

# Half Yearly Report

HALF YEAR FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED DECEMBER 31, 2023



ABL Asset Management

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## FUND'S INFORMATION

Management Company:	ABL Asset Management Company Limited Plot/Building # 14, Main Boulevard, DHA, Phase - VI, Lahore - 54810	
Board of Directors:	Sheikh Mukhtar Ahmed Mr. Mohammad Naeem Mukhtar Mr. Muhammad Waseem Mukhtar Mr. Aizid Razzaq Gill Ms. Saira Shahid Hussain Mr. Pervaiz Iqbal Butt Mr. Muhammad Kamran Shehzad	Chairman Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Independent Director Independent Director
Audit Committee:	Mr. Muhammad Kamran Shehzad Mr. Muhammad Waseem Mukhtar Mr. Pervaiz Iqbal Butt	Chairman Member Member
Human Resource and Remuneration Committee	Mr. Muhammad Waseem Mukhtar Mr. Muhammad Kamran Shehzad Mr. Pervaiz Iqbal Butt Mr. Naveed Nasim	Chairman Member Member Member
Board's Risk Management Committee	Mr. Muhammad Kamran Shehzad Mr. Pervaiz Iqbal Butt Mr. Naveed Nasim	Chairman Member Member
Board Strategic Planning & Monitoring Committee	Mr. Muhammad Waseem Mukhtar Mr. Muhammad Kamran Shehzad Mr. Pervaiz Iqbal Butt Mr. Naveed Nasim	Chairman Member Member Member
Chief Executive Officer of The Management Company:	Mr. Naveed Nasim	
Chief Financial Officer & Company Secretary:	Mr. Saqib Matin	
Chief Internal Auditor:	Mr. Kamran Shehzad	
Trustee:	Central Depository Company of Pakistan Limited CDC - House, Shara-e-Faisal, Karachi.	
Bankers to the Fund:	Allied Bank Limited Bank Al Falah Limited United Bank Limited	
Auditors:	M/s. A.F. Ferguson & Co. Chartered Accountants State Life Building No. 1-C I.I. Chundrigar Road, Karachi	
Legal Advisor:	Ijaz Ahmed & Associates Advocates & Legal Consultants No. 7, 11th Zamzama Street, Phase V DHA Karachi.	
Registrar:	ABL Asset Management Company Limited L - 48, DHA Phase - VI, Lahore - 74500	



## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of ABL Asset Management Company Limited, the management company of ABL Financial Sector Fund (ABL- FSF), is pleased to present the Condensed Interim Financial Statements (un-audited) of ABL Financial Sector Fund for the half year ended December 31, 2023.

### ECONOMIC PERFORMANCE REVIEW

In June 2023, Pakistan successfully signed a Stand-by Agreement with IMF worth PKR 3 Bn; this improved the external outlook as the macroeconomic indicators were majorly positive for 1HFY24. In addition to the inflows from IMF, new loans and roll overs from China, Saudi Arabia and UAE improved the foreign exchange reserves which, subsequently, strengthened PKR against USD. On 29th December 2023, FX reserves with SBP stood at USD 8.2 Bn. The upcoming second review of the IMF Stand-by Agreement should further alleviate pressure from the domestic currency as the foreign exchange reserves will further improve. In November 2023, YoY Inflation clocked in at 28.28% vs. 25.04% SPLY. This was mainly due to the recent increase in gas tariffs while other major contributors were food, housing and transport prices. Moving forward, we expect CPI inflation to remain on the lower side due to the anticipated decline in local fuel prices and high base effect of last year. Continuation of tighter monetary and fiscal policies coupled with proper administration have led to a shrinking trade balance. The YoY Current Account Deficit for 5MFY24 was reduced to USD 1160Mn from USD 3264Mn (down by 64%). On the fiscal side, FBR managed to collect PKR 4505bn during the period.

### MONEY MARKET REVIEW

During 1HFY24, State Bank of Pakistan (SBP) held four (4) Monetary policy meetings and kept the policy rate unchanged at 22%, to counter inflationary pressures and ensure economic sustainability. During the period under review, market initially took interest in shorter tenure instruments however in the later months' participation in longer tenure instruments picked pace. The primary reason was that the markets started assuming that interest rates have peaked and yields will start falling soon.

The last monetary policy meeting of CY23 held on December 12th, 2023, with the State Bank of Pakistan (SBP) deciding to maintain the policy rate at 22%. Inflation seems the main culprit behind the SBP's decision to maintain status-quo. Though the SBP has yet not shared the monetary policy calendar for the year 2024, but there is a prevailing sentiment in the money market that interest rates cannot sustain here for long and SBP will cut rates in the months ahead. Moreover, the SBP's reserves stood at USD 8.2 billion, as of December 29, 2023.

During the period, T-bill cut off yields decreased by 1.69% across different tenors. 3M cutoff yield decreased by 55 bps from 22.00% to 21.45%, 6M cutoff yield decreased by 57 bps from 21.97% to 21.40% and 12M cutoff yield decreased by 57 bps from 22.00% to 21.43%. During the period, SBP held fourteen (14) T-Bills auctions, and government ended up borrowing a total of PKR 16.64 trillion across 3M, 6M and 12M tenors. Pakistan Investment Bonds (PIBs) yields decreased from 19.35% to 17.19% for 3Y tenure while yields on 5Y and 10Y tenures increased from 13.35% and 12.95% to 15.88% and 15.00%, respectively. Considerable market participation was seen in 5Y and 10Y PIBs during the period as markets presume that policy rates will start falling in the months ahead. The total borrowing amounted to PKR 668 billion. During the period under review, SBP continued with frequent open market operation (OMOs), and conducted fifty-six (56) OMOs during 1HFY24.

## MUTUAL FUND INDUSTRY REVIEW

Total assets under management (AUMs) of the open-end mutual fund industry posted a mammoth growth of 35% YoY (from PKR 1613bn to PKR 2183bn). Islamic income and Conventional Income funds witnessed a huge growth of 107% YoY and 61% YoY to close the period at PKR 385bn and PKR 268bn, respectively. On the flip side Aggressive fixed income declined by 7%YoY to close the period at PKR 16bn.

## FUND PERFORMANCE

During the first half year of FY24, ABL FSF posted an annualized return at 23.71% against the benchmark return of 22.43%, thereby outperforming the benchmark by 128bps. At the end of Dec'23, fund had 18.94% exposure in PIBs, and 79.67% of the funds exposure was placed as Cash.

## AUDITORS

M/s. A.F. Ferguson & Co. (Chartered Accountants), have been appointed as auditors for the year ending June 30, 2024 for ABL Financial Sector Fund (ABL-FSF).

## MANAGEMENT QUALITY RATING

On October 26, 2023: The Pakistan Credit Rating Agency Limited (PACRA) has assigned the Management Quality Rating (MQR) of ABL Asset Management Company (ABL AMC) at 'AM1' (AM-One). Outlook on the assigned rating is 'Stable'.

## OUTLOOK & STRATEGY:

Despite the fact that policy rate has remained unchanged at 22% yields for both shorter tenor and longer tenor instruments have dropped significantly indicating that market participants are expecting a rate cut in the near future. Our base case scenario is that we are not expecting a rate cut before March'24. A rate cut would largely depend on the foreign exchange reserve position with the SBP, in our opinion.

We expect the elections to be held timely and the new government to negotiate a long-term arrangement with the IMF which would give more stability to the rupee and open up the Eurobond market and funding from other multilateral agencies like World Bank, ADB, ISDB etc.

The inversion in the yield curve has sharpened since August'23. Yield curve at the shorter end has pretty much flattened with the 3M, 6M and 12M T-bills almost at the same level, carrying a negative spread of 150bps from the policy rate. On the longer end of the yield curve, the spread between the 2.5yrs and 5yrs fixed rate PIBs is around 130bps and their spread from the policy rate is almost 520bps and 650bps. Outstanding OMO is close to around PKR 9 trillion which itself is a huge systemic risk.

Going forward, we intend to increase the duration of our money market portfolios without hurting their running yields. Therefore, we have switched our positions from fortnightly resetting floating rate PIBs to semiannual resetting floating rate PIBs.

Further, we are negotiating with banks deposit deals to get profit rates better than the T-bill yields so we could trade along the shorter end of the yield curve to book capital gains and take funds back into the banks in order to improve running yields of our portfolios.

We will continue to stay cautious in our approach and not get swayed by the market until there is more clarity, especially on the political front after which we would take position in longer term instruments.

## 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 Pakistan Stock Exchange 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



**Director**

**Lahore, February 21, 2024**



**Naveed Nasim**

**Chief Executive Officer**



**Head Office:**

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**TRUSTEE REPORT TO THE UNIT HOLDERS**

**ABL FINANCIAL SECTOR FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of ABL Financial Sector 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 from August 01, 2023 to December 31, 2023 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;
- (iii) The management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework; and
- (iv) 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.

**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: February 21, 2024





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

**Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **ABL Financial Sector Fund** (the Fund) as at December 31, 2023 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement for the period from August 1, 2023 to December 31, 2023, together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'). The Management Company (ABL Asset Management Company Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement for the quarter ended December 31, 2023 have not been reviewed, as we are required to review only the cumulative figures for the period ended from August 1, 2023 to December 31, 2023.

**Scope of Review**

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

**Conclusion**

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

A.F. Ferguson & Co.  
Chartered Accountants  
Engagement Partner: **Noman Abbas Sheikh**  
Dated:  
Karachi

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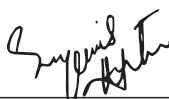


**ABL FINANCIAL SECTOR FUND**  
**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT DECEMBER 31, 2023**

	Note	December 31, 2023 Rupees in '000 Un-audited
<b>ASSETS</b>		
Bank balances	4	2,540,703
Investments	5	603,957
Accrued profit / mark-up		44,009
Deposits and prepayments		924
<b>Total assets</b>		<b>3,189,593</b>
<b>LIABILITIES</b>		
Payable to ABL Asset Management Company Limited - Management Company	7	2,374
Payable to Central Depository Company of Pakistan - Trustee	8	120
Payable to the Securities and Exchange Commission of Pakistan (SECP)	9	106
Payable against purchase of investments		270,931
Accrued expenses and other liabilities	10	4,712
<b>Total liabilities</b>		<b>278,243</b>
<b>NET ASSETS</b>		<b>2,911,350</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>2,911,350</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	11	<b>Number of units</b>
<b>NUMBER OF UNITS IN ISSUE</b>		<b>290,058,953</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>Rupees</b>
		<b>10.0372</b>

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

For ABL Asset Management Company Limited  
(Management Company)



Saqib Matin  
Chief Financial Officer



Naveed Nasim  
Chief Executive Officer




Pervaiz Iqbal Butt  
Director

**ABL FINANCIAL SECTOR FUND**  
**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023**

	For the period from August 1, 2023 to December 31, 2023	For the Quarter ended December 31, 2023
Note	----- (Rupees in '000) -----	
<b>Income</b>		
Profit on savings accounts	83,625	52,779
Income from government securities	29,683	18,967
Gain on sale of investments - net	9,506	8,851
Net unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	5.4 (2,591)	(2,413)
	6,915	6,438
<b>Total income</b>	120,223	78,184
<b>Expenses</b>		
Remuneration of ABL Asset Management Company Limited - Management Company	7.1 4,897	3,065
Punjab Sales Tax on remuneration of the Management Company	7.2 784	491
Remuneration of Central Depository Company of Pakistan - Trustee	8.1 367	230
Sindh Sales Tax on remuneration of the Trustee	8.2 48	30
Fee to the Securities and Exchange Commission of Pakistan (SECP)	9.1 367	230
Securities transaction cost	364	264
Amortisation of preliminary expenses and floatation costs	6.1 42	-
Auditors' remuneration	321	205
Listing fee	308	212
Rating fee	137	82
Printing charges	91	64
Legal and professional charges	267	256
Settlement and bank charges	3	3
<b>Total operating expenses</b>	7,996	5,132
<b>Net income for the period before taxation</b>	112,227	73,052
Taxation	13 -	-
<b>Net income for the period after taxation</b>	112,227	73,052
<b>Earnings per unit</b>	14	
<b>Allocation of net income for the period</b>		
Net income for the period after taxation	112,227	
Income already paid on units redeemed	(9,945)	
	102,282	
<b>Accounting income available for distribution</b>		
- Relating to capital gains	6,915	
- Excluding capital gains	95,367	
	102,282	

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

For ABL Asset Management Company Limited  
(Management Company)



Saqib Matin  
Chief Financial Officer



Naveed Nasim  
Chief Executive Officer




Pervaiz Iqbal Butt  
Director

**ABL FINANCIAL SECTOR FUND**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023**

	For the period from August 1, 2023 to December 31, 2023	For the Quarter ended December 31, 2023
	----- (Rupees in '000) -----	
<b>Net income for the period after taxation</b>	112,227	73,052
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<u>112,227</u>	<u>73,052</u>

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

For ABL Asset Management Company Limited  
 (Management Company)



Saqib Matin  
 Chief Financial Officer



Naveed Nasim  
 Chief Executive Officer



Pervaiz Iqbal Butt  
 Director

**ABL FINANCIAL SECTOR FUND**  
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND**  
**FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023**

	For the period from August 1, 2023 to December 31, 2023		
	Capital value	Undistributed income	Total
	(Rupees '000)		
Net assets at beginning of the period	-	-	-
Issue of 392,455,045 units			
- Capital value	3,924,550	-	3,924,550
- Element of income	18,004	-	18,004
Total proceeds on issuance of units	3,942,554	-	3,942,554
Redemption of 102,396,092 units			
- Capital value	1,023,961	-	1,023,961
- Element of loss	2,214	9,945	12,159
Total payments on redemption of units	1,026,175	9,945	1,036,120
Total comprehensive income for the period	-	112,227	112,227
Distribution during the period declared on :			
- Re. 0.1616 per unit on August 28, 2023	(393)	(18,544)	(18,937)
- Re. 0.1880 per unit on September 28, 2023	(788)	(17,192)	(17,980)
- Re. 0.1840 per unit on October 27, 2023	(529)	(17,087)	(17,616)
- Re. 0.2177 per unit on November 29, 2023	(563)	(21,063)	(21,626)
- Re. 0.1686 per unit on December 27, 2023	(12,181)	(18,971)	(31,152)
Total distribution during the period	(14,454)	(92,857)	(107,311)
<b>Net assets at the end of the period (un-audited)</b>	<b>2,901,925</b>	<b>9,425</b>	<b>2,911,350</b>
<b>Accounting income available for distribution</b>			
- Relating to capital gains		6,915	
- Excluding capital gains		95,367	
		102,282	
Distribution during the period		(92,857)	
Undistributed income carried forward		9,425	
<b>Undistributed income carried forward</b>			
- Realised income		12,016	
- Unrealised loss		(2,591)	
		9,425	
			<b>Rupees</b>
Net asset value per unit at the end of the period			<b>10.0372</b>

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

For ABL Asset Management Company Limited  
(Management Company)



Saqib Matin  
Chief Financial Officer



Naveed Nasim  
Chief Executive Officer



Pervaiz Iqbal Butt  
Director

**ABL FINANCIAL SECTOR FUND**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023**

	Note	For the period from August 1, 2023 to December 31, 2023 Rupees in '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation		112,227
<b>Adjustments for:</b>		
Profit on savings accounts		(83,625)
Income from government securities		(29,683)
Amortisation of preliminary expenses and floatation costs		42
Net unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	5.4	2,591 (110,675)
<b>Increase in assets</b>		
Investments - net		(335,617)
Deposits and prepayments		(966) (336,583)
<b>Increase in liabilities</b>		
Payable to ABL Asset Management Company Limited - Management Company		2,374
Payable to Central Depository Company of Pakistan - Trustee		120
Payable to the Securities and Exchange Commission of Pakistan (SECP)		106
Accrued expenses and other liabilities		4,712 7,312
		(327,719)
Profit received on savings accounts		59,866
Profit received from government securities		9,433
<b>Net cash used in operating activities</b>		(258,420)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts against issuance of units		3,942,554
Payments against redemption of units		(1,036,120)
Dividends paid		(107,311)
<b>Net cash generated from financing activities</b>		2,799,123
<b>Net increase in cash and cash equivalents</b>		2,540,703
Cash and cash equivalents at the beginning of the period		-
<b>Cash and cash equivalents at the end of the period</b>	4	2,540,703

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

For ABL Asset Management Company Limited  
(Management Company)



Saqib Matin  
Chief Financial Officer



Naveed Nasim  
Chief Executive Officer



Pervaiz Iqbal Butt  
Director



## ABL FINANCIAL SECTOR FUND

### NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2023

#### 1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 ABL Financial Sector Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on March 22, 2023 between ABL Asset Management Company Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Securities and Exchange Commission of Pakistan (SECP) authorised constitution of the Trust Deed vide letter no. SCD/AMCW/AFSIF/2022/172 dated December 28, 2022 in accordance with the requirements of the Non-Banking Finance Companies and Notified Entities Regulation, 2008.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at Plot No.14, Main Boulevard, DHA Phase 6, Lahore. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

1.2 The Fund has been categorised as an open ended Income Scheme by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 and is in the process of listing it on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs 10 per unit "from July 27, 2023 till July 31, 2023". Thereafter, the units are being offered for public subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.

1.3 The objective of the Fund is to provide income enhancement and competitive returns by investing in high / prime quality financial sector TFCs / Sukuk, spread transactions, bank deposits and money market instruments as per investment policy of the respective Allocation Plan defined in Offering Document.

1.4 Pakistan Credit Rating Agency (PACRA) assigned the management quality rating of AM1 (stable outlook) to the Management Company as at October 26, 2023.

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

1.6 As per the offering document approved by the SECP, the accounting period, in case of the first such period, shall commence from the date on which the trust property is first paid or transferred to the Trustee. Accordingly, these condensed interim financial statements have been prepared from August 1, 2023 to December 31, 2023.

1.7 This is the first accounting period of the Fund and hence there are no comparative figures.

1.8 The Fund has been registered as a trust under the Punjab Trusts (Amendment) Act, 2022.

#### 2 BASIS OF PREPARATION

##### 2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting' issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements.

**2.2** In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2023.

**2.3 Standards, interpretations and amendments to the published accounting and reporting standards that are not yet effective:**

There are certain new amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2024. However, these will not have any significant impact on the Fund's operations and, therefore, have not been detailed in the condensed interim financial statements.

**2.4 Critical accounting estimates and judgments**

The preparation of these condensed interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed 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 estimates and judgments that have a significant effect on these condensed interim financial statements of the Fund relate to valuation of financial assets (notes 3.2 and 5) and taxation (notes 3.13 and 13)

**2.5 Accounting convention**

These condensed interim financial statements have been prepared under the historical cost convention except that investments have been carried at fair values.

**2.6 Functional and presentation currency**

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

### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of the condensed interim financial statements are set out below.

**3.1 Cash and cash equivalents**

These comprise balances with banks in savings and current accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.

**3.2 Financial assets**

**3.2.1 Initial recognition and measurement**

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These 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 and transaction costs are recognised in the condensed interim income statement.



### 3.2.2 Classification and subsequent measurement

#### a) Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- at amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVPL)

based on the business model of the entity.

However, IFRS 9 requires securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognised at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

#### b) Impairment

The Fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The Fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

#### c) Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on the management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through these condensed interim income statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors.

### 3.2.3 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

### 3.2.4 Subsequent measurement

#### a) At amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, are subsequently measured at amortised cost.

#### b) Fair value through other comprehensive income (FVOCI):

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the condensed interim income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in condensed interim other comprehensive income is reclassified from equity to the condensed interim income statement.

#### c) Fair value through profit or loss (FVPL):

Assets that do not meet the criteria for classification at amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the condensed interim income statement in the period in which it arises.

### 3.2.5 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the condensed interim income statement.

### 3.3 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the condensed interim income statement.

### 3.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the condensed interim 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.

### 3.5 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.

### 3.6 Net Asset Value per unit

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

### 3.7 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption application during business hours of that day. The redemption price is equal to the NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

### 3.8 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year / period also includes portion of income already paid on units redeemed during the period.

Distributions declared subsequent to the period end reporting date are considered as non-adjusting events and are recognised in the condensed interim financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

### 3.9 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. MUFAP, in consultation with the SECP, has specified the methodology of determination of income paid on units redeemed during the period under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the period.



### 3.10 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Profit on bank deposits is recognised on accrual basis.
- Unrealised gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are recorded in the period in which these arise.
- Income on GoP Ijara sukuk and Pakistan Investment Bond are recognised on a time proportionate basis using the effective yield method except for the securities which are classified as non-performing asset under Circular 33 of 2012 issued by the SECP for which the profits are recorded on cash basis.

### 3.11 Expenses

All expenses including management fee and trustee fee are recognised in these condensed interim income statement on an accrual basis.

### 3.12 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 a period of 5 years in accordance with the requirements set out in the trust deed of the Fund.

### 3.13 Taxation

#### Current

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates.

#### Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the condensed interim financial statements and the corresponding tax bases used in the computation of the taxable profit.

The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on substantively enacted tax rates.

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 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Provided that, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

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.

### 3.14 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net income / (loss) of the period after taxation of the Fund by the weighted average number of units outstanding during the period. Earnings / (loss) per unit (EPU) has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable as described in note 14.

### 3.15 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the condensed interim income statement.



			<b>December 31, 2023 (Un-audited) Rupees in '000</b>
<b>4</b>	<b>BANK BALANCES</b>	<b>Note</b>	
	In savings accounts	4.1	<u>2,540,703</u>

4.1 These include a balance of Rs 375.133 million maintained with Allied Bank Limited - a related party and carries profit at the rate of 20.50% per annum. Other savings account of the Fund carry profit at 23.00% per annum.

			<b>December 31, 2023 (Un-audited) Rupees in '000</b>
<b>5</b>	<b>INVESTMENTS</b>	<b>Note</b>	
	<b>At fair value through profit or loss</b>		
	Market Treasury Bills	5.1	-
	Pakistan Investment Bonds	5.2	603,957
	Government of Pakistan (GoP) Ijarah sukuks	5.3	-
			<u>603,957</u>

**5.1 Market Treasury Bills - at fair value through profit or loss**

Tenor	Face Value				As at December 31, 2023			Percentage in relation to	
	As at August 1, 2023	Purchased during the period	Sold / matured during the period	As at December 31, 2023	Carrying value	Market value	Unrealised appreciation / (diminution)	Total market value of investment	Net assets of the Fund
	Rupees '000							%	
Market Treasury Bills - 3 Months	-	2,355,000	2,355,000	-	-	-	-	-	-
Market Treasury Bills - 6 Months	-	1,250,000	1,250,000	-	-	-	-	-	-
Market Treasury Bills - 12 Months	-	2,050,000	2,050,000	-	-	-	-	-	-
<b>Total as at December 31, 2023 (Un-audited)</b>									

**5.2 Pakistan Investment Bonds - at fair value through profit and loss**

Tenor	Issue date	Face Value				As at December 31, 2023			Market value as a percentage of	
		As at August 1, 2023	Purchased during the period	Sold / matured during the period	As at December 31, 2023	Carrying value	Market value	Unrealised diminution	Net assets	Total investments
		Rupees '000							%	
Pakistan Investment Bond										
2 years	September 8, 2022	-	843,900	843,500	400	398	397	(1)	0.01%	0.07%
2 years	September 21, 2023	-	525,000	525,000	-	-	-	-	-	-
2 years	December 30, 2021	-	485,000	485,000	-	-	-	-	-	-
Pakistan Investment Bond										
3 years	July 4, 2023	-	950,000	650,000	300,000	270,535	268,731	(1,804)	9.23%	44.50%
Pakistan Investment Bond										
5 years	September 21, 2023	-	1,640,000	1,465,000	175,000	170,673	170,048	(625)	5.84%	28.16%
5 years	October 19, 2023	-	1,070,000	900,000	170,000	164,942	164,781	(161)	5.66%	27.28%
5 years	October 13, 2022	-	225,000	225,000	-	-	-	-	-	-
Pakistan Investment Bond										
10 year	November 10, 2023	-	250,000	250,000	-	-	-	-	-	-
<b>Total as at December 31, 2023 (Un-audited)</b>						<u>606,548</u>	<u>603,957</u>	<u>(2,591)</u>		

5.2.1 These will mature latest by October 19, 2028 and carry yield at the rate ranging from 17.86% to 28.63%

**5.3 Government of Pakistan (GoP) Ijarah Sukuks - at fair value through profit or loss**

Issue date	Tenure	Face value				As at December 31, 2023			Market value as a percentage of	
		Face Value	Purchased during the period	Sold / Disposed of during the period	As at December 31, 2023	Carrying value	Market value	Unrealised appreciation / (diminution)	Net assets	Total investments
								Rupees '000		%
April 27, 2022	5 years	-	78,000	78,000	-	-	-	-	-	-
October 26, 2021	5 years	-	40,000	40,000	-	-	-	-	-	-
May 22, 2023	1 year	-	200,000	200,000	-	-	-	-	-	-
<b>Total as at December 31, 2023 (Un-audited)</b>										

5.3.1 The nominal value of these GoP Ijarah sukuk certificates is 100,000 each.

5.4 Net unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit or loss	Note	December 31, 2023 (Un-audited) Rupees in '000
Market value of investments	5.1, 5.2 & 5.3	603,957
Less: carrying value of investments	5.1, 5.2 & 5.3	606,548
		<u>(2,591)</u>

**6 PRELIMINARY EXPENSES AND FLOATATION COSTS**

Incurring during the period		500
Less: amortisation for the period	6.1	(42)
Closing balance		<u>458</u>

6.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These are being amortised over five years commencing from the end of the initial offering period in accordance with the Trust Deed of the Fund and the NBFC Regulations, 2008.

7 PAYABLE TO ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY - RELATED PARTY	Note	December 31, 2023 (Un-audited) Rupees in '000
Management remuneration payable	7.1	1,409
Punjab Sales Tax payable on remuneration of the Management Company	7.2	225
Preliminary expenses and floatation cost payable		500
Other		240
		<u>2,374</u>

7.1 As per regulation 61 of the NBFC Regulations, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged remuneration up to 2% of net assets per annum based on the daily net assets of the Fund. The amount of remuneration is being paid monthly in arrears.

7.2 During the period, an amount of Rs. 0.784 million was charged on account of sales tax at 16% on the management fee levied through the Punjab Sales Tax on Services Act, 2012.

8 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	December 31, 2023 (Un-audited) Rupees in '000
Trustee fee payable	8.1	106
Sindh Sales Tax on remuneration of the Trustee	8.2	14
		<u>120</u>

8.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. The Fund has charged trustee fee at the rate of 0.075% per annum of the daily average net assets of the Fund during the period.

8.2 During the period, an amount of Rs. 0.048 million was charged on account of sales tax at 13% on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011.

	Note	December 31, 2023 (Un-audited) Rupees in '000
<b>9 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)</b>		
Fee payable	9.1	<u>106</u>

9.1 In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay non-refundable fee to the Securities and Exchange Commission of Pakistan (SECP).

The Fund has charged the SECP fee at the rate of 0.095% per annum of the daily net assets during the period. Further, the Fund is required to pay the SECP fee within fifteen days of the close of every calendar month.

	December 31, 2023 (Un-audited) Rupees in '000
<b>10 ACCRUED EXPENSES AND OTHER LIABILITIES</b>	
Auditors' remuneration payable	213
Printing charges payable	66
Brokerage payable	28
Withholding tax payable	4,241
Legal fee payable	27
Rating fee payable	137
	<u>4,712</u>

#### 11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2023.

#### 12 TOTAL EXPENSE RATIO

The annualised Total Expense Ratio (TER) of the Fund for the period from August 1, 2023 to December 31, 2023 is 1.60% which includes 0.25% representing government levies on the Fund such as sales taxes, annual fee payable to the SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a "Income Scheme".

#### 13 TAXATION

The Fund's income is exempt from income tax as per clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the NBFC Regulations, 2008, the Fund is required to distribute not less than 90 percent of its accounting income for the period derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the period ending June 30, 2024 to the unit holders in the manner as explained above, no provision for taxation has been made in these condensed interim financial statements.

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.

#### 14 EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed in these condensed interim financial statements as, in the opinion of the management, determination of weighted average number of outstanding units for calculating EPU is not practicable.



## 15 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

15.1 Connected persons include ABL Asset Management Company being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

15.2 Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

15.3 Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

15.4 Remuneration to the Trustee is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

15.5 Detail of transactions with connected persons during the period are as follows:

**For the period  
from August  
1, 2023 to  
December  
31, 2023  
(Un-audited)**

**Transactions during the period:**

**Rupees in '000**

**Allied Asset Management Limited (the Management Company)**

Remuneration of the Management Company	4,897
Punjab Sales Tax on remuneration of the Management Company	784

**Allied Bank Limited**

Profit on savings account	6,100
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**Central Depository Company of Pakistan Limited (the Trustee)**

Remuneration of the Trustee	367
Sindh Sales Tax on remuneration of the Trustee	48

**Colgate Palmolive (Pakistan) Limited**

Issue of 64,835,238 units	651,854
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**PTCL Employees General Provident Fund**

Issue of 99,864,185 units	1,000,000
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15.6 Details of balances outstanding at the period end with the connected persons are as follows :

**December 31,  
2023  
(Un-audited)  
Rupees in '000**

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

Management remuneration payable	1,409
Punjab Sales Tax on remuneration of the Management Company	225
Preliminary expenses and floatation cost payable	500
Other payable	240

**Allied Bank Limited**

Bank balance	375,133
Accrued profit	1,110

**Central Depository Company of Pakistan Limited (the Trustee)**

Trustee fee payable	106
Sindh Sales Tax on remuneration of the Trustee	14

December 31,  
2023  
(Un-audited)  
Rupees in '000

Colgate Palmolive (Pakistan) Limited  
Outstanding Units 64,835,238

650,764

PTCL Employees General Provident Fund  
Outstanding Units 99,864,185

1,002,357

15.7 Other balances due to / from related parties / connected persons are included in the respective notes to the financial statements.

16 FINANCIAL INSTRUMENTS BY CATEGORY

-----As at December 31, 2023-----			
(Un-audited)			
	At amortised cost	At fair value through profit or loss	Total
----- (Rupees in '000) -----			
<b>Financial assets</b>			
Bank balances	2,540,703	-	2,540,703
Investments	-	603,957	603,957
Accrued profit / mark-up	44,009	-	44,009
Deposits	100	-	100
	<u>2,584,812</u>	<u>603,957</u>	<u>3,188,769</u>

-----As at December 31, 2023-----			
(Un-audited)			
	At amortised cost	At fair value through profit or loss	Total
----- (Rupees in '000) -----			
<b>Financial liabilities</b>			
Payable to ABL Asset Management Company Limited - Management Company	2,374	-	2,374
Payable to Central Depository Company of Pakistan - Trustee	120	-	120
Payable against purchase of investments	270,931	-	270,931
Accrued expenses and other liabilities	471	-	471
	<u>273,896</u>	<u>-</u>	<u>273,896</u>

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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 to 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 SECP.

Risks managed and measured by the Fund are explained below:

17.1 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 the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

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



### (i) 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. As of December 31, 2023, the Fund is exposed to such risk on its balances held with banks and investment in Pakistan Investment Bonds. Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

#### a) Sensitivity analysis for variable rate instruments

The Fund's variable rate risk arises from the balances with banks and Pakistan Investment Bonds. At December 31, 2023, if there had been increase / decrease of 100 basis points in interest rates, with all other variables held constant, net assets of the Fund for the period then ended would have been higher / lower by Rs 28.76 million.

#### b) Sensitivity analysis for fixed rate instruments

As at December 31, 2023, the Fund holds Pakistan Investment Bonds which is classified as financial assets at fair value through profit or loss' exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by the Financial Markets Association of Pakistan for Pakistan Investment Bonds and with all other variables held constant, the net income for the period and net assets of the Fund would have been lower / higher by Rs 2.69 million.

The composition of the Fund's investment portfolio and KIBOR rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of December 31, 2023 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

December 31, 2023					
Un-audited					
Effective yield / interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
Rupees in '000					
<b>Financial assets</b>					
Bank balances	20.50% - 23.00%	2,540,703	-	-	2,540,703
Investments	17.86% - 28.63%	-	-	603,957	603,957
Accrued profit / mark-up		-	-	44,009	44,009
Deposits		-	-	100	100
		2,540,703	-	603,957	3,188,769
<b>Financial liabilities</b>					
Payable to ABL Asset Management Company Limited - Management Company		-	-	2,374	2,374
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	120	120
Payable against purchase of investments		-	-	270,931	270,931
Accrued expenses and other liabilities		-	-	471	471
		-	-	273,896	273,896
<b>On-balance sheet gap</b>		2,540,703	-	603,957	(229,787)
<b>Total interest rate sensitivity gap</b>		2,540,703	-	603,957	
<b>Cumulative interest rate sensitivity gap</b>		2,540,703	2,540,703	3,144,660	

### (ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

### (iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because 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. The Fund does not hold any instruments that are exposed to price risk.

## 17.2 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 these fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing 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. 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 and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement. The maximum limit of which is fifteen percent of the net assets up to 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also 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 redemptions during the period ended December 31, 2023.

December 31, 2023						
Un-audited						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed	Total
Rupees in '000						
<b>Financial assets</b>						
Bank balances	2,540,703	-	-	-	-	2,540,703
Investments	-	-	-	603,957	-	603,957
Accrued profit / mark-up	23,758	18,553	1,698	-	-	44,009
Deposits	-	-	-	-	100	100
	2,564,461	18,553	1,698	603,957	100	3,188,769
<b>Financial liabilities</b>						
Payable to the ABL Asset Management Company Limited - Management Company	2,374	-	-	-	-	2,374
Payable to Central Depository Company of Pakistan Limited - Trustee	120	-	-	-	-	120
Payable against purchase of investments	270,931	-	-	-	-	270,931
Accrued expenses and other liabilities	258	213	-	-	-	471
	273,683	213	-	-	-	273,896
<b>Net financial assets</b>	<b>2,290,778</b>	<b>18,340</b>	<b>1,698</b>	<b>603,957</b>	<b>100</b>	<b>2,914,873</b>

### 17.3 Credit risk

17.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. Credit risk arising on the debt instruments is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed.

The table below analyses the Fund's maximum exposure to credit risk:

December 31, 2023	
Un-audited	
Balance as per condensed interim statement of assets and liabilities	Maximum exposure to credit risk
(Rupees in '000)	
Bank balances	2,540,703
Accrued profit / mark-up	23,758
	<u>2,564,461</u>
	<u>2,564,461</u>

The maximum exposure to credit risk before any credit enhancement as at December 31, 2023 is the carrying amount of the financial assets.



### 17.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks and interest accrued thereon. The credit rating profile of balances with banks is as follows:

Rating	<u>% of bank balance exposed to credit risk 2023</u>
AAA	14.7%
A+	85.3%
	<u>100.00%</u>

Since, the assets of the Fund are held with credit worthy counterparties, therefore any significant credit risk is mitigated.

### 17.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties and are within the regulatory limits, therefore any significant concentration of credit risk is mitigated.

All financial assets of the Fund as at December 31, 2023 are unsecured and are not impaired.

## 18 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 tradable in an open market are revalued at the market prices prevailing at the reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

### 18.1 Fair value hierarchy

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

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

As at December 31, 2023, the Fund held the following financial instruments measured at fair values:

	As at December 31, 2023			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
<b>At fair value through profit or loss</b>				
Pakistan Investment Bonds	-	603,957	-	603,957
	-	603,957	-	603,957

During the period ended December 31, 2023, there were no transfers between level 1 and level 2 fair value measurement, and no transfer into and out of level 3 fair value measurements.

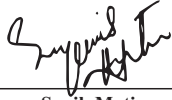
19 **GENERAL**

Figures have been rounded off to the nearest Rupees, unless otherwise stated.

20 **DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorized for issue on February 21, 2024 by the Board of Directors of the Management Company.

For ABL Asset Management Company Limited  
(Management Company)



Saqib Matin  
Chief Financial Officer



Naveed Nasim  
Chief Executive Officer



Pervaiz Iqbal Butt  
Director

23 اگست سے پیداوار کے منحنی خطوط میں الٹا اضافہ ہوا ہے۔ چھوٹے سرے پر پیداوار کا منحنی خطوط تقریباً ایک ہی سطح پر M3، M6 اور M12 کے ساتھ کافی حد تک چھپتا ہو گیا ہے، جو پالیسی کی شرح سے 150 bps کا منفی پھیلاؤ رکھتا ہے۔ پیداوار و کر کے طویل اختتام پر، 2.5 yrs اور 5 yrs کے مقررہ شرح PIBs کے درمیان پھیلاؤ تقریباً 130 bps ہے اور پالیسی ریٹ سے ان کا پھیلاؤ تقریباً 520 bps اور 650 bps ہے۔ بقایا OMO PKR ٹریلین کے قریب ہے جو بذات خود ایک بہت بڑا نظامی خطرہ ہے۔

آگے بڑھتے ہوئے، ہم اپنے منی مارکیٹ پورٹ فولیوز کی چلتی پیداوار کو نقصان پہنچائے بغیر ان کی مدت میں اضافہ کرنے کا ارادہ رکھتے ہیں۔ لہذا، ہم نے اپنی پوزیشنوں کو پندرہ روزہ ری سیٹ کرنے والے فلوٹنگ ریٹ پی آئی بی سے سی بی اینول ری سیٹنگ فلوٹنگ ریٹ پی آئی بی میں تبدیل کر دیا ہے۔

مزید، ہم T-Bill کی پیداوار سے بہتر منافع کی شرح حاصل کرنے کے لیے بینکوں کے ڈپازٹ سودوں کے ساتھ گفت و شنید کر رہے ہیں تاکہ ہم کیپیٹل گین بک کرنے کے لیے پیداوار کے و کر کے چھوٹے سرے پر تجارت کر سکیں اور بینکوں میں رقوم واپس لے جا سکیں تاکہ چل رہی پیداوار کو بہتر بنایا جاسکے۔

ہم اپنے نقطہ نظر میں محتاط رہیں گے اور اس وقت تک مارکیٹ سے متاثر نہیں ہوں گے جب تک کہ مزید واضح نہ ہو، خاص طور پر سیاسی محاذ پر جس کے بعد ہم طویل مدتی آلات میں پوزیشن حاصل کریں گے۔


#### اعتراف

ہم اپنے قابل قدر سرمایہ کاروں کا شکریہ ادا کرتے ہیں جنہوں نے ہم پر اعتماد کیا ہے۔ بورڈ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، ٹرسٹی (سنٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ) اور پاکستان اسٹاک ایکسچینج لمیٹڈ کے انتظامیہ کی ان کی مسلسل رہنمائی اور مدد کے لئے ان کا شکریہ بھی ادا کرتا ہے۔ ڈائریکٹرز انتظامی ٹیم کے ذریعہ کی جانے والی کوششوں کی بھی تعریف کرتے ہیں۔

بورڈ کی طرف سے اور بورڈ کے لئے

  
ڈائریکٹر

لاہور 21 فروری، 2024

  
نویس  
چیف ایگزیکٹو آفیسر



پاکستان انوسٹمنٹ بانڈز (PIBs) کی پیداوار Y3 مدت کے لیے 19.35% سے کم ہو کر 17.19% ہو گئی جبکہ Y5 اور Y10 مدتوں پر پیداوار بالترتیب 13.35% اور 12.95% سے بڑھ کر 15.88% اور 15.00% ہو گئی۔ اس عرصے کے دوران Y5 اور Y10 PIBs میں قابل ذکر مارکیٹ کی شرکت دیکھی گئی کیونکہ مارکیٹوں کا خیال ہے کہ پالیسی کی شرحیں آنے والے مہینوں میں گرتا شروع ہو جائیں گی۔ مجموعی قرضے 668 ارب روپے تھے۔ زیر جائزہ مدت کے دوران، SBP نے بار بار اوپن مارکیٹ آپریشن (OMOs) کے ساتھ جاری رکھا، اور 1HFY24 کے دوران چھپن (56) OMO کا انعقاد کیا۔

### میوچل فنڈ انڈسٹری کا جائزہ

اوپن اینڈ میوچل فنڈ انڈسٹری کے کل اثاثہ جات زیر انتظام (AUMs) میں سالانہ 35% (PKR 1613bn سے PKR 2183bn تک) کی زبردست اضافہ ہوا۔ اسلامی آمدنی اور روایتی آمدنی کے فنڈز نے بالترتیب PKR 385bn اور PKR 268bn کی مدت کو بند کرنے کے لیے 107% سالانہ اور 61% سالانہ کی بڑی نمو دیکھی۔ دوسری طرف جارحانہ مقررہ آمدنی میں 7% سالانہ کمی واقع ہوئی اور اس مدت کو PKR 16bn پر بند کیا۔

### فنڈ کی کارکردگی

مالی سال 24 کی پہلی ششماہی کے دوران، ABL FSF نے 22.43 فیصد کے بیچ مارک ریٹرن کے مقابلے میں 23.71 فیصد سالانہ ریٹرن پوسٹ کیا، اس طرح بیچ مارک سے 128bps تک بہتر کارکردگی کا مظاہرہ کیا۔ 23 دسمبر کے آخر میں، PIBs میں فنڈ کی 18.94% نمائش تھی، اور 79.67% فنڈز کیش کے طور پر رکھے گئے تھے۔

### آڈیٹر

میسرز۔ اے ایف فرگو سن اینڈ کمپنی (چارٹرڈ اکاؤنٹنٹس)، کو اے بی ایل فنانشل سیکٹور فنڈ (اے بی ایل - ایف ایس ایف) کے لئے 30 جون 2024 کو ختم ہونے والے سال کے لئے بطور آڈیٹر مقرر کیا گیا ہے۔

### بینجمنٹ کمپنی کی کوالٹی کی درجہ بندی

26 اکتوبر 2023 کو پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے ABL ایسیٹ مینجمنٹ کمپنی (ABL AMC) کی بینجمنٹ کوالٹی ریٹنگ (MQR) کو 'AM-One' (AM1) تفویض کی ہے۔ تفویض کردہ درجہ بندی پر آؤٹ لک 'مستحکم' ہے۔

### مستقبل کا آؤٹ لک

اس حقیقت کے باوجود کہ پالیسی کی شرح کم مدت اور طویل مدتی آلات دونوں کے لیے 22% پیداوار پر کوئی تبدیلی نہیں ہوئی ہے، نمایاں طور پر گرا ہے جس سے ظاہر ہوتا ہے کہ مارکیٹ کے شرکاء مستقبل قریب میں شرح میں کمی کی توقع کر رہے ہیں۔ ہمارا بنیادی معاملہ یہ ہے کہ ہم مارچ 24 سے پہلے شرح میں کمی کی توقع نہیں کر رہے ہیں۔ ہماری رائے میں، شرح میں کمی کا زیادہ تر انحصار اسٹیٹ بینک کے پاس زر مبادلہ کے ذخائر کی پوزیشن پر ہوگا۔

ہم توقع کرتے ہیں کہ انتخابات بروقت ہوں گے اور نئی حکومت آئی ایم ایف کے ساتھ ایک طویل المدتی انتظامات پر بات چیت کرے گی جس سے روپے کو مزید استحکام ملے گا اور یورو بانڈ مارکیٹ کھلے گی اور دیگر کثیر الجہتی ایجنسیوں جیسے ورلڈ بینک، اے ڈی بی، آئی ایس ڈی بی وغیرہ سے فنڈنگ حاصل ہوگی۔

## مینجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ

اے بی ایل فنانشل سیکٹر فنڈ (اے بی ایل - ایف ایس ایف) کی انتظامیہ کمپنی، اے بی ایل ایسٹ مینجمنٹ کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز 31 دسمبر، 2023 کو ختم ہونے والی ششماہی کے لئے اے بی ایل فنانشل سیکٹر فنڈ کے کنڈینسڈ عبوری فنانشل اسٹیٹمنٹ (غیر آڈٹ شدہ) پیش کرنے پر خوشی محسوس کرتے ہیں۔

### اقتصادی کارکردگی کا جائزہ

جون 2023 میں، پاکستان نے IMF کے ساتھ 3 Bn PKR کے اسٹینڈ بائی معاہدے پر کامیابی سے دستخط کیے، اس سے بیرونی نقطہ نظر میں بہتری آئی کیونکہ میکرو اکنامک اشارے 1HFY24 کے لیے بڑی حد تک مثبت تھے۔ آئی ایم ایف کی طرف سے آمد کے علاوہ، چین، سعودی عرب اور یو اے ای سے نئے قرضوں اور رول اوور نے زر مبادلہ کے ذخائر کو بہتر کیا جس نے بعد ازاں امریکی ڈالر کے مقابلے میں PKR کو مضبوط کیا۔ 29 دسمبر 2023 کو، SBP کے پاس FX کے ذخائر USD 8.2 Bn تھے۔ آئی ایم ایف کے اسٹینڈ بائی ایگریمنٹ کے آئندہ دوسرے جائزے سے ملکی کرنسی کے دباؤ کو مزید کم کرنا چاہیے کیونکہ زر مبادلہ کے ذخائر میں مزید بہتری آئے گی۔ نومبر 2023 میں، YoY افراط زر 28.28% بمقابلہ 25.04% SPLY تک پہنچ گیا۔ اس کی بنیادی وجہ گیس کے نرخوں میں حالیہ اضافہ تھا جبکہ دیگر اہم شراکت دار خوراک، رہائش اور ٹرانسپورٹ کی قیمتیں تھے۔ آگے بڑھتے ہوئے، ہم توقع کرتے ہیں کہ مقامی ایندھن کی قیمتوں میں متوقع کمی اور پچھلے سال کے اعلیٰ بنیادی اثر کی وجہ سے سی پی آئی افراط زر نچلی طرف رہے گا۔ مناسب انتظامیہ کے ساتھ سخت مالیاتی اور مالیاتی پالیسیوں کا تسلسل تجارتی توازن کو کم کرنے کا باعث بنا ہے۔ 5MFY24 کے لیے YoY کرنٹ اکاؤنٹ خسارہ USD 3264Mn (64% کم ہو کر) USD 1160Mn ہو گیا۔ مالیاتی طرف، ایف بی آر اس عرصے کے دوران PKR 4505bn جمع کرنے میں کامیاب رہا۔

### مٹی مارکیٹ کا جائزہ

1HFY24 کے دوران، اسٹیٹ بینک آف پاکستان (SBP) نے چار (4) مانیٹری پالیسی میٹنگز کیں اور افراط زر کے دباؤ کا مقابلہ کرنے اور معاشی استحکام کو یقینی بنانے کے لیے پالیسی ریٹ کو 22% پر برقرار رکھا۔ زیر جائزہ مدت کے دوران، مارکیٹ نے ابتدائی طور پر مختصر مدت کے آلات میں دلچسپی لی تاہم بعد کے مہینوں میں طویل مدتی آلات میں شرکت نے رفتار پکڑی۔ اس کی بنیادی وجہ یہ تھی کہ بازاروں نے یہ سمجھنا شروع کر دیا کہ شرح سود عروج پر ہے اور پیداوار جلد ہی گرنا شروع ہو جائے گی۔

CY23 کی آخری مانیٹری پالیسی میٹنگ 12 دسمبر 2023 کو ہوئی جس میں اسٹیٹ بینک آف پاکستان (SBP) نے پالیسی ریٹ کو 22% پر برقرار رکھنے کا فیصلہ کیا۔ اسٹیٹس کو برقرار رکھنے کے اسٹیٹ بینک کے فیصلے کے پیچھے مہنگائی بنیادی مجرم معلوم ہوتی ہے۔ اگرچہ اسٹیٹ بینک نے ابھی تک سال 2024 کے لیے مانیٹری پالیسی کیلنڈر کا اشتراک نہیں کیا ہے، لیکن کرنسی مارکیٹ میں یہ تاثر پایا جاتا ہے کہ یہاں شرح سود زیادہ دیر تک برقرار نہیں رہ سکتی اور اسٹیٹ بینک آنے والے مہینوں میں شرحوں میں کمی کرے گا۔ مزید برآں، 29 دسمبر 2023 تک اسٹیٹ بینک کے ذخائر 8.2 بلین امریکی ڈالر تھے۔

اس مدت کے دوران، مختلف مدتوں میں ٹی بل کٹ آف پیداوار میں 1.69 فیصد کمی واقع ہوئی۔ M3 کٹ آف پیداوار 55 bps کی کمی سے 22.00% سے 21.45% ہو گئی، M6 کٹ آف پیداوار 57 bps کی کمی سے 21.97% سے 21.40% ہو گئی اور M12 کٹ آف پیداوار میں 57 bps کی کمی سے 22.00% سے 21.43% ہو گئی۔ اس مدت کے دوران، SBP نے چودہ (14) T-Bills کی نیلامی کی، اور حکومت نے M3، 6M اور M12 مدتوں میں کل PKR 16.64 ٹریلین کا قرضہ حاصل کیا۔



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