-SF appreciated by 0.09% in July'11 against 0.23% decline in the KSE-30 index, which reflects an outperformance of 32 basis points. During the month, investment in Oil & Gas sector was increased from 26.07% to 31.32% of the portfolio, exposure in Chemicals sector was increased from 16.59% to 17.70% and investment in banks was also increased from 13.65% to 16.55%. ABL-SF as of July 31, 2011 was 83.64% invested in equities and remaining in T-bills and cash.

Looking ahead, we expect activity in the market to pick up, though after a relatively slow period during Ramadan. Change in monetary stance, improving corporate sector earnings and proactive management of both KSE Board and the SECP are some of the factors that can help market touch new highs once the dust from unclear foreign flows settles. Companies with good payout histories are likely to stay in the limelight and we have adjusted our exposure accordingly.

## Performance\* ABL-SF KSE-30

Year to Date (YTD)	0.09%	-0.23%
Trailing 12 months	18.60%	10.97%
Month to Date (MTD)	0.09%	-0.23%

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



## Basic Fund Information

Fund Type	Open-end
Category	Equity Scheme
Launch Date	June 28 <sup>th</sup> , 2009
Net Assets	PKR 666.50 mn as at July 31 <sup>st</sup> , 2011
NAV	PKR 10.0407 as at July 31 <sup>st</sup> , 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+ (JCR-VIS)
Risk Profile of the Fund	High
Performance Rating	MFR 5-Star (JCR-VIS)
Fund Manager	Kamran Aziz

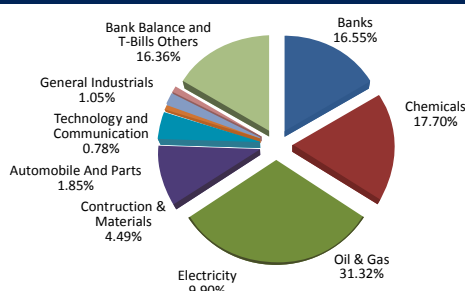
## Asset Allocation (% of Total Assets) Jun'11 Jul'11

Stock/Equities	72.25%	83.64%
Cash	24.30%	4.26%
T-Bills	2.08%	9.27%
Others	1.36%	2.83%
Leverage	NIL	NIL

## Top Ten Holdings (% of Total Assets) Jun'11 Jul'11

Fauji Fertilizer Company Limited	7.16%	9.79%
Pakistan Petroleum Limited	6.76%	8.65%
Pakistan Oilfields Limited	7.61%	8.62%
Hub Power Company Limited	6.76%	8.28%
Oil&Gas Development Co. Limited	3.53%	5.57%
MCB Bank Limited	4.49%	5.37%
Pakistan State Oil Co. Limited	5.24%	4.29%
Attock Petroleum Limited	2.92%	4.21%
Fatima Fertilizer Company Limited	2.49%	3.73%
Lucky Cement Limited	2.92%	3.50%

## Sector Allocation (% of Total Assets)



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2. Muhammad Imran – CIO
3. Abid Jamal – Head of Research
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5. Kamran Aziz – Fund Manager

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## 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 yielded an annualized compounded return of 12.24% for the month of July, an improvement of 10 bps over the previous month and an outperformance by 4.47% over its benchmark. Money markets traded at top levels throughout last month as liquidity shortages persisted despite SBP support in the form of Open Market Operations. In the latest T-bill auction, 12 months cut off touched 13.92%, almost touching the discount rate level of 14%, while short term rates also remained at elevated levels. ABL-CF used the proceeds from TDR maturities during the month to enhance exposure in money market instruments and T-bills which improved portfolio yields. As of July 31st, T-bills constitute 83.9% of total assets of the fund. Assets under management increased by a whopping 39.7% in July to close at Rs. 14,873 mn.

The economic highlight of the month was indeed the surprise reduction in discount rate by 50 bps to 13.5%. The decision caught the market participants unaware but it was welcomed nevertheless. The central bank cited stable inflation and adherence to budgetary borrowing limits by the Government as the primary reasons supporting the decision. A surplus in the current account due to healthy export figures and heavy inflow of worker's remittances also facilitated the rate cut decision. While cutting rates, the central bank has also cautioned economic managers from the perils of rising fiscal deficit and poor developmental spending which is hampering economic growth. Law and order situation, exacerbated by power shortages also continue to plague economic recovery. Moreover, global markets are anxious over the US Debt Ceiling issue which could greatly impact world markets and cause volatility in international capital flows.

Assuming a stable interest rate outlook from here, we will look to invest in slightly longer duration instruments in order to earn competitive returns.

## Basic Fund Information

Fund Type	Open-end
Category	Money Market Fund
Launch Date	July 30 <sup>th</sup> , 2010
Net Assets	PKR 14,873 mn as at July 31 <sup>st</sup> , 2011
NAV	PKR 10.1175 as at July 31 <sup>st</sup> , 2011
Benchmark	Average 3 Month Deposit rates of AA and above rated Banks
Dealing Days	As Per Banking Days
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

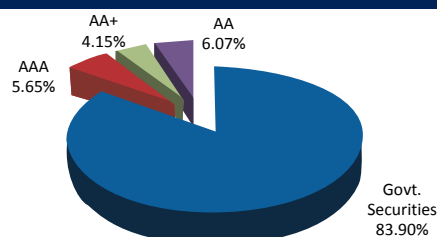
## Technical Information

Leverage	NIL
Weighted average time to maturity of net assets	78 days

## Asset Allocation (% of Total Assets) Jun '11 Jul '11

Cash	16.07%	2.45%
Placement with Banks (TDRs)	19.21%	0.00%
Placement with DFIs	8.53%	9.30%
Reverse Repo against Govt. Sec.	0.00%	3.29%
T-Bills	55.59%	83.90%
Short Term KAPCO Sukuk	1.14%	0.83%
Others including Payables/Receivables	-0.54%	0.23%

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



Other assets account for 0.23% of Total Assets.

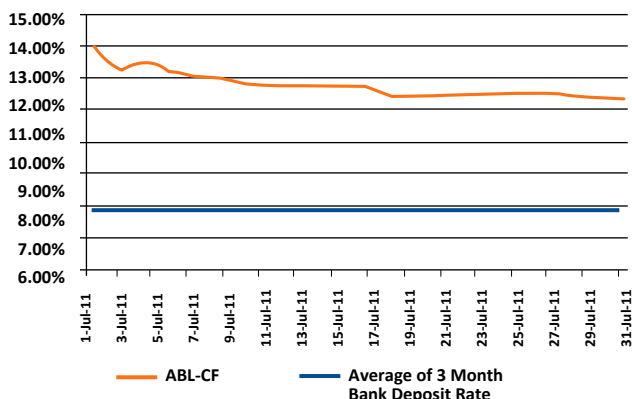
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4. Hammad Ali Abbas – Fund Manager
5. Kamran Aziz – Fund Manager

## Fund Returns\* ABL-CF Benchmark

CY 2011 to date	12.36%	7.39%
Month to Date (MTD)	12.24%	7.77%

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



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## 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 compounded return of 11.39% for the month of July, an improvement of 57 bps over the previous month's return of 10.82%. The boost to returns primarily came from term placements at fiscal year end at hefty rates. Placement of Rs. 50 mn in KAPCO's short term Sukuk also helped in enhancing returns. Investment allocation remained in AA and above rated counters in the form of term placements and cash balance. This led to return consistency during the month whilst entailing a low risk profile. In order to expand the fund's investment universe and achieve risk-return efficiency, ABL AMC has obtained approval for conversion of ABL Islamic Cash Fund into ABL Islamic Income Fund. This bodes well for ABL-ICF as investment avenues will increase, giving the fund sufficient room to improve its returns. Fund size closed at Rs. 793.9 mn, a slight decline of 2.8% over the previous month.

The economic highlight of the month was indeed the surprise reduction in discount rate by 50bps to 13.5%. The decision caught the market participants unaware but it was welcomed nevertheless. The central bank cited stable inflation and adherence to budgetary borrowing limits by the Government as the primary reasons supporting the decision. A surplus in the current account due to healthy export figures and heavy inflow of worker's remittances also facilitated the rate cut decision. While cutting rates, the central bank has also cautioned economic managers from the perils of rising fiscal deficit and poor developmental spending which is hampering economic growth. Law and order situation, exacerbated by power shortages also continue to plague economic recovery. Moreover, global markets are anxious over the US Debt Ceiling issue which could greatly impact world markets and cause volatility in international capital flows.

Once converted into Income fund category, we will look to shuffle the portfolio and may enhance exposure in GoP Ijara Sukuk and below AA rated counters. As interest rates stabilize at lower levels, this change will help preserve ICF's returns going forward.

## Basic Fund Information

Fund Type	Open-end
Category	Islamic Money Market Fund
Launch Date	July 30 <sup>th</sup> , 2010
Net Assets	PKR 793.859 mn as at July 31 <sup>st</sup> , 2011
NAV	PKR 10.1085 as at July 31 <sup>st</sup> , 2011
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

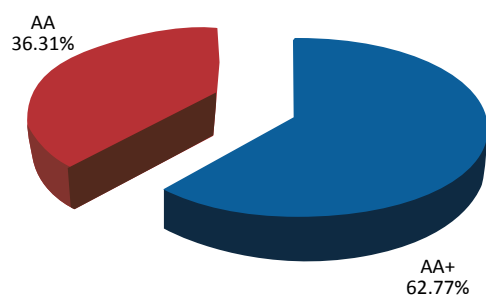
## Technical Information

Leverage	NIL
Weighted average time to maturity of net assets	13 days

## Asset Allocation (% of Total Assets)

	Jun '11	Jul '11
Cash	12.95%	44.72%
Placements with Banks	55.54%	36.24%
Certificate of Islamic Investments	24.15%	12.08%
Short Term KAPCO Sukuk	6.04%	6.04%
Others including Receivables	1.32%	0.92%

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



Other assets account for 0.92% of Total Assets

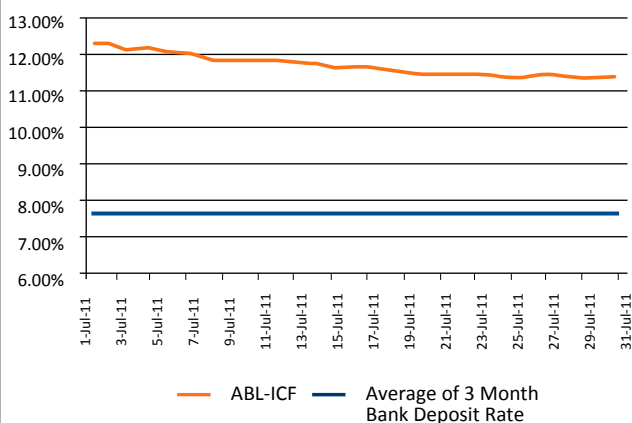
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5. Kamran Aziz – Fund Manager

## Fund Returns\*

	ABL-ICF	Benchmark
CY 2011 to date	10.97%	7.64%
Month to Date (MTD)	11.39%	7.98%

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



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## 3 steps to Invest in ABL AMC FUNDS

### STEP ONE

#### Contact Us:

- ▶ Call us on our Toll Free number 0800-ABL-AM (225-26) to let our Investment Consultant guide you better or
- ▶ Visit any ABL Branch or for Expert Opinion, visit the 30 branches listed on your right which are facilitated by our Investment Consultants or
- ▶ Email us at: [contactus@ablmc.com](mailto:contactus@ablmc.com) and we will answer all your queries or
- ▶ Visit us on our website [www.ablmc.com](http://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 Drafts or Pay Orders
- ▶ Payments shall be made in favor of: "CDC-Trustee ABL \_\_\_\_\_ FUND"

##### Documents to be attached

- ▶ **For Individuals:**
  - ▶ Copy of CNIC (In case of Joint Application, CNIC of all applicants is required)
  - ▶ Zakat Affidavit (In case 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 / investment amount at any branch 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 / investment amount a registration number will be generated and allotted. An introductory letter will be dispatched to confirm your investment in ABL AMC Funds.

### For further details please contact:

Any branch of Allied Bank  
 ABL AMC Head Office: 021-111-ABL-AMC (225-262)  
 ABL AMC Helpline: 0800 ABL-AM (0800 225 26)

Name	Contact No.	Branches with Investment Consultants
<b>Karachi</b>		
Furqan Ali Dakhan	0321-2014622	Clifton Branch
Shoib Shoukat	0333-5473547	Foreign Exchange Branch
Raheel Khawar Kamal	0345-2584931	S.I.T.E. Branch
Mushtaq Ur Rehman	0300-2417978	Hyderi Branch
Muhammad Naeem	0321-2393830	Hassan Square Branch
Farhana Masood	0300-3340640	Shahrah-e-Faisal Branch
Shahid Ali Chishti	0300-2127537	Karimabad Branch
Syed Muneeb Hassan	0345-3149239	Bath Island Branch
Muna Sakhawat	0300-2701349	Rashid Minhas Road Branch
Faizan Ali Hakro	0334-2763986	Korangi Industrial Area Branch
Danish Abdul Rauf	0345-2121623	Tariq Road Branch
<b>Lahore</b>		
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
<b>Islamabad</b>		
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
Arif Raza	0333-8505435	Chaklala Branch
<b>Multan</b>		
Hafiz Tariq	0301-7570040	Chowk Rasheed Branch
Fizza Hassan	0321-4339404	Abdali Road Branch
Saira Habib	0342-7012691	Multan Cantt. Branch
<b>Faisalabad</b>		
Mughees Ahmad Sheikh	0332-8663525	Peoples Colony Branch
<b>Gujranwala</b>		
Sidra Iqbal	0336-4655633	Zia Plaza Branch
<b>Hyderabad</b>		
Haider Abbas	0321-3051874	Civic Center Branch
<b>Sahiwal</b>		
Asif Mehmood	0314-3600421	High Street Branch
<b>Bahawalpur</b>		
Fahad Husnain Lashari	0301-7755667	Fareed Gate Branch
<b>Quetta</b>		
Imran Hassan Khan	0345-8165666	Jinnah Road Branch
<b>Sargodha</b>		
Tanzel Maqbool	0331-7660756	New Queens Road Branch

#### CONTACT US:

Helpline: 0800 ABL-AM (0800 225 26)  
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 Website: [www.ablmc.com](http://www.ablmc.com)



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