

INFOCUS

FUND MANAGER'S REPORT MAY 2011

SAVE up to Rs. 75,000

ON INCOME TAX BY INVESTING IN ABL AMC
FUNDS BEFORE 30th JUNE, 2011

As per the current Tax Laws*;

- Salaried individuals can save up to Rs. 60,000/-
- Non-Salaried individuals can save up to Rs. 75,000/-

For more details please see the last page of this Fund Manager's Report or contact us on our Toll Free No.: 0800-22526 or email us on contactus@ablamc.com

* As per Section 62 of the Income Tax Ordinance 2001.

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 a compounded annualized return of 11.84% for the month of May 2011, a decline of 104 bps in contrast to the preceding month. The month had started on a positive note as excess liquidity in the money markets led to a substantial decline in T-bills yields and had resulted in decent capital gains. However, during the latter half, yields rebounded due to persistent heavy Government borrowing. This led to mark to market adjustment on ABL-IF's T-bill portfolio which neutralized the returns. Fund size declined by 8.29% during the month to close at Rs.4,826 million.

As expected, the State Bank (SBP) in its bi-monthly Monetary Policy Statement announcement maintained the Discount Rate at 14%. SBP was quite vocal in lauding a surplus current account led by strong exports and increase in remittances. This greatly facilitated the buildup of foreign exchange reserves and accumulation of Net Foreign Assets (NFA). However future trajectory remains vague as the economy continues to face challenges. The SBP stated in its report that private sector credit is being squeezed by continuous Government borrowing to finance the fiscal deficit which in turn causes inflation and pushes interest rates. Furthermore, the perennial energy crisis in the country is adversely impacting the utilization and expansion of the economy's productive capacity. Money markets are also anxious about the frozen IMF agreement as any sign of IMF pullout could elevate Pakistan's sovereign risk and impact liquidity and exchange rate.

Although markets welcomed the status quo decision in the MPS, the wide fluctuations in the money market rates indicate the uneasiness of the participants. Hence, ABL-IF will maintain investments in low duration instruments with good rated counters. Moreover, returns are expected to improve as money market yields have increased. As June crossing nears, TDR rates are likely to improve as well.

Basic Fund Information

Fund Type	Open-end
Category	Income Fund
Launch Date	September 20 th , 2008
Net Assets	PKR 4,826 mn as at May 31 st , 2011
NAV	PKR 10.2057 as at May 31 st , 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

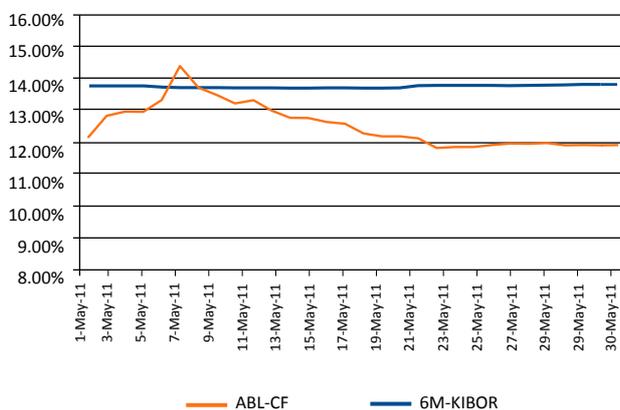
Leverage	NIL
Weighted average time to maturity of net assets	376 days

Asset Allocation (% of Total Assets)	Apr '11	May '11
Cash	34.03%	5.57%
Placement with Banks (TDRs)	2.84%	0.00%
Placements with NBFCs	9.45%	2.57%
Reverse Repos against all other Securities	5.96%	0.00%
T-Bills	46.95%	63.30%
Govt. Ijara Sukuk	0.38%	27.58%
Others including Receivables	0.40%	0.97%

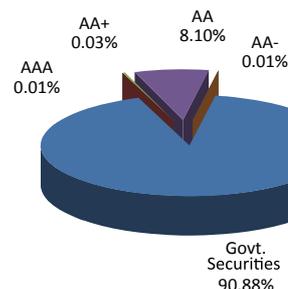
Fund Returns*

	ABL-IF	6M-KIBOR
Year to Date (YTD)	11.47%	13.26%
Trailing 12 months	11.58%	13.34%
Month to Date (MTD)	11.84%	13.64%

* Returns are net of management fee & all other expenses



Credit Quality of Portfolio (% of Total Assets)



Other assets account for 0.97% 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

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

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

May 2011 was a dull month for Pakistan equities as KSE-100 index traded in a narrow band with low daily turnover. Uncertainty regarding the upcoming budget and unclear Pak-US relations led investors to adopt a cautious approach. However, rumours that FBR may defer imposition of Capital Gains Tax (CGT) in the upcoming budget triggered opportunistic buying towards latter part of the month, pushing KSE-100 marginally up by 0.54% on M/M basis to 12,123.15 points. Foreigners remained net buyers during the month, with net investment of \$26.4 million.

ABL-SF declined by -0.85% in May '11 against 0.40% appreciation in KSE-30, which reflects an underperformance of 1.25 percentage points. The underperformance was primarily on account of slow movement in out of index holdings since market activity was focussed in index heavy weights and speculative scrips. We continue to hold on to our core portfolio and hope to regain lost performance in the near future. During the month, investment in Oil & Gas sector was enhanced from 28.8% to 34.2% of the portfolio, exposure in Chemicals sector was reduced from 23.0% to 21.3% while investment in banks was maintained at 17.8%. ABL-SF as of May 31, 2011 is 93.9% invested in equities and remaining in T-bills and cash.

Lower volumes continue to remain a concern for local players with seasonality effect of pre budget gripping the market. All eyes are now set on possible removal of CGT in the upcoming budget, which if materialized, could set the tone for a bull rally at local bourses. Corporate earnings, which remain promising, will further aid upside in the market. The macro situation, too, remains stable as improving trade numbers and growing remittances have kept current account in surplus while monthly inflation figures have shown a stabilizing trend. All these factors can help market touch new highs once the budget is announced. Our immediate strategy is to enhance exposure in select blue chip items and remain invested in the market. Our intention to build long positions in quality mid-tier companies remains intact.

Basic Fund Information

Fund Type	Open-end
Category	Equity Scheme
Launch Date	June 28 th , 2009
Net Assets	PKR 574.42 mn as at May 31 st , 2011
NAV	PKR 13.0059 as at May 31 st , 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

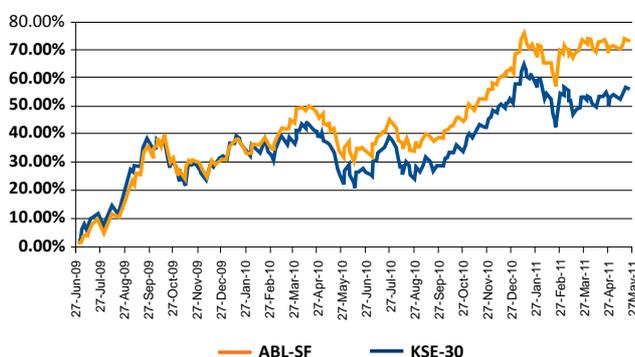
Asset Allocation (% of Total Assets)	Apr'11	May'11
Stock/Equities	87.71	93.94%
Cash	8.70%	2.98%
T-Bills	2.26%	2.51%
Others	1.32%	0.57%
Leverage	NIL	NIL

Top Ten Holdings (% of Total Assets)	Apr'11	May'11
Fauji Fertilizer Company Limited	8.81%	9.30%
Pakistan Oilfields Limited	9.11%	8.94%
Hub Power Company Limited	5.48%	7.60%
MCB Bank Limited	5.42%	6.88%
Oil & Gas Development Co. Limited	4.70%	6.80%
Pakistan Petroleum Limited	7.56%	6.69%
Pakistan State Oil Co. Limited	3.89%	6.59%
Engro Corporation Limited	7.99%	5.73%
Attock Petroleum Limited	3.56%	4.53%
United Bank Limited	3.60%	3.96%

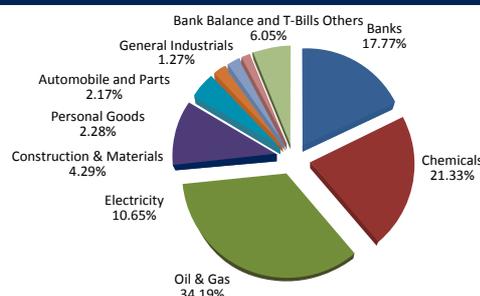
Performance*

	ABL-SF	KSE-30
Year to Date (YTD)	29.88%	23.09%
Trailing 12 months	31.38%	27.25%
Month to Date (MTD)	-0.85%	0.40%

* Returns are net of management fee & all other expenses



Sector Allocation (% 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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ABL Asset Management

Discover the potential

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 a compounded annualized return of 11.67% for the month of May, missing last month's mark by 142 bps. However, the fund outperformed its benchmark by 440 bps. The month witnessed massive fluctuations in money market yields, with the first half seeing significant decline and the second half witnessing a sharp rebound. The primary reason for this volatility was liquidity changes on account of government borrowings in T-bill auctions. This led to mark towards market adjustments on ABL-CF's T-bill portfolio, resulting in a decline in MoM returns. As yields have now corrected, it is expected that returns will improve going ahead. Moreover, TDR rates are likely to increase on account of June crossing. Fund size increased by a whopping 55.64% during the month to close at Rs.13,406 million.

As expected, the State Bank (SBP) in its bi-monthly Monetary Policy Statement announcement maintained the Discount Rate at 14%. SBP was quite vocal in lauding a surplus current account led by strong exports and increase in remittances. This greatly facilitated the buildup of foreign exchange reserves and accumulation of Net Foreign Assets (NFA). However future trajectory remains vague as the economy continues to face challenges. The SBP stated in its report that private sector credit is being squeezed by continuous Government borrowing to finance the fiscal deficit which in turn causes inflation and pushes interest rates. Furthermore, the perennial energy crisis in the country is adversely impacting the utilization and expansion of the economy's productive capacity. Money markets are also anxious about the frozen IMF agreement as any sign of IMF pullout could elevate Pakistan's sovereign risk and impact liquidity and exchange rate.

Based on the above scenario, ABL-CF will continue to pursue a conservative investment stance and will keep looking for lucrative investment opportunities on account of June crossing to boost returns.

Basic Fund Information

Fund Type	Open-end
Category	Money Market Fund
Launch Date	July 30 th , 2010
Net Assets	PKR 13,406 mn as at May 31 st , 2011
NAV	PKR 10.2057 as at May 31 st , 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

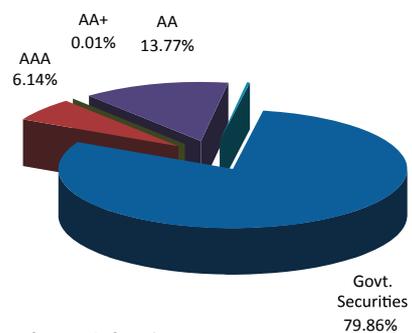
Technical Information

Leverage	NIL
Weighted average time to maturity of net assets	83 days

Asset Allocation (% of Total Assets) Apr '11 May '11

Asset Allocation (% of Total Assets)	Apr '11	May '11
Cash	22.12%	10.73%
Placement with Banks (TDRs)	4.06%	0.00%
Placement with DFIs	0.0%	9.19%
T-Bills	72.41%	79.86%
Others including Receivables	1.41%	0.22%

Credit Quality of Portfolio (% of Total Assets)



Other assets account for 0.22% of Total Net Assets

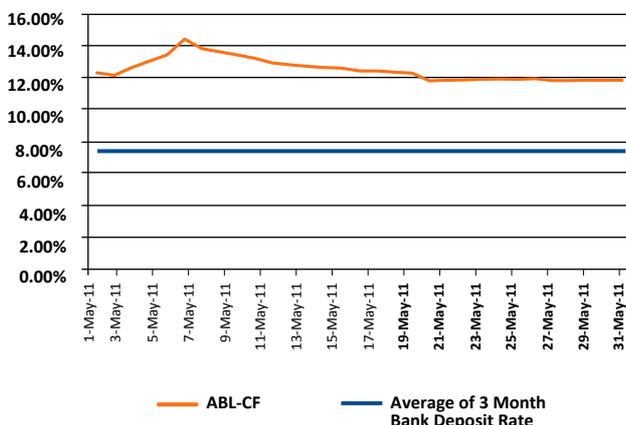
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2. Muhammad Imran – CIO
3. Abid Jamal – Head of Research
4. Hammad Ali Abbas – Fund Manager
5. Kamran Aziz – Fund Manager

Fund Returns* ABL-CF Benchmark

Since inception to date	11.92%	7.48%
Month to Date (MTD)	11.67%	7.27%

* 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's compounded annualized return for the month of May was 11%, a decrease of 1 bps over the previous month. The fund outperformed its benchmark by 317 bps during the period. The fund remained invested in Term Placements and cash with AA and above rated Islamic counters which has yielded stable returns. Better rates were negotiated in Term Deposits during the month and there is a likelihood of return enhancement in the future on account of June crossing. Asset allocation remained constant with primary investments in Term Deposits which constitute 68.93% of total assets. Fund size increased by 6.23% during the month to close at Rs.480.37 million.

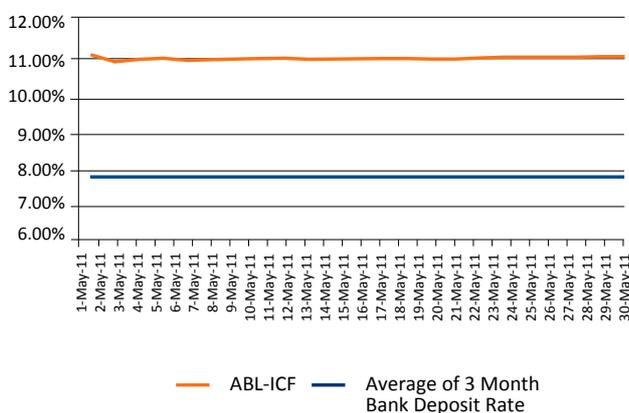
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In this volatile climate, ABL-ICF will continue its strategy of placements in short term Islamic deposits and TDRs with AA and above rated counters. This will ensure return stability and allow the fund to reap benefits of any rate enhancement in term placements on account of the fiscal year end.

Fund Returns*

	ABL-ICF	Benchmark
Since inception to date	10.14%	7.20%
Month to Date (MTD)	11.00%	7.83%

* 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 th , 2010
Net Assets	PKR 480.37 mn as at May 31 st , 2011
NAV	PKR 10.1848 as at May 31 st , 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

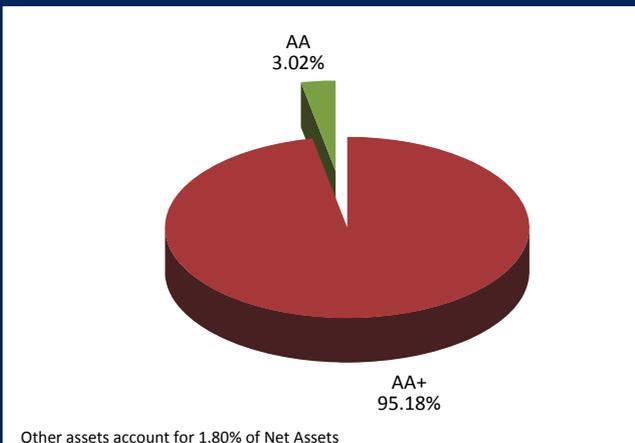
Technical Information

Leverage	NIL
Weighted average time to maturity of net assets	29 days

Asset Allocation (% of Total Assets)

	Apr '11	May '11
Cash	24.51%	29.27%
Term Deposit Scheme	73.29%	68.93%
Others including receivables	2.20%	1.80%

Credit Quality of Portfolio (% of Total Assets)



Investment Committee Members:

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SAVE ON TAX BY INVESTING IN ABL AMC FUNDS BEFORE JUNE 30th, 2011

TAX REBATE CHART*

FOR SALARIED INDIVIDUALS									
Case No.	Annual Income	10% of Annual Taxable Income or investment amount or Rs. 300,000/- (whichever is lower)	Investment amount to claim maximum tax credit	Income Tax Slab	Tax Rebate	**Fund's Return	Profit	Return	
								Amount	%
			a		b		c	d=b+c	e=(d/a)x100
1	350,000		35,000	0.75%	263	11.50%	4,025	4,288	12.25%
2	400,000		40,000	1.50%	600	11.50%	4,600	5,200	13.00%
3	450,000		45,000	2.50%	1,125	11.50%	5,175	6,300	14.00%
4	550,000		55,000	3.50%	1,925	11.50%	6,325	8,250	15.00%
5	650,000		65,000	4.50%	2,925	11.50%	7,475	10,400	16.00%
6	750,000		75,000	6.00%	4,500	11.50%	8,625	13,125	17.50%
7	900,000		90,000	7.50%	6,750	11.50%	10,350	17,100	19.00%
8	1,050,000		105,000	9.00%	9,450	11.50%	12,075	21,525	20.50%
9	1,200,000		120,000	10.00%	12,000	11.50%	13,800	25,800	21.50%
10	1,450,000		145,000	11.00%	15,950	11.50%	16,675	32,625	22.50%
11	1,700,000		170,000	12.50%	21,250	11.50%	19,550	40,800	24.00%
12	1,950,000		195,000	14.00%	27,300	11.50%	22,425	49,725	25.50%
13	2,250,000		225,000	15.00%	33,750	11.50%	25,875	59,625	26.50%
14	2,850,000		285,000	16.00%	45,600	11.50%	32,775	78,375	27.50%
15	3,550,000		300,000	17.50%	52,500	11.50%	34,500	87,000	29.00%
16	4,550,000		300,000	18.50%	55,500	11.50%	34,500	90,000	30.00%
17	4,550,001		300,000	20.00%	60,000	11.50%	34,500	94,500	31.50%

FOR NON-SALARIED INDIVIDUALS									
Case No.	Annual Income	10% of Annual Taxable Income or investment amount or Rs. 300,000/- (whichever is lower)	Investment amount to claim maximum tax credit	Income Tax Slab	Tax Rebate	**Fund's Return	Profit	Return	
								Amount	%
			a		b		c	d=b+c	e=(d/a)x100
1	500,000		50,000	7.50%	3,750	11.50%	5,750	9,500	19.00%
2	750,000		75,000	10.00%	7,500	11.50%	8,625	16,125	21.50%
3	1,000,000		100,000	15.00%	15,000	11.50%	11,500	26,500	26.50%
4	1,500,000		150,000	20.00%	30,000	11.50%	17,250	47,250	31.50%
5	1,500,001		150,000	25.00%	37,500	11.50%	17,250	54,750	36.50%
6	3,000,000		300,000	25.00%	75,000	11.50%	34,500	109,500	36.50%

* As per Section 62 of the Income Tax Ordinance, 2001

** Funds Return pertains to conventional fixed income & money market funds. Returns may vary

Note: Tax Slabs have not been taken into account, marginal relief benefit as well as surcharge recently introduced

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