

UNIT PRICE as on 30th September 2009: Rs. 10.0145 (Rs. 10.2876 including dividend)

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's annualized return for the month under review was 10.92%, 31 basis points higher than its previous monthly return of 10.61%. Moreover, ABL-IF announced a quarterly dividend of 2.731%. Due to dampened TDR rates your fund increased its investments in other short term assets namely Treasury Bills and Money Market placements compared to the preceding month. TDR investments have reduced to 27.58% from 36.37% whereas exposure to Money Market, (both clean and Repo) has increased to 35.71% from 26.33%. ABL-IF's benchmark rate of one month KIBOR remained high at 12.73% during the month, due to persistent liquidity constraints on account of heavy budgetary borrowing by the Government. Fund size increased by 9.3% to Rs.8,773 billion over the period irrespective of Ramadan and Eid related outflows.

The SBP maintained the Discount rate at 13% in the Monetary Policy Statement announcement during the month. Due to soaring commodity prices during Ramadan and subsequent Eid festivities, inflation numbers remained volatile therefore justifying the decision to maintain the Discount Rate. However, on a YoY basis Inflationary figures have posted a decline. It is expected that short term pressures would persist due to the expected increase in electricity tariffs, oil price volatility and inconsistent commodity prices. In fact SPI for end Sep-09 showed an increase of 1.23% on a MoM basis. Thus, uncertainties towards interest rates led to volatility in Treasury Bill yields during the month where a heavy increase in cut off yields in shorter tenor instruments was experienced. However, one year T-Bill cut off yields depicted minor deviation from previous levels as SBP was reluctant in accepting high bids from the auctions. Secondary market Yields on T-Bills during the month were range bound and are expected to remain at present levels till the next MPS announcement.

Going ahead it is expected that returns would remain stable in the near term. ABL-IF intends to maintain investments in Treasury Bills, and Money Markets with good rated banks and DFIs, thereby remaining liquid and offering stable returns. The fund continues to have no exposure in TFCs.

PERFORMANCE

ABL Income Fund	Since Launch	August 2009	September 2009	1QFY10
Annualized Performance (%) *	13.73%	10.61%	10.92%	11.19%
Benchmark: (Average 1-Month KIBOR%)	13.22%	12.50%	12.73%	12.42%
Profit on Rs. 100,000 invested ^{**}	14,169	860	856	2,709
Dividend %	13.329%			2.731%

* Returns are net of management fee & all other expenses

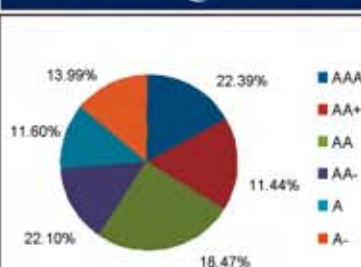
** Represents cumulative profit for the respective periods



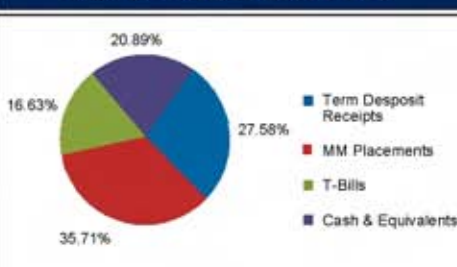
PERFORMANCE



ASSET QUALITY



ASSET ALLOCATION



GENERAL INFORMATION

Launch Date	September 20 th , 2008
Fund Size	Rs. 8,773 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/- Income Unit : Rs. 50,000/-

TECHNICAL INFORMATION

Duration	78 Days
Standard Deviation	2.18%
Sharpe Ratio***	0.54

***3M PKRV Rate used as Risk free rate of return

TOPIC OF THE MONTH

ABL-IF announced its first quarterly dividend for FY2010 of 2.731%, a 100% payout, as per its policy. Since its inception in September 2008, ABL-IF has declared regular quarterly dividends, totaling 13.329%.

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ABL Asset Management

Discover the potential

UNIT PRICE as on 30th September 2009: Rs. 13.1218

ABOUT US

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. The fund is benchmarked to KSE-100 index. In case the Management Company expects the stock market to drop, based on the analysis of macroeconomic factors such as interest rates, economic growth rates, political climate, corporate earnings and stock market valuations the Management Company may temporarily allocate assets to other Authorized Investments, subject to the prescribed regulatory limits.

FUND MANAGER'S COMMENTS - ABL STOCK FUND

September 2009 was yet another pleasant month for the local stock markets with KSE-100 rising by 674 points or 7.8% to close at 9,350. Your fund yielded a return of 10.8% during the month under review beating its benchmark KSE-100 by a good 3 percentage points. Foreign inflows were once again very healthy during the month with year-to-date inflows now crossing \$2.36 mn mark. Perceived global economic recovery, which helped markets all over the world rally, was the main reason for continued foreign support at KSE in addition to attractive valuations. Monetary Policy Statement, now a bi-monthly publication, was announced on September 29, 2009 by the State Bank of Pakistan. Discount Rate was kept steady at 13%, which was in line with our expectations. Though our economy is in desperate need for a rate cut Central Bank views future inflationary pressures, in wake of power tariff and fuel prices hikes, are reasons enough for holding interest rates up. We do not expect Discount Rate to go below 12% in near future despite higher rate cut expectations by some analysts.

KSE-100 was mainly buoyed by the blue chip stocks in the rally witnessed so far, which we have been overweight in since ABL-SF's inception. Banking and Fertilizer sectors performed exceptionally well during September and still remain our top picks. Near 100% increase in the index value since market hit its bottom in Jan-09 has made holding companies an attractive proposition and we have built positions into some of the superior holding companies.

Your fund continues to be invested into the Power sector, which is still offering attractive dividend yields and promising IRRs. We believe that investors' interest will shift from Oil and Gas based Sectors to broader market going forward as valuation differentials become more pronounced. Taking best advantage of the changing economic and market scenarios is our top priority and we will adjust ABL-SF's holdings as and when necessary.

PERFORMANCE

	Since Launch	September
ABL - SF**	31.22%	10.84%
Benchmark (KSE-100)	30.53%	7.77%
Profit on Rs. 100,000 invested***	31,220	10,840

* Returns are net of management fee & all other expenses
 *** Represents profit earned by investing Rs. 100,000 in ABL-SF

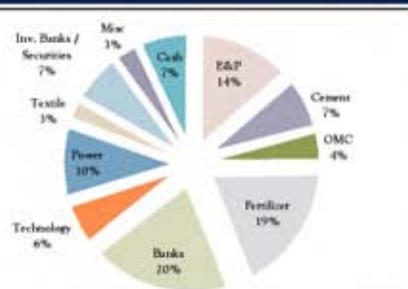
TOP FIVE HOLDINGS (ALPHABETICAL ORDER)

1	Dawood Hercules
2	Érgo
3	Hubco
4	PFL
5	UBL

PERFORMANCE



ASSET ALLOCATION



KEY STATISTICS

Information Ratio	0.006
PE - 2009*	13
PE - 2010*	11
Dividend Yield - 09*	3.9%
Dividend Yield - 10*	4.7%

*Based on average sell-side estimates and represents 73% of the portfolio

GENERAL INFORMATION

Launch Date	June 28 th , 2009
Fund Size	Rs. 417.78 million
Type	Open end, Equity Fund
Risk Level	Medium
Fund Manager	Kamran Aziz
Listing	Karachi Stock Exchange
Custodian & Trustee	Central Depository Company (CDC)
Front end Load	3%
Management Fee	3% per annum
Auditors	A.F. Ferguson & Co
Benchmark	KSE-100 Index
Minimum Subscription	Growth Unit : Rs. 5,000/-

FUTURE OUTLOOK

We expect foreign interest in local bourses to sustain in the upcoming month. International markets moved up further during September on renewed hopes of global recovery. However, it is still early to comment whether the recovery, if any, was fundamentals or liquidity driven. To quote Economist Magazine "The S&P 500 index is trading on PE ratio of around 20, based on 2009 forecasts for corporate earnings. A more cautious approach, using earnings reported under official accounting standards, puts the multiple at 27. Both the numbers are above the historical average". According to Smithers & Co, the American market is 37% overvalued on the best long-term measure, the cyclically adjusted PE ratio. Emerging stock markets (of which Pakistan is a part) are up by 62% since start of the year and are 94% above their lows. There is already talk that emerging markets could be the next bubble to be inflated by loose monetary policies world over. It is a strange dilemma that markets in general are facing, which is a sharp economic recovery on back of government stimulus packages and heightened inflationary fears emanating from very same packages. We, nevertheless, like the valuations in some of the local stocks. Pakistani market, in our opinion, is yet to catch with regional markets before becoming overvalued.

QUOTE OF THE MONTH

"What the wise does in the beginning, fool do in the end"

Warren Buffet

CONTACT US:

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