

**RATED AM3 (JCR-VIS)**



# INFOCUS

## FUND MANAGER'S REPORT SEPTEMBER 2010

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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

To earn superior risk adjusted rate of return by investing in a blend of short, medium, and long-term debt instruments, both within and outside Pakistan.

## Fund Manager's Comments

ABL-IF yielded an annualized monthly return of 11.01% in September 2010, an improvement of 49 bps from the previous month. The fund also declared dividend for 1QFY-11 @ 2.701% which represents 100% income of the fund till declaration. The increase in returns is attributable to increase in Money Market Yields and active management of T-bill portfolio. As expected, the SBP increased its Discount Rate by another 50 bps towards the end of the month, taking it to 13.5%. ABL-IF, anticipating this hike, had already lowered its duration to 30 days which alleviated the negative impact of the rate increase. Moreover, T-bill allocation was reduced to 38.81% of the fund size compared to 60.7% previously in order to mitigate mark-to-market impact on T-bill portfolio. Although the money market remained liquid during most of the month, your fund was able to find selective opportunities in high rated instruments and institutions. Quarter end pressures on the banking sector also threw up competitive TDR rates by AA rated banks, which provided lucrative avenues for parking excess liquidity.

SBP's bi-monthly Monetary Policy Statement announcement cited worsening macroeconomic conditions and high inflation as justification of an increase in Discount Rate. The recent catastrophic floods are likely to fuel inflation and impede economic growth, thereby putting stress on fiscal account. Heavy budgetary borrowing by the government is also seen as a cause of concern which is crowding out private sector investment. To alleviate these concerns, tax base shall have to be broadened and government borrowing will have to be restricted.

Thus investments in short duration instruments would be prudent at this stage considering the economic uncertainties. ABL-IF intends to maintain a low duration and primarily invest in T-bills. Furthermore, investments in floating rate banking sector TFCs are being explored for potential investments going ahead to improve returns and diversify investments.

## Basic Fund Information

Fund Type	Open-end
Category	Income Fund
Launch Date	September 20, 2008
Net Assets	PKR 6,345 mn
NAV	PKR 10.0053 (Ex Dividend)
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%
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

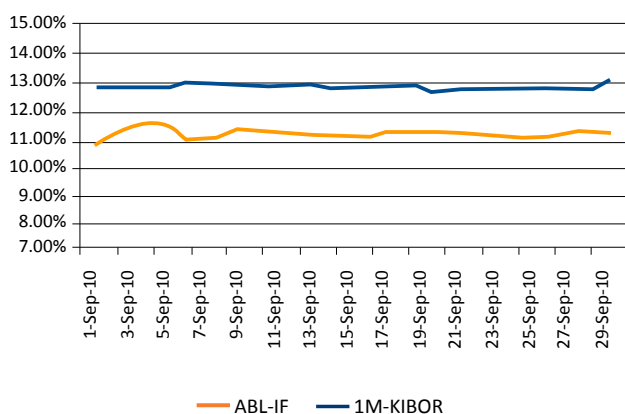
## Technical Information

Leverage	NIL
Weighed average time to maturity of net assets	30 days

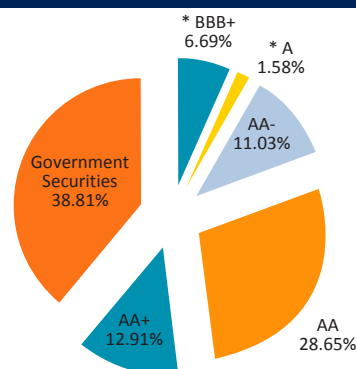
Asset Allocation (% of Assets)	Aug '10	Sept '10
Cash	2.28%	5.62%
Placement with Banks (TDRs)	11.99%	45.71%
Placement with DFIs (COIs)	1.01%	1.26%
Money Market placements	10.43%	0.00%
Reverse Repo	12.66%	8.27%
T-Bills	60.72%	38.81%
Others including receivables	0.91%	0.33%

Fund Returns*	ABL-IF	1 M-KIBOR
Year to Date (YTD)	10.67%	12.61%
Trailing 12 months	10.83%	12.49%
Month to date (MTD)	11.01%	12.72%

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



## Credit Quality of Portfolio (% of Assets)



Receivables account for 0.33% of Net Assets.  
\* These investments are in Reverse Repo.

## Investment Committee Members:

1. Farid A. Khan, CFA - CEO
2. Sulaiman S. Mehdi - COO & Company Secretary
3. Muhammad Imran - CIO
4. Hammad Ali Abbas - Fund Manager
5. 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

September 2010 was yet another uninspiring month for equities in Pakistan. Politics, economy and news flow on leverage product were the main factors playing on investors' sentiments during the month and once again kept volumes on the lower side (average daily turnover of \$25 mn). The most significant event towards the end of the month was another 50 basis points hike in discount rate (DR) by the SBP. The second consecutive rate hike in two months took the benchmark rate to 13.5%, much to the dismay of equity investors. Nevertheless, DR hike was partially priced in by the market after latest T-bill auction, which saw 3-month treasury yield rising by 14 basis points.

ABL-SF outperformed its benchmark during the month by 1.22%, returning 0.96% against a 0.26% decline in KSE-30. In light of deteriorating politico-economic environment, your fund adopted a more defensive approach and further built cash balance during the month. As a tactical move, ABL-SF's weight in banking sector was brought down from 15.98% to 10.21% while exposure in certain leveraged companies like Engro was also reduced in anticipation of DR hike. The portfolio mix changes largely reflect our near term cautious stance on economic and political developments. ABL-SF as of September 30, 2010 is 72.45% invested in equities and 27.55% in T-bills and cash.

The corporate result season for FY10 is now over and although most companies, particularly in Banking, Textile, OMC and Fertilizer sectors, posted robust earnings growth, the results failed to excite investors at large who were more concerned about the political uncertainty and the impact of floods on the already precarious economic scene. In the near term, we expect market volumes to remain depressed as retail investors may prefer to stay on sidelines amid heightened political and economic uncertainties. We are cautiously optimistic on mid to long term performance of KSE, which is still trading at a significant discount to regional markets as well as to its own historic multiples. Opportunistic buying in liquid blue chips and a buy to hold strategy is what will produce results for investors under current circumstances.

## Basic Fund Information

Fund Type	Open-end
Category	Equity Scheme
Launch Date	June 28th, 2009
Net Assets	PKR 368.6 mn
NAV	10.4051
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

## Technical Information

Leverage	NIL
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## Top Ten Holdings (% of Assets)

Sep '30

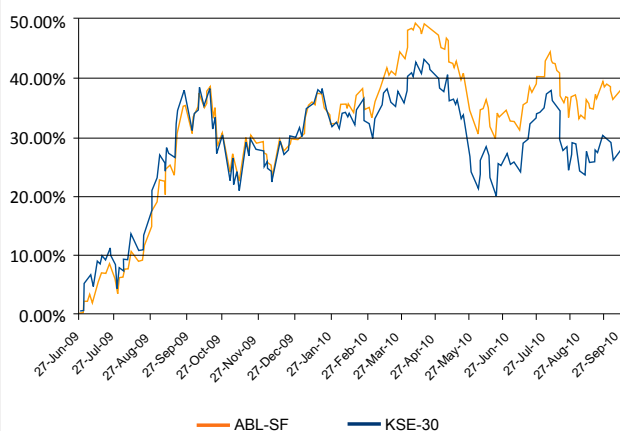
HUBCO	8.48%
FFC	8.23%
OGDC	8.17%
PPL	8.12%
POL	6.48%
PSO	5.18%
MCB	4.27%
THALL	3.78%
LUCK	3.19%
ENGRO	3.17%

## Performance\*

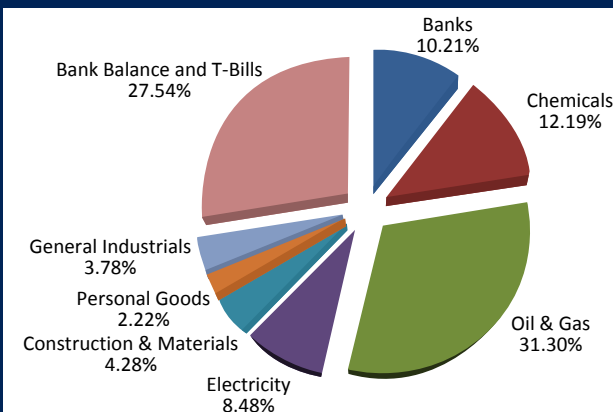
ABL-SF      KSE-30

Year to Date (YTD)	3.91%	1.23%
Trailing 12 months	3.72%	-5.36%
Month to Date (MTD)	0.96%	-0.26%

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



## Sector Allocation (% of Assets)



## Investment Committee Members:

1. Farid Ahmed Khan, CFA - CEO
2. Sulaiman S. Mehdi - COO & Company Secretary
3. Muhammad Imran - CIO
4. Kamran Aziz - Fund Manager
5. Hammad Ali Abbas - Fund Manager



## Investment Objective

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 return of 11.06% last month, outperforming its benchmark by 3.47%. The fund also declared dividend for 1QFY-11 @ 1.781% during the month which represents 100% income of the fund till declaration. ABL-CF primarily kept its exposure in Treasury bills during the month but changed its stance towards the end due to uncertainties surrounding the interest rate direction. Accordingly, duration was also brought down to 30 days as compared to 72 days in the previous month. Moreover, T-bill allocation was reduced to 51.25% from 97.32% during the month which minimized interest rate volatility on account of Discount Rate hike. Taking advantage of the quarter end, short term TDR placements were made at competitive rates which now constitute 44.14% of the fund size.

The Discount Rate was increased by 50 bps to 13.50% by the SBP towards the end of the month. Weak macroeconomic conditions exacerbated by flood devastation and high Inflation were cited as reasons behind this hike. High inflation and heavy government borrowing continue to impede economic progress. Moreover, the increase in commodity and electricity prices would only fuel inflation going ahead. Reconstruction of flood affected areas and rehabilitation is likely to add to expenditure. Based on the above, it seems plausible that government borrowing would increase further. This could lead to pressure on liquidity and consequently enhance T-bill yields. Thus it is imperative that revenue generation be enhanced and expenditure curtailed in order to contain fiscal imbalance and inflation.

In these circumstances, ABL-CF will maintain a short duration by way of exposure in T-bills and short term placements. The recent hike in interest rates could see fund returns rising from here although economic uncertainty may induce some volatility as well.

## Basic Fund Information

Fund Type	Open-end
Category	Money Market Fund
Launch Date	July 30, 2010
Net Assets	PKR 2,062 mn
NAV	PKR 10.0045
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%
Front-end load	NIL
Trustee	Central Depository Company of Pakistan Ltd. (CDC)
Auditor	A.F Ferguson & Co. Chartered Accountants
Asset Manager Rating	AM3 (ICR-VIS)
Risk Profile of the Fund	Low
Fund Stability Rating	AA+(f) (ICR-VIS)
Fund Manager	Hammad Ali Abbas

## Technical Information

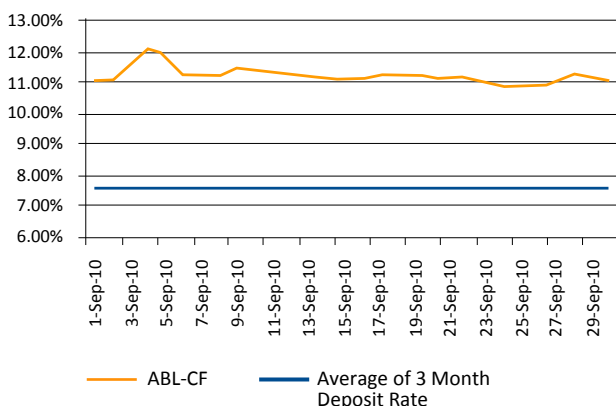
Leverage	NIL
Weighed average time to maturity of net assets	30 days

Asset Allocation (% of Assets)	Aug '10	Sept '10
Cash	0.72%	5.65%
Placement with Banks (TDRs)	0.00%	44.14%
Money Market placements	2.04%	0.00%
T-Bills	97.32%	51.25%
Others including receivables	-0.08%	-1.04%

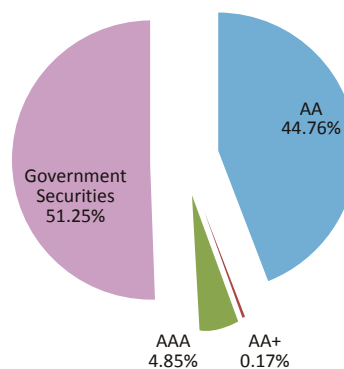
## Fund Returns\* ABL-CF 3 Month Deposit Rate

Year to Date (YTD)	N/A	N/A
Trailing 12 months	N/A	N/A
Month to Date (MTD)	11.06%	7.59%

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



## Credit Quality of Portfolio (% of Assets)



Payables account for -1.04% of Net Assets.

## Investment Committee Members:

1. Farid A. Khan, CFA - CEO
2. Sulaiman S. Mehdi - COO & Company Secretary
3. Muhammad Imran - CIO
4. Hammad Ali Abbas - Fund Manager
5. Kamran Aziz - Fund Manager

## Investment Objective

To seek maximum possible preservation of capital and offer steady rate of return by investing in liquid Shariah compliant debt instruments.

## Fund Manager's Comments

ABL-ICF yielded a monthly annualized return of 8.78% last month, a slight dip from the previous month. The fund also declared dividend for 1QFY-11 @ 1.418% during the month, which represents 100% income of the fund till declaration. ABL-ICF remained invested in cash thereby maintaining extremely liquid profile. Due to interest rate risks and dearth of lucrative Shariah compliant investment avenues, the portfolio allocation was maintained at previous levels. ABL-ICF continues to explore better investment avenues for diversification purposes and improving returns. Nevertheless it is outperforming its benchmark by 1.88%. Fund size increased by 16% to Rs.403 mn during the month.

State Bank of Pakistan raised the benchmark Discount Rate by 50 bps to 13.50% towards the end of the month due to weak macroeconomic conditions. As inflation and political uncertainty take their toll on the economy, there is a rush towards risk free government instruments and other such low risk avenues. This is crowding out private sector investments which are crucial for economic revival. Flood devastation is also expected to fuel inflation going forward and drag the economic growth. Enhancement in revenue generation and low dependence on borrowing from both local and foreign avenues are critical towards revival of the economy.

ABL-ICF intends to maintain a low risk, short duration portfolio in these times and will actively look to diversify into investments which can enhance returns going forward.

## Basic Fund Information

Fund Type	Open-end
Category	Islamic Money Market Fund
Launch Date	July 30, 2010
Net Assets	PKR 403 mn
NAV	PKR 10.0043
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%
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

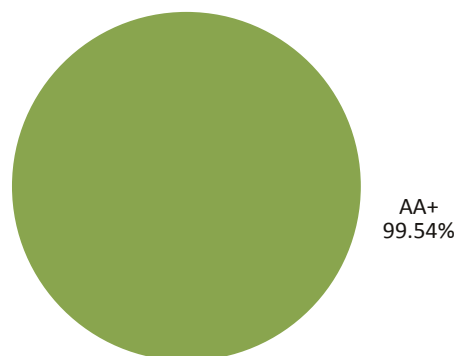
## Technical Information

Leverage	NIL
Weighed average time to maturity of net assets	1 day

## Asset Allocation (% of Assets)

	Aug '10	Sept '10
Cash	99.53%	99.54%
Others including receivables	0.47%	0.46%

## Credit Quality of Portfolio (% of Assets)

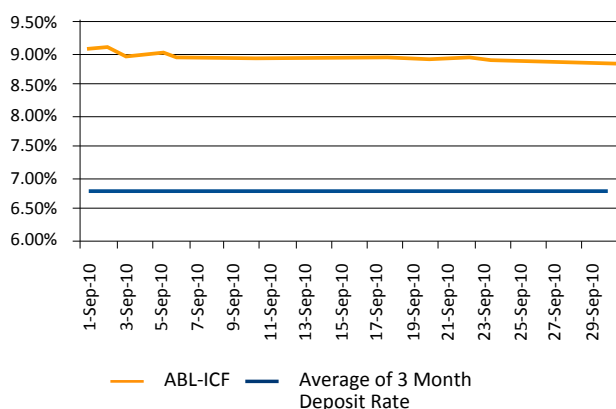


Receivables account for 0.46% of Net Assets.

## Fund Returns\*

	ABL-ICF	3 Month Deposit Rate
Year to Date (YTD)	N/A	N/A
Trailing 12 months	N/A	N/A
Month to Date (MTD)	8.78%	6.90%

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



## Investment Committee Members:

1. Farid A. Khan, CFA - CEO
2. Sulaiman S. Mehdi - COO & Company Secretary
3. Muhammad Imran - CIO
4. Hammad Ali Abbas - Fund Manager
5. Kamran Aziz - Fund Manager



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## 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](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 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
<b>Karachi</b>		
Furqan Ali Dakhan	0321-2014622	Clifton Branch
Raheel Khawar Kamal	0345-2584931	S.I.T.E. Branch
Mushtaq Ur Rehman	0300-2417978	Hyderi Branch
Tehmina Zaheer	0300-2419637	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
Waqas Ahmed	0333 2157491	Tariq Road. Branch
Branch Manager	021-34554409	Tariq Road. Branch
Branch Manager	021-32430353	Cloth Market Branch
Syed Ayaz Hussain	0322 2530409	Khayaban- E- Badar Branch
Farrukh Khan	0345 3572181	Korangi Industrial Area
Muneeb	0345-3149239	Bath Island
<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
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
<b>Multan</b>		
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 Manager	061-4573100, 4570705	Nawan Sheher Branch
<b>Faisalabad</b>		
Mughees Ahmad Sheikh	0332-8663525	Peoples Colony Branch
Branch Manager	041-8813202	Jail Road. Branch
<b>Gujranwala</b>		
Sidra Iqbal	0336-4655633	Zia Plaza
<b>Hayderabad</b>		
Haider Abbas	0321-3051874	Civic Center Branch
<b>Sahiwal</b>		
Asif Mehmood	0314-3600421	High Street Branch
<b>Rahimyarkhan</b>		
Branch Manager	068-5889717	Shahi Road Branch
<b>D.G.Khan</b>		
Branch Manager	064-2471355	Azmat Road Branch
<b>Bahawalpur</b>		
Fahad Husnain Lashari	0301-7755667	Fareed Gate Branch
<b>Gujrat</b>		
Branch Manager	053-3525350	G.T. Road Branch
<b>Abbotabad</b>		
Branch Manager	0992-330889	Supply Bazar branch
<b>Quetta</b>		
Imran Hassan Khan	0345-8165666	Jinnah Road Branch
<b>Sialkot</b>		
Branch Manager	052-9250541-42	Kashmir Road Branch
<b>Sargodha</b>		
Tanzel Maqbool	0331-7660756	New Queens Road
<b>Jhelum</b>		
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](mailto:contactus@ablmc.com)  
Website: [www.ablmc.com](http://www.ablmc.com)