

UNIT PRICE as on 31st August 2009: Rs. 10.2007

ABOUT

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 instruments, both within and outside Pakistan.

FUND MANAGER'S COMMENTS - ABL INCOME FUND

ABL-IF yielded an annualized return of 10.61% compared to 12.03% last month. The reduction in profit is due to a continuous fall in TDR rates during the period and increased volatility in Treasury Bills yields. The benchmark return increased to 12.50%, a 47 bps increase, due to liquidity shortages in the money markets on account of Ramadan Fiscal Outflows and Budgetary borrowing by the Government; however these had limited impact on TDR rates as banks showed reluctance in accepting expensive TDRs. Your fund, despite being liquid earned better returns as compared to the industry wide average of its peers.

A Discount Rate cut of 100 bps was announced in the much awaited Monetary Policy Statement (MPS) during the month under review. Although market sentiments had mellowed due to the delay in the initial MPS announcement from July to August, however improvements in latest inflationary figures led market pundits to contemplate a heavier cut, thus yields adjusted towards a probable cut of 150 bps. A cut of only 100 bps in the Discount Rate had an adverse impact and led to an immediate increase in yields thereby impacting market to market prices of T-Bills. Furthermore, liquidity shortages exacerbated the situation thereby bestowing heavy volatility in the market. In the two auctions held during the month, 1-Year T-Bill cut offs increased by 56.73 bps, compared to the preceding months cut off.

Economic woes have led to a scenario where investment avenues have become meager and risks have multiplied. Thus on the back of heavy budgetary borrowing, Sovereign Debt instruments are the most secure and sought after investment product. Anticipated improvements in economic conditions on account of enhanced Foreign Inflows in the form of investments and support funds, predict a further cut in the Discount rate. This is likely to yield handsome gains on investments in Sovereign Debt instruments. ABL-IF is presently maintaining a conservative T-Bill portfolio and readily invests in the Money Markets in both clean and against Government Securities to various Financial Institutions.

PERFORMANCE			
ABL Income Fund	Since Launch	July 2009	August 2009
Annualized Performance (%) *	13.97%	12.03%	10.61%
Benchmark: (Average 1-Month KIBOR%)	13.26%	12.03%	12.50%
Profit on Rs. 100,000 invested ^{***}	13,200	969	860
Dividend %	10.598%		

* Returns are net of management fee & all other expenses
 ** Represents cumulative profit for the respective periods



PERFORMANCE	ASSET QUALITY	ASSET ALLOCATION

GENERAL INFORMATION

Launch Date	September 20 th , 2008
Fund Size	Rs. 8,029 million
Type	Open end, Fixed Income Fund
Fund Rating	A(f) - JCR-VIS
Risk Level	Low
Fund Manager	Hammad Ali Abbas
Listing	Karachi Stock Exchange
Custodian & Trustee	Central Depository Company (CDC)
Front/Back end Load	0%
Management Fee	1.5% per annum
Auditors	A.F. Ferguson & Co
Benchmark	1-Month KIBOR Average
Minimum Subscription	Growth Unit : Rs. 5,000/- Income Unit : Rs. 50,000/-

TECHNICAL INFORMATION

Duration	87 Days
Standard Deviation	2.09%
Sharpe Ratio***	0.68

***3M PKRV Rate used as Risk free rate of return

TOPIC OF THE MONTH

SBP announced a less than expected cut of 100 bps in the Discount Rate in its Monetary Policy Statement (MPS). As a consequence T-Bill Yields increased across the market. It has also announced a bi-monthly review of its MPS, which will ensure more timely action by the SBP to counter inflation.

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