



ABL Income Fund

Annual Report -2015

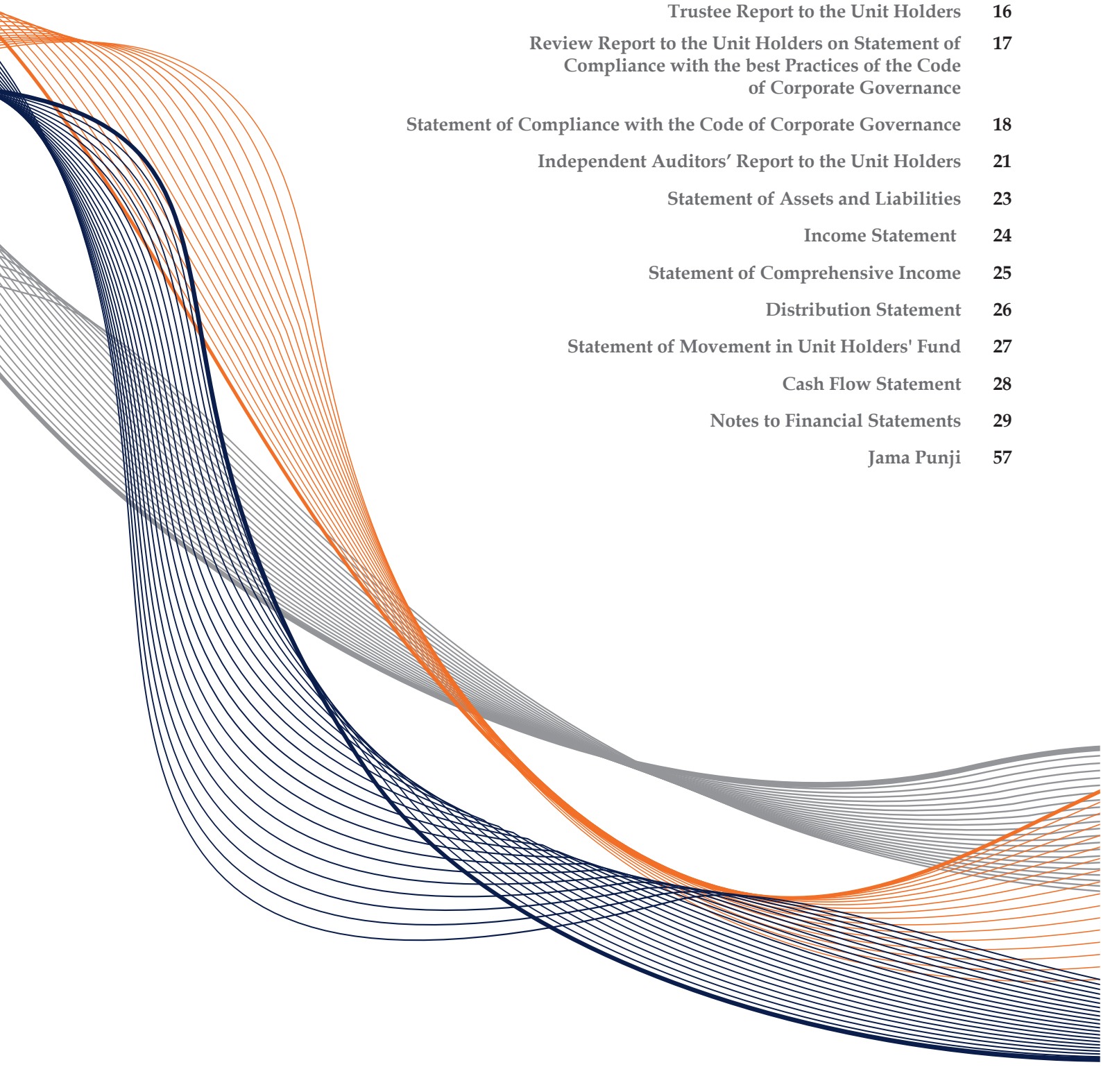


ABL Asset Management

Discover the potential

Contents

Vision	02
Mission & Core Values	05
Fund's Information	06
Report of the Directors of the Management Company	07
Fund Manager's Report	13
Performance Table	15
Trustee Report to the Unit Holders	16
Review Report to the Unit Holders on Statement of Compliance with the best Practices of the Code of Corporate Governance	17
Statement of Compliance with the Code of Corporate Governance	18
Independent Auditors' Report to the Unit Holders	21
Statement of Assets and Liabilities	23
Income Statement	24
Statement of Comprehensive Income	25
Distribution Statement	26
Statement of Movement in Unit Holders' Fund	27
Cash Flow Statement	28
Notes to Financial Statements	29
Jama Punji	57



VISION

Creating Investment Solutions within
everyone's reach







Mission & Core Values

To create a conducive working environment, to attract the best talent in the Asset Management Sector. ABLAMC strives to be the 'employer of choice' for young and experienced talent.

To set the highest industry standards in terms of product ranges and innovations, in order to offer products for clients of all demographics.

To adhere to the highest industry standard for integrity and quality across all the spheres of the company.

To use technology and financial structuring to serve as a "cutting-edge" compared to the competition.

To enhance Stakeholders Value.

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. Muhammad Kamran Shehzad Mr. Farid Ahmed Khan	Chairman CEO/Director
Audit Committee:	Mr. Kamran Nishat Mr. Muhammad Waseem Mukhtar Mr. Muhammad Kamran Shehzad	Chairman Member Member
Human Resource and Remuneration Committee	Mr. Muhammad Waseem Mukhtar Mr. Kamran Nishat Mr. Farid Ahmed Khan	Chairman 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 United Bank Limited	
Auditor:	KPMG Taseer Hadi & Co Chartered Accountants Sheikh Sultan Trust Building No. 2 Beaumont 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.	

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of ABL Asset Management Company Limited, the management company of ABL Income Fund (ABL-IF), is pleased to present the Audited Financial Statements of ABL Income Fund for the year ended June 30, 2015.

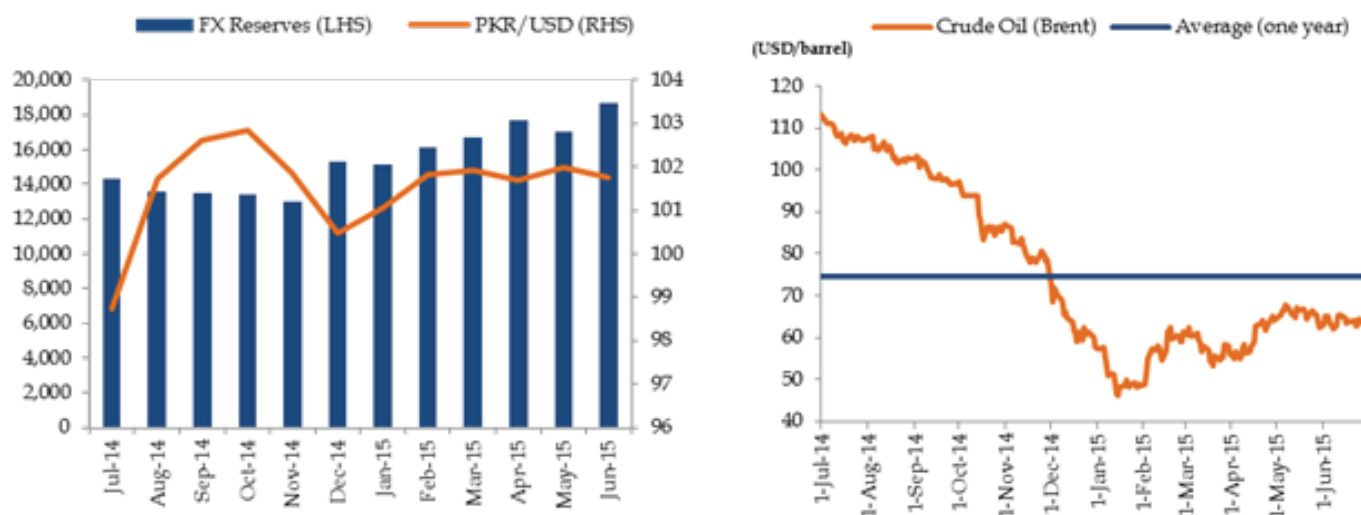
ECONOMIC PERFORMANCE REVIEW

The story of Pakistan's economic revival continued throughout FY15 underpinned mainly by free-fall in international oil prices (Brent Crude plummeted by 45.2% in FY15) due to surging US production and insipid global economic growth. The effects of this oil price crash were profound on oil importers such as Pakistan and distinctly discernible on its key macroeconomic indicators like CPI and CAD.

Despite reduction in import bill and positive developments on macro front, Pakistan's GDP clocked-in at a modest 4.2%, below the target of 5.1% envisaged at the start of the year. Subpar growth in GDP can be attributed to persistent energy crisis prevailing in the country which hampered industrial output as well as lack of developmental spending due to budgetary constraints. This, combined with floods, law & order situation and political upheaval (sit-ins in the capital) remained the major cause behind lower than expected economic output. Encouragingly, IMF program, albeit with some hitches, went smoothly and government, by and large, managed to meet its performance criteria in each quarter which resulted into timely disbursements of EFF tranches. Moreover, progress on Pak-China Economic Corridor (CPEC) and rising foreign exchange reserves strengthened conviction of credit agencies (S&Ps and Moody's) who responded by upgrading Pakistan's credit rating.

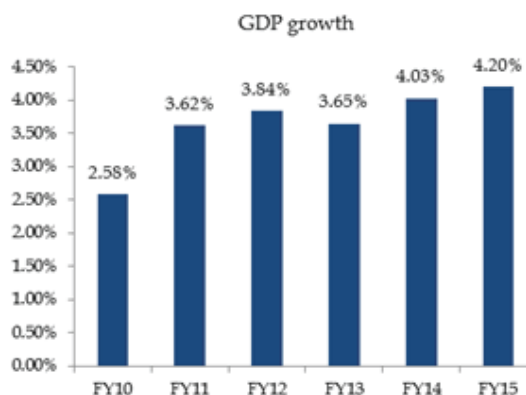
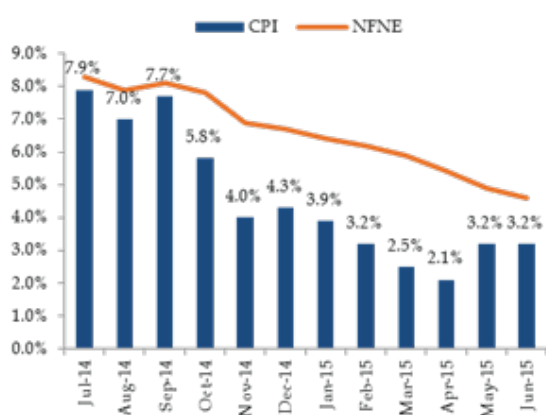
Windfall benefits of oil prices were also visible in import bill of the country which declined by 1.1%YoY to USD 41.1bn. However, weak commodity prices and overall weak global economy (especially the Eurozone) and sharp appreciation of the PKR against the Euro during FY15 (+15.9%YoY) resulted into a decline of 3.75%YoY in exports. Helped by lower import bill, trade deficit was contained at USD 17.03bn vis-à-vis USD 16.59bn recorded in FY14.

Subdued trade deficit along with lower services deficit (down 5.01%YoY on account of CSF inflows of USD 1.5bn) and a staggering 16.5%YoY growth in foreign remittances to USD 18.5bn, helped in reducing CAD by 27%YoY to USD 2.28bn. The effect of lower CAD, steady growth in workers' remittances, inflows from IMF and privatization proceeds strengthened FX reserves from USD 14.1bn to USD 18.7bn in FY15. Marked improvement in FX reserves also helped the country in restricting PKR depreciation to just 3%YoY and end the year at PKR 101.77/USD.



Taking cue from a benign inflationary outlook and strengthening external account, SBP slashed Discount Rate by a cumulative 300bps in FY15 to a 42-year low of 7% to support economic growth. The effect of this large cut will take some time to translate into numbers as fresh private sector credit offtake stood at PKR 208.7bn only (down ~44%YoY) during FY15.

Although challenges still remain on fiscal and energy fronts, the recent measures taken by the government should help control the bleeding. Government managed to curtail fiscal deficit at 5% of GDP against IMF's target of 4.9% for FY15. However recent initiatives such as imposition of 0.3% tax on all banking transactions for non-filers and plans to abolish SROs should help in broadening the tax base and expand the tax base. Therefore, we expect investment spending and overall economic activity to pick up in coming months due to 1) increase in investment spending in response to recent monetary easing, 2) fast-track work on CPEC, 3) government's focus on infrastructure spending (PKR 1.5trn PSDP budgeted for FY16), 4) improvement in tax collection, and 5) Government's efforts to solve energy circular debt.



MUTUAL FUND INDUSTRY REVIEW

Improvement in economic landscape together with low interest rate environment kept open-end mutual fund industry in lime light throughout the year until Government spoiled the party by raising the tax rates in FY16 budget, particularly for banking and corporate sector on investments in mutual funds. Consequently, significant outflows at year end pulled industry AUM growth down to just 6%YoY to close FY15 at PKR402 billion. AUMs of conventional fixed Income funds (Income Fund, Aggressive Fixed Income and Money Market) declined by PKR34 billion during FY15 to close the year at PKR146 billion led by 43%YoY dip in Money Market category to PKR65 billion. Drop in AUMs was largely due to SBP's aggressive monetary easing stance (300bps cut in DR in FY15) especially in 2HFY15 that made short tenor portfolios less attractive.

On the other hand, declining interest rates and the resultant gains on long bond portfolios made income funds the shining stars of the industry. As a result, Income Fund Category posted a handsome growth of 24%YoY to PKR80.5 billion compared to PKR65 billion in FY14. Going forward, industry growth amidst unfavorable taxes regime particularly for corporate sector is likely to remain the key challenge; however, flow of funds in riskier asset classes like aggressive income and equities is anticipated due to attractive returns, higher risk appetite of investors and improvement in economic land scape.

MONEY MARKET REVIEW

FY15 turned out to be an eventful year for money markets as SBP pursued an aggressive monetary easing policy by slashing the discount rate by a cumulative 300 bps (from 10.00% to 7.00%). SBP's stance was based on improving macroeconomic conditions, particularly an 11 years low inflation and decent FX inflows which provided ample fiscal space. Declining energy prices and muted uptick in food prices had a significant impact on inflation figures and CPI dropped from 7.9%YoY in July 2014 to 3.16%YoY in June 2015. Along with reduction in DR, SBP also narrowed the interest rate corridor by 50bps to 200bps and introduced a Target Rate which was 50bps below the ceiling of the corridor. Hence, this target rate effectively became the discount or policy rate since FIs were able to get liquidity from SBP at this rate.

Despite the significant easing, money markets remained tight throughout the period as massive government borrowing

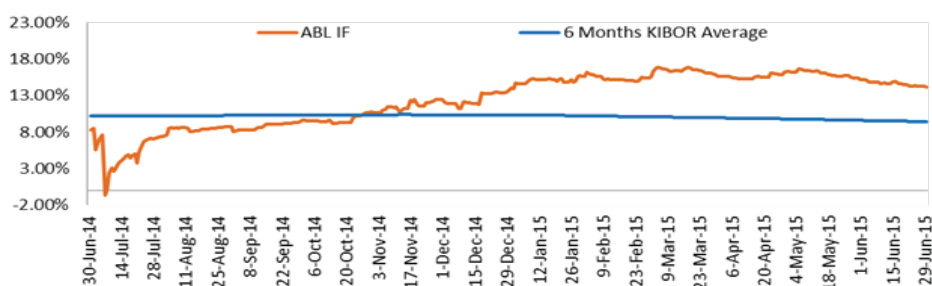
of ~PKR 1.33trn from commercial banks drained all liquidity. Besides, majority of the market participants preferred taking positions in government securities against borrowing through OMO to exploit the rate gap. SBP kept obliging the participants and increased the quantum of OMO injections, which jumped from ~PKR 150 billion in July-14 to peak around PKR 1 trillion in April-15 and closed the year at ~PKR 660 billion.

M2 growth for the period clocked-in at 13.23% against a target of 12.9% and compared to 12.5% in SPLY. Encouragingly, the increase primarily came from balanced rise in Net Domestic Asset (up by Rs1.1trn i.e. 11.75% YoY) and Net Foreign Assets (NFA), up by 26.7% YoY. Consequently, NDA/NFA ratio reduced to 11.13x in FY15 versus 15.6x in FY14. Government borrowings from CBs currently stand at ~PKR 1.33 trillion against ~PKR 106bn in FY14 whereas a net amount of PKR 474bn was retired to SBP. Moreover, the improved NFA reflects better external account position driven by lower commodity prices, issuance of international Eurobonds and Sukuks as well as privatization proceeds through secondary market offerings.

FUND PERFORMANCE

ABL IF posted an annualized return of 14.20% in FY15 against the benchmark performance of 9.01%, achieving an outperformance of 5.19%. During the period under review, ABL Income Fund's AUM increased by 16.14% to PKR 1.953 billion as on June 30, 2015 from PKR 1.682 billion a year back.

During the year, ABL Income Fund reduced exposure to cash and short term bills against corporate debt and long bonds in order to enhance upside from declining interest rates. Moreover, investment in TFCs, Sukuks and Spread transactions also supported baseline yields. While ABL IF maintained a high duration portfolio and increased allocation in PIBs during the year, we reduced the exposure in long bonds towards year end to escape from year end volatility emanating from profit taking by institutions. At the end of the period, investment in PIBs and T-Bills stood at 27.79% and 1.76% of total assets respectively. Cash assets stood at 40.14% of total assets which allowed the fund to extract maximum advantage of high rates offered by banks at quarter end. Investment in TFCs and Government backed Corporate TFCs accounted for 15.44% and 2.07% of the fund respectively.



DIVIDENDS

The Chief Executive Officer of ABL Asset Management Company Limited (ABL AMCL) on behalf of the Board of Directors, on June 12, 2015 has approved and declared dividend distribution of Rs.1.4370 per unit (14.37% of the par value of Rs.10) for the year ended June 30, 2015.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Board of Directors states that:

1. Financial Statements present fairly the state of affairs, the results of operations, cash flows and the changes in unit holder's fund;
2. Proper books of accounts of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgments;

4. Relevant International Accounting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 & Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the Trust Deed and directives issued by the Securities and Exchange Commission of Pakistan, have been followed in the preparation of the financial statements;
5. The system of internal control is sound in design and has been effectively implemented and monitored;
6. There have been no significant doubts upon the Funds' ability to continue as going concern;
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
8. Performance table of the Fund is given on page # 15 of the Annual Report;
9. There is no statutory payment on account of taxes, duties, levies and charges outstanding other than already disclosed in the financial statements;
10. The statement as to the value of investments of Provident Fund is not applicable in the case of the Fund as employees retirement benefits expenses are borne by the Management Company;
11. There have been no trades in the units of the Fund's carried out by the Directors, CEO, CFO, CIA and the Company Secretary and their spouse excepts as disclosed below and in notes to the financial statements;

S.no	Name	Designation	Units Issued	Units Redeemed	Bonus Units
1	Sheikh Mukhtar Ahmed	Director	-	17,678	-
2	Mr. Muhammad Waseem Mukhtar	Director	630,357	7,920	-
3	Mr. M. Jawaid Iqbal*	Director	7,527	69,980	-
4	Mr. Farid Ahmed Khan	CEO/Director	27,101	1,157	-

* Retired in the 7th AGM of the ABL AMCL hold on March 31, 2015.

12. Meeting of the Board of Directors of the Management Company are held at least once in every quarter. During the year five meeting were held. The 38th, 39th, 40th, 41st, and 42nd Board of Directors meetings were held on August 26, 2014, October 28, 2014, December 22, 2014, February 06, 2015 and April 29, 2015 respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

S. No.	Name of Director	Number of Meetings		Leave granted	Meetings not attended
		Held	Attended		
1	Sheikh Mukhtar Ahmed	5	4	1	38th
2	Mohammad Naeem Mukhtar	5	2	3	38th , 39th , 42nd
3	Muhammad Waseem Mukhtar	5	5	-	-
4	Tariq Mahmood	5	5	-	-
5	Kamran Nishat	5	5	-	-
6	M. Shakeb Murad*	4	2	2	40th, 41st
7	M. Jawaid Iqbal*	4	2	2	38th, 41st
8	Muhammad Kamran Shehzad**	1	1	-	-
9	Tahir Yaqoob Bhatti***	1	1	-	-
10	Farid Ahmed Khan****	5	5	-	-

*Retired in the 7th AGM of the ABL AMCL hold on March 31, 2015.

**Elected as new director in the 7th AGM.

***Elected as new director in the 7th AGM and retired on June 30, 2015.

****Appointed as new director on June 30, 2015.

13. Meeting of the Board's Human Resource and Remuneration of the Management Company needs to be held at least three times in year. During the year three meeting were held. The 15th, 16th and 17th meetings of the Board's Human Resource and Remuneration Committee were held on March 20, 2015, April 13, 2015 and June 24, 2015 respectively. Information in respect of attendance by directors in the meetings is given below:

S. No.	Name of Director	Number of Meetings		Leave granted	Meetings not attended
		Held	Attended		
1	Mr. Muhammad Waseem Mukhtar	3	3	-	-
2	Mr. Kamran Nishat	3	3	-	-
3	M. Jawaid Iqbal*	1	-	1	15th
4	Mr. Farid Ahmed Khan	3	3	-	-

*Retired in the 7th AGM of the ABL AMCL hold on March 31, 2015.

14. Meeting of the Board's Audit Committee of the Management Company are held at least once in every quarter. During the year four meeting were held. The 29th, 30th, 31st, and 32nd meetings of the Board's Audit Committee were held on August 26, 2014, October 28, 2014, February 06, 2015 and April 29, 2015 respectively. Information in respect of attendance by directors in the meetings is given below:

S. No.	Name of Director	Number of Meetings		Leave granted	Meetings not attended
		Held	Attended		
1	Mr. Kamran Nishat	4	4	-	-
2	Mr. Muhammad Waseem Mukhtar	4	4	-	-
3	Mr. M. Shakeb Murad*	2	1	1	31st

*Retired in the 7th AGM of the ABL AMCL hold on March 31, 2015.

15. The details as required by the Code of Corporate Governance regarding the pattern of holding in ABL Income Fund, is given hereunder:

S. No.	Particulars	Units Held on June 30, 2015
1	Associated Companies, undertakings and related parties	
	• Attock Cement Pakistan Limited	35,974,920
2	Mutual Funds	Nil
3	Directors and their spouse(s) and minor children	848,983
4	Executives	Nil
5	Public Sector Companies and corporations	25,067,582
6	Others Corporates	4,964,257
7	Bank, DFIs, NBFCs, Insurance Companies, Takaful, Modaraba and Pension Fund	49,512,064
8	Shareholders holding five percent or more voting rights in the listed company	Not Applicable

AUDITORS

M/s. A. F. Ferguson & Co. (Chartered Accountants), on the recommendation of the Audit Committee of the Board of Directors being eligible for appointment have been appointed as auditors for the year ending June 30, 2016 for ABL Income Fund (ABL-IF).

FUND STABILITY RATING

JCR-VIS Credit Rating Company Ltd. (JCR-VIS) on October 16, 2014, reaffirmed the Fund Stability Rating of ABL Income Fund at 'A+ (f)' (Single A plus (f)).

MANAGEMENT QUALITY RATING

On December 31, 2014, JCR-VIS Credit Rating Company Limited reaffirmed the Management Quality Rating of ABL Asset Management Limited (ABL AMC) at 'AM Two' (AM2). Outlook on the assigned rating is 'Stable'.

OUTLOOK AND STRATEGY

The strong foundation laid in FY15 provides a launching pad for a strong economic recovery in FY16 as we still foresee low single digit inflation in FY16 mainly on account of low oil prices. In addition FX reserves are expected to rise further with improving current account position and inflows from IMF, CSF, donor agencies and Euro Bond Issuance. Furthermore, reforms in energy sector like reduction in power subsidies and circular debt should alleviate the energy crisis which has been restraining economic growth. In this regard, CPEC and realization of IP gas pipeline can kick start the long awaited growth era in Pakistan.

With low inflation, particularly in 1H FY16, we cannot rule out the possibility of another 50bps cut in discount rate. The government has thus far stuck to its fiscal targets and borrowings have been under targeted limits. The recent upgrades by international rating agencies also point out towards tightening of spreads and could fuel bullish sentiment in the fixed income markets. However, reversal in oil prices, challenging security situation, political instability and persistent energy shortages are the key risk to potential economic revival of the country. We intend to maintain a high duration portfolio but will realign our strategy in case of any change in inflation outlook.

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 (Guarantee) 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, August 27, 2015

FUND MANAGER REPORT – ABL INCOME FUND

OBJECTIVE

The objective of ABL Income Fund is to earn superior risk adjusted rate of return by investing in a blend of short, medium and long term debt instruments, both within and outside Pakistan.

FUND PERFORMANCE

During the period, ABL IF posted an impressive annualized return of 14.20% against its benchmark return of 9.01%. The fund outperformed its benchmark by 5.19% due to heavy valuation gains on government securities and mark to market gains on Corporate TFCs owing to 300 bps cut in the discount rate. Sensing the changing interest rate scenario, we altered our asset allocation during the year and tilted more towards high duration PIBs, high yielding TFCs and spread transactions. As on June 30, 2015 net assets under management of ABL IF were PKR 1.953 billion, an increase of 16.14% YoY.

At the end of the period, we offloaded major inventory of T-Bills and reduced allocation in PIBs in order to book capital gains and place funds with banks at high rates. As a result, investment in cash assets stood at 50.36% of the fund. Moreover, exposure in PIBs came down to 27.79% of total assets. TFC portfolio jacked up by taking fresh exposure in K-Electric Sukuk, Soneri Bank TFC and AKBL TFC V due to which investment in TFCs (including Govt. backed corporate TFCs) stood at 17.51% of total assets. At year end, WAM of the portfolio was close to 974 days.

The Scheme has maintained provision against Workers' Welfare Fund's Liability to the tune of Rs. 37.575 million, had the same not been made, the NAV per unit of the scheme would have been higher by Rs. 0.1929 per unit.

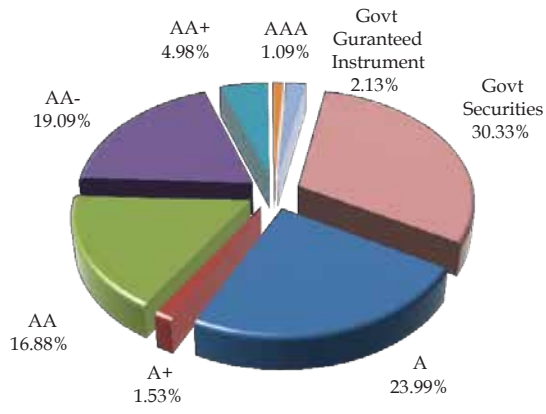
FUTURE OUTLOOK AND STRATEGY

With low inflation, particularly in 1HFY16, we cannot rule out the possibility of another 50bps cut in discount rate. The government has thus far stuck to its fiscal targets and borrowings have been under targeted limits. The recent upgrades by international rating agencies also point out towards tightening of spreads and could fuel bullish sentiment in the fixed income markets. However, reversal in oil prices, challenging security situation, political instability and persistent energy shortages are the key risk to potential economic revival of the country.

In view of above, we will increase duration of ABL IF by increasing allocation in medium term bonds against cash as we expect further capital gains on bond portfolio. However, we will closely monitor developments on macro economy front and actively adjust duration and bond allocation level. We also intend to increase exposure in TFCs and Spread transactions to increase baseline returns of the fund in the current low interest rate scenario.

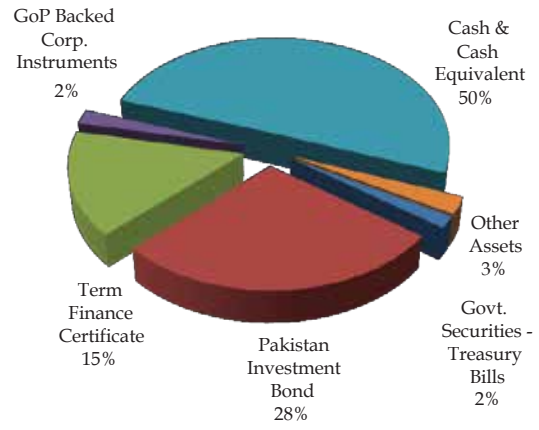
ABL Income Fund Performance	FY-2015
Yield	14.20%
Benchmark (6 Months Average KIBOR)	9.01%
Weighted Average Time to Maturity of Net Assets	974 days
Asset under management as at June 30,2015 (PKR mn)	1,953.42
Closing NAV per unit as on June 30,2015 (PKR) (Ex-Dividend)	10.0259

Credit Quality of Portfolio (% of total Assets)



Other assets account for 2.58% of Total Assets

Asset Allocation as a % of Total Assets



PERFORMANCE TABLE

	June 2015	June 2014	June 2013	June 2012	June 2011	June 2010
	(Rupees in '000)					
Net Assets	1,953,428	1,682,107	2,476,973	3,784,263	4,878,536	8,360,054
Net Income	123,585	126,901	265,987	623,793	639,266	933,647
	(Rupees per unit)					
Net Assets value	10.0259	10.0409	10.0098	10.0289	10.0195	10.0164
Interim distribution	-	0.7168	0.7559	0.8777	0.8296	0.8123
Final distribution	1.4370	0.0463	0.2175	0.2361	0.2848	0.2421
Distribution date final	June 11, 2015	June 23, 2014	June 28, 2013	June 25, 2012	June 29, 2011	June 28, 2010
Closing offer price	10.1763	10.1915	10.0098	10.0289	10.0195	10.0164
Closing repurchase price	10.0259	10.0409	10.0098	10.0289	10.0195	10.0164
Highest offer price	11.643	10.4074	10.3479	10.3158	10.2906	10.2731
Lowest offer price	10.1538	10.1424	10.0022	10.0006	10.0032	10.0032
Highest repurchase price per unit	11.4709	10.2536	10.3479	10.3158	10.2906	10.2731
Lowest repurchase price per unit	10.0037	9.9925	10.0022	10.0006	10.0032	10.0032
	Percentage					
Total return of the fund						
- capital growth	-0.17%	0.56%	0.54%	0.51%	0.43%	0.43%
- income distribution	14.37%	7.63%	11.14%	11.14%	10.54%	10.54%
Average Annual return of the fund						
One Year	14.20%	8.19%	9.87%	11.68%	11.65%	10.97%
Two Year	11.78%	9.44%	11.36%	12.35%	11.95%	12.53%
Three Year	11.92%	10.92%	12.34%	12.79%	13.58%	-
Four Year	12.91%	12.06%	13.01%	-	-	-
Five Year	13.86%	12.03%	-	-	-	-
Since Inception	15.24%	13.50%	14.44%	-	-	-
Weighted average Portfolio duration in days	352	335	260	238	201	92

* Interim Distribution date

2015		2014		2013	
Date	Rate	Date	Rate	Date	Rate
June 11, 2015	Re 1.4370 Per Unit	Sept 27, 2013	Re 0.1211 Per Unit	Sept 24, 2012	Re 0.3479 Per Unit
		Dec 30, 2013	Re 0.1906 Per Unit	Dec 27, 2012	Re 0.2531 Per Unit
		March 27, 2014	Re 0.2397 Per Unit	March 22, 2013	Re 0.1549 Per Unit
		May 30, 2014	Re 0.1654 Per Unit		
2012		2011		2010	
Date	Rate	Date	Rate	Date	Rate
Sept 27, 2011	Re 0.3158 Per Unit	Sept 29, 2010	Re 0.2701 Per Unit	Sept 29, 2009	Re 0.2731 Per Unit
Dec 26, 2011	Re 0.3089 Per Unit	Dec 30, 2010	Re 0.2689 Per Unit	Dec 30, 2009	Re 0.2783 Per Unit
March 26, 2012	Re 0.2530 Per Unit	March 30, 2011	Re 0.2906 Per Unit	March 30, 2010	Re 0.2609 Per Unit

Disclaimer

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

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Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

ABL INCOME FUND

**Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of
the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We Central Depository Company of Pakistan Limited, being the Trustee of ABL Income 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 year ended June 30, 2015 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
Officiating Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: October 08, 2015





KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
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Karachi, 75530 Pakistan

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REVIEW REPORT TO THE UNITHOLDERS OF ABL INCOME FUND ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of ABL Asset Management Company Limited, the Management Company of **ABL Income Fund** (the Fund) for the year ended 30 June 2015 to comply with the requirements contained in the Listing Regulations of the Karachi Stock Exchange, where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.


As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval the Fund's related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Fund's compliance, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended 30 June 2015.

Date: 27 August 2015

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

STATEMENT OF COMPLIANCE BY ABL INCOME FUND WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2015

This statement is being presented to comply with the Code of Corporate Governance (“the Code”) contained in Regulation No. 5.19 of the listing regulations of the Karachi Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

The Board of Directors (“the Board”) of ABL Asset Management Company Limited (“the Management Company”), an un-listed public company, manages the affairs of ABL Income Fund (“the Fund”). The Fund, being a unit trust open ended scheme, does not have its own Board of Directors. The Management Company has applied the principles contained in the Code to the Fund, whose units are listed as a security on the Karachi Stock Exchange, in the following manner:

1. The Management Company encourages representation of independent, non-executive directors on its Board of Directors. At June 30, 2015 the Board includes:

Category	Names
Executive Director	Mr. Farid Ahmed Khan
Independent Directors	Mr. Kamran Nishat Mr. Muhammad Kamran Shehzad
Non-Executive Directors	Sheikh Mukhtar Ahmed Mr. Mohammad Naeem Mukhtar Mr. Muhammad Waseem Mukhtar Mr. Tariq Mahmood

Mr. Farid Ahmed Khan, Chief Executive Officer, has been appointed as an executive director as at 30 June 2015 in place of casual vacancy due to resignation of Mr. Tahir Yaqoob Bhatti. His appointment has been approved by the SECP on 28 July 2015.

The independent directors meets the criteria of independence under clause i (b) of the Code.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including the Management Company.
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. During the year a casual vacancy occurred on the Board which has been simultaneously filled by the Board.
5. The Management Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which these were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), other executive and non-executive directors have been taken by the Board. There is no executive director of the Management Company other than the CEO.
8. The meetings of the Board were presided over by the Chairman except for the meeting held on 26 August 2014, which was presided by Mr. Waseem Mukhtar and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before such meetings. The minutes of the meetings were appropriately recorded and circulated.
9. As required by the code, all the directors of the Management Company are required to attend the training program for directors by the year 2016 and at least one director will attend the training program each year during the period from 30 June 2012 to 30 June 2016. During the year, no director on the Board attended training as required under the Code. However, two directors have obtained certification under the 'Board Development Series' program conducted by Institute of Corporate Governance. The directors are conversant with the relevant laws applicable to the company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities. As per the Code, Directors of the Company having 15 years of experience on the Board of listed company and 14 years of education are exempted from directors' training program. One Board members of the Company qualify for exemption under the provision of the Code. The Company will however, arrange training program for remaining directors by 2016.
10. The Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit continued their services and no change in these positions were made during this financial year.
11. The Directors' Report relating to the Fund for the year ended June 30, 2015 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by the CEO and CFO of the Management Company before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the units of the Fund other than those disclosed in the pattern of unit holding.
14. The Management Company has complied with all the applicable corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors of the Management Company, including the Chairman of the Committee who is an independent director.
16. The meetings of the Audit Committee were held once in every quarter and prior to the approval of interim and final results of the Fund as required by the Code. The terms of reference of the Audit Committee have been approved in the meeting of the Board and the Committee has been advised to ensure compliance with those terms of reference.

17. The Board has formed Human Resource and Remuneration Committee. It comprises four members, of whom three are non-executive directors and the chairman of the Committee is a non-executive director.
18. The Board has set up an effective internal audit function within the Management Company.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partner of the firm, their spouse and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the NAV of the Fund's units, was determined and intimated to directors, employees and the Stock Exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through the Stock Exchange.
23. We confirm that all other material principles enshrined in the Code have been complied with.
24. As per the Code, a mechanism was required to be put in place for an annual evaluation of the Board within two years of coming into effect of the Code i.e., April 2014. The mechanism is in place and annual evaluation of the Board has been done accordingly.

For & on behalf of the Board



Farid Ahmed Khan
Chief Executive Officer

Karachi, August 27, 2015



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Chartered Accountants
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Independent Auditors' Report to the Unitholders

Report on the Financial Statements

We have audited the accompanying financial statements of **ABL Income Fund** ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2015, and the related income statement, statement of comprehensive income, distribution statement, statement of movement in unitholders' fund, cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting standards as applicable in Pakistan, and for such internal control as the management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2015, and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

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KPMG Taseer Hadi & Co.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Date: 27 August 2015

Karachi

KPMG Taseer Hadi & Co.
KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq

ABL INCOME FUND

STATEMENT OF ASSETS AND LIABILITIES

AS AT 30 JUNE 2015

	Note	30 June 2015	30 June 2014
---(Rupees in '000)---			
Assets			
Bank balances	4	1,021,457	728,927
Investments	5	949,470	869,638
Profit receivable	6	32,550	33,021
Security deposits and other receivables	7	19,565	20,672
Receivable against sale and maturity of investments		-	74,606
Total assets		2,023,042	1,726,864
Liabilities			
Payable to ABL Asset Management Company Limited - Management Company	9	12,500	7,642
Payable to Central Depository Company of Pakistan Limited - Trustee	10	190	178
Payable to Securities and Exchange Commission of Pakistan	11	1,262	1,361
Dividend payable		5	-
Payable against redemption of units		2,184	50
Accrued expenses and other liabilities	12	53,473	35,526
Total liabilities		69,614	44,757
Contingencies and commitments	13	-	-
Net assets		1,953,428	1,682,107
Unit holders' fund (as per statement attached)		1,953,428	1,682,107
(Number of units)			
Number of units in issue	14	194,838,827	167,525,357
(Rupees)			
Net asset value per unit		10.0259	10.0409
Face value per unit		10.0000	10.0000

The annexed notes 1 to 28 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
Chief Executive Officer


MUHAMMAD KAMRAN SHEHZAD
Director

ABL INCOME FUND

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

	Note	30 June 2015	30 June 2014
---(Rupees in '000)---			
Income			
Capital gain / (loss) on sale of investments - net		97,220	(8,189)
Income from government securities		104,699	84,457
Income from term deposit receipts		10,503	24,000
Income from letters of placement		837	4,830
Income from term finance certificates / other sukus		25,966	38,655
Profit on deposits with bank		25,381	27,499
Dividend income		3,182	8,889
Other income		181	492
		267,969	180,633
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	5.6	(7,876)	916
		260,093	181,549
Expenses			
Remuneration of ABL Asset Management Company Limited - Management Company	9.1	25,246	27,220
Sindh sales tax on remuneration of Management Company	9.2	4,394	5,052
Federal excise duty on remuneration of Management Company	9.3	4,039	4,355
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	2,280	2,392
Annual fee - Securities and Exchange Commission of Pakistan	11.1	1,262	1,361
Brokerage and securities transaction costs		2,133	1,238
Bank charges		243	237
Auditors' remuneration	15	427	526
Amortisation of preliminary expenses and floatation costs	8	-	224
Printing charges		240	101
Listing fee		50	50
Annual rating fee		240	230
Provision for Workers' Welfare Fund	12.1	2,567	2,590
Legal charges		100	-
Other expenses		455	489
Total operating expenses		43,676	46,065
Net income from operating activities		216,417	135,484
Element of loss and capital losses included in prices of units issued less those in units redeemed - net		(92,832)	(8,583)
Net income for the year before taxation		123,585	126,901
Taxation	16	-	-
Net income for the year after taxation		123,585	126,901
Earnings per unit	17		

The annexed notes 1 to 28 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
Chief Executive Officer


MUHAMMAD KAMRAN SHEHZAD
Director



ABL INCOME FUND

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	30 June 2015	30 June 2014
	---(Rupees in '000)---	
Net income for the period	123,585	126,901
Other comprehensive income for the year	-	-
Total comprehensive income for the year	123,585	126,901

The annexed notes 1 to 28 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
Chief Executive Officer


MUHAMMAD KAMRAN SHEHZAD
Director

ABL INCOME FUND

DISTRIBUTION STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

	30 June 2015	30 June 2014
	---(Rupees in '000)---	
Undistributed income brought forward:		
- Realised income	6,782	1,924
- Unrealised income	916	511
	7,698	2,435
- First interim distribution of Nil for the year ended 30 June 2015 (Re 0.1211 per unit on 27 September 2013) Issue of nil bonus units (2014: 2,483,577 units)	-	(24,836)
- Second interim distribution of Nil for the year ended 30 June 2015 (Re 0.1906 per unit on 30 December 2013) Cash distribution	-	(1)
Issue of nil bonus units (2014: 2,931,157 units)	-	(29,312)
- Third interim distribution of Nil for the year ended 30 June 2015 (Re 0.2397 per unit on 27 March 2014) Cash distribution	-	(1)
Issue of nil bonus units (2014: 3,453,052 units)	-	(34,530)
- Fourth interim distribution of Nil for the year ended 30 June 2015 (Re 0.1654 per unit on 30 May 2014) Cash distribution	-	(1)
Issue of nil bonus units (2014: 2,645,328)	-	(26,453)
Distribution during the year:		
-Final distribution of Re 1.4370 per unit on 11 June 2015 for the year ended 30 June 2015 (2014: Re 0.2175 per unit on 28 June 2014) Cash distribution	(123,855)	-
Issue of nil bonus units (2014: 691,941 units)	-	(6,919)
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net	(1,117)	415
Net income for the year after taxation	123,585	126,901
Undistributed income carried forward	6,311	7,698
Undistributed income carried forward:		
- Realised income	14,187	6,782
- Unrealised (loss) / income	(7,876)	916
	6,311	7,698

The annexed notes 1 to 28 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
Chief Executive Officer


MUHAMMAD KAMRAN SHEHZAD
Director



ABL INCOME FUND

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND

FOR THE YEAR ENDED 30 JUNE 2015

	30 June 2015	30 June 2014
	---(Rupees in '000)---	
Net assets at the beginning of the year	1,682,107	2,476,973
Issue of 260,556,328 (2014: 124,538,166) units	2,749,040	1,258,253
Redemption of 233,242,855 (2014: 216,671,581) units	(2,570,281)	(2,188,600)
	178,759	(930,347)
Issue of nil bonus units (2014: 12,205,054 units)	-	122,050
Net element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed	92,832	8,583
- transferred to income statement	1,117	(415)
- transferred to distribution statement	93,949	8,168
Capital gain / (loss) on sale of investments - net	97,220	(8,189)
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	(7,876)	916
Other net income	34,241	134,174
	123,585	126,901
Distribution during the year		
- First interim distribution of Nil for the year ended 30 June 2015 (Re 0.1211 per unit on 27 September 2013) Issue of nil bonus units (Sep 2013: 2,483,577 units)	-	(24,836)
- Second interim distribution of Nil for the year ended 30 June 2015 (Re 0.1906 per unit on 30 December 2013) Cash distribution	-	(1)
Issue of nil bonus units (Dec 2013: 2,931,157 units)	-	(29,312)
- Third interim distribution of Nil for the year ended 30 June 2015 (Re 0.2397 per unit on 27 March 2014) Cash distribution	-	(1)
Issue of nil bonus units (March 2014: 3,453,052 units)	-	(34,530)
- Fourth interim distribution of Nil for the year ended 30 June 2015 (Re 0.1654 per unit on 30 May 2014) Cash distribution	-	(1)
Issue of nil bonus units (May 2014: 2,645,327 units)	-	(26,453)
Distribution during the year:		
- Final distribution of Re 1.4370 per unit on 11 June 2015 for the year ended 30 June 2015 (2014: Re 0.2175 per unit on 28 June 2014) Cash distribution	(123,855)	-
Issue of nil bonus units (June 2014: 691,941 units)	-	(6,919)
Net income for the year less distribution	(123,855)	(122,053)
	(270)	4,848
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - transferred to distribution statement - net	(1,117)	415
Net assets at the end of the year	1,953,428	1,682,107
	(Rupees)	
Net asset value per unit at the beginning of the year	10.0409	10.0098
Net asset value per unit at the end of the year	10.0259	10.0409

The annexed notes 1 to 28 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
Chief Executive Officer

 ABL Asset Management
Discover the potential


MUHAMMAD KAMRAN SHEHZAD
Director

 ABL-IF
ABL-INCOME FUND

ABL INCOME FUND

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

	Note	30 June 2015	30 June 2014
---(Rupees in '000)---			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income before taxation		123,585	126,901
Adjustments for			
Amortisation of preliminary expenses and floatation costs		-	224
Unrealised diminution / (appreciation) on re-measurement of investments classified as financial assets at fair value through profit or loss - net		7,876	(916)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net		92,832	8,583
Provision for Workers' Welfare Fund		2,567	2,590
Federal excise duty on remuneration of Management Company		4,039	4,355
		230,899	141,737
(Increase) / decrease in assets			
Profit receivable		471	(9,238)
Investments		(237,709)	414,795
Receivable against sale and maturity of investments		74,606	73,238
Security deposits and other receivables		1,107	(5,141)
		(161,525)	473,654
Increase / (decrease) in liabilities			
Payable to ABL Asset Management Company Limited - Management Company		819	(413)
Payable to the Central Depository Company of Pakistan Limited - Trustee		12	(57)
Payable to the Securities and Exchange Commission of Pakistan		(99)	(782)
Accrued expenses and other liabilities		15,381	(350)
		16,113	(1,602)
Net cash generated from operating activities		85,487	613,789
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash distribution paid		(123,850)	(4)
Receipts from issuance of units		2,749,040	1,258,253
Payments on redemption of units		(2,568,147)	(2,193,793)
Net cash from / (used in) financing activities		57,043	(935,544)
Net increase / (decrease) in cash and cash equivalents during the year		142,530	(321,755)
Cash and cash equivalents at the beginning of the year		878,927	1,200,682
Cash and cash equivalents at the end of the year	4.2	1,021,457	878,927

The annexed notes 1 to 28 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
Chief Executive Officer


MUHAMMAD KAMRAN SHEHZAD
Director



ABL INCOME FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

1 LEGAL STATUS AND NATURE OF BUSINESS

ABL Income Fund (the Fund) was established under a Trust Deed executed on 16 June 2008 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 Trust Deed was executed in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The Fund commenced its operations on 20 September 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 Securities and Exchange Commission of Pakistan (SECP) on 7 December 2007. The registered office of the Management Company is situated at 11-B, Lalazar, M.T Khan Road, Karachi.

The Fund is an open-ended mutual fund and is listed on the Karachi Stock Exchange (Guarantee) Limited. The units of the Fund are offered to public for subscription on a continuous basis. The units are transferable and are redeemable by surrendering them to the Fund.

The Fund has been categorised as an open-end 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 earn superior risk adjusted rate of return by investing in a blend of short, medium and long-term instruments, both within and outside Pakistan. The Fund, in line with its investment objectives, invests primarily in money and debt markets, certificate of investments, clean placements, spread transactions and other absolute return instruments.

JCR-VIS Credit Rating Company Limited has assigned Management Quality Rating of AM2 (stable outlook) to the Management Company as at 31 December 2014 and Fund Stability Rating of A+(f) to the Fund as at 16 October 2014.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance and Notified Entities Regulation, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2015:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Fund's financial statements.
- IFRS 10 'Consolidated Financial Statements' (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016.
- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not likely to have an impact on Fund's financial statements.
- IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The adoption of this standard is not likely to have an impact on Fund's financial statements.
- IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard is not likely to have an impact on Fund's financial statements.
- Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of the amended standard is not likely to have an impact on Fund's financial statements.

- Agriculture: Bearer Plants [Amendments to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The adoption of the amended standard is not likely to have an impact on Fund's financial statements.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The adoption of these amendments is not likely to have an impact on Fund's financial statements.
- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:
 - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
 - IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
 - IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
 - IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

2.3 Critical accounting estimates and judgments

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

The areas involving a higher 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 3.2.1 and 5)
- ii. Impairment of financial assets (note 3.2.5)
- iii. Provision for Workers' Welfare Fund (note 12.1)
- iv. Taxation (note 3.9 & 16)

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that investment held at 'fair value through profit and loss' category are measured at fair value.

2.5 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 bank balances 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. Management 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 profit 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-derivatives 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, (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 the liquidity or change in price.

3.2.2 Regular way contracts

Regular purchases and sales of the 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.

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 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, bonds, debentures, sukuks and commercial papers 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 circular 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 equity securities

The investment of the Fund in equity securities is valued on the basis of closing quoted market prices available at the stock exchange. A security listed on the stock exchange for which no sale is reported on the reporting date is valued at its last sale price on the next preceding date on which such exchange is open and if no sale is reported for such date the security is valued at an amount neither higher than the closing asked price nor lower than the closing bid price.

- 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.

Net gains and losses arising from 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 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.

Gains or losses are also recognised in the income statement when 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 asset 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.

The amount of provision for certain debt securities is determined based on the provisioning criteria specified by the SECP.

In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of an equity security below its cost is considered as an objective evidence of impairment. In case of impairment of available for sale securities, the cumulative loss previously recognised in other comprehensive income is removed therefrom and shown as part of income before taxation. Impairment losses recognised in the income statement on equity securities are only reversed when the equity securities are derecognised.

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 Management Company 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 financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership.

3.3 Derivatives

Derivative financial instruments are initially recognised at fair value. Subsequent to initial measurement each derivative financial instrument is remeasured to its fair value as at that day. The resultant gain/loss is recognised in the income statement.

3.4 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.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

3.5 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 to realise the assets and settle the liabilities simultaneously.

3.6 Collateral

Cash collateral provided by the Fund is identified in the statement of assets and liabilities as margin cash and is not included as a component of cash and cash equivalents. For collateral other than cash, if the party to

whom the collateral is provided has the right by contract or custom to sell or re-pledge the collateral, the Fund classifies that asset in its statement of assets and liabilities separately from other assets and identifies the asset as pledged collateral. Where the party to whom the collateral is provided does not have the right to sell or re-pledge, a disclosure of the collateral provided is made in the notes to the financial statements.

3.7 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non- Banking Finance Companies and Notified Entities Regulations, 2008.

3.8 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 obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.9 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders.

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

The Fund provides for deferred taxation using the balance sheet liability method on all temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is no longer probable that the related tax benefit will be realised. However, the Fund has not recognized any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

3.10 Proposed distributions

Distributions declared subsequent to the year end are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared.

3.11 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors / Management Company during business hours on the date on which the application is received. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the distributor and the Management Company.

Units redeemed are recorded at the redemption price, as per constitutive documents, applicable to units for which the distributors receive redemption requests during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, provision for transaction costs and any provision for duties and charges, if applicable.

3.12 Element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed

An equalisation account called the element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed is created in order to prevent the dilution of income per unit and distribution of income already paid out on redemption.

The Fund records that portion of the net element of income / loss and capital gains / losses relating to units issued and redeemed during an accounting year which pertains to unrealised gains / losses held in the unit holder's funds and undistributed income in a separate reserve account and any amount remaining in this reserve account at the end of an accounting year (whether gain or loss) is included in the amount available for distribution to the unit holders.

The remaining portion of the net element of income / loss and capital gains / losses relating to units issued and redeemed during an accounting year is recognised in the income statement.

3.13 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 end.

3.14 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Discount on purchase of Market Treasury Bills is amortised to income statement using effective interest rate method.
- Income on Pakistan investment bonds, term deposit receipts, certificate of investments, certificate of deposits, letters of placement, reverse repurchase transactions, term finance certificate, sukuks and bank deposits is recognised on an accrual basis.
- Income on issue and repurchase of units is recognised when the units are issued and redeemed at the transaction date.
- Dividend income is recognised when the Fund's right to receive the dividend is established.
- Unrealised gains / losses arising on re-measurement of investments classified as financial assets fair value through profit or loss category are included in the income statement in the year in which they arise.

	Note	30 June 2015	30 June 2014
---(Rupees in '000)---			
4 BANK BALANCES			
Saving accounts	4.1	<u>1,021,457</u>	<u>728,927</u>
4.1	These saving accounts carry mark-up at rates ranging from 5.00% to 7.25% (2014: 6.50% to 10.75%) per annum. Deposits in savings accounts include Rs. 2.398 million (2014: Rs. 3.359 million) maintained with Allied Bank Limited, a related party.		

	Note	30 June 2015	30 June 2014
---(Rupees in '000)---			
4.2 Cash and cash equivalents			
Balances with banks		1,021,457	728,927
Term deposit receipts - having original maturity of 3 months or less	5.7	-	150,000
		<u>1,021,457</u>	<u>878,927</u>

5 INVESTMENTS

Financial assets at fair value through profit or loss

- Market treasury bills	5.1	35,460	-
- Pakistan investment bonds	5.2	560,747	507,798
- Term finance certificates / other Sukuks	5.3	323,263	211,840
- Advance against Pre-IPO investment	5.4	30,000	-
		<u>949,470</u>	<u>719,638</u>

Loans and receivables

- Term deposit receipts	5.7	-	150,000
		<u>949,470</u>	<u>869,638</u>

5.1 Market treasury bills

Issue date	Tenor	Face Value				Balance as at 30 June 2015			Market value as a percentage of net assets	Market value as a percentage of total market value of investments
		As at 1 July 2014	Purchased during the year	Disposed off / matured during the year	As at 30 June 2015	Carrying value	Market value	Appreciation/ (diminution)		
----- (Rupees in '000) -----										
4 September 2014	3 Months	-	75,000	75,000	-	-	-	-	-	-
24 July 2014	3 Months	-	460,000	460,000	-	-	-	-	-	-
30 October 2014	3 Months	-	290,000	290,000	-	-	-	-	-	-
7 August 2014	3 Months	-	250,000	250,000	-	-	-	-	-	-
27 November 2014	3 Months	-	100,000	100,000	-	-	-	-	-	-
16 October 2014	3 Months	-	202,500	202,500	-	-	-	-	-	-
13 November 2014	3 Months	-	893,000	893,000	-	-	-	-	-	-
6 February 2015	3 Months	-	250,000	250,000	-	-	-	-	-	-
30 April 2015	3 Months	-	250,000	250,000	-	-	-	-	-	-
14 May 2015	3 Months	-	250,000	250,000	-	-	-	-	-	-
5 March 2015	3 Months	-	60,500	60,500	-	-	-	-	-	-
15 May 2014	6 Months	-	173,500	173,500	-	-	-	-	-	-
17 April 2014	6 Months	-	120,000	120,000	-	-	-	-	-	-
27 November 2014	6 Months	-	250,000	250,000	-	-	-	-	-	-
8 January 2015	6 Months	-	250,000	250,000	-	-	-	-	-	-
22 January 2015	6 Months	-	250,000	250,000	-	-	-	-	-	-
19 February 2015	6 Months	-	125,000	125,000	-	-	-	-	-	-
6 February 2015	6 Months	-	250,000	250,000	-	-	-	-	-	-
30 April 2015	6 Months	-	250,000	250,000	-	-	-	-	-	-
14 May 2015	6 Months	-	250,000	250,000	-	-	-	-	-	-
16 April 2015	6 Months	-	315,500	315,500	-	-	-	-	-	-
5 March 2015	6 Months	-	428,000	428,000	-	-	-	-	-	-
13 November 2014	12 Months	-	1,000,000	1,000,000	-	-	-	-	-	-
30 October 2014	12 Months	-	190,000	190,000	-	-	-	-	-	-
26 December 2014	12 Months	-	387,500	387,500	-	-	-	-	-	-
20 March 2014	12 Months	-	200,000	200,000	-	-	-	-	-	-
6 February 2015	12 Months	-	746,100	746,100	-	-	-	-	-	-
8 January 2015	12 Months	-	250,000	250,000	-	-	-	-	-	-
19 February 2015	12 Months	-	225,000	225,000	-	-	-	-	-	-
22 January 2014	12 Months	-	250,000	250,000	-	-	-	-	-	-
5 March 2015	12 Months	-	187,500	187,500	-	-	-	-	-	-
19 March 2014	12 Months	-	181,000	181,000	-	-	-	-	-	-
20 November 2014	12 Months	-	44,000	44,000	-	-	-	-	-	-
17 April 2014	12 Months	-	127,300	127,300	-	-	-	-	-	-
30 April 2015	12 Months	-	500,000	500,000	-	-	-	-	-	-
14 May 2015	12 Months	-	475,000	437,400	37,600	35,533	35,460	(73)	2%	4%
Total		-	10,506,400	10,468,800	37,600	35,533	35,460	(73)	2%	4%

5.2 Pakistan investment bonds

Issue date	Tenor	Face Value				Balance as at 30 June 2015			Market value as a percentage of net assets	Market value as a percentage of total market value of investments
		As at 1 July 2014	Purchased during the year	Disposed off / matured during the year	As at 30 June 2015	Carrying value	Market value	Appreciation/ (diminution)		
----- (Rupees in '000) -----										
18 July 2013	3 Years	345,500	2,039,300	2,384,800	-	-	-	-	-	-
18 August 2011	3 Years	-	330,000	330,000	-	-	-	-	-	-
17 July 2014	3 Years	-	357,000	357,000	-	-	-	-	-	-
26 March 2015	3 Years	-	472,000	322,000	150,000	153,407	153,615	208	8%	16%
18 July 2013	5 Years	-	100,000	100,000	-	-	-	-	-	-
17 July 2014	5 Years	-	1,055,200	955,200	100,000	109,430	109,506	76	6%	12%
26 March 2015	5 Years	-	840,000	690,000	150,000	153,636	152,290	(1,346)	8%	16%
19 July 2012	10 Years	175,000	2,783,000	2,828,000	130,000	150,876	145,336	(5,540)	7%	15%
17 July 2014	10 Years	-	587,000	587,000	-	-	-	-	-	-
26 March 2015	10 Years	-	75,000	75,000	-	-	-	-	-	-
Total		520,500	8,638,500	8,629,000	530,000	567,349	560,747	(6,602)	29%	59%

5.3 Term finance certificates / other sukuku

Term finance certificates

Name of the investee company	Note	Profit / Mark-up rate	Number of Certificates				Balance as at 30 June 2015			Market value as a percentage of net assets
			As at 1 July 2014	Purchased during the year	Disposed off/matured during the year	As at 30 June 2015	Carrying value	Market value	Appreciation/ (diminution)	
----- (Rupees in '000) -----										
(Listed debt securities)										
Askari Bank Limited - V	5.3.1	6 months KIBOR plus 1.20%	-	17,000	2,000	15,000	74,985	74,844	(141)	4%
Bank Al Falah-V	5.3.2	6 months KIBOR plus 1.25%	9,000	22,638	27,654	3,984	19,904	19,934	30	1%
NIB Bank Limited TFC II	5.3.3	6 months KIBOR plus 1.15%	10,000	-	10,000	-	-	-	-	-
Engro Fertilizer - III	5.3.4	6 months KIBOR plus 1.6%	-	17,000	17,000	-	-	-	-	-
Total			19,000	56,638	56,654	18,984	94,889	94,778	(111)	5%

5.3.1 These represent listed term finance certificates and carry mark-up rate equal to the base of 6 months Karachi Inter Bank Offer Rate (KIBOR) per annum plus margin of 1.20% receivable half yearly in arrears with no floor or cap and will mature on 30 September 2024. These term finance certificates are unsecured. The rating is AA- as on 30 June 2015.

5.3.2 These represent listed term finance certificates and carry mark-up rate equal to the base of 6 months Karachi Inter Bank Offer Rate (KIBOR) per annum plus margin of 1.25% receivable half yearly in arrears with no floor or cap and will mature on 20 February 2021. These term finance certificates are unsecured. The rating is AA- as on 30 June 2015.

5.3.3 These represent listed term finance certificates and carry mark-up rate equal to the base of 6 months Karachi Inter Bank Offer Rate (KIBOR) per annum plus margin of 1.15% receivable half yearly in arrears with no floor or cap and these term finance certificates have been sold during the year.

5.3.4 These represent listed term finance certificates and carry mark-up rate equal to the base of 6 months Karachi Inter Bank Offer Rate (KIBOR) per annum plus margin of receivable half yearly in arrears with no floor or cap and these term finance certificates have been sold during the year.

Name of the investee company	Note	Profit / Mark-up rate	Number of Certificates				Balance as at 30 June 2015			Market value as a percentage of net assets
			As at 1 July 2014	Purchased during the year	Disposed off/matured during the year	As at 30 June 2015	Carrying value	Market value	Appreciation/ (diminution)	

----- (Rupees in '000) -----

(Un- Listed debt securities)

Standard Chartered Bank (Pakistan)

Limited -, PPTFC 6	5.3.5	6 months KIBOR plus 0.75%	9,000	-	5,000	4,000	20,040	19,775	(265)	1%
Askari Bank Limited - IV	5.3.6	6 months KIBOR plus 1.75%	-	34,200	20,000	14,200	71,610	71,539	(71)	4%
WAPDA	5.3.7	6 months KIBOR plus 1.00%	14,000	-	5,000	9,000	42,539	41,786	(753)	2%
Bank Al Falah-IV (Fixed)	5.3.8	15%	-	13,654	13,654	-	-	-	-	-
Total			23,000	47,854	43,654	27,200	134,189	133,100	(1,089)	7%

5.3.5 These represent un-listed term finance certificates and carry mark-up rate equal to the base of 6 months Karachi Inter Bank Offer Rate (KIBOR) per annum plus margin of 0.75% receivable half yearly in arrears with no floor or cap and will mature on 29 June 2022. These term finance certificates are unsecured. The rating is AAA as on 30 June 2015.

5.3.6 These represent un-listed term finance certificates and carry mark-up rate equal to the base of 6 months Karachi Inter Bank Offer Rate (KIBOR) per annum plus margin of 1.75% receivable half yearly in arrears with no floor or cap and will mature on 23 December 2021. These term finance certificates are unsecured. The rating is AA- as on 30 June 2015.

5.3.7 These represent un-listed term finance certificates and carry mark-up rate equal to the base of 6 months Karachi Inter Bank Offer Rate (KIBOR) per annum plus margin of 1.00% receivable half yearly in arrears with no floor or cap and will mature on 27 September 2021. These term finance certificates are unsecured. The rating is AA as on 30 June 2015.

5.3.8 These represent un-listed term finance certificates and carry a fixed rate of 15% receivable half yearly in arrears with no floor or cap these term finance certificates sold during the year.

IJARA / Sukuks

Name of the investee company	Note	Profit / Mark-up rate	Number of Certificates				Balance as at 30 June 2015			Market value as a percentage of net assets
			As at 1 July 2014	Purchased during the year	Disposed off/matured during the year	As at 30 June 2015	Carrying value	Market value	Appreciation/ (diminution)	

----- (Rupees in '000) -----

Engro Fertilizer Sukuk		6 months KIBOR plus 1.75%	-	11,000	11,000	-	-	-	-	-
Ijara 15		7.49%	-	156,260	156,260	-	-	-	-	-
K Electric	5.3.9	3 months KIBOR plus 1.00%	-	19,077	-	19,077	95,385	95,385	-	5%
Total			-	186,337	167,260	19,077	95,385	95,385	-	5%
Term finance certificates / other sukus			42,000	290,829	267,568	65,261	324,463	323,263	(1,200)	17%

5.3.9 These represent sukuk certificates and carry mark-up rate equal to the base of 3 months Karachi Inter Bank Offer Rate (KIBOR) per annum plus margin of 1.00% receivable half yearly in arrears with no floor or cap and will mature on 09 July 2019. These term finance certificates are unsecured. The rating is A+ as on 30 June 2015.

5.4 Advance against Pre-IPO Investment of TFCs

Name of the investee company	Note	Profit / Mark-up rate	Number of Certificates				Balance as at 30 June 2015			Market value as a percentage of net assets
			As at 1 July 2014	Purchased during the year	Disposed off/matured during the year	As at 30 June 2015	Carrying value	Market value	Appreciation/ (diminution)	

----- (Rupees in '000) -----

Soneri Bank Limited										
- PPTFC Pre IPO		6 months KIBOR plus 1.35%	-	6,000	-	6,000	30,000	30,000	-	2%
Total			-	6,000	-	6,000	30,000	30,000	-	2%

5.5 Shares of listed companies

Name of the investee Company	Number of Shares				Balance as at 30 June 2015			Market value as a percentage of net assets
	As at 1 July 2014	Purchased during the year	Sold during the year	As at 30 June 2015	Carrying value	Market value	Appreciation/ (diminution)	

----- (Rupees in '000) -----

Shares of listed companies - Fully paid ordinary shares of Rs. 10 each unless stated otherwise

Personal Goods

Nishat Mills Limited	-	75,500	75,500	-	-	-	-	-	-
Nishat Chunian Limited	-	49,000	49,000	-	-	-	-	-	-
	-	124,500	124,500	-	-	-	-	-	-

Cement

D.G.Khan Cement Company Limited	-	1,194,500	1,194,500	-	-	-	-	-	-
Pioneer Cement Limited	-	33,000	33,000	-	-	-	-	-	-
Cheraat Cement Company Limited	-	56,000	56,000	-	-	-	-	-	-
Fauji Cement Company Limited	-	128,000	128,000	-	-	-	-	-	-
Lucky Cement Company Limited	-	86,500	86,500	-	-	-	-	-	-
	-	1,498,000	1,498,000	-	-	-	-	-	-

Chemicals

Engro Corporation Limited	-	181,500	181,500	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	34,500	34,500	-	-	-	-	-	-
Fauji Fertilizer Company Limited	-	11,500	11,500	-	-	-	-	-	-
	-	227,500	227,500	-	-	-	-	-	-

Oil and Gas

Pakistan State Oil Company Limited	-	109,000	109,000	-	-	-	-	-	-
Pakistan Petroleum Limited	-	75,500	75,500	-	-	-	-	-	-
Oil and Gas Development Company Limited	-	7,000	7,000	-	-	-	-	-	-
	-	191,500	191,500	-	-	-	-	-	-

Commercial Banks

Muslim Commercial Bank	-	3,000	3,000	-	-	-	-	-	-
Bank Al Falah Limited	-	101,500	101,500	-	-	-	-	-	-
National Bank of Pakistan	-	46,000	46,000	-	-	-	-	-	-
United Bank Limited	-	43,000	43,000	-	-	-	-	-	-
	-	193,500	193,500	-	-	-	-	-	-

Fixed Line communication

Pakistan Telecommunication Limited	-	150,000	150,000	-	-	-	-	-	-
	-	150,000	150,000	-	-	-	-	-	-

Food Producers

Engro Foods Limited	-	145,500	145,500	-	-	-	-	-	-
	-	145,500	145,500	-	-	-	-	-	-

Multiutilities (Gas and Water)

Sui Southern Gas Company Limited	-	13,500	13,500	-	-	-	-	-	-
	-	13,500	13,500	-	-	-	-	-	-

Non Life Insurance

Adamjee Insurance Company Limited	-	1,500	1,500	-	-	-	-	-	-
	-	1,500	1,500	-	-	-	-	-	-

Power Generation & Distribution

Hub Power Company Limited	-	5,500	5,500	-	-	-	-	-	-
	-	5,500	5,500	-	-	-	-	-	-

Total	-	2,551,000	2,551,000	-	-	-	-	-	-
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30 June 2015 30 June 2014

---(Rupees in '000)---

5.6 Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss - net

Market value of securities	949,470	719,638
Less: carrying value of securities	957,346	718,722
	<u>(7,876)</u>	<u>916</u>

	Note	30 June 2015	30 June 2014
---(Rupees in '000)---			
5.7	Loans and receivables		
	Term deposit receipts - having original maturity of 3 months or less	5.7.1	- 150,000
			<u>150,000</u>
5.7.1	Term deposit receipts were matured on 11 September 2014 and carried mark-up at the rate of 10.95% per annum as at 30 June 2014.		
6	PROFIT RECEIVABLE		
	Profit accrued on term deposit receipts		- 900
	Profit accrued on Bank deposits	4,073	1,256
	Profit accrued on Pakistan investment bonds	19,890	26,815
	Profit accrued on debt securities	8,587	4,050
		<u>32,550</u>	<u>33,021</u>
7	SECURITY DEPOSITS AND OTHER RECEIVABLES		
	Security deposit with CDC	100	100
	National Clearing Company of Pakistan Limited - security deposit	19,183	20,072
	Bond Automated Trading System (BATS) - security deposit	250	500
	Other receivables	32	-
		<u>19,565</u>	<u>20,672</u>
8	PRELIMINARY EXPENSES AND FLOATATION COSTS		
	Opening balance	-	224
	Amortisation during the year	-	(224)
	Closing balance	-	-
8.1	Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over five years in accordance with the requirement set out in the Trust Deed of the Fund and the Non-Banking Finance companies and Notified Entities Regulation, 2008.		
9	PAYABLE TO ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY		
	Management fee	9.1	2,110 1,901
	Sindh sales tax on remuneration of Management Company	9.2	1,664 1,046
	Federal Excise duty on remuneration of Management Company	9.3	8,675 4,635
	Sales load		51 60
			<u>12,500</u> <u>7,642</u>
9.1	Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding 3 percent of the average annual net assets of the Fund and there an amount equal to 2		

percent of such assets of the Fund. In the current year, the Management Company has charged remuneration at the rate of 1.5 percent of the average annual net assets of the Fund. The amount of remuneration is being paid monthly in arrears.

9.2 The Provincial Government of Sindh levied Sindh Sales Tax at the rate of 15% (till 30 June 2015: 16% on the remuneration of the Management Company through the Sindh Sales Tax on Services Act, 2011.

9.3 As per the requirement of the Finance Act 2013, the Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective 13 June 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 the FED may result in double taxation, which does not appear to be the spirit of the law. The matter has been taken up collectively by the Mutual Fund Association of Pakistan where various options are being considered. As a matter of abundant caution, the Management company has made a provision with effect from 13 June 2013, aggregating to Rs. 8.675 million (2014: Rs. 4.635 million). Had the provision not been made, the Net Asset Value per unit of the Fund as at 30 June 2015 would have been higher by Rs. 0.0445 (2014: Rs. 0.0242) per unit.

10	PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	30 June 2015	30 June 2014
			---(Rupees in '000)---	
	Trustee fee	10.1	<u>190</u>	<u>178</u>

10.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provision of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund. The remuneration is paid to the Trustee monthly in arrears.

The tariff structure applicable to the Fund as at 30 June 2015 was as follows:

Net assets value	Tariff per annum
Upto Rs 1 billion	Rs. 0.6 million or 0.17 percent per annum of NAV whichever is higher.
Rs 1 billion to Rs 5 billion	Rs. 1.7 million plus 0.085 percent per annum of NAV exceeding Rs. 1 billion.
Over Rs 5 billion	Rs. 5.1 million plus 0.07 percent per annum of NAV exceeding Rs. 5 billion.

11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Annual fee	11.1	<u>1,262</u>	<u>1,361</u>
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11.1 Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008 a collective investment scheme categorised as 'income scheme' is required to pay, as an annual fee to the SECP, an amount equal to 0.075% of the average annual net assets of the scheme.

12	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	30 June 2015	30 June 2014
			---(Rupees in '000)---	
	Auditors' remuneration		260	293
	Brokerage		117	108
	Printing and others charges		200	48
	Payable to Workers' Welfare Fund	12.1	37,575	35,008
	Advance against issuance of units		5,423	-
	Withholding taxes		6,821	54
	Other payable		3,077	15
			<u>53,473</u>	<u>35,526</u>

12.1 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 connection, 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 adjudication.

During the year ended 30 June 2010, 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 court.

During the year ended 30 June 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 declared the said amendments as unlawful and unconstitutional. In March 2013, a large bench of Sindh High Court (SHC) in various Constitutional Petitions declared that amendments brought 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 WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the court.

The Management Company believes that the aforementioned constitutional petition pending in SHC has strong grounds for decision in favour of the mutual funds. However, the management as a matter of abundant caution has recognised WWF charge and retain the provision for WWF amounting to Rs. 37.5 million (including Rs. 2.57 million for the current year) in these financial statements. Had the same not been made the net asset value per unit of the Fund as at 30 June 2015 would have been higher by Rs. 0.1929 per unit (2014: Rs. 0.20909).

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2015.

30 June 2015	30 June 2014
---(Number of units)---	

14 NUMBER OF UNITS IN ISSUE

Total units in issue at the beginning of the year	167,525,357	247,453,718
Units issued	260,556,325	124,538,166
Bonus units issued	-	12,205,054
Units redeemed	(233,242,855)	(216,671,581)
Total units in issue at the end of the year	<u>194,838,827</u>	<u>167,525,357</u>

	30 June 2015	30 June 2014
15 AUDITORS' REMUNERATION	---(Rupees in '000)---	
Annual audit fee	220	330
Half yearly review fee	110	110
Other certification and services	60	60
Out of pocket expenses	37	26
	427	526

16 TAXATION

The Fund's income is exempt from Income Tax as per clause 99 of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The management has distributed more than 90% of the Fund's accounting income for the year ending 30 June 2015 as reduced by capital gain (whether realised or unrealised) to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Accordingly, no provision for taxation has been made in this financial statements.

17 EARNINGS PER UNIT

Earnings per unit (EPU) has 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.

18 FINANCIAL INSTRUMENTS BY CATEGORY

As at 30 June 2015, all the financial assets carried on the statement of assets and liabilities are categorised either as loans and receivables or financial assets at fair value through profit or loss. All the financial liabilities carried on the statement of assets and liabilities are categorised as other financial liabilities i.e. liabilities other than at fair value through profit or loss.

	As at 30 June 2015		
	Loans and receivables	Financial assets at fair value through profit or loss	Total
	---(Rupees in '000)---		
Financial assets			
Bank balances	1,021,457	-	1,021,457
Investments	-	949,470	949,470
Profit receivable	32,550	-	32,550
Security deposits and other receivables	19,565	-	19,565
	<u>1,073,572</u>	<u>949,470</u>	<u>2,023,042</u>

	As at 30 June 2015		
	Liabilities at fair value through profit or loss	Other financial liabilities	Total
	---(Rupees in '000)---		
Financial liabilities			
Payable to ABL Asset Management Company Limited- Management Company	-	2,161	2,161
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	190	190
Dividend payable	-	5	5
Payable against redemption of units	-	2,184	2,184
Accrued expenses and other liabilities	-	3,654	3,654
	<u>-</u>	<u>8,194</u>	<u>8,194</u>

	As at 30 June 2014		
	Loans and receivables	Financial assets at fair value through profit or loss	Total
	---(Rupees in '000)---		
Financial assets			
Bank balances	728,927	-	728,927
Investments	150,000	719,638	869,638
Profit receivable	33,021	-	33,021
Receivable against sale and maturity of investments	74,606	-	74,606
Security deposits and other receivables	20,672	-	20,672
	<u>1,007,226</u>	<u>719,638</u>	<u>1,726,864</u>

	As at 30 June 2014		
	Liabilities at fair value through profit or loss	Other financial liabilities	Total
	---(Rupees in '000)---		
Financial liabilities			
Payable to ABL Asset Management Company Limited Management Company	-	1,961	1,961
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	178	178
Dividend payable	-	-	-
Payable against redemption of units	-	50	50
Accrued expenses and other liabilities	-	464	464
	<u>-</u>	<u>2,653</u>	<u>2,653</u>

19 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

19.1 Connected persons / related parties include ABL Asset Management Company Limited being the Management Company, Allied Bank Limited, ABL Asset Management Company Limited - Staff Provident Fund, Allied Bank Limited - Employees Superannuation (Pension) Fund, Allied Bank Limited - Staff Provident Fund, Cyan Limited - Employees Provident Fund and CFA Association of Pakistan being entities under common management and / or directorship, other associated companies of the Management Company, Key Management Personnel, the Central Depository Company of Pakistan limited being the Trustee of the Fund, the directors and officers of the Management Company and unit holders holding 10 percent or more units of the Fund.

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

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

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

	30 June 2015	30 June 2014
19.5 Details of transactions during the year	---(Rupees in '000)---	
ABL Asset Management Company Limited - Management Company		
Bonus of Nil units (2014: 2,036,605 units)	-	20,366
Redemption of 27,959,967 units (2014: Nil units)	319,778	-
Remuneration	25,246	27,220
Sindh sales tax on remuneration of the Management Company	4,394	5,052
FED On Management Fee	4,039	4,355
Allied Bank Limited		
Mark-up income on bank deposits	166	1,679
Mark-up on TDR	-	2,668
Bank charges	63	66
CFA Association of Pakistan *		
Bonus of nil units (2014: 14,619 units)	-	146
Redemption of 200,698 units (2014: Nil units)	2,294	-
Unit holders holding 10 percent or more units of Fund		
Issue of 40,424,823 units (2014: 22,366,819)	410,832	226,000
Redemption of 4,449,903 units (2014: 43,364,408)	50,893	437,247
Bonus of nil units (2014: 2,580,893)	-	12,105
TRUSTEE		
Central Depository Company of Pakistan Limited		
Remuneration	2,280	2,392
CHAIRMAN OF THE MANAGEMENT COMPANY		
Sheikh Mukhtar Ahmad		
Bonus of nil units (2014: 1,288 units)	-	13
Redemption of 17,678 units (2014: Nil units)	193	-

30 June
2015

30 June
2014

---(Rupees in '000)---

DIRECTORS OF THE MANAGEMENT COMPANY

Muhammad Javaid Iqbal

Bonus of nil units (2014: 9,132 units)	-	91
Issue of 7,527 (2014: nil units)	75	-
Redemption of 69,980 units (2014: 29,955 units)	7,032	300
Cash distribution	80	-

Tariq Mehmood

Bonus of nil units (2014: 17,577 units)	-	176
Redemption of 241,312 units (2014: nil units)	2,764	-

Muhammad Waseem Mukhtar

Issue of 622,437 units (2014: nil units)	6,998	-
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KEY MANAGEMENT PERSONNEL

Chief Executive Officer

Issue 27,101 of units (2014: 196,429 units)	271	2,000
Bonus of nil units (2014: 69,973 units)	-	700
Redemption of 1,157 units (2014: 1,357,076 units)	12	13,711
Cash distribution	288	-

* This represent unit holder, having common directorship with the ABL Asset Management Company.

19.6 Details of amounts outstanding as at year end

ABL Asset Management Company Limited - Management Company

Outstanding nil units (2014: 27,959,967 units)	-	280,743
Remuneration payable	2,110	1,901
Sindh sales tax on remuneration of the Management Company	1,664	1,046
FED On Management Fee	8,675	4,635
Sales load	51	60

Allied Bank Limited

Balances held in savings accounts	624	3,359
Mark - up accrued on deposits	166	35

CFA Association Of Pakistan

Outstanding nil units (2014: 200,698 units)	-	2,015
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Unit holders holding 10 percent or more units of Fund

Outstanding 35,974,920 units (2014: nil units)	360,681	-
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Central Depository Company of Pakistan Limited - Trustee

Remuneration and CDC connection fee payable	190	178
Security deposits receivable	100	100

30 June 2015 30 June 2014
 ---(Rupees in '000)---

CHAIRMAN OF THE MANAGEMENT COMPANY

Sheikh Mukhtar Ahmad

Outstanding nil units (2014:17,679 units)

- 178

DIRECTORS OF THE MANAGEMENT COMPANY

Muhammad Javaid Iqbal*

Outstanding 62,923 units (2014: 125,376 units)

631 1,259

KEY MANAGEMENT PERSONNEL

Chief Executive Officer

Outstanding 226,546 units (2014: 200,602 units)

2,271 2,014

Muhammad Waseem Mukhtar

Outstanding 622,437 units (2014: nil units)

6,240 -

*Muhammad Javaid Iqbal has been retired from the Board of Directors of the management company as on 31 March 2015

20 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

S. No.	Name	Designation	Experience in years	Qualification
1	Farid Ahmed Khan	Chief Executive Officer	21	CFA
2	Muhammad Imran	Chief Investment Officer	16	MBA
3	Syed Abid Ali	Head of Research	7	MBA
4	Kamran Aziz	Fund Manger	7	CFA
5	Faizan Saleem	Fund Manger	8	MBA

21 TRANSACTIONS WITH BROKERS / DEALERS

List of top 10 brokers by percentage of commission charged during the year ended 30 June 2015:

S. No.	Particulars	Percentage
1	Invest & Finance Securities Limited	18.01%
2	JS Global Capital Limited	17.33%
3	Next Capital Limited	15.12%
4	Invest & Finance Securities Limited	12.15%
5	C & M Management (Pvt) Limited	8.85%
6	Adam Securities (Pvt) Limited	5.97%
7	Invest One Markets Limited	4.66%
8	BMA Capital Management Limited	3.83%
9	Vector Capital (Pvt) Limited	3.77%
10	Elixir Securities Pakistan (Pvt) Limited	3.22%

List of top 10 brokers by percentage of commission charged during the year ended 30 June 2014:

S. No.	Particulars	Percentage
1	Invest & Finance Securities Limited	59.56%
2	JS Global Capital Limited	8.72%
3	Invest Capital Markets Limited	8.34%
4	C & M Management (Private) Limited	7.65%
5	Elixir Securities Pakistan (Private) Limited	4.81%
6	KASB Securities Limited	2.61%
7	Optimus Markets (Pvt) Ltd	2.34%
8	Invest One Markets Limited	2.29%
9	Vector Capital (Pvt.) Ltd	1.40%
10	Next Capital Limited	0.89%

21.1 During the year, brokerage expenses on transactions other than relating to money market instruments or debt securities exceeded fifteen percent of the total brokerage payable by the Fund which is not in compliance with the requirements in clause 37(7)(h) of Non-Banking Finance Companies and Notified Entities Regulation, 2008.

22 PATTERN OF UNIT HOLDING

Category	As at 30 June 2015			
	Number of Unit holders	Number of units held	Net asset value of the amount invested	Percentage of total investment
---(Rupees in '000)---				
Individuals	873	78,471,019	786,738	40.27%
Associated companies / directors	2	848,984	8,511	0.44%
Insurance companies	3	12,080,178	121,114	6.20%
Banks / DFIs	1	14,961,250	150,000	7.68%
Retirement funds	18	22,470,636	225,288	11.53%
Public limited companies	5	61,042,502	612,006	31.33%
Others	9	4,964,258	49,771	2.55%
	911	194,838,827	1,953,428	100.00%

Category	As at 30 June 2014			
	Number of Unit holders	Number of units held	Net asset value of the amount invested	Percentage of total investment
---(Rupees in '000)---				
Individuals	881	55,592,403	558,200	33.18%
Associated companies / directors	4	28,303,623	284,194	16.90%
Insurance companies	5	5,309,926	53,316	3.17%
Banks / DFIs	3	33,046,064	331,812	19.73%
Retirement funds	19	15,806,268	158,709	9.44%
Public limited companies	3	22,257,288	223,483	13.29%
Others	13	7,209,785	72,393	4.30%
	928	167,525,357	1,682,107	100.00%

23 ATTENDANCE AT THE MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The 38th, 39th, 40th, 41th, and 42nd Board of Directors meetings were held on 26 August 2014, 28 October 2014, 22 December 2014, and 29 April 2015, respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

S. No.	Name Directors	Number of meeting			Meetings not attended
		Held	Attended	Leave ground	
1	Sheikh Mukhtar Ahmed	5	4	1	38th BOD
2	Muhammad Naseem Mukhtar	5	2	3	38th BOD, 39th BOD, 42nd BOD
3	Muhammad Waseem Mukhtar	5	5	-	
4	Tariq Mahmood	5	5	-	
5	Kamran Nishat	5	5	-	
6	M. Shakeb Murad*	4	2	2	40th BOD, 41th BOD
7	M. Jawaid Iqbal*	4	2	2	38th BOD, 41th BOD
8	Muhammad Kamran Shehzad**	1	1	-	
9	Tahir Yaqoob Bhatti***	1	1	-	
10	Farid Ahmed Khan****	5	5	-	
Other persons					
1	Saqib Matin*****	5	5	-	

* Retired in 7th AGM of the ABL Asset Management Company Limited hold on March 31, 2015.

** Elected as new director in 7th AGM of the ABL Asset Management Company Limited hold on March 31, 2015

*** Elected as new director in 7th AGM of the ABL Asset Management Company Limited hold on March 31, 2015 and retired on 30 June 2015.

**** Appointed as new director on 30 June 2015.

***** Attended BOD meetings as Company Secretary.

24 FINANCIAL RISK MANAGEMENT

The risk management policy of the Fund aims to maximise the return attributable to the unit holders and seeks to minimise potential adverse effects on the Fund's financial performance.

Risks of the Fund are being managed by the Fund manager in accordance with the approved policies of the Investment Committee which provides broad guidelines for management of risk pertaining market risks (including price risk, interest rate risk and currency risk) credit risk and liquidity risk. Further, the overall exposure of the Fund complies with the NBFC Regulations and the directives issued by the Securities and Exchange Commission of Pakistan. Risks managed and measured by the Fund are explained below:

24.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk

24.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

24.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based interest bearing TFCs exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on the last repricing date of these TFCs, with all other variables held constant, the net assets of the Fund and net income for the year would have been higher / lower by Rs 0.504 million.

b) Sensitivity analysis for fixed rate instruments

Fixed rates instruments held as at June 30, 2015 include market treasury bills, Pakistan investment bonds and Ijarah sukuks. Pakistan Investment Bonds which are classified as held for trading, exposing the Fund to fair value interest rate risk. In case of 100 basis points increase in rates announced by the Financial Market Association on 30 June 2015, with all other variables held constant, the net income for the year and net assets would be lower by Rs. 19.622 (2014: Rs. 14.0496 million). In case of 100 basis points decrease in rates announced by the Financial Market Association on 30 June 2015, with all other variables held constant, the net income for the year and net assets would be higher by Rs 20.504 million (2014: Rs 14.761 million).

The composition of the Fund's investment portfolio, KIOBR rates announced by the Financial Market Association is expected to change over time. Therefore, the sensitivity analysis is prepared as of June 30 June 2015 is not necessarily indicative of the effect on the Fund's net asset due to future movements in interest rates.

Yield / interest rate sensitivity position for the financial instruments recognised in the statement of assets and liabilities is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

As at 30 June 2015						
	Effective yield/ interest rate	Exposed to yield / interest risk			Not exposed to yield/ interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
	%	(Rupees in '000)				
On-balance sheet financial instruments						
Financial assets						
Bank balances	5.00 - 7.25	1,021,457	-	-	-	1,021,457
Investments	6.96 - 12.00	-	35,460	914,010	-	949,470
Profit receivable	-	-	-	-	32,550	32,550
Security deposits and other receivables	-	-	-	-	19,565	19,565
Receivable against sale and maturity of investments	-	-	-	-	-	-
Sub total		1,021,457	35,460	914,010	52,115	2,023,042
Financial liabilities						
Payable to ABL Asset Management Company Limited - Management Company	-	-	-	-	2,161	2,161
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	-	190	190
Dividend payable	-	-	-	-	5	5
Payable against redemption of units	-	-	-	-	2,184	2,184
Accrued expenses and other liabilities	-	-	-	-	3,654	3,654
Sub total		-	-	-	8,194	8,194
On-balance sheet gap (a)		1,021,457	35,460	914,010	43,921	2,014,848
Off-balance sheet financial instruments (b)		-	-	-	-	-
Off-balance sheet gap (a+b)		-	-	-	-	-
Total interest rate sensitivity gap		1,021,457	35,460	914,010	43,921	2,014,848
Cumulative interest rate sensitivity gap		1,021,457	1,056,917	1,970,927		

As at 30 June 2014						
	Effective yield/ interest rate	Exposed to yield / interest risk			Not exposed to yield/ interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
	%	(Rupees in '000)				
On-balance sheet financial instruments						
Financial assets						
Bank balances	6.50 - 10.75	728,927	-	-	-	728,927
Investments	10.92 - 12.41	150,000	-	719,638	-	869,638
Profit receivable	-	-	-	-	33,021	33,021
Security deposits and other receivables	-	-	-	-	20,672	20,672
Receivable against sale and maturity of investments	-	-	-	-	74,606	74,606
Sub total		878,927	-	719,638	128,299	1,726,864
Financial liabilities						
Payable to ABL Asset Management Company Limited - Management Company	-	-	-	-	1,961	1,961
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	-	178	178
Dividend payable	-	-	-	-	-	-
Payable against redemption of units	-	-	-	-	50	50
Accrued expenses and other liabilities	-	-	-	-	464	464
Sub total		-	-	-	2,653	2,653
On-balance sheet gap (a)		878,927	-	719,638	125,646	1,724,211
Off-balance sheet financial instruments (b)		-	-	-	-	-
Off-balance sheet gap (a+b)		-	-	-	-	-
Total interest rate sensitivity gap		878,927	-	719,638	125,646	1,724,211
Cumulative interest rate sensitivity gap		878,927	878,927	1,598,565		

24.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market. At present the Fund is not exposed to any price risk as on 30 June 2015.

24.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investments, balances with banks and security deposits held with various entities. The Fund does not foresee any credit risk with respect to government securities since these represent the interests of the Government of Pakistan. The credit risk on other financial assets is limited because the counter parties are financial institutions and companies with reasonably high credit ratings. In addition, the internal risk management policies and investment guidelines (approved by the Investment Committee) required the Fund to invest in debt securities that have been rated as investment grade by a well known rating agency.

24.2.1 The analysis below summarises the available published credit rating of the Fund's financial assets as at 30 2015:

Bank balances by rating category Latest available published rating

	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	---(Percentage)---		---(Rupees in '000)---	
A	46.55%	0.46%	475,494	3,378
AA	32.52%	47.86%	332,210	348,876
AA-	20.41%	50.89%	208,435	370,940
AA+	0.42%	0.73%	4,305	5,301
AAA	0.10%	0.06%	1,006	426
BBB+	-*	-*	7	-
			<u>1,021,457</u>	<u>728,921</u>

* Nil is due to rounding off

Term finance certificates by rating category

Name of the bank	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	Percentage of investment in term finance certificate		---(Rupees in '000)---	
AA-	17.52%	5.24%	166,317	45,578
AA+	10.05%	-	95,385	-
AAA	6.48%	13.37%	61,561	116,262
A+	-	5.75%	-	50,000
			<u>323,263</u>	<u>211,840</u>

There are no financial assets that are past due or impaired as at 30 June 2015.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is mainly held with various banks and securities issued by the State Bank of Pakistan on behalf of the Government of Pakistan.

24.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily cash redemptions at the option of unit holders. The Fund's approach to manage liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damages to the Fund's reputation. The Fund's policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed of and are considered readily realisable.

The Fund can borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund has ability to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any significant redemptions during the year.

The table below indicates the Fund's financial liabilities into relevant maturity groupings based on the remaining period the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	As at 30 June 2015			
	Upto three months	More than three months and upto one year	More than one year	Total
	----- (Rupees in '000) -----			
Liabilities				
Payable to the ABL Asset Management Co. Ltd. Management Company	2,161	-	-	2,161
Payable to the Central Depository Company of Pakistan Limited - Trustee	190	-	-	190
Payable against redemption of units	2,184	-	-	2,184
Dividend payable	5	-	-	5
Accrued expenses and other liabilities	3,654	-	-	3,654
	<u>8,194</u>	<u>-</u>	<u>-</u>	<u>8,194</u>

	As at 30 June 2014			Total
	Upto three months	More than three months and upto one	More than one year	
	----- (Rupees in '000) -----			
Liabilities				
Payable to the ABL Asset Management Co. Ltd. Management Company	1,961	-	-	1,961
Payable to the Central Depository Company of Pakistan Limited - Trustee	178	-	-	178
Payable against redemption of units	50	-	-	50
Dividend payable	-	-	-	-
Accrued expenses and other liabilities	464	-	-	464
	<u>2,653</u>	<u>-</u>	<u>-</u>	<u>2,653</u>

25 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability can be 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.

Financial assets which are traded in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from the carrying values as the items are either short term in nature or periodically repriced.

International Financial Reporting Standard 7, 'Financial Instruments: Disclosure' requires the Fund to classify fair value measurements 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:

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

Investments of the Fund carried at fair value are categorised as follows:

	As at 30 June 2015			Total
	Level 1	Level 2	Level 3	
	----- (Rupees in '000) -----			
ASSETS				
Investment in securities - financial assets at fair value through profit or loss				
- Government securities - Pakistan investment bonds	-	560,747	-	560,747
- Government securities - Market treasury bills	-	35,460	-	35,460
- Term finance certificates / other sukuks	-	323,263	-	323,263

As at 30 June 2014

	Leave 1	Leave 2	Leave 3	Total
ASSETS	----- (Rupees in '000) -----			
Investment in securities - financial assets at fair value through profit or loss				
- Government securities - Pakistan investment bonds	-	507,798	-	507,798
- Term finance certificates	-	211,840	-	211,840

26 UNIT HOLDER'S FUND RISK MANAGEMENT

The unit holder's fund is represented by the net assets attributable to unit holders / redeemable units. The unit holder of the Fund are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the statement of movement in unit holders' funds.

The Fund has no restrictions or specific funding requirements on the subscription and redemption of units.

The Fund's objectives when managing funds received are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests. Such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

As required under the NBFC Regulations, every open end scheme shall maintain minimum fund size (i.e. net assets of the Fund) of Rs. 100 million at all times during the life of scheme. The Fund has maintained and complied with the requirements of minimum fund size during the year.

27 GENERAL

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

27.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.

28 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 27 August 2015 by the Board of Directors of the Management Company.

For ABL Asset Management Company Limited
(Management Company)


FARID AHMED KHAN
Chief Executive Officer


MUHAMMAD KAMRAN SHEHZAD
Director












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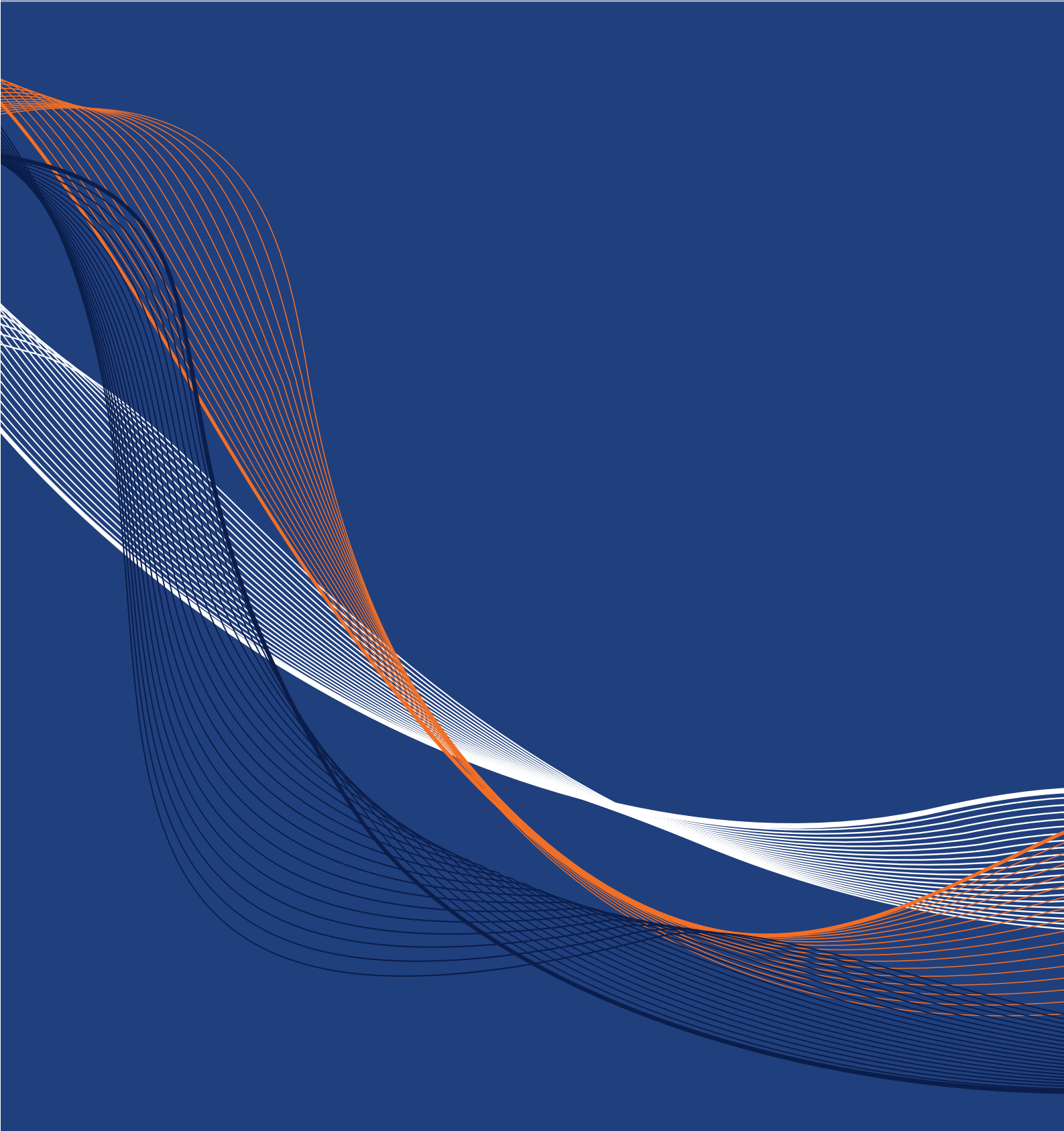
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