

RATED AM2- (JCR-VIS)

 **ABL Asset Management**  
Discover the potential

# INFOCUS

FUND MANAGER'S REPORT  
SEPTEMBER 2011



## A SHINING VICTORY

ABL Asset Management has been  
Awarded with 'High Management  
Quality' Rating of AM2- (JCR-VIS)

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 instruments, both within and outside Pakistan.

## Fund Manager's Comments

ABL-IF yielded an annualized compounded return of 12.97% for the month of September. The fund also declared a dividend for 1QFY-12 @ 3.16% which represents 100% of the income till September 25, 2011. The decline of 22 bps against previous month's return is attributable to the cut in Discount Rate and subsequent decrease in base line yields. Money market yields remained on higher side during the month due to liquidity shortages which were exacerbated by acceptance of higher than target amounts in T-bills and PIB auctions. Even SBP's support in the form of regular OMOs was unable to dampen short term yields. On the contrary, long term yields declined significantly during the month in anticipation of an additional discount rate cut in the upcoming MPS Announcement. The recent surprise reduction in NSS rates coupled by a low inflation figure continued to fuel market sentiments of an imminent cut in interest rates. This bodes well for short term returns as ABL-IF holds investments in both one year T-bills and PIBs. Fund size declined by 17% to close at Rs.4.561 billion due to quarter end redemptions which are a norm at this time of the year.

Economic conditions continue to face renewed challenges due to the recent floods and resultant damage to crops in Sindh. As a consequence, the government is likely to revise down the GDP growth target from 4.2% to 3.5%. Moreover, power shortages continue to hamper industrial output. On the positive front, significant decline in inflation to 11.56% YoY for August, due to re-constitution of the CPI basket, led to renewed expectations of a handsome cut in the Discount Rate. Any further decline in the Discount Rate is expected to revive private sector credit off-take, which stands diluted against heavy government borrowing. The yield curve has already turned downward sloping in anticipation of monetary easing in coming months.

ABL-IF will continue to maintain high duration to take advantage of any reduction in interest rates. Focus will also shift to quality debt instruments from corporate sector to support underlying yields in a low interest rate environment. However, primary investments will remain in government securities due to their low risk profile and stable returns.

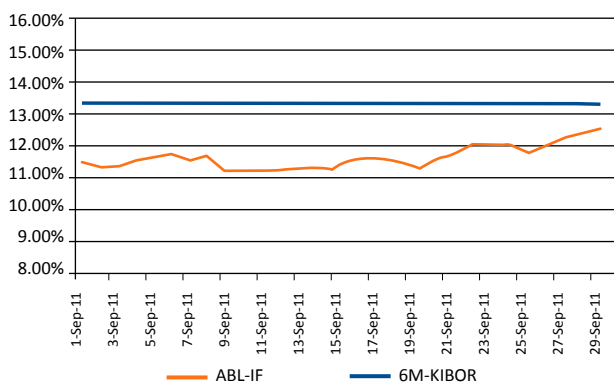
## Top TFC/Sukuk Holdings (% of Total Assets) Sep '11

Holder	% of Total Assets
KAPCO Short Term Sukuk	2.68%
Bank Alfalah Ltd - Fixed	2.51%
HUBCO Short Term Sukuk	2.15%
United Bank Ltd - IV	0.21%

## Fund Returns\* ABL-IF 6M-KIBOR

Period	ABL-IF	6M-KIBOR
FY 2011 to date	13.23%	13.52%
Month to date (MTD)	12.97%	13.38%

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



## Basic Fund Information

Fund Type	Open-end
Category	Income Fund
Launch Date	September 20 <sup>th</sup> , 2008
Net Assets	PKR 4,561 mn as at Sept 30 <sup>th</sup> , 2011
NAV	PKR 10.0217 as at Sept 30 <sup>th</sup> , 2011 (Ex-Dividend)
Benchmark	6 Month Kibor Average
Dealing Days	As Per Banking Days
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	AM2- (JCR-VIS) (Stable Outlook)
Risk Profile of the Fund	Low
Fund Stability Rating	A+(f) (JCR-VIS)
Fund Manager	Hammad Ali Abbas

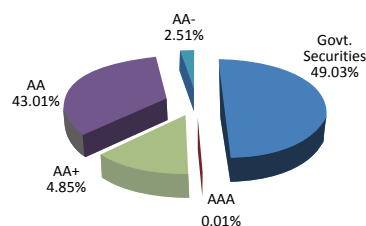
## Technical Information

Leverage	NIL
Weighted average time to maturity of net assets	253 days

## Asset Allocation (% of Total Assets) Aug '11 Sep '11

Asset Class	Aug '11	Sep '11
Cash	0.59%	34.25%
Placement with Banks (TDRs)	7.24%	8.58%
Spread Transactions	0.00%	0.43%
Reverse Repo against all other Securities	6.14%	0.00%
T-Bills	80.87%	45.13%
PIBs	0.86%	3.90%
TFCs	0.00%	2.72%
Short Term Sukuks	4.07%	4.83%
Others including Receivables	0.23%	0.16%

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



Other assets account for 0.59% 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 appreciated 6.3% during September'11, making up for almost half of what it lost during August'11. Worsening global equity markets and testy Pak-US relationship failed to weaken investor sentiments, who cheered lower inflation numbers and indications of monetary easing. Average Daily Turnover improved significantly to \$38 million from \$27 million last month depicting renewed interest in equities ahead of monetary policy statement. Foreigners, however, continued to be net sellers (\$ 4.9 million outflow during the month) on the back of global markets sell off.

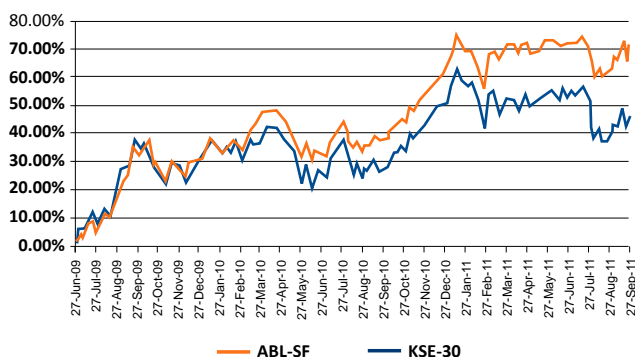
ABL-SF increased by 6.1% in Sep'11 against 6.4% appreciation in the KSE-30 index, which reflects a minor underperformance of 30 basis points. During the month, investment in Oil & Gas sector was decreased from 29.7% to 28.8% of the portfolio, exposure in Chemicals sector was increased from 21.3% to 23.1% and investment in banks further decreased from 13.9% to 11.7%. ABL-SF as of September 30, 2011 was 91.1% invested in equities and remaining in T-bills and cash.

In 9-months of 2011, the most active issue of 10-year PIB (bond) has rallied approximately 17% (inclusive of interest) at a time when local equities have delivered a negative return of 2%. We expect equity markets to follow the gains in PIBs, which reaffirms our bullish stance on market. Falling oil prices, strong remittances and indications of monetary easing provide a strong platform for equities to perform. On the other side, the current scenario regarding PAK/US relationships will play a key role in shaping investor sentiments and influencing foreign investors' flows. We reiterate our preference for high dividend yield plays and low-multiple blue chips that have corrected sharply in recent weeks.

## Performance\*

	ABL-SF	KSE-30
Year to Date (YTD)*	1.15%	-3.16%
Trailing 12 months*	25.73%	15.99%
Month to Date (MTD)*	6.13%	6.40%

\* 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 385.26 mn as at Sept 30 <sup>th</sup> , 2011
NAV	PKR 10.1564 as at Sept 30 <sup>th</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	AM2- (JCR-VIS) (Stable Outlook)
Risk Profile of the Fund	High
Performance Rating	MFR 5-Star (JCR-VIS) (Based on 2 year weighted average ranking)
Fund Manager	Kamran Aziz

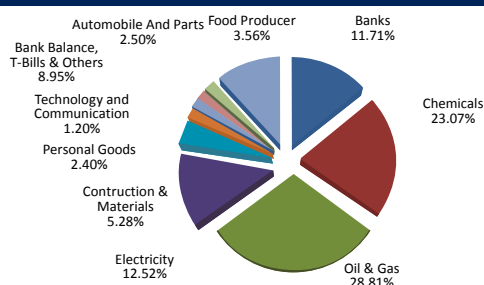
## Asset Allocation (% of Total Assets)

	Aug'11	Sep'11
Stock/Equities	88.53%	91.05%
Cash	5.50%	2.93%
T-Bills	4.42%	5.01%
Others	1.55%	1.01%
Leverage	NIL	NIL

## Top Ten Holdings (% of Total Assets)

	Aug'11	Sep'11
Fauji Fertilizer Company Limited	8.39%	11.57%
Hub Power Company Limited	8.99%	9.31%
Pakistan Oilfields Limited	8.43%	9.15%
Pakistan Petroleum Limited	7.84%	6.37%
Fatima Fertilizer Company Limited	5.28%	5.88%
Oil & Gas Development Company	2.82%	5.69%
Engro Corporation	5.02%	5.62%
Lucky Cement Limited	4.20%	4.77%
MCB Bank Ltd	2.70%	4.50%
Attock Petroleum Limited	4.69%	4.41%

## Sector Allocation (% of Total Assets)



## Investment Committee Members:

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3. Abid Jamal – Head of Research
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## 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 compounded return of 12.10% for the month of September, a decline of 67 bps over the preceding month. The fund still managed to outperform its benchmark by 429 bps. The fund declared a dividend for 1QFY-12 @ 3.01% which represents 100% of the income till September 25, 2011. Previous month's return entailed capital gains on account of a cut in the discount rate whereas September saw base yields adjusting to the new lower discount rate of 13.5%. However, sentiments towards another discount rate cut are strong, due to low inflation and cut in NSS rates, which pushed T-bill prices higher and yielded handsome capital gains for your fund. However, short term yields remained high during the period despite regular OMOs conducted by SBP. Competitive rates were negotiated on bank placements due to quarter end which will provide some stability to returns in the interim. Fund size decreased by 7.8% to close at Rs.13.431 billion due to quarter end redemptions which are a norm at this time of the year.

Economic conditions continue to face renewed challenges due to the recent floods and resultant damage to crops in Sindh. As a consequence, the government is likely to revise down the GDP growth target from 4.2% to 3.5%. Moreover, power shortages continue to hamper industrial output. On the positive front, significant decline in inflation to 11.56% YoY for August, due to re-constitution of the CPI basket, led to renewed expectations of a handsome cut in the Discount Rate. Any further decline in the Discount Rate is expected to revive private sector credit off-take, which stands diluted against heavy government borrowing. The yield curve has already turned downward sloping in anticipation of monetary easing in coming months.

Based on the above ABL-CF will continue to increase its positions in longer term T-bills with the onus of booking capital gains on the pretext of declining interest rates which would further enhance returns.

## Basic Fund Information

Fund Type	Open-end
Category	Money Market Fund
Launch Date	July 30 <sup>th</sup> , 2010
Net Assets	PKR 13,431 mn as at Sept 30 <sup>th</sup> , 2011
NAV	PKR 10.0164 as at Sept 30 <sup>th</sup> , 2011 (Ex-Dividend)
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	AM2- (JCR-VIS) (Stable Outlook)
Risk Profile of the Fund	Low
Fund Stability Rating	AA+(f) (JCR-VIS)
Fund Manager	Hammad Ali Abbas

## Technical Information

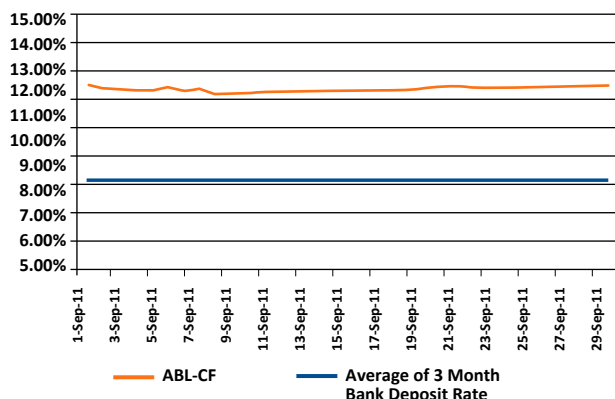
Leverage	NIL
Weighted average time to maturity of net assets	67 days

Asset Allocation (% of Total Assets)	Aug '11	Sep '11
Cash	2.85%	14.52%
Placement with Banks (TDRs)	9.40%	7.29%
Placement with DFIs	1.85%	2.19%
T-Bills	84.11%	74.15%
Short Term KAPCO Sukuk	0.85%	0.91%
Short Term HUBCO Sukuk	0.68%	0.73%
Others including Receivables	0.26%	0.21%

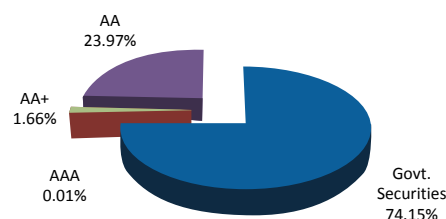
## Fund Returns\* ABL-CF Benchmark

FY 2011 to date	12.37%	7.90%
Month to Date (MTD)	12.10%	7.81%

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



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



Other assets account for 0.21% of Total Assets.

## Investment Committee Members:

1. Farid A. Khan, CFA – CEO
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## Investment Objective

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 11.10% for the month of September, a slight decline over its previous monthly return of 11.15%. However the fund still outperformed its benchmark by 298 bps. ABL-ICF also declared a dividend for 1QFY-12 @ 2.73% which represents 100% of the income till September 25, 2011. During the month, investments were maintained in AA rated counters which included fresh placements at competitive rates with Islamic banks, thanks to quarter end spike in deposit rates. Short term Sukuks continue to balance returns owing to their competitive rates in a declining interest rate environment. The fund has attained approval for conversion into Income fund category which would benefit returns going ahead due to availability of broader investment universe. Fund size decreased by 7.0% to close at Rs.674.6 million.

Economic conditions continue to face renewed challenges due to the recent floods and resultant damage to crops in Sindh. As a consequence, the government is likely to revise down the GDP growth target from 4.2% to 3.5%. Moreover, power shortages continue to hamper industrial output. On the positive front, significant decline in inflation to 11.56% YoY for August, due to re-constitution of the CPI basket, led to renewed expectations of a handsome cut in the Discount Rate. Any further decline in the Discount Rate is expected to revive private sector credit off-take, which stands diluted against heavy government borrowing. The yield curve has already turned downward sloping in anticipation of monetary easing in coming months.

The fund will start investing as per its new mandate from October 1, 2011 onwards. Under the income fund category, investments will be pursued in GoP Ijara Sukuk and with selected A and above rated Islamic Banks. Such diversification would help improve returns in a low interest rate environment.

## Basic Fund Information

<b>Fund Type</b>	Open-end
<b>Category</b>	Islamic Money Market Fund
<b>Launch Date</b>	July 30 <sup>th</sup> , 2010
<b>Net Assets</b>	PKR 674.559 mn as at Sept 30 <sup>th</sup> , 2011
<b>NAV</b>	PKR 10.0146 as at Sept 30 <sup>th</sup> , 2011 (Ex-Dividend)
<b>Benchmark</b>	Average of 3 Month Deposit rates of 3 Islamic Banks
<b>Dealing Days</b>	As Per Banking Days
<b>Cut-off time</b>	4:00 pm
<b>Pricing mechanism</b>	Forward
<b>Management Fee</b>	1.0% p. a.
<b>Front-end load</b>	Nil
<b>Trustee</b>	Central Depository Company of Pakistan Ltd. (CDC)
<b>Auditor</b>	A.F. Ferguson & Co. Chartered Accountants
<b>Asset Manager Rating</b>	AM2- (JCR-VIS) (Stable Outlook)
<b>Risk Profile of the Fund</b>	Low
<b>Fund Stability Rating</b>	AA(f) (JCR-VIS)
<b>Fund Manager</b>	Hammad Ali Abbas

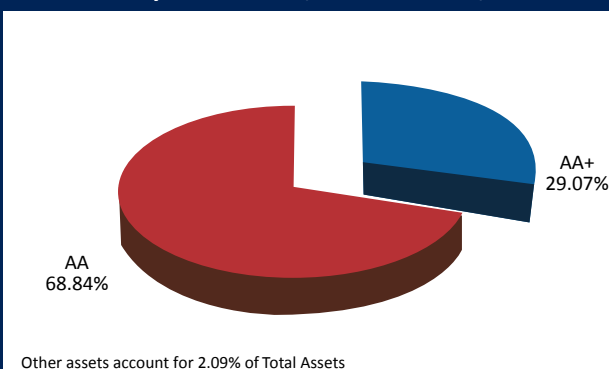
## Technical Information

<b>Leverage</b>	NIL
<b>Weighted average time to maturity of net assets</b>	19 days

## Asset Allocation (% of Total Assets) Aug '11 Sep '11

	Aug '11	Sep '11
Cash	43.50%	39.43%
Placements with Banks	41.02%	43.86%
Short Term HUBCO Sukuk	6.84%	7.31%
Short Term KAPCO Sukuk	6.84%	7.31%
Others including Receivables	1.80%	2.09%

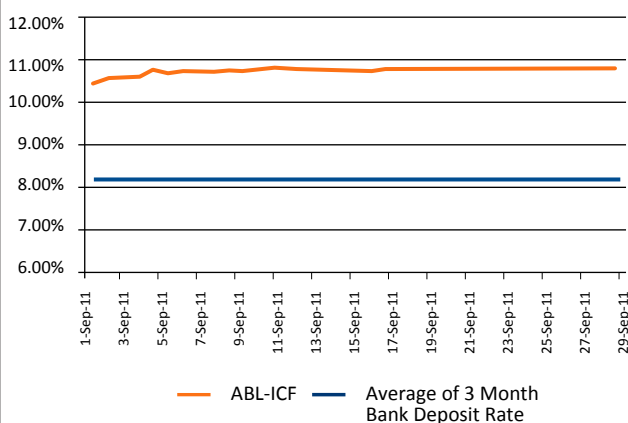
## Credit Quality of Portfolio (% of Total Assets)



## Fund Returns\* ABL-ICF Benchmark

	ABL-ICF	Benchmark
<b>FY 2011 to date</b>	11.22%	8.15%
<b>Month to Date (MTD)</b>	11.10%	8.12%

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



## Investment Committee Members:

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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@ablamc.com](mailto:contactus@ablamc.com) and we will answer all your queries or
- ▶ Visit us on our website [www.ablamc.com](http://www.ablamc.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
Shoaib 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
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>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)  
 UAN: (021) 111-ABL-AMC (111-225-262)  
 Email: [contactus@ablamc.com](mailto:contactus@ablamc.com)  
 Website: [www.ablamc.com](http://www.ablamc.com)