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ABL PENSION FUND

FUND'S INFORMATION

Management Company:	ABL Asset Management Company Limited 11 – B, Lalazar M. T. Khan Road, Karachi.	
Board of Directors	Sheikh Mukhtar Ahmed Mr. Mohammad Naeem Mukhtar Mr. Muhammad Waseem Mukhtar Mr. Tariq Mahmood Mr. Kamran Nishat Mr. M. Shakeb Murad Mr. M. Jawaid Iqbal Mr. Farid Ahmed Khan	Chairman CEO
Audit Committee:	Mr. Kamran Nishat Mr. Muhammad Waseem Mukhtar Mr. M. Shakeb Murad	Chairman Member Member
Human Resource and Remuneration Committee	Mr. Muhammad Waseem Mukhtar Mr. Jawaid Iqbal Mr. Kamran Nishat Mr. Farid Ahmed Khan	Chairman Member Member Member
Chief Executive Officer of The Management Company:	Mr. Farid Ahmed Khan	
Chief Financial Officer & Company Secretary:	Mr. Saqib Matin	
Chief Internal Auditor:	Mr. Mubeen Ashraf Bhimani	
Trustee:	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi - 74400	
Bankers to the Fund:	Allied Bank Limited Bank Al- Falah Limited Standard Chartered Bank (Pakistan) Limited	
Auditor:	A.F. Ferguson & Co Chartered Accountants State Life Building No. 1-C I.I. Chundrigar Road, Karachi.	
Legal Advisor:	Bawaney & Partners 3rd & 4th Floors, 68-C, Lane-13 Bokhari Commercial Area Phase-VI, DHA Karachi.	
Registrar:	ABL Asset Management Company Limited. 11 – B, Lalazar, M. T. Khan Road, Karachi.	

ABL PENSION FUND

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of ABL Asset Management Company Limited, the management company of ABL Pension Fund (ABL-PF), is pleased to present the Condensed Interim Financial Statements (un-audited) of ABL Pension Fund for the period ended September 30, 2014.

ECONOMIC PERFORMANCE REVIEW

Economic performance in 1QFY15 remained shaky due to prolonged political stalemate between the government and protesting political parties in the country. The talking point for the quarter was failure of the country to complete fourth review of the IMF program due to which disbursement of USD 550 million tranche was delayed. In addition the country had to delay its USD 1 billion international Sukuk issue. Consequently, PKR depreciated by 3.9% during the quarter and CAD swelled to USD 1.37 billion in 2MFY15, 1.37x higher than USD 0.58 billion during the same period of last year, due to mounting trade deficit. Delay in foreign funds coupled with widening CAD took its toll on the FX reserve position, which dropped by 6% to USD 13.21 billion during the 1QFY15.

Inflation as measured by CPI, remained soft as average inflation stood at 7.52% during the quarter due to high base effect and lower than expected food inflation (6.6%YoY in 1QFY15). Despite lower than expected inflation, SBP kept DR unchanged in Sept-14 MPS emphasizing the need to remain vigilant and monitor movement in economic indicators as vulnerabilities in external sector and other macros still remain unaddressed. The performance on fiscal front remained slightly below par during 1QFY15 as FBR collected PKR 563 billion, though +12.6% YoY, and missed its target by PKR 20. Government borrowing on the other hand, continued unabated as it raised PKR20 billion and PKR104 billion from SBP and commercial banks respectively.

Going ahead, the outlook for FY15 remains slightly misty as political turbulence, though subsided, still persists. While expected receipt of combined IMF tranches of USD 1.1 billion in December 2014 and declining international oil prices (Brent crude down 24% FY15TD) as a result of weak global oil demand and increasing supply shall be positive factors for macros. However current political turmoil will make reform implementations an uphill task for the government.

MARKET OVERVIEW

Equity market witnessed a roller coaster ride during the period under review with its benchmark KSE 100 Index reaching all-time high of 30,475 level amidst strong corporate earnings & strong foreign flows while political deadlock between opposition and government trenched the Index to 27,774 level. However, as situation eased off, market bounced back strongly to close the quarter at 29,726 points. Moreover, strong foreign flows, annual results accompanying payouts and general improvement in economic outlook boosted investors' sentiment. Strong foreign flows to the tune of USD 157mn recorded for 1QFY15 compared to outflow of USD 94 mn during the same quarter last year. However, liquidity of the market declined with average daily value traded dropped to USD 69 mn (down 22% YoY) in 1QFY15 vs. USD 89 mn for 1QFY14. Banks, autos, and IPPs performed strongly owing to improved dynamics (Improving asset quality, volumetric growth and healthy payouts) while fertilizers and E&P's performance remained lackluster due to uncertainty on GIDC and weaker oil prices.

Investors' overwhelming response for SPO's (UBL & PPL) and IPO's (Saif Power & Engro Powergen Qadirpur) indicate ample appetite in the market for upcoming secondary offerings (OGDC, HBL & ABL) which is expected to attract more foreign investment. Moving ahead, improvement in macroeconomic landscape (weaker oil prices & strong FX reserves), attractive valuations and continuous foreign flows are expected to keep investor interest alive. However, any negative development on political front and further delay in IMF's funds disbursement can adversely impact the market. At quarter end the market trades at 2015 E/P of 8x and offers prospective dividend yield of 6%, which is still fairly attractive when compared to regional standards.

MUTUAL FUND INDUSTRY REVIEW

The Voluntary Pension Funds (VPF) witnessed an overall growth of 9.36% during the quarter from PKR 8.2 billion in June-14 to PKR 8.9bn, with major contribution coming from the launch of ABL Pension Funds. The AUMs of conventional VPF posted a 10.1% QoQ increase to PKR 3.6 billion in Sep-14 compared to PKR 3.3 billion in June-14. We remain optimistic about growth in AUMs of the industry due to rewarding & risk mitigating properties of VPF.

FUND PERFORMANCE

Our Conventional fund has been systematically classified into three sub fund categories based on the risk appetite of our investors i.e. Equity, Debt and Money Market Sub Funds.

Equity Sub Fund

ABL Pension Fund - Equity Sub Fund posted an absolute return of 2.0% during the period under review. The Fund was invested 91.7% in equities at end of the period with major exposures in Banks (26.7%) and Oil and Gas Sectors (27.0%).

Debt Sub Fund

Debt Sub fund performed well during the period and generated an annualized return of 10.20%. The fund is fully invested in long term Sovereign debt instruments.

Money Market Sub Fund

Money Market Sub Fund generated an annualized return of 5.77% during the period under review. The low return is attributed to mark to market adjustment in short term Treasury Bills and startup expenses. The fund is fully invested in short term T-bills.

OUTLOOK

Market's resilience has surprised many participants due to on-going political deadlock between government and protesters in Islamabad as well recent turmoil in global financial markets. Foreigners remained net buyers (QTD:\$ 157.3mn), brushing aside near term political uncertainty and providing support to the market at critical levels. We believe that ongoing political deadlock has hampered government's ability to continue with aggressive and unpopular economic reforms especially on energy front. Upcoming Secondary Offerings such as OGDC, ABL, HBL and others will be further drag on market liquidity and may cap upside in near term. During the period under review second and third tier stocks have been main market drivers and some of them are now trading at exorbitant multiples. In comparison, most blue chip companies are still trading at their recent lows. We believe that the valuation gap, which is widening every day, should normalize in due course of time. At the same time we are also revisiting our strategy on robust small and mid-tier stocks that can add to portfolio returns as well as meet our valuation targets.

In short term, we believe SBP will take a cautious stance on discount rate and maintain the status quo at least in 1HFY15. In this scenario, we intend to actively play the yield curve and alter our portfolio allocation by anticipating the macro data points. We will maintain current duration in ABL PF- Debt Sub fund and actively trade bonds for capital gains. We will also maintain our stance of selecting quality debt instruments from the corporate sector to support the base line yields without compromising the risk profile of the fund. From the money market fund's prospective, liquidity constraints will keep the market towards higher levels in the short term thus we will maintain short duration of the fund.

AUDITORS

M/s. A.F. Fergusons & Co. (Chartered Accountants), have been appointed as auditors for the period ending June 30, 2015 for ABL Pension Fund (ABL-PF).

MANAGEMENT QUALITY RATING

On June 21 2013, JCR-VIS Credit Rating Company Limited upgraded the Management Quality Rating of ABL Asset Management Limited (ABL AMC) from 'AM Two Minus' (AM2-) to 'AM Two' (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) for their continued guidance and support. The Directors also appreciate the efforts put in by the management team.

For & on behalf of the Board



Farid Ahmed Khan
Chief Executive Officer

Karachi, October 28, 2014

ABL PENSION FUND

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED)

AS AT SEPTEMBER 30, 2014

		2014				
Notes	Equity	Debt	Money Market	Total		
	Sub-Fund	Sub-Fund	Sub-Fund			
-----Rupees-----						
ASSETS						
	Balances with banks	4	2,074,911	526,891	730,496	3,332,298
	Investments - net	5	27,867,900	29,202,750	29,529,821	86,600,471
	Dividend receivable		215,000	-	-	215,000
	Interest accrued	6	90,209	774,655	73,110	937,974
	Security deposit	7	100,000	100,000	-	200,000
	Preliminary expenses and floatation costs	8	144,383	144,383	144,383	433,149
	Total assets		30,492,403	30,748,679	30,477,810	91,718,892
LIABILITIES						
	Payable to ABL Asset Management Company Limited - Pension Fund Manager	9	351,008	351,028	250,890	952,926
	Payable to Central Depository Company of Pakistan Limited - trustee	10	11,191	11,285	11,223	33,699
	Payable to Securities and Exchange Commission of Pakistan		1,116	1,116	1,114	3,346
	Accrued expenses and other liabilities	11	15,696	20,150	17,028	52,874
	Total liabilities		379,011	383,579	280,255	1,042,845
	NET ASSETS		30,113,392	30,365,100	30,197,555	90,676,047
	Represented by:					
	PARTICIPANTS' SUB FUNDS (AS PER STATEMENT ATTACHED)		30,113,392	30,365,100	30,197,555	90,676,047
	NUMBER OF UNITS IN ISSUE		300,450	300,213	300,030	
	NET ASSET VALUE PER UNIT		100.2275	101.1452	100.6485	

Contingencies and commitments

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The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.


FARID AHMED KHAN
 CEO

For ABL Asset Management Company Limited
 (Pension Fund Manager)


SHAKEB MURAD
 DIRECTOR

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CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)

FOR THE PERIOD FROM AUGUST 20, 2014 TO SEPTEMBER 30, 2014

Notes	Equity	Debt	Money Market	Total
	Sub-Fund	Sub-Fund	Sub-Fund	
-----Rupees-----				
INCOME				
Capital loss on sale of investments	(22,451)	-	-	(22,451)
Income from government securities	-	202,643	168,160	370,803
Profit on bank deposits	165,077	146,918	148,113	460,108
Dividend income	215,000	-	-	215,000
Net unrealised appreciation / (diminution) on revaluation of investments - 'at fair value 12 through profit or loss'	(150,799)	106,039	(13,739)	(58,499)
	206,827	455,600	302,534	964,961
EXPENSES				
Remuneration of ABL Asset Management Company Limited - Pension Fund Manager	50,730	50,746	50,642	152,118
Sindh Sales Tax on remuneration of the Pension Fund Manager	8,827	8,830	8,812	26,469
Federal Excise Duty on remuneration of the Pension Fund Manager	8,117	8,119	8,103	24,339
Remuneration of Central Depository Company of Pakistan Limited - Trustee	11,191	11,285	11,223	33,699
Annual fee - Securities and Exchange Commission of Pakistan	1,116	1,116	1,114	3,346
Auditors' remuneration	13,057	13,057	13,057	39,171
Brokerage and transaction costs	34,891	1,000	-	35,891
Bank charges	4,003	5,218	5,440	14,661
Amortisation of preliminary expenses and floatation costs	5,617	5,617	5,617	16,851
Provision for Workers' Welfare Fund 14	1,386	7,012	3,971	12,369
	138,935	112,000	107,979	358,914
Net Income for the period	67,892	343,600	194,555	606,047
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	67,892	343,600	194,555	606,047

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.


FARID AHMED KHAN
 CEO

For ABL Asset Management Company Limited
 (Pension Fund Manager)


SHAKEB MURAD
 DIRECTOR

ABL PENSION FUND

CONDENSED INTERIM STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB FUNDS (UN-AUDITED) FOR THE PERIOD FROM AUGUST 20, 2014 TO SEPTEMBER 30, 2014

	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
-----Rupees-----				
Issue of units	30,045,500	30,021,500	30,003,000	90,070,000
Capital loss on sale of investments	(22,451)	-	-	(22,451)
Other net income for the period	90,343	343,600	194,555	628,498
	67,892	343,600	194,555	606,047
Net assets at the end of the period	30,113,392	30,365,100	30,197,555	90,676,047

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.


FARID AHMED KHAN
CEO

For ABL Asset Management Company Limited
(Pension Fund Manager)


SHAKEB MURAD
DIRECTOR

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CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE PERIOD FROM AUGUST 20, 2014 TO SEPTEMBER 30, 2014

	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
-----Rupees-----				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	67,892	343,600	194,555	606,047
Adjustments				
Amortisation of preliminary expenses and floatation costs	5,617	5,617	5,617	16,851
Net unrealised diminution / (appreciation) on revaluation of investments - at fair value through profit or loss'	150,799	(106,039)	13,739	58,499
Dividend income	(215,000)	-	-	(215,000)
	9,308	243,178	213,911	466,397
Decrease in assets				
Investments	(28,018,699)	(29,096,711)	(29,543,560)	(86,658,970)
Profit receivable on bank deposits	(90,209)	(774,655)	(73,110)	(937,974)
Deposit	(100,000)	(100,000)	-	(200,000)
Preliminary expenses and floatation costs	(150,000)	(150,000)	(150,000)	(450,000)
	(28,358,908)	(30,121,366)	(29,766,670)	(88,246,944)
Increase in liabilities				
Payable to Pension Fund Manager	351,008	351,028	250,890	952,927
Payable to Central Depository Company of Pakistan Limited	11,191	11,285	11,223	33,699
Payable to Securities and Exchange Commission of Pakistan	1,116	1,116	1,114	3,346
Accrued expenses and other liabilities	15,696	20,150	17,028	52,874
	379,011	383,580	280,255	1,042,846
Net cash used in operating activities	(27,970,589)	(29,494,609)	(29,272,504)	(86,737,702)
CASH FLOW FROM FINANCING ACTIVITIES				
Receipts on issuance of units	30,045,500	30,021,500	30,003,000	90,070,000
Net cash generated from financing activities	30,045,500	30,021,500	30,003,000	90,070,000
Net increase in cash and cash equivalents during the period	2,074,911	526,891	730,496	3,332,298
Cash and cash equivalents at the end of the period	2,074,911	526,891	730,496	3,332,298

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.


FARID AHMED KHAN
 CEO

For ABL Asset Management Company Limited
 (Pension Fund Manager)


SHAKEB MURAD
 DIRECTOR

ABL PENSION FUND

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)

FOR THE PERIOD FROM AUGUST 20, 2014 TO SEPTEMBER 30, 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

ABL Pension Fund was established under a Trust Deed executed between ABL Asset Management Company Limited (ABL AMC) as Pension Fund Manager and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities & Exchange Commission of Pakistan (SECP) on March 11, 2014 and was executed under the Voluntary Pension System Rules, 2005 (VPS Rules).

The Pension Fund Manager has been licensed to act as a Pension Fund Manager under the VPS Rules through a certificate of registration issued by the SECP. The registered office of the Pension Fund Manager is situated at 11-B, Lalazar, M.T Khan Road, Karachi.

This is the first year of operations of the Fund. Title to the assets of the Fund are held in the name of CDC as a Trustee of the Fund.

JCR-VIS Credit Rating Company Limited has assigned Management Quality Rating of AM2 (stable outlook) to the Management Company as at June 21, 2013.

The objective of ABL Pension Fund is to provide individuals with a portable individualized, funded (based on defined contribution) and flexible pension scheme which is managed by professional investment manager to assist them to plan and provide for their retirement. The design of the scheme empowers the participants to decide how much to invest in their pensions, and how to invest it, as well as to continue investing in their pension accounts even if they change jobs.

At present, the Fund consists of the following three Sub-Funds:

1) **ABL Pension Fund - Equity Sub-Fund (ABLPF - ESF)**

The objective of the Fund is to achieve long term capital growth. The Fund shall invest primarily in equity securities, with a minimum investment of 90% of its net asset value in listed shares

2) **ABL Pension Fund - Debt Sub-Fund (ABLPF - DSF)**

The objective of the Fund is to provide income along with capital preservation. The Fund shall invest primarily in tradable debt securities with the weighted average time to maturity of the investment portfolio of the Sub-Fund not exceeding five years.

3) **ABL Pension Fund - Money Market Sub-Fund (ABLPF - MMSF)**

The objective of the Fund is to provide regular income along with capital preservation. The Fund shall invest primarily in short term money market securities with the average time to maturity of the fund not exceeding 90 days.

The Sub-Funds' units are issued against contributions by the eligible participants on a continuous basis and can be redeemed by surrendering them to the Fund.

The participants of the Fund voluntarily determine the contribution amount subject to the minimum limit fixed by the Pension Fund Manager. Such contributions received from the participants are allocated among the Sub-Funds, in accordance with their respective preferences and in line with the prescribed allocation policy. The units held by the participants in the Sub-Funds can be redeemed or on before their retirement and in case of disability or death subject to conditions laid down in the Offering Document, VPS Rules and the Income Tax Ordinance, 2001. According to VPS Rules, 2005 there shall be no distribution from the Sub-Funds and all income earned by the Sub-Funds shall be accumulated and retained in the Sub-Funds.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard-34 "Interim Financial Reporting and the requirements of the Trust Deed and the directives / guidelines issued by the SECP. In case where requirements differ the provisions of / or directives issued by the SECP will prevail.

These condensed interim financial statements comprises of the condensed interim statement of assets and liabilities as at September 30, 2014 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in participants' sub fund, condensed interim cash flow statement and notes thereto for the period ended September 30, 2014.

These condensed interim financial statements are unaudited and does not include all the information and disclosures required in the annual financial statements.

2.2 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also require management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- i) Classification and valuation of financial assets (notes 3.2 and 5)
- ii) Impairment of financial assets (note 3.2.5)

2.3 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments which have been carried at fair value.

2.4 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

3.1 Cash and cash equivalents

Cash and cash equivalents comprise of balances with banks and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried in the statement of assets and liabilities at cost.

3.2 Financial assets

3.2.1 Classification

The Fund classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available for sale. The Pension Fund Manager determines the classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

Investments are categorised as follows:

a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profits from short-term fluctuations in prices are classified as financial assets at fair value through profit or loss category.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

c) Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables or (b) financial assets at fair value through profit or loss. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

3.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

3.2.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value while the related transaction costs are expensed out in the income statement.

These condensed interim financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Fund. All financial information presented in Pak Rupees has been rounded off to the nearest rupee.

3.2.4 Subsequent measurement

a) **Financial assets at fair value through profit or loss and available for sale**

Subsequent to initial recognition, financial assets classified as "at fair value through profit or loss" and "available for sale" are valued as follows:

- Basis of valuation of debt securities

The investment of the Fund in debt securities (comprising any security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital and includes term finance certificates, commercial papers, sukuks etc. is valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP for valuation of debt securities. In the determination of the rates the MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The methodology also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

- Basis of valuation of government securities

The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Markets Association of Pakistan.

- Basis of Valuation of Equity Securities

The investment of the Sub-Fund in equity securities is valued on the basis of quoted market price available at the stock exchanges.

Net gains and losses arising from the changes in the fair value and on sale of financial assets at fair value through profit or loss are taken to the income statement.

Net gains and losses arising from changes in the fair value of available for sale financial assets are taken to the other comprehensive income until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised in the other comprehensive income is shown as part of net income for the year.

b) **Loans and receivables**

Subsequent to initial recognition, financial assets classified as loans and receivables are carried at amortised cost using the effective interest method.

Gain or loss is also recognised in the 'income statement' when the financial assets carried at amortised cost are derecognised or impaired.

3.2.5 Impairment

The Fund assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets is impaired. The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

For certain other financial assets, a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The provision against these amounts is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Pension Fund Manager in accordance with the requirements of the Securities and Exchange Commission of Pakistan.

3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership.

3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

3.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.5 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of three years in accordance with the requirements set out in the Trust Deed of the Fund.

3.6 Provisions

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

3.7 Taxation

No provision for taxation has been made for the quarter ended September 30, 2014 in view of the exemption available under clause 57(3) (viii) pf Part-1 of the Second Schedule to Income Tax Ordinance, 2001.

3.8 Net asset value per unit

The Net Asset Value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year / period end.

3.9 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the sale transaction takes place.
- Income on government securities is recognised on an accrual basis

- Profit on bank balances is recognised on an accrual basis
- Dividend income is recognised when the right to receive the dividend is established

3.10 Issue, Allocation, Reallocation and Redemption of Units

Contributions received from the participants is allocated to the Sub-funds on the basis of the allocation scheme selected by each participant out of the allocation schemes offered by the pension fund manager. The net asset value (NAV) per unit of each Sub-Fund is determined at the close of each business day, according to the procedure outline in the VPS Rules and is applicable for allocation of units in each Sub-Fund for all the contribution amount realised and credited in collection account of the fund during the business hours' in that business day.

The Pension Fund Manager makes reallocation of the units between the sub-Funds at least once a year to ensure that the allocations of the units of all the participants are according to the allocation scheme selected by the participants.

All Sub-Funds units are automatically redeemed in the close of the dealing day at which the retirement date falls or death of a participant has been confirmed. The participant may also withdraw from the scheme prior to retirement. The redemption from the respective Sub-Fund is made on the Net Asset Value per unit prevailing at the close of the dealing day on which the request is received, subject to deduction of zakat and withdraw taxes, as applicable.

In case of partial withdrawals, units are redeemed in a pro rata basis by ensuring that the remaining units are in accordance with the allocation scheme last selected by the participant.

Proceeds received / paid on issuance / redemptions if units are reflected in the participant's Sub-Fund. The voluntary pension system rules, 2005 specify that distribution of dividend shall not be allowed for pension funds and return to unit holders is, therefore, only possible through redemption of units which is based on Net Asset Value (NAV). Hence, the management believes that creation of income equalization mechanism through separate recording of "element of income / (Loss) and capital gains / (Losses) included in prices of units issued less those in units redeemed" is not required. The accounting policy followed by the Sub-Fund does not have any impact on the NAV per unit of the Sub- Fund.

3.11 Earnings Per Unit

Earnings per unit has not been disclosed as in the opinion of the Pension Fund Manager determination off cumulative weighted average number of outstanding units for calculation of EPU is not practicable

Notes	2014			Total
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	
	-----Rupees-----			
4.1	2,074,911	526,891	730,496	3,332,298

4. BANK BALANCES

In saving accounts

4.1 These saving accounts carry markup at rates ranging from 5% to 9% per annum.

4.2 Deposits in saving accounts include aggregate balance of Rs. 303,291 with Allied Bank Limited.

2014			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
-----Rupees-----			
5.1	27,867,900	-	27,867,900
5.2	-	29,202,750	29,202,750
5.3	-	29,529,821	29,529,821
	-	29,202,750	58,732,571
	27,867,900	29,202,750	86,600,471

5. INVESTMENTS

Financial Assets 'at fair value through profit or loss'

Listed Equity Securities

Government Securities - Pakistan Investment Bonds

Government Securities - Treasury Bills

Equity Sub Fund

5.1 Listed equity securities

Name of the investee company	------(Number of shares)-----				Cost as at September 30, 2014	Market value as at September 30, 2014	Market value as a percentage of net assets of Sub-Fund	Par value as percentage of issued capital of investee company
	As at August 20, 2014	Purchased during the period	Sold during the period	As at September 30, 2014				
------(Rupees)-----								
Shares of listed companies - Fully paid up ordinary shares of Rs. 10 each unless otherwise stated								
Automobile & Parts								
Pak Suzuki Motor Company Limited	-	5,000	-	5,000	1,445,743	1,421,400	4.72	0.01
Construction And Materials								
Maple Leaf Cement factory Limited	-	30,000	-	30,000	871,341	815,700	2.71	0.01
Chemicals								
Engro Corporation Limited	-	8,200	-	8,200	1,432,400	1,354,148	4.50	0.01
Fauji Fertilizer Bin Qasim Limited	-	20,500	-	20,500	845,639	824,510	2.74	0.01
Fauji Fertilizer Company Limited	-	17,700	-	17,700	2,025,530	2,007,888	6.67	0.01
Industrial Metals & Mining								
International Industries Limited	-	26,000	-	26,000	1,427,049	1,705,600	5.66	0.02
Electricity								
The Hub Power Company Limited	-	43,500	-	43,500	2,904,830	2,783,130	9.24	0.01
Banks								
Bank Alfalah Limited	-	60,500	-	60,500	1,739,357	1,716,990	5.70	0.01
Bank Al Habib Limited	-	37,500	-	37,500	1,746,724	1,697,625	5.64	0.01
Meezan Bank Limited	-	25,500	-	25,500	1,042,929	1,045,500	3.47	0.01
MCB Bank Limited	-	3,100	-	3,100	869,204	875,967	2.91	0.01
United Bank Limited	-	11,100	-	11,100	2,022,454	2,090,574	6.94	0.01
Oil & Gas								
Attock Petroleum Limited	-	2,550	-	2,550	1,438,473	1,383,707	4.59	0.01
Oil & Gas Development Company Limited	-	4,200	2,100	2,100	573,701	518,826	1.72	0.01
Pakistan Oilfields Limited	-	5,200	-	5,200	2,896,298	2,763,488	9.18	0.01
Pakistan Petroleum Limited	-	12,700	-	12,700	2,882,456	2,870,835	9.53	0.01
Personal Goods								
Service Industries Limited	-	1,200	-	1,200	985,400	1,012,212	3.36	0.01
Pharma & Bio Tech								
The Searle Company Limited	-	4,000	-	4,000	869,172	979,800	3.25	0.01
					28,018,699	27,867,900		

Debt Sub Fund

5.2 Government Securities - Pakistan Investment Bonds

Issue Date	Tenor	Face Value				Cost as at September 30, 2014	Market value as at September 30, 2014	Market value as a percentage of net assets of Sub-Fund
		As at August 20, 2014	Purchased during the period	Disposed off during the period	As at September 30, 2014			
July 17, 2014	3 years	-	30,000,000	-	30,000,000	29,096,711	29,202,750	96.17
						29,096,711	29,202,750	

Money Market Sub Fund

5.3 Government Securities - Treasury Bills

Issue Date	Tenor	Face Value				Cost as at September 30, 2014	Market value as at September 30, 2014	Market value as a percentage of net assets of Sub-Fund
		As at August 20, 2014	Purchased during the period	Disposed off during the period	As at September 30, 2014			
September 04, 2014	3 months	-	30,000,000	-	30,000,000	29,543,560	29,529,821	97.79
						29,543,560	29,529,821	

2014

Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
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-----Rupees-----

6. INTEREST ACCRUED

Profit receivable on bank deposits

Income receivable on PIBs

90,209	71,915	73,110	235,233
-	702,741	-	702,741
<u>90,209</u>	<u>774,655</u>	<u>73,110</u>	<u>937,974</u>

7. SECURITY DEPOSIT

This represents deposit with Central Depository Company of Pakistan Limited on account of security deposit for opening of investor account for electronic transfer of book-entry securities.

2014

Notes	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
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-----Rupees-----

8. PRELIMINARY EXPENSES AND FLOATATION COSTS

Opening balance at the beginning of the period

Less: amortised during the period

Closing balance at the end of the period

150,000	150,000	150,000	450,000
(5,617)	(5,617)	(5,617)	(16,851)
<u>144,383</u>	<u>144,383</u>	<u>144,383</u>	<u>433,149</u>

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over three years in accordance with the requirements set out in the Trust Deed of the Fund.

9. PAYABLE TO ABL ASSET MANAGEMENT COMPANY LIMITED - PENSION FUND MANAGER

	Notes	2014			Total
		Equity	Debt	Money Market	
		Sub-Fund	Sub-Fund	Sub-Fund	
-----Rupees-----					
Remuneration Payable to Pension Fund Manager	9.1	50,730	50,746	50,642	152,118
Sindh Sales Tax on remuneration of the Pension Fund Manager	9.2	8,827	8,830	8,812	26,469
Federal Exercise Duty on remuneration of the Pension Fund Manager	9.3	8,117	8,119	8,103	24,339
Preliminary expenses and floatation costs		150,000	150,000	150,000	450,000
Others		133,334	133,333	33,333	300,000
		351,008	351,028	250,890	952,926

9.1 In accordance with the provisions of the VPS Rules, the Pension Fund Manager is entitled to remuneration for its services out of the Trust Property by way of an annual management fee not exceeding 1.50% of the net assets of each Sub-Funds calculated during the year / period for determining the prices of the units of the Sub-Funds. Currently, the Pension Fund Manager Fee is charged at the rate of 1.50% of the daily net assets of the Sub-Funds which is paid monthly, in arrears.

9.2 The Provincial Government of Sindh has levied Sindh sales tax at the rate of 15% on the remuneration of the Pension Fund Manager through the Sindh Sales Tax on Services Act, 2011.

9.3 As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax as explained in note 9.2, further levy of FED may result in double taxation, which does not appear to be the spirit of the law.

The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies together with their respective Collective Investment Schemes through their trustees, through a Constitutional Petition filed in the Honourable Sindh High Court (SHC) during September 2013 challenging the levy of FED. In this respect, the SHC has issued a stay order against the recovery of FED and the hearing of the petition is still pending.

Pending decision of the SHC, the Fund is not making payments for FED. However, the Fund, as a matter of abundant caution, has made full provision in respect of FED aggregating to Rs 24,339 in Sub-Funds. Had the same not been made the net asset value per unit of the ABLPF - ESF, ABLPF - DSF and ABLPF - MMSF would have been higher by Rs. 0.0270 Rs. 0.0270 and Rs. 0.0270 per unit respectively.

10. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED (CDC) - TRUSTEE

	Notes	2014			Total
		Equity	Debt	Money Market	
		Sub-Fund	Sub-Fund	Sub-Fund	
-----Rupees-----					
Trustee Fee		11,191	11,285	11,223	33,699

CDC being the trustee of the Fund is entitled to a monthly remuneration for services rendered to the Sub-Funds under the provisions of the Trust Deed as per the tariff specified therein and shall be charged in proportion to the daily net assets of the pertinent Sub-Fund. The remuneration is paid to the trustee monthly in arrears.

The tariff structure applicable to the Fund as at September 30, 2014 is as follows:

Net Assets (Rupees)		Tariff
From	To	
1	1 billion	Rs. 0.3 million or 0.15% per annum of Net Assets whichever is higher.
Above 1 billion	3 billion	Rs. 1.5 million plus 0.10% per annum of Net Assets on amount exceeding Rs 1 billion
Above 3 billion	6 billion	Rs. 3.5 million plus 0.08% per annum of Net Assets on amount exceeding Rs 3 billion
Above 6 billion	-	Rs. 5.9 million plus 0.06% per annum of Net Assets on amount exceeding Rs 6 billion

11. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration
Provision for Workers' Welfare Fund
Settlement Charges
Withholding tax

Notes	2014			Total
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	
	-----Rupees-----			

13,057	13,057	13,057	39,172
1,386	7,012	3,971	12,369
1,175	-	-	1,175
78	80	-	158
15,696	20,150	17,028	52,874

12. NET UNREALISED APPRECIATION / (DIMINUTION) ON REVALUATION OF INVESTMENTS - 'AT FAIR VALUE THROUGH PROFIT OR LOSS'

Market value of investment
Less: Cost of investment

Notes	2014			Total
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	
	-----Rupees-----			
27,867,900	29,202,750	29,529,821	86,600,471	
(28,018,699)	(29,096,711)	(29,543,560)	(86,658,970)	
(150,799)	106,039	(13,739)	(58,499)	

13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at September 30, 2014.

14. PROVISION FOR WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs 0.5 million in a tax year have been brought within the scope of the WWF Ordinance. Thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending for adjudication.

During the year ended June 30, 2011, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on 14 December 2010 the Ministry filed its response against the Constitutional petition requesting the

Court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the Court.

During the year ended June 30, 2012, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008, had declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Honourable Sindh High Court (SHC) passed an order declaring that the amendments introduced in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in the WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the Court. In a recent judgement, Peshawar High Court (PHC) has also held these amendment to be ultra vires as they lacked the essential mandate to be introduced and passed through the Money Bill under the Constitution.

Without prejudice to the above, the Pension Fund Manager as a matter of abundant caution has decided to made the provision for WWF in each Sub-Fund aggregating to Rs. 12,369 in these condensed interim financial statements. Had the same not been made the net asset value per unit of the ABL PF - ESF, ABLPF - DSF and ABLPF - MMSF as at September 30, 2014 would have been higher by Rs. 0.0046, Rs. 0.0234 and Rs. 0.0132 per unit respectively.

		2014			
		Equity	Debt	Money Market	Total
15.	TRANSACTIONS WITH CONNECTED PERSONS	Sub-Fund	Sub-Fund	Sub-Fund	

15.1 Details of transactions with connected persons during the period are as follows:

ABL Asset Management Company Limited - Pension Fund Manager

	50,730	50,746	50,642	152,118
Remuneration				
Sindh Sales Tax on Remuneration of Pension Fund Manager	8,827	8,830	8,812	26,469
Federal Excise Duty on Remuneration of Pension Fund Manager	8,117	8,119	8,103	24,339
Issue of 300,000 units in each Sub-Fund	30,000,000	30,000,000	30,000,000	90,000,000
Central Depository Company of Pakistan Limited - Trustee				
Remuneration	11,191	11,285	11,223	33,699
Security Deposit	100,000	100,000	-	200,000
Allied Bank Limited				
Bank Charges	1,303	1,883	1,883	5,069
Profit Accrued	83,293	77,107	77,109	237,509

Notes	2014			Total
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	

-----Rupees-----

ABL Asset Management Company Limited - Pension Fund Manager

Remuneration Payable	50,730	50,746	50,642	152,118
Sindh Sales Tax on Remuneration of Pension Fund Manager	8,827	8,830	8,812	26,468
Federal Excise Duty on Remuneration of Pension Fund Manager	8,117	8,119	8,103	24,339
Preliminary Expenses and Floatation Costs	150,000	150,000	150,000	450,000
Others	133,334	133,333	33,333	300,000
Number of Units held: 300,000 units in each Sub-Fund	30,068,250	30,343,560	30,194,550	90,606,360

Central Depository Company of Pakistan Limited - Trustee

Remuneration Payable	11,191	11,285	11,223	33,699
Security Deposit	100,000	100,000	-	200,000

Allied Bank Limited

Balances in Saving Accounts	126,477	97,293	79,521	303,291
Profit Receivable	8,426	7,036	7,038	22,500

16. GENERAL

Figures have been rounded off to the nearest rupee.

17. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 28, 2014 by the Board of Directors of the Pension Fund Manager.


FARID AHMED KHAN
 CEO

For ABL Asset Management Company Limited
 (Pension Fund Manager)


SHAKEB MURAD
 DIRECTOR