



ABL Government Securities Fund

# Half Yearly Report

CONDENSED INTERIM FINANCIAL STATEMENT  
FOR THE PERIOD ENDED DECEMBER 31, 2017



ABL Asset Management

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# CONTENTS

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Fund's Information	1
Report of the Directors of the Management Company	2
Report of the Trustee to the Unit Holders	5
Independent Auditor's Report to the Unit Holders on Review of Condensed interim Financial Information	6
Condensed Interim Statement of Assets and Liabilities	7
Condensed Interim Income Statement (Un-audited)	8
Condensed Interim Statement of Movement in Unit Holders' Fund (Un-audited)	9
Condensed Interim Cash Flow Statement (Un-audited)	10
Notes to and Forming Part of the Condensed Interim Financial Information (Un-audited)	11
Report of the Directors of the Management Company (Urdu Version)	25
Jama punji	26

# ABL GOVERNMENT SECURITIES FUND

## FUND'S INFORMATION

<b>Management Company:</b>	ABL Asset Management Company Limited Plot/Building # 14, Main Boulevard, DHA, Phase - VI, Lahore - 54810	
<b>Board of Directors</b>	Sheikh Mukhtar Ahmed Mr. Mohammad Naeem Mukhtar Mr. Muhammad Waseem Mukhtar Mr. Tahir Hassan Qureshi Mr. Kamran Nishat Mr. Muhammad Kamran Shehzad Mr. Alee Khalid Ghaznavi	Chairman      CEO/ Director
<b>Audit Committee:</b>	Mr. Kamran Nishat Mr. Muhammad Waseem Mukhtar Mr. Muhammad Kamran Shehzad	Chairman Member Member
<b>Human Resource and Remuneration Committee</b>	Mr. Muhammad Waseem Mukhtar Mr. Kamran Nishat Mr. Alee Khalid Ghaznavi	Chairman Member Member
<b>Chief Executive Officer of The Management Company:</b>	Mr. Alee Khalid Ghaznavi	
<b>Chief Financial Officer &amp; Company Secretary:</b>	Mr. Saqib Matin	
<b>Chief Internal Auditor:</b>	Mr. Kamran Shehzad	
<b>Trustee:</b>	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi - 74400	
<b>Bankers to the Fund:</b>	Allied Bank Limited Bank Al- Falah Limited Faysal Bank Limited JS Bank Limited Sindh Bank Limited	
<b>Auditor:</b>	M/S. A.F. Ferguson & Co. Chartered Accountants State life Building No. 1-C I.I Chundrigar Road, Karachi.	
<b>Legal Advisor:</b>	Ijaz Ahmed & Associates Suite # 7, 11th Zamzama Street Phase-V, DHA Karachi.	
<b>Registrar:</b>	ABL Asset Management Company Limited. 11 - B, Lalazar, M. T. Khan Road, Karachi.	



# ABL GOVERNMENT SECURITIES FUND

## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of ABL Asset Management Company Limited, the management company of ABL Government Securities Fund (ABL-GSF), is pleased to present the Condensed Interim Financial Statements (un-audited) of ABL Government Securities Fund for the half year ended December 31, 2017.

### ECONOMIC PERFORMANCE REVIEW

Pakistan's most economic indicators remained steady during the period despite challenges on external front. Similarly, despite a slight uptrend in December CPI, average CPI for 1HFY18 remained 3.75%YoY as compared to 3.88%YoY during SPLY. December CPI has raised expectations of inflation going forward because of rising international oil prices. This will consequently put pressure on SBP to revise up the policy rate from all-time low level of 5.75% prevalent during the period. Furthermore, Standard & Poor's has maintained Pakistan's long-term credit rating 'B' during the period but lowered its expectation on external and fiscal front.

On the flip side, country's external position continued to remain fragile as Current Account Deficit (CAD) during 5MFY18 was up by a whopping 247%YoY to USD6,430 million as compared to USD2,601 million during 5MFY17. The sharp increase in CAD was caused by +40.3%YoY increase in trade deficit owing to rising imports (+23.4% YoY) and higher services deficit (+12.3%YoY) while slight support came from workers' remittances (+1.9% YoY). Similarly, foreign exchange reserves remained under pressure standing at 2.8 months of import cover in spite of USD2.5 billion financing arranged through issuance of Eurobond/Sukuk during the period. Resultantly, PKR depreciated 5.2% against USD to 110.3 during the period.

On fiscal front, FBR provisionally collected taxes worth PKR1,722 billion during 6MFY17 compared to PKR1,466 billion in SPLY showing a healthy growth of (+17.46%YoY), though falling short of the target by PKR50 billion. In order to bridge the deficit, the government has been trying to broaden the tax net and increase tax collection by offering tax amnesty schemes. Furthermore, the government is also unlikely to absorb the impact of increasing oil prices by reducing GST on petroleum products.

Going forward, increasing international oil prices, strong imports, flattish remittances and external debt servicing are key risks to the economy. However, government is focusing on 'Export Package' to give some breather to the balance of payment as exports have seen an increase of 12.02% YoY in 5MFY18. Besides, improvement in GDP growth remains on track where it is expected to grow by 5.8%YoY in FY18 from 5.3% in FY17 led by 1) recovery in agriculture sector on the back of improved crop yield assessment, further supported by increase in agricultural loans target to PKR1 trillion for FY18 from PKR700 billion in FY17, 2) robust growth in manufacturing activity (LSM growth: 9.64%YoY in 4MFY18) driven by growing consumerism and incomes, 3) growing construction activity attributable to both infrastructure development and private housing, and 4) spillover effects of these on services sector.

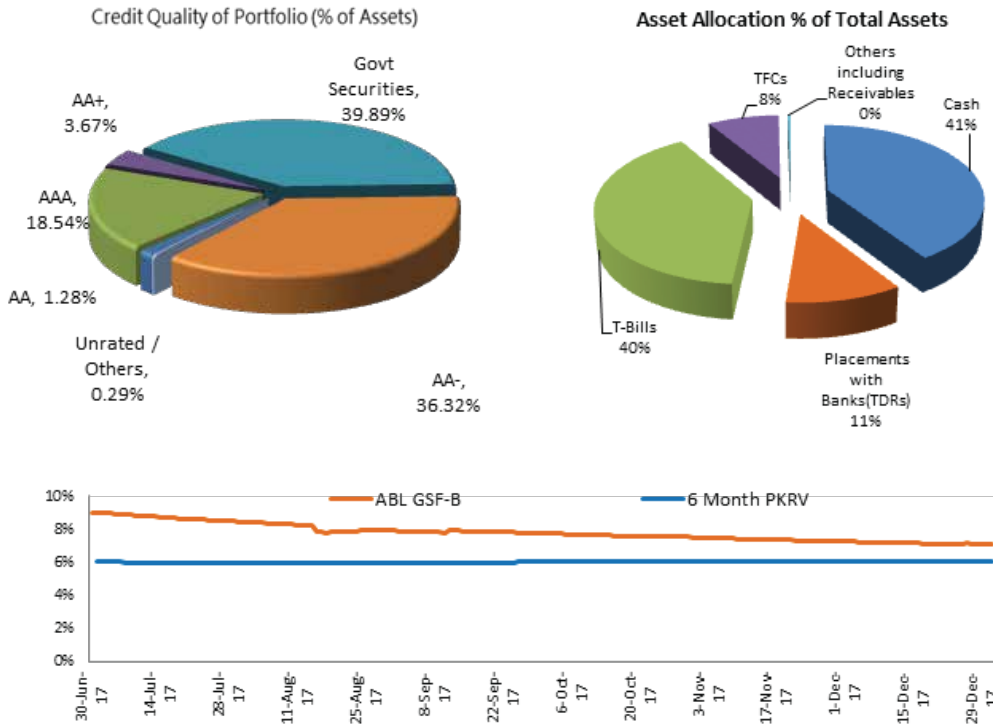
### MUTUAL FUND INDUSTRY REVIEW

Total assets under management (AUMs) of open end mutual fund industry posted a decline of 6.2% during 1HFY18 (from PKR 662 billion to PKR 621 billion), mainly on account of political uncertainty and economic concerns. Equity funds including Conventional and Islamic equity witnessed a substantial decline of 15.5% and 20% in AUM to close the period at PKR132.5 billion and PKR104 billion, respectively. On the flip side, the fixed income category (comprising of Income, Aggressive Income and Money Market funds) registered a decent growth of 17% in 1HFY18 to close at PKR177 billion in December 2017 compared to PKR151 billion in June 2017. Similarly, Islamic Income Category also posted a growth of 6% in AUMs to end the period at PKR46 billion.

### FUND PERFORMANCE

ABL GSF yielded an annualized return of 4.48% during 1HFY18 against the benchmark performance of 6.02%, thus showing an underperformance of 154 bps. During the period under review the fund's return remained under pressure due to lack of trading opportunities in longer tenor instruments (PIBs) therefore the fund maintained majority of its exposure in shorter tenor T-bills. During the period secondary market yields on longer tenor instrument rose sharply, while market's interest towards these instruments remained lackluster.

During the period, ABL Government Securities Fund's AUM reduced by 24.22% to PKR 2,875.33 million from PKR 3,794.28 million in June 2017 as result of expected year end redemptions. In response to volatility and risks associated with longer tenor instruments the fund shifted its exposure towards shorter tenor T-bills. At the end of the period, investment in Government Securities (T-Bills) stood at 39.89% of total assets. Moreover, exposure in TDRs, TFCs and cash assets stood at 10.53%, 8.41% & 40.88% of total portfolio, respectively. At the end of month, the fund's WAM was increased to 347 days from 338 days in June 2017 due to aforementioned changes in the asset allocation.



**FUTURE OUTLOOK**

Going ahead, we can witness slight upwards pressure on interest rates in response to the recent upward reversal in commodity prices (mainly international crude oil prices) coupled with exchange rate devaluation may result in inflationary pressures. Headline inflation for 1HFY18 averaged at 3.75% compared to 3.88% during 1HFY17. During the year Central Bank has continued to scrap all PIBs auctions primarily due to lack of market interest in longer tenor instruments.

On the external side, the situation continued to remain fragile as Current Account Deficit (CAD) during 5MFY18 was up by a whopping 247% YoY to USD6,430 million as compared to USD2,601 million during 5MFY17. The sharp increase in CAD was caused by +40.3% YoY increase in trade deficit owing to rising imports (+23.4% YoY) and higher services deficit (+12.3% YoY) while slight support came from workers' remittances (+1.9% YoY). Similarly, foreign exchange reserves remained under pressure standing at 2.8 months of import cover in spite of USD2.5 billion financing arranged through issuance of Eurobond/Sukuk during the period. Resultantly, PKR depreciated 5.2% against USD to 110.3 during the period.

Going forward our strategy will be to allocate the portfolio between shorter duration instrument such as T-bills and floating rate instruments to hedge against any upwards movements in discount rate. In the short run, placements with banks at attractive rates are likely to boost returns.



## AUDITORS

M/s. A.F. Fergusons & Co. (Chartered Accountants), have been appointed as auditors for the year ending June 30, 2018 for ABL Government Securities Fund (ABL-GSF).

## FUND STABILITY RATING

JCR-VIS Credit Rating Company Ltd. (JCR-VIS) on January 16, 2018, reaffirmed the Fund Stability Rating of 'A+ (f)' (Single A plus (f)) to ABL Government Securities Fund (ABL-GSF).

## MANAGEMENT QUALITY RATING

On December 29 2017, JCR-VIS Credit Rating Company Limited has reaffirmed the Management Quality Rating of ABL Asset Management Limited (ABL AMC) at 'AM Two plus plus' (AM2++). Outlook on the assigned rating is 'Stable'.

## ACKNOWLEDGEMENT

We thank our valued investors who have placed their confidence in us. The Board is also thankful to Securities & Exchange Commission of Pakistan, the Trustee (Central Depository Company of Pakistan Limited) and the management of Karachi Stock Exchange Limited for their continued guidance and support. The Directors also appreciate the efforts put in by the management team.

Karachi, February 19, 2018

For & on behalf of the Board



Alee Khalid Ghaznavi  
Chief Executive Officer

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

CDC House, 99-B, Block 'B',  
S.M.C.H.S. Main Shahra-e-Faisal,  
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**TRUSTEE REPORT TO THE UNIT HOLDERS**

**ABL GOVERNMENT SECURITIES FUND**

**Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We Central Depository Company of Pakistan Limited, being the Trustee of ABL Government Securities Fund (the Fund) are of the opinion that ABL Asset Management Company Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2017 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

**Aftab Ahmed Diwan**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: February 19, 2018





**INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE UNIT HOLDERS**

**Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **ABL Government Securities Fund** (the Fund) as at December 31, 2017 and the related condensed interim income statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2017. The Management Company (ABL Asset Management Company Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures included in the condensed interim income statement for the quarters ended December 31, 2017 and December 31, 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

**Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**Other matter**

The condensed interim financial information of the Fund for the half year ended December 31, 2016 was reviewed and the financial statements of the Fund for the year ended June 30, 2017 were audited by another firm of Chartered Accountants who had expressed an unmodified conclusion and opinion thereon vide their reports dated February 22, 2017 and August 23, 2017 respectively.

Chartered Accountants

Engagement Partner: **Noman Abbas Sheikh**

Dated: February 26, 2018

Karachi

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
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**ABL GOVERNMENT SECURITIES FUND**  
**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT DECEMBER 31, 2017**

	Note	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
----- Rupees in '000 -----			
<b>ASSETS</b>			
Balances with banks	4	1,944,433	2,430,075
Investments	5	2,794,159	3,504,803
Profit receivable		10,616	11,777
Other receivable		572	900
<b>Total assets</b>		<b>4,749,780</b>	<b>5,947,555</b>
<b>LIABILITIES</b>			
Payable to ABL Asset Management Company Limited - Management Company	6	53,178	53,973
Payable to the Central Depository Company of Pakistan Limited - Trustee		280	350
Payable to the Securities and Exchange Commission of Pakistan		1,110	5,078
Dividend payable		-	50
Payable against redemption of units		12,705	126
Payable against purchase of investments		1,795,279	2,029,572
Accrued expenses and other liabilities	7	11,900	64,127
<b>Total liabilities</b>		<b>1,874,452</b>	<b>2,153,276</b>
<b>NET ASSETS</b>		<b>2,875,328</b>	<b>3,794,279</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>2,875,328</b>	<b>3,794,279</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8	----- (Number of units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>280,140,564</b>	<b>378,744,304</b>
----- (Rupees) -----			
<b>NET ASSET VALUE PER UNIT</b>		<b>10.2639</b>	<b>10.0180</b>
<b>FACE VALUE PER UNIT</b>		<b>10.0000</b>	<b>10.0000</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For ABL Asset Management Company Limited  
(Management Company)

  
SAQIB MATIN  
CHIEF FINANCIAL OFFICER

  
ALEE KHALID GHAZNAVI  
CHIEF EXECUTIVE OFFICER

  
MUHAMMAD KAMRAN SHEHZAD  
DIRECTOR




**ABL GOVERNMENT SECURITIES FUND**  
**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017**

Note	For the Half	For the Half	For the Half	For the Half
	year ended December 31, 2017	year ended December 31, 2016	year ended December 31, 2017	year ended December 31, 2016
----- Rupees in '000 -----				
<b>INCOME</b>				
Capital gain / (loss) on sale of investments - net	717	(23,148)	505	(15,804)
Income from government securities	37,711	205,328	20,715	92,814
Income from term deposit receipts	12,669	9,535	4,233	9,535
Income from letters of placement	-	3,492	-	2,511
Income from term finance certificates and sukuks	13,539	760	6,501	222
Profit on balances with banks - savings accounts	31,326	56,372	17,162	19,693
	95,962	252,339	49,116	108,971
Unrealised appreciation / (diminution) on re-measurement of				
Profit on balances with banks - savings accounts profit or loss' - net	5.5	1,559	(101)	579
	97,521	250,207	49,015	109,550
<b>EXPENSES</b>				
Remuneration of ABL Asset Management Company Limited - Management Company	6.1	18,493	54,810	9,490
Punjab / Sindh sales tax on remuneration of the Management Company	6.2	2,834	7,125	1,518
Accounting and operational charges	6.4	1,477	4,375	759
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		1,488	3,667	759
Sindh sales tax on remuneration of the Trustee		194	477	99
Annual fee to the Securities and Exchange Commission of Pakistan Limited		1,110	3,289	570
Brokerage and other transaction costs		146	1,184	59
Bank charges		74	134	35
Auditors' remuneration		281	270	179
Amortisation of preliminary expenses and floatation costs		-	414	-
Printing charges		189	147	101
Listing fee		18	28	11
Annual rating fee		129	129	64
<b>Total expenses</b>		26,433	76,049	13,644
<b>Net income for the period before element of income and capital gains included in the prices of units issued less those in units redeemed - net</b>		71,088	174,158	35,371
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	3.2	-	(56,705)	-
<b>Net income for the period before taxation</b>		71,088	117,453	35,371
Taxation	9	-	-	-
<b>Net income for the period after taxation</b>		71,088	117,453	35,371
Other comprehensive income for the period		-	-	-
<b>Total comprehensive income for the period</b>		71,088	117,453	35,371
<b>Earnings per unit</b>	10			
<b>Allocation of net income for the period:</b>				
Net income for the period after taxation		71,088	117,453	35,371
Income already paid on units redeemed		(7,256)	-	749
		63,832	117,453	36,120
<b>Accounting income available for distribution:</b>				
-Relating to capital gains		717	-	505
-Excluding capital gains		63,115	-	35,615
		63,832	-	36,120

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For ABL Asset Management Company Limited  
(Management Company)

  
SAQIB MATIN  
CHIEF FINANCIAL OFFICER

  
ALEE KHALID GHAZNAVI  
CHIEF EXECUTIVE OFFICER

  
MUHAMMAD KAMRAN SHEHZAD  
DIRECTOR

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# ABL GOVERNMENT SECURITIES FUND


## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)

### FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	For the half year ended December 31, 2017			For the half year ended December 31, 2016				
	Capital Value	Undistributed income	Unrealised appreciation / (diminution) available for sale' investments	Total	Capital Value	Undistributed income	Unrealised appreciation / (diminution) available for sale' investments	Total
	----- Rupees in '000 -----				----- Rupees in '000 -----			
<b>Net assets at beginning of the period (audited)</b>	3,787,532	6,747	-	3,794,279	9,456,209	40,043	-	9,496,252
Issue of 73,531,750 units (December 31, 2016: 216,526,774 units)								
- Capital value (at net asset value per unit at the beginning of the period)	736,641	-	-	736,641				
- Element of income	9,654	-	-	9,654				
Total proceeds on issuance of units	746,295	-	-	746,295	2,170,973	13,921	-	2,184,894
Redemption of 172,135,490 units (December 31, 2016: 584,044,994 units)								
- Capital value (at net asset value per unit at the beginning of the period)	1,724,453	-	-	1,724,453				
- Element of loss	4,625	7,256	-	11,881				
Total payments on redemption of units	1,729,078	7,256	-	1,736,334	5,856,309	70,626	-	5,926,935
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	-	-	-	-	-	56,705	-	56,705
Total comprehensive income for the period	-	71,088	-	71,088	-	117,453	-	117,453
Distribution during the period	-	-	-	-	-	(16,008)	-	(16,008)
Net income for the period less distribution	-	71,088	-	71,088	-	101,445	-	101,445
<b>Net assets at end of the period (Un-audited)</b>	<b>2,804,749</b>	<b>70,579</b>	<b>-</b>	<b>2,875,328</b>	<b>5,770,873</b>	<b>141,488</b>	<b>-</b>	<b>5,912,361</b>
Undistributed income brought forward								
- Realised income		6,566				24,385		
- Unrealised income		181				15,658		
		6,747				40,043		
Accounting income available for distribution								
- Relating to capital gains		717				-		
- Excluding capital gains		63,115				-		
		63,832				-		
Net income for the period after taxation						117,453		
Distribution during the period						(16,008)		
Undistributed loss carried forward		70,579				141,488		
Undistributed loss carried forward								
- Realised income		69,020				143,620		
- Unrealised income / (loss)		1,559				(2,132)		
		70,579				141,488		
				(Rupees)				(Rupees)
Net assets value per unit at beginning of the period				10.0180				10.0424
Net assets value per unit at end of the period				10.2639				10.2273

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For ABL Asset Management Company Limited  
(Management Company)

  
SAQIB MATIN  
CHIEF FINANCIAL OFFICER

  
ALEE KHALID GHAZNAVI  
CHIEF EXECUTIVE OFFICER

  
MUHAMMAD KAMRAN SHEHZAD  
DIRECTOR



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**ABL GOVERNMENT SECURITIES FUND**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

	For the Half year ended December 31, 2017	For the Half year ended December 31, 2016
Note	----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	71,088	117,453
<b>Adjustments:</b>		
Income from Government securities	(37,711)	(205,328)
Income from term deposit receipts	(12,669)	(9,535)
Income from letters of placement	-	(3,492)
Income from term finance certificates and sukuks	(13,539)	(760)
Profit on balances with banks - savings accounts	(31,326)	(56,372)
Unrealised (appreciation) / diminution on re-measurement of investments classified as financial assets at fair value through profit or loss - net	(1,559)	2,132
Amortisation of preliminary expenses and floatation costs	-	414
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	-	56,705
	(96,804)	(216,236)
<b>Decrease / (increase) in assets</b>		
Investment	1,011,467	(850,283)
Other receivable	328	(208)
	1,011,795	(850,491)
<b>(Decrease) / increase in liabilities</b>		
Payable to ABL Asset Management Company Limited - Management Company	(795)	1,494
Payable to the Central Depository Company of Pakistan Limited - Trustee	(70)	(20)
Payable to the Securities and Exchange Commission of Pakistan	(3,968)	(4,023)
Payable against purchase of investments	(234,293)	646,848
Accrued expenses and other liabilities	(52,227)	(34,890)
	(291,353)	609,409
Income received on Government securities	43,007	283,134
Income received on term deposit receipts	8,903	-
Income received on letters of placements	-	3,492
Income received on term finance certificates	8,384	760
Profit received on balances with banks - savings accounts	36,112	64,249
<b>Net cash flows generated from operating activities</b>	<b>791,132</b>	<b>11,770</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash distribution paid	(50)	(16,370)
Receipts from issuance of units	746,295	2,184,894
Payments on redemption of units	(1,723,755)	(5,958,670)
Net cash used in financing activities	(977,510)	(3,790,146)
<b>Net decrease in cash and cash equivalents during the period</b>	<b>(186,378)</b>	<b>(3,778,376)</b>
Cash and cash equivalents at the beginning of the period	2,730,075	7,398,053
<b>Cash and cash equivalents at the end of the period</b>	<b>2,543,697</b>	<b>3,619,677</b>

4.2

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

For ABL Asset Management Company Limited  
(Management Company)

  
**SAQIB MATIN**  
CHIEF FINANCIAL OFFICER

  
**ALEE KHALID GHAZNAVI**  
CHIEF EXECUTIVE OFFICER

  
**MUHAMMAD KAMRAN SHEHZAD**  
DIRECTOR

# ABL GOVERNMENT SECURITIES FUND

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

### 1 LEGAL STATUS AND NATURE OF BUSINESS

ABL Government Securities Fund (the Fund) was established under a Trust Deed executed on November 01, 2011 between ABL Asset Management Company Limited (ABL AMCL) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Securities and Exchange Commission of Pakistan (SECP) authorised constitution of the Trust Deed vide letter no. NBFC-II/ABLAMC/439/2011 dated October 31, 2011 in accordance with the requirement of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate issued by the SECP on December 07, 2016. The registered office of the Management Company is located at Plot No. 14, Main Boulevard, DHA Phase 6, Lahore.

The Fund is an open-end mutual Fund and is listed on the Pakistan Stock Exchange Limited. The units of the Fund are offered to the public for subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.

The Fund has been categorised as an open-ended income scheme as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes (CISs).

The objective of the Fund is to deliver optimal risk adjusted returns by investing mainly in a mix of short to long term government securities and other debt instruments.

JCR-VIS Credit Rating Company Limited assigned management quality rating of AM2++ (stable outlook) to the Management Company as at December 29, 2017 and fund stability rating of A(f) to the Fund as at January 16, 2018.

The assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.

### 2 STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations 2008 and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations 2008 or the directives issued by the SECP differ with the requirements of the IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations 2008 or the directives issued by the SECP prevail.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2017.



This condensed interim financial information is unaudited. However, a limited scope review has been performed by the statutory auditors in accordance with the requirements of the Code of Corporate Governance. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that this condensed interim financial information gives a true and fair view of the state of affairs of the Fund as at December 31, 2017.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES

- 3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2017 except for the change in accounting policy as explained in note 3.2.
- 3.2 The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the determination of "accounting income" as described in regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas the requirement for presentation of 'Distribution Statement' as a part of the financial statements has been deleted in the revised regulation.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealised appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unitholders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognised in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosure requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 based on the clarification issued by the SECP Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations the through aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the income of the Fund would have been lower by Rs. 2.227 million. However, the change in accounting policy does not have any impact on the 'Cash flow Statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

3.3 The preparation of the condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial information, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2017. The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2017.

3.4 **Amendments to published approved accounting standards that are effective in the current period**

There are certain amendments to the approved accounting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2017. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in this condensed interim financial information.

3.5 **Standards, interpretations and amendments to published approved accounting standards that are not yet effective**

During the current period the SECP has adopted IFRS 9: 'Financial Instruments' and IFRS 15: 'Revenue from Customers', which are applicable with effect from July 1, 2018. The management is currently assessing the impacts of these standards on the Fund's future financial statements. There are certain other new standards, interpretations and amendments to the approved accounting standards that are mandatory for the Fund's annual accounting periods beginning on or after July 1, 2018. However, these are not expected to have any significant impacts on the Fund's operations and are, therefore, not detailed in this condensed interim financial information.

	Note	(Unaudited) December 31, 2017	(Audited) June 30, 2017
<b>4 BALANCES WITH BANKS</b>		----- Rupees in '000 -----	
Savings accounts	4.1	<b>1,944,433</b>	2,430,075

4.1 These savings accounts carry mark-up at rates ranging between 3.75% to 6.75% per annum (June 30, 2017: 4.00% to 6.75%). Deposits in savings accounts include Rs. 18.464 million (June 30, 2017: Rs. 38.649 million maintained with Allied Bank Limited, a related party which carries mark up at the rate of 6.20% (June 30, 2017: 6.75%) per annum.

	Note	(Unaudited) December 31, 2017	(Audited) June 30, 2017
<b>4.2 Cash and cash equivalents</b>		----- Rupees in '000 -----	
Balances with banks		<b>1,944,433</b>	773,392
Market Treasury Bill with original maturity of less than 3 months		<b>99,264</b>	1,321,285
Term deposit receipts		<b>500,000</b>	1,025,000
Letter of placements		<b>-</b>	500,000
		<b>2,543,697</b>	3,619,677



(Unaudited) (Audited)  
December 31, June 30,  
2017 2017

Note

----- Rupees in '000 -----

5 INVESTMENTS

Financial assets 'at fair value through profit or loss' - net

- Government Securities Market Treasury Bills	5.1	1,894,548	2,537,726
- Term Finance Certificates	5.2	399,611	271,872
- Government Securities Pakistan Investment Bonds	5.3	-	395,205
- GoP ijarah sukuks	5.4	-	-
		<b>2,294,159</b>	<b>3,204,803</b>
-Loans and receivables		500,000	300,000
		<b>2,794,159</b>	<b>3,504,803</b>

5.1 Government Securities - Market Treasury Bills

Tenor	Face Value				Balance as at December 31, 2017			Market value as a percentage of net assets	Market value as a percentage of total market value of investment
	As at July 1, 2017	Purchased during the period	Disposed / matured during the period	As at December 31, 2017	Carrying value	Market value	Appreciation / (diminution)		
----- Rupees in '000 -----									
3 Months	2,86,000	75,825,000	77,911,000	100,000	99,271	99,264	(7)	3.45%	3.55%
6 Months	350,000	4,100,000	2,650,000	1,800,000	1,795,279	1,795,284	5	62.44%	64.25%
12 Months	25,000	-	25,000	-	-	-	-	-	-
<b>Total</b>	<b>2,561,000</b>	<b>79,925,000</b>	<b>80,586,000</b>	<b>1,900,000</b>	<b>1,894,550</b>	<b>1,894,548</b>	<b>(2)</b>	<b>65.89%</b>	<b>67.80%</b>
<b>Total - June 30, 2017</b>					<b>2,537,810</b>	<b>2,537,726</b>	<b>(84)</b>		

Market treasury bills carry effective interest rates ranging from 5.99% to 6.00% per annum (June 30, 2017 : 5.97% to 6.00% per annum).

5.2 Term Finance Certificates

Name of the investee company and date of issue	Coupon rate in % / Tenor	Face Value				Balance as at December 31, 2017			Market value as a percentage of net assets	Market value as a percentage of total investment
		As at July 1, 2017	Purchased during the period	Disposed / matured during the period	As at December 31, 2017	Carrying value	Market value	Appreciation / (diminution)		
----- Rupees in '000 -----										
<b>Listed</b>										
Bank Al Falah Limited December 02, 2009	6 months KIBOR +2.5 / 8 Years	4,961	-	4,961	-	-	-	-	-	-
Standard Chartered Bank June 29, 2012	6 months KIBOR +1.15 / 8 Years	8,000	-	8,000	-	-	-	-	-	-
Bank of Punjab December 23, 2016	6 months KIBOR +1.15 / 8 Years	220,956	-	50,024	170,932	172,898	170,761	(2,137)	5.94%	6.11%
Askari Bank Limited - TFC V September 30, 2014	6 months KIBOR +120 / 10 Years	15,000	-	-	15,000	15,296	15,032	(264)	0.52%	0.54%
Jahangir Siddiqui & Co. Limited July 18, 2017	6 months KIBOR +140 / 5 Years	-	150,000	-	150,000	150,000	153,962	3,962	5.35%	5.51%
Askari Bank Limited - TFC IV December 23, 2011	6 months KIBOR +2.20 / 10 Years	-	60,000	-	60,000	59,856	59,856	-	2.08%	2.14%
<b>Total</b>		<b>268,917</b>	<b>210,000</b>	<b>82,985</b>	<b>395,932</b>	<b>398,050</b>	<b>399,611</b>	<b>1,561</b>	<b>13.90%</b>	<b>14.30%</b>
<b>Total - June 30, 2017</b>						<b>271,639</b>	<b>271,872</b>	<b>233</b>		



### 5.3 Government Securities - Pakistan Investment Bonds

Issue date	Coupon rate in % / Tenor	Face Value				Balance as at December 31, 2017			Market value as a percentage of net assets	Market value as a percentage of total market
		As at July 1, 2017	Purchased during the period	Disposed/matured during the period	As at December 31, 2017	Carrying value	Market value	Appreciation / (diminution)		
----- Rupees in '000 -----										
April 21, 2016	7.00 / 3 Years	390,000	-	390,000	-	-	-	-	-	-
<b>Total</b>		<b>390,000</b>	<b>-</b>	<b>390,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total - June 30, 2017</b>						<b>395,173</b>	<b>395,205</b>	<b>32</b>		

### 5.4 Government securities - GoP Ijarah Sukuk:

Issue date	Coupon rate in % / Tenor	Face Value				Balance as at December 31, 2017			Market value as a percentage of net assets	Market value as a percentage of total market value of
		As at July 1, 2017	Purchased during the period	Disposed/matured during the period	As at December 31, 2017	Carrying value	Market value	Appreciation / (diminution)		
----- Rupees in '000 -----										
GOP Ijara June 30, 2017	5.24 / 3 Years	-	106,500	106,500	-	-	-	-	-	-
<b>Total</b>		<b>-</b>	<b>106,500</b>	<b>106,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total - June 30, 2017</b>						<b>-</b>	<b>-</b>	<b>-</b>		

(Unaudited) (Audited)  
December 31, June 30,  
Note 2017 2017

### 5.5 Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net

----- Rupees in '000 -----

Market value of securities	2,294,159	3,204,803
Less: carrying value of securities	(2,292,600)	(3,204,622)
	<u>1,559</u>	<u>181</u>

### 6 PAYABLE TO ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY

Remuneration of the Management Company	6.1	3,072	4,144
Punjab / Sindh sales tax on remuneration of the Management Company	6.2	6,642	6,814
Federal excise duty on remuneration of the Management Company	6.3	41,987	41,987
Accounting & operational charges payable to the Management Company	6.4	1,477	1,028
		<u>53,178</u>	<u>53,973</u>

6.1 The Management Company has charged remuneration at the rate of 1.25% (June 30, 2017: 1.25%) per annum based on the daily net assets of the Fund. The amount of remuneration is being paid monthly in arrears.

6.2 Consequent to change in registered office of the Management Company, the Fund has completed its registration process with the Punjab Revenue Authority in July 2017 and, moving forward, the services obtained by the Fund will be subject to the Punjab sales tax at a rate specified in the Punjab Sales Tax on Services Act, 2012. During the period Punjab sales tax has been charged at the rate of 16% (June 30, 2017: Sindh Sales tax at the rate of 13%).



- 6.3 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company and sales load has applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Funds Association of Pakistan with the Sindh High Court (SHC) on September 4, 2013.

The SHC while disposing of the Constitutional Petition No. D-3184 of 2014 relating to levy of FED on Mutual Funds had declared the said provisions to be ultra vires and as a result no FED was payable with effect from July 1, 2011, (i.e., the date on which Sindh Sales Tax on Services Act, 2011 came into force). However, the tax authorities subsequently filed an appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for decision

Effective July 1, 2016, mutual funds have been excluded from levy of FED vide Finance Act, 2016, hence, no provision of FED has been recognised in the financial statements of the Fund since July 1, 2016.

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, has retained the provision on FED and related Sindh Sales Tax on management fee and sales load with effect from June 13, 2013, till June 30, 2016, Rs 41.987 million (June 30, 2017: Rs 41.987 million). Had the provision for RED not been made, the Net Asset value of the fund as at December 31, 2017 would have been higher by Re 0.1499 (June 30, 2017: Re 0.1109) per unit.

- 6.4 During the period, the Fund was charged 0.1% of the average annual net assets as allocated expenses by the Management Company according to regulation 60 of the NBFC Regulations.

	Note	(Unaudited) December 31, 2017	(Audited) June 30, 2017
7 ACCRUED EXPENSES AND OTHER LIABILITIES			
----- Rupees in '000 -----			
Auditors' remuneration		242	283
Brokerage		33	23
Rating fee		129	-
Printing charges		227	150
Withholding tax		39	52,441
Provision for Sindh Workers' Welfare Fund	7.1	10,609	10,609
Other payable		621	621
		<b>11,900</b>	<b>64,127</b>

- 7.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual Funds, the MUFAP had recommended that as a matter of abundant caution provision in respect to SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act (i.e. starting from may 21, 2015).

The registered office of the Management Company of the Fund (as mentioned in note 6.2 to this condensed interim financial information) has been relocated from the Province of Sindh to the Province of Punjab. Accordingly, the Fund has not recorded provision in respect of SWWF during the current period. However, as a matter of abundant caution the provision for SWWF made for the period from May 21, 2015 till June 30, 2017 amounting to Rs 10.609 million (June 30, 2017: Rs 10.609 million) is being retained in this condensed interim financial information of the Fund till the final decision in respect of SWWF.

Had the provision for SWWF not been recorded in this condensed interim financial information of the Fund for the period from May 21, 2015 to June 30, 2017, the net asset value of the Fund as at December 31, 2017 would have been higher by Re 0.0379 per unit.

## 8 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2017 and June 30, 2017.

## 9 TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unitholders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2018 as reduced by capital gains (whether realised or unrealised) as cash dividend to its unitholders.

The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

## 10 EARNINGS PER UNIT

Earnings per unit (EPU) have not been disclosed as in the opinion of management the determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.

## 11 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at December 31, 2017 is 1.79% which includes 0.28% representing government levies on the Fund such as sales taxes, annual fee payable to the SECP, etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations.

## 12 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTY

- 12.1 Connected persons / related parties include the Management Company, its parent and the related subsidiaries of the parent, associated companies / undertakings of the Management Company, its parents and the related subsidiaries, other funds managed by the Management Company, post employment benefit funds of the Management Company, employment funds of the parent, subsidiaries and its associated undertakings. It also includes the Central Depository Company of Pakistan Limited being the Trustee of the Fund, the directors and officers of the Management Company and any person or company beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.



12.2 Transactions with connected persons / related parties are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

12.3 Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

12.4 **Detail of transactions with related parties / connected persons during the period**

	For the Half year ended December 31, 2017	For the Half year ended December 31, 2016
	----- Rupees in '000 -----	
<b>ABL Asset Management Company Limited - Management Company</b>		
Preliminary expenses and floatation costs paid during the period	-	1,000
Remuneration for the period	18,493	54,810
Punjab / Sindh sales tax on remuneration of the Management Company	2,834	7,125
Accounting and operational charges	1,477	4,375
Sales load paid	40	80
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration for the period	1,488	3,667
Sindh sales tax on remuneration of the Trustee	194	477
<b>Allied Bank Limited</b>		
Profit on balances with banks	2,970	21,048
Profit on term deposit receipts	-	222
Amount placed in term deposit receipts	-	100,000
Bank charges	30	35
<b>Pioneer Cement Limited **</b>		
Issue of Nil units (2016: 157,593 units)	-	1,586
Redemption of Nil units (2016: 46,000,000 units)	-	470,097
<b>Haleeb Foods Limited - Associated Company **</b>		
Issue of Nil units (2016: 29,531,819 units)	-	300,970
<b>Coronet Foods Pvt. Ltd.</b>		
Redemption of 28,474,250 units (2016: Nil units)	285,617	-
<b>English Biscuit Manufacturers (Private) Limited</b>		
Issue of Nil units (2016: 188,356 units)	-	1,896
Redemption of 69,545,959 units (2016: Nil units)	697,595	-
<b>ABL Islamic Income Fund</b>		
Sale of Meezan Bank Limited Sukuk (Face value Rs. 374,000,000)	-	374,538
<b>ABL Financial Planning Fund - Conservative Allocation Plan</b>		
Issue of 3,875,589 units (2016: Nil units)	39,590	-
Redemption of 16,750 units (2016: Nil units)	172	-

For the Half year ended December 31, 2017	For the Half year ended December 31, 2016
----- Rupees in '000 -----	

**ABL Financial Planning Fund - Active Allocation Plan**

Issue of 17,496,006 units (2016: Nil units)

177,723

-

Redemption of 1,604,260 units (2016: Nil units)

16,352

-

**ABL Financial Planning Fund - Strategic Allocation Plan**

Issue of 4,987,365 units (2016: Nil units)

50,890

-

Redemption of 105,963 units (2016: Nil units)

1,086

-

**KEY MANAGEMENT PERSONNEL**

**Chief Executive Officer**

Issue of Nil units (2016: 242 units)

-

2

Redemption of Nil units (2016: 148,949 units)

-

1,519

**12.5 Details of amounts outstanding as at period end**

(Unaudited) December 31, 2016	(Audited) June 30, 2016
----- Rupees in '000 -----	

**ABL Asset Management Company Limited - Management Company**

Remuneration payable

3,072

4,144

Punjab / Sindh sales tax on remuneration of the Management Company

6,642

6,814

Federal excise duty on remuneration of the Management Company

41,987

41,987

Accounting and operational charges payable to the Management Company

1,477

1,028

**Central Depository Company of Pakistan Limited - Trustee**

Remuneration payable

248

310

Sindh sales tax on remuneration of the Trustee

32

40

Balance in IPS account

-

345

**Allied Bank Limited**

Balances held in saving accounts

18,464

38,649

Mark-up accrued on deposits with banks

261

775

**Pioneer Cement Limited \*\***

Outstanding Nil units (June 30, 2017: 11,102,494 units)

-

111,225

**English Biscuit Manufacturers (Private) Limited**

Outstanding 76,490,471 units (June 30, 2017: 146,036,430 units)

785,091

1,462,993

**Murree Brewery Company Limited \***

Outstanding 31,425,206 units (June 30, 2017: 31,425,206 units)

322,545

-



	(Unaudited) December 31, 2017	(Audited) June 30, 2017
	----- Rupees in '000 -----	
<b>Coronet Foods Pvt. Ltd.</b>		
Outstanding 31,317,546 units (June 30, 2017: 59,791,796 units)	321,440	598,994
<b>ABL Financial Planning Fund - Conservative Allocation Plan</b>		
Outstanding 3,858,839 units (June 30, 2017: Nil units)	39,607	-
<b>ABL Financial Planning Fund - Active Allocation Plan</b>		
Outstanding 15,891,746 units (June 30, 2017: Nil units)	163,111	-
<b>ABL Financial Planning Fund - Strategic Allocation Plan</b>		
Outstanding 4,881,402 units (June 30, 2017: Nil units)	50,102	-

\* Prior period comparatives have not been presented as the entity was not classified as a related party / connected person as at June 30, 2017.

\*\* Current period figure has not been presented as the person is not classified as a related party / connected person of the Fund as at December 31, 2017.

### 13 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of investments is determined as follows:

- Investments in government securities are valued on the basis of average rates of brokers as announced by the Financial Markets Association of Pakistan.
- Listed and unlisted debt securities, other than government securities, are valued on the basis of prices announced by the Mutual Funds Association of Pakistan (MUFAP).
- Fair value of future contracts are determined on the basis of closing market prices quoted on the respective stock exchange.
- Fair value of all other financial assets and financial liabilities of the Fund approximate their carrying amounts due to short term maturities of these instruments

#### 13.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2017 and June 30, 2017 the Fund held the following financial instruments measured at fair value:

	As at December 31, 2017			Total
	Level 1	Level 2	Level 3	
----- (Rupees in '000) -----				
<b>ASSETS</b>				
Financial assets 'at fair value through profit or loss' - net				
Government Securities Market Treasury Bills	-	1,894,548	-	1,894,548
Term Finance Certificates	-	399,611	-	399,611
Government Securities Pakistan Investment Bonds	-	-	-	-

	As at June 30, 2017			Total
	Level 1	Level 2	Level 3	
----- (Rupees in '000) -----				
<b>ASSETS</b>				
Financial assets 'at fair value through profit or loss' - net				
Government Securities Market Treasury Bills	-	2,537,726	-	2,537,726
Term Finance Certificates	-	271,872	-	271,872
Government Securities Pakistan Investment Bonds	-	395,205	-	395,205

## 14 GENERAL


14.1 Figures have been rounded off to the nearest thousand rupees.

14.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure. There have been no significant reclassifications during the period incept for the inpect of change in accounting policies as more fully disclosed in note 3.2 to the condensed interim financial information.

## 15 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 19, 2018 by the Board of Directors of the Management Company.

For ABL Asset Management Company Limited  
(Management Company)

  
SAQIB MATIN  
CHIEF FINANCIAL OFFICER

  
ALEE KHALID GHAZNAVI  
CHIEF EXECUTIVE OFFICER

  
MUHAMMAD KAMRAN SHEHZAD  
DIRECTOR



## انتظامی معیار کی درجہ بندی

29 دسمبر، 2017 کو JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے ABL ایسٹس مینجمنٹ لمیٹڈ (ABL AMC) کی "AM Two Plus Plus" (AM2++) کی مینجمنٹ کو ای ریٹنگ کی دوبارہ توثیق (اعادہ) کیا ہے۔ مختص شدہ ریٹنگ کی پوزیشن مستحکم ہے۔

## اظہار تشکر

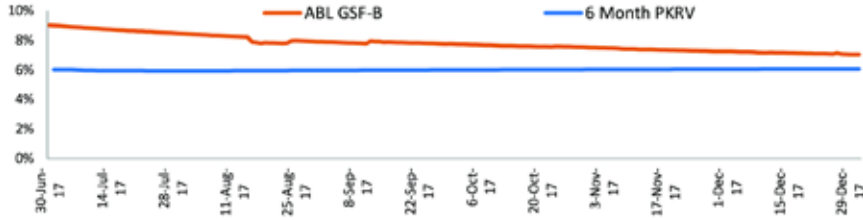
ہم اپنے معزز سرمایہ کاروں کا اُن کے ہم پر اعتماد کا شکریہ ادا کرتے ہیں۔ بورڈ، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، ٹرسٹی (سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ) اور مینجمنٹ آف کراچی اسٹاک ایکسچینج لمیٹڈ کا بھی، ان کی راہنمائی اور معاونت پر تہہ دل سے مشکور ہے۔ ڈائریکٹرز نے انتظامی ٹیم کی جانب سے کی جانے والے کاوشوں کو بھی سراہا ہے۔

برائے و مخاجب بورڈ

علی خالد غزنوی  
چیف ایگزیکٹو آفیسر

لاہور، 19 فروری، 2018





## مستقبل کے بارے میں پیش بینی

ہم پیش قدمی کے ساتھ اجناس کے نرخوں (بالخصوص بین الاقوامی خام تیل کے نرخ) میں حالیہ اوپری جانب منسوخی کے ردعمل میں شرح سود پر تھوڑا بہت دباؤ دیکھ سکتے ہیں اور ساتھ ہی زرمبادلہ کی شرح میں کمی کے نتیجے میں افراط زر پر دباؤ ہو سکتا ہے۔ 1HFY18 کے حوالے سے سرفہرست افراط زر 1HFY17 کے دوران 3.88% کے مقابلے میں اوسطاً 3.75% پر رہا۔ دوران سال مرکزی بینک نے ابتدائی طور پر طویل مدت کے انسٹرومنٹس میں مارکیٹ کی عدم دلچسپی کے باعث تمام PIBs آکسٹزر کو اسکرپ کرنے کا عمل جاری رکھا ہے۔

دوسری طرف ملک کی بیرونی صورتحال کرنٹ اکاؤنٹ ڈیفیسیٹ (CAD) کے باعث خراب رہی، جو کہ 5MFY17 کے دوران یہ میں، 2,601 امریکی ڈالر کے مقابلے میں 5MFY18 کے دوران 6,430 امریکی ڈالر کے ساتھ ساتھ 247% YoY کی اوپری سطح تک تھا۔ CAD میں یہ تیزی، بڑھتی ہوئی درآمدات (+23.4% YOY) اور ہائرسروس ڈیفیسیٹ (+12.3% YoY) کے کاروباری خسارہ میں 40.3% YoY تک اضافے کی وجہ سے تھا جبکہ ورکرز کی جانب سے ریٹیننس (+19% YoY) میں تھوڑی بہت مدد ملی۔ اسی طرح بین الاقوامی زرمبادلہ، دوران مدت یورو بانڈ رسلوک کے اجراء کے ذریعے 2.5 بلین امریکی ڈالر کی سرمایہ کاری کے باوجود 2.8 ماہ کے امپورٹ کور کی سطح پر رہتے ہوئے دباؤ کا شکار رہا۔ نتیجے کے طور پر اس مدت کے دوران ڈالر کے مقابلے میں پاکستانی روپیہ 5.2% کمی کے ساتھ 110.3 پاکستانی روپے پر رہا۔

ہماری حکمت عملی آنے والی TDR میچورٹیز کے خلاف قلیل المدتی بلز میں سرمایہ کاری کے ذریعے کم پورٹ فولیو دوران یہ کو برقرار رکھنا ہوگی۔ کیوں کہ ہم آنے والے مہینوں میں افراط زر کے دباؤ کے ساتھ ثانوی مارکیٹ کے نفع جات کی اوپری جانب پیش قدمی کر رہے ہیں۔ قلیل مدت میں بینک کی پلیسمنٹس پر کشش شرح کے ساتھ منافع جات میں اضافے کا سبب بنیں گی۔

## آڈیٹرز

سال ختم 30 جون، 2018 کے لیے ABL گورنمنٹ سیکورٹیز فنڈ (ABL-GSF) کے لیے بطور آڈیٹرز تقرری کے حوالے سے میسرز A.F.Fergusons & Co. (چارٹرڈ اکاؤنٹنٹس) کا تقرر کیا گیا ہے۔

## فنڈ کے استحکام کی درجہ بندی

16 جنوری، 2018 کو JCR-VIS کرڈٹ ریٹنگ کمپنی لمیٹڈ نے (JCR-VIS) نے ABL گورنمنٹ سیکورٹیز فنڈ کی (Single) "A+ (f)" کی درجہ بندی کی ہے۔ "A Plus (f)" کی فنڈ کے استحکام کی ریٹنگ کی دوبارہ توثیق (اعادہ) کی ہے۔



اضافہ (4) سروسز سیکلر پیران کے پھیلنے ہوئے اثرات، شامل ہیں۔

## میوچل فنڈ انڈسٹری کا جائزہ

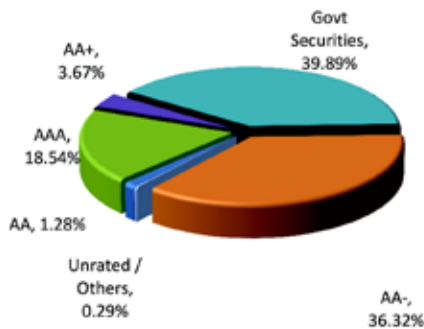
اوپن اینڈ میوچل فنڈ انڈسٹری کے مجموعی اسٹیسٹس انڈر مینجمنٹ (AUMs) بالخصوص غیر یقینی سیاسی صورتحال اور معاشی معاملات کی وجہ سے 1HFY18 کے دوران 6.2% کی کمی (662 بلین پاکستانی روپے سے 621 بلین پاکستانی روپے) کے ساتھ درج کئے گئے۔ ایکویٹی فنڈز بشمول رواجی (کنوینشنل) اور اسلامک ایکویٹی کے AUM میں مدت کے اختتام پر 132.5 بلین پاکستانی روپے اور 104 بلین پاکستانی روپے کیساتھ بالترتیب 15.5% اور 20% کی شدید معدنی دیکھنے میں آئی۔ دوسری طرف مقررہ آمدنی کی کیٹیگری (آمدن، جارحانہ آمدنی اور منی مارکیٹ فنڈز) نے 1HFY18 میں 17% کی موزوں بڑھوتری ظاہر کرتے ہوئے جون 2017 کے 151 بلین پاکستانی روپے کے مقابلے میں دسمبر 2017 میں 117 بلین پاکستانی روپے پر بند ہوئی۔ اسی طرح اسلامک آمدن کی کیٹیگری بھی 6% کی بڑھوتری ظاہر کرتے ہوئے مدت کے اختتام پر 46 بلین پاکستانی روپے پر بند ہوئی۔

## فنڈ کی کارکردگی

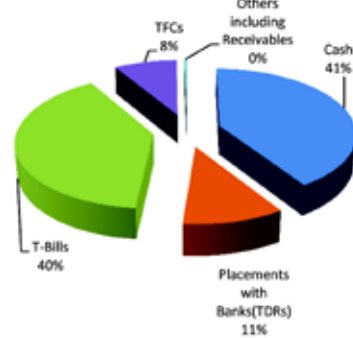
ABL GSF نے 1HFY18 کے دوران اپنی اہدائی کارکردگی کے 6.02% کے حوالے سے 4.48% کا سالانہ منافع حاصل کیا، جو کہ 154 bps کی کم تر کارکردگی کو ظاہر کرتا ہے۔ زیر بحث مدت کے دوران فنڈ کا منافع طویل مدت کے انسٹرومنٹس (PIBs) میں کاروباری مواقعوں کی کمی کی وجہ سے دباؤ میں رہا، اسی لیے فنڈ نے اپنا زیادہ تر جھکاؤ قلیل مدت T-Bills پر مرکوز رکھا۔ دوران مدت ثانوی مارکیٹ میں طویل مدت انسٹرومنٹ پر منافع میں تیزی سے اضافہ ہوا جبکہ ان انسٹرومنٹس کی جانب مارکیٹ کا رجحان مایوس کن رہا۔

دوران مدت ABL گورنمنٹ سیکورٹیز فنڈز کے AUM متوقع سال مختتمہ کے ریڈمپشنز کے نتیجے میں 2,875.33 بلین پاکستانی روپے کی کمی کے ساتھ 24.22% تک کم ہوئے، جو کہ جون 2017 میں 3,794.28 پاکستانی روپے تھے۔ اس اتار چڑھاؤ اور طویل مدت انسٹرومنٹس کے ساتھ منسلک خدشات کے رد عمل میں فنڈ نے اپنے مواقعوں کو قلیل مدت T-Bills کی جانب منتقل کر دیا۔ مدت کے اختتام پر گورنمنٹ سیکورٹیز (T-Bills) میں سرمایہ کاری مجموعی اثاثہ جات کے 39.89% پر رہی۔ اس کے علاوہ TFCs، اور نقد اثاثہ جات کے مواقع بالترتیب مجموعی پورٹ فولیو کے 10.53%، 8.41% اور 40.88% پر رہے۔ اثاثہ جات کی ایلوکیشن میں مذکورہ بالا تہدیلیوں کی وجہ سے مبینے کے اختتام پر فنڈ کا WAM، جون 2017 کے 338 ایام کے مقابلے میں بڑھ کر 347 پر تھا۔

Credit Quality of Portfolio (% of Assets)



Asset Allocation % of Total Assets



## منجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ

ABL ایسٹس منجمنٹ کمپنی لیٹڈ، ABL گورنمنٹ سیکورٹیز فنڈ (ABL-GSF) کی منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز 31 دسمبر، 2017 کو ختم شدہ ششماہی کے حوالے سے ABL گورنمنٹ سیکورٹیز فنڈ کے منجمنٹ کے مالی گوشواروں (غیر آڈٹ شدہ) کا فخریہ اعلان کرتے ہیں۔

### اقتصادی کارکردگی کا جائزہ

اس مدت کے دوران بیرونی سطح پر درپیش چیلنجز کے باوجود پاکستان کے زیادہ تر اقتصادی عوامل مستحکم رہے۔ اسی طرح، دسمبر میں CPI کی معمولی بڑھوتری کے رجحان کے باوجود 1HFY18 کے لیے اوسط CPI، YoY 3.75% رہا، جو کہ SPLY کے دوران 3.88% تھا۔ دسمبر CPI نے بین الاقوامی مارکیٹ میں تیل کے نرخوں میں اضافے کی وجہ سے افراط زر کی توقعات کو بڑھا دیا ہے۔ دوران مدت اس کی وجہ سے SBP پر پالیسی کی 5.75% کی کم ترین شرح پر نظر ثانی کرنے کے لیے مستقل دباؤ رہا۔ مزید برآں اسٹینڈرڈ اور Poor نے پاکستان کی طویل المدت کرڈٹ ریٹنگ بی "کو برقرار رکھا تاہم بیرونی اور مالی سطح پر اس کی توقعات کم ہوئی۔

دوسری جانب، 5MFY18 کے دوران کرنٹ اکاؤنٹ ڈیفیسیٹ (CAD) کے 6,430 ملین امریکی ڈالر کے ساتھ 247% YoY بڑھوتری سے ملک کی بیرونی صورتحال مسلسل خراب رہی، جو کہ 5MFY17 کے دوران 2,601 ملین امریکی ڈالر تھی۔ CAD میں تیزی سے اس اضافے کی وجہ بڑھتی ہوئی درآمدات (+23.4% YoY) کے باعث تجارتی خسارے میں + 40.3% YoY تک اضافہ اور سوز کے بلند خسارے (+12.3% YoY) کی وجہ سے تھا، جبکہ ملازمین کے ریٹینشن سے معمولی سپورٹ (1.9% YoY) میسر آئی۔ اسی طرح دوران مدت زرمبادلہ کے ذخائر، یورو بانڈ اسٹوک کے اجراء کے ذریعے 2.5 بلین امریکی ڈالر کی سرمایہ کاری کے باوجود اپورٹ کور کے 2.8 ماہ کی سطح پر رہتے ہوئے دباؤ کا شکار رہے۔ جس کے نتیجے میں دوران مدت پاکستانی روپے کی قدر 5.2% کمی کے ساتھ 110.3 پر آگئی۔

مالیاتی سطح پر، FBR نے 6MFY17 کے دوران 1,722 بلین پاکستانی روپے مالیت کے محصولات وصول کئے، جو کہ SPLY میں 1,466 بلین پاکستانی روپے تھے، جس سے 50 بلین پاکستانی روپے کے ہدف کی کمی کے باوجود (+17.46% YoY) کی صحت مندانہ سرگرمی ظاہر ہوئی۔ اس خسارے کو پورا کرنے کے لیے حکومت نے محصولات کے حلقے کو وسیع کرنے اور ٹیکس ایمپٹی اسکیمز کی پیشکش کے ذریعے ٹیکس میں اضافے کی کوشش کی ہے۔ مزید برآں، حکومت پٹرولیم کی مصنوعات پر GST کو کم کر کے تیل کے بڑھتے ہوئے نرخوں کے اثرات کو نرم کرنے پر بھی تھلک و شبہات کا شکار ہے۔

اس پیش قدمی کے ساتھ، بین الاقوامی سطح پر تیل کے بڑھتے ہوئے نرخوں، مستحکم درآمدات، سطحی ریٹینشنز اور بیرونی قرضوں کی سروسنگ معیشت کے لیے اہم خدشات کا باعث ہیں۔ ہر چند یہ کہ حکومت ادائیگی کو متوازن رکھنے اور آسانی کی غرض سے ایکسپورٹ پیکیج "پر توجہ دے رہی ہے، کیوں کہ 5MFY18 میں برآمدات (ایکسپورٹ) میں 12.02% YoY کا اضافہ مشاہدے میں آیا ہے۔ اس کے علاوہ، GDP میں بڑھوتری FY18 میں متوقع 5.8% YoY کی سطح پر قرار ہے جو کہ FY17 میں 5.3% تھی، جس کی بنیادی وجوہات میں ((1 فصل کے بہتر نفع جاتی تجزیہ کی مدد سے زرعی شعبے سے وصولی ہے جسے بعد ازاں FY18 میں 1 ٹریلین پاکستانی روپے کے امدانی زرعی قرضہ جات میں اضافے کے ذریعے مدد دی گئی، جو کہ FY17 میں 700 بلین پاکستانی روپے تھے۔)) (2 صارفین کی تعداد اور آمدن میں اضافے کے ذریعے میٹالورجی کی سرگرمیوں میں مستحکم انداز میں اضافہ (LSM) بڑھوتری: 4MFY18 میں 9.64%)۔ (3) انفراسٹرکچر کے ترقیاتی کاموں اور نجی ہاؤسنگ کے کاموں کے فروغ کے ذریعے تعمیراتی سرگرمی میں



















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