


**RATED AM3 (JCR-VIS)**

 **ABL Asset Management**  
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# INFOCUS

**FUND MANAGER'S REPORT  
AUGUST 2010**



**ABL Asset Management  
wishes all our investors a  
very happy Eid**

Disclaimer: All investments in Mutual Funds are subject to market risks. The NAV of units may go up or down based on the market conditions. Past performance is not necessarily indicative of future results. Please read the Offering Document of the funds to understand the investment policies and the risks involved.

## Investment 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 instruments, both within and outside Pakistan.

## Fund Manager's Comments

ABL-IF yielded an annualized monthly return of 10.52%, a slight improvement over the previous months return. The 50bps surprise hike in interest rates at the start of the period led to mark-to-market adjustments on ABL-IF's T-bill portfolio. Nevertheless returns are likely to improve going forward due to the recent interest rate hike as the fund is primarily invested in T-bills which are now offering competitive returns. The Discount rate increase has also improved Money Market and TDR rates which would benefit fund returns. The fund has enhanced money market placements as a tight money market improved inter-bank returns. As a precautionary measure towards any further increase in interest rates, the fund duration will be maintained below 90 days in the near term and T-bill portfolio will be kept at a lower duration to avoid mark-to-market losses if rates rise further.

Economic pressures prevail and are in fact expected to worsen due to the flood related crisis that has engulfed the country at a time when the country is already trying to deal with security and power related issues. Previous GDP growth forecast of 4.5% has now been revised to 2.5% due to the massive flooding and its onslaught on agriculture and consumer sectors. This will most likely impact Inflation as food and energy prices would increase. Foreign aid is pouring in but the devastation caused is wide spread and strict fiscal discipline along with continued foreign assistance will be required to avoid a stagflationary situation.

## Basic Fund Information

Fund Type	Open-end
Category	Income Fund
Launch Date	September 20, 2008
Net Assets	PKR 7,920 mn
NAV	PKR 10.1877
Benchmark	1 Month Kibor Average
Dealing Days	As per Local Stock Exchanges
Cut-off time	4:00 pm
Pricing mechanism	Forward
Management Fee	1.5%
Front-end load	NIL
Trustee	Central Depository Company of Pakistan Ltd. (CDC)
Auditor	A.F Ferguson & Co. Chartered Accountants
Asset Manager Rating	AM3 (JCR-VIS)
Risk Profile of the Fund	Low
Fund Stability Rating	A+(f) (JCR-VIS)
Fund Manager	Hammad Ali Abbas

## Technical Information

ABL-IF

Leverage	NIL
Weighed average time to maturity of net assets	65 days

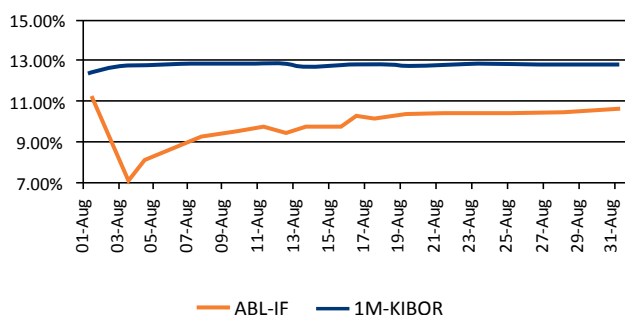
## Asset Allocation (% of Assets)

	July '10	Aug '10
Cash	0.19%	2.28%
Placement with Banks (TDRs)	30.21%	11.99%
Placement with DFIs (COIs)	0.88%	1.01%
Money Market placements	2.20%	10.43%
Reverse Repo	0.00%	12.66%
T-Bills	64.75%	60.72%
Others including receivables	1.77%	0.91%

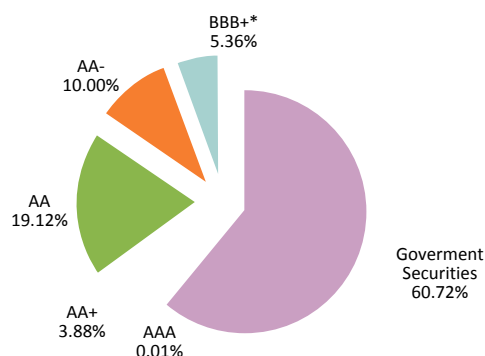
## Fund Returns\*

	ABL-IF	1 Month Kibor Avg.
Year to Date (YTD)	10.50%	12.55%
Trailing 12 months	10.83%	12.47%
Month to date (MTD)	10.52%	12.73%

\* Returns are net of management fee & all other expenses



## Credit Quality of Portfolio (% of Assets)



Receivables account for 0.91% of Net Assets.  
\* BBB+ investment is in Reverse Repo.

## Investment Committee Members:

1. Farid A. Khan, CFA - CEO
2. Sulaiman S. Mehdi - COO & Company Secretary
3. Muhammad Imran - CIO
4. Hammad Ali Abbas - Fund Manager
5. Kamran Aziz - Fund Manager

## Investment Objective

ABL-SF aims to provide higher risk-adjusted returns to the investors by investing in diversified portfolio of equity instruments offering capital gains and dividends.

## Fund Manager's Comments

August 2010 was a challenging month for equities in Pakistan. SBP hiked discount rate by 50 bps to 13% earlier during the month, violence in Karachi grew from bad to worse and finally the worst floods in the history of the country totally spoiled near term macro theme of the economy. KSE-100, consequently, declined by 706 points during the month. Reflecting investor apathy, trading volumes were again on the lower side with average daily volumes barely touching \$21.3 mn.

ABL-SF outperformed its benchmark during the month, declining by 5.6% against 7.5% decline in KSE-30. Right at the start of the month, your fund had taken a defensive stance by building cash balances which resulted in outperformance of 200 basis points during the month. ABL SF's weight in Banking sector was brought down from 25.26% to 15.98% on account of fragile macro economic outlook post floods and increasing likelihood of further interest rate hikes, both of which may prolong credit cycle of banks. All the changes made, however, were tactical in nature and largely reflect our near term cautious stance on economic developments. ABL-SF as of August 31, 2010 is 79.74% invested in equities and 20.26% in T-bills and cash.

The result season is now nearly over and although most sectors, particularly Banking and Fertilizer, posted robust earnings growth, it failed to excite investors at large as the flood related negative news flow overwhelmed the sentiments. Going forward, we expect market volumes to recover as investors digest the post-flood scenario and the leverage product is introduced. Foreign investment flows into the emerging markets were weaker in August but Pakistan continued to get a decent share. We are cautiously optimistic on mid to long term performance of KSE, which is still trading at a significant discount to regional markets as well as to its own historic multiples. Building the right portfolio is what will produce results for investors under current circumstances.

## Basic Fund Information

Fund Type	Open-end
Category	Equity Scheme
Launch Date	June 28th, 2009
Net Assets	PKR 362,998,710.7
NAV	PKR 10.3061
Benchmark	KSE-30
Dealing Days	As Per Local Stock Exchanges
Cut-off Time	4:00 PM
Pricing Mechanism	Forward
Management Fee	3% p.a
Front-end Load	3%
Trustee	Central Depository Company of Pakistan Ltd
Auditor	A.F Ferguson & Co, Chartered Accountants
Asset Manager Rating	AM3 (JCR-VIS)
Risk Profile of the Fund	High
Performance Ranking	MFR 5-Star (JCR VIS)
Fund Manager	Kamran Aziz

## Technical Information

ABL-SF

Leverage	NIL
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## Top Ten Holdings (% of Assets)

Aug '10

HUBCO	9.70%
FFC	8.45%
PPL	8.28%
OGDC	8.18%
MCB	6.68%
POL	6.22%
PSO	4.86%
ENGRO	4.17%
THALL	3.66%
ABL	3.62%

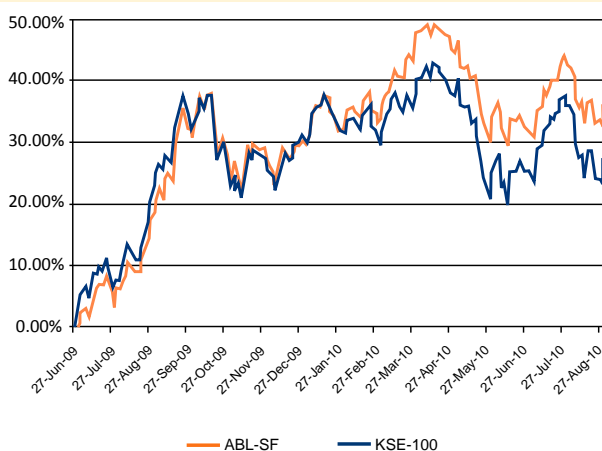
## Fund Returns\*

ABL-SF

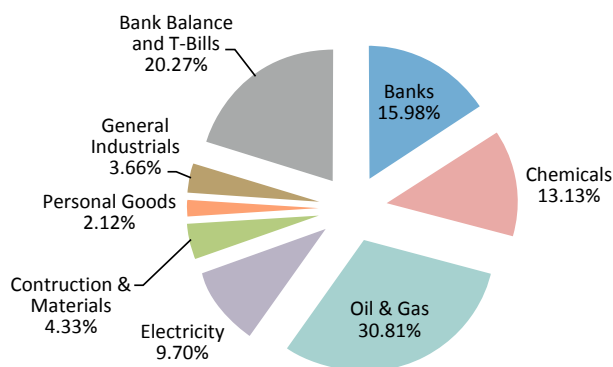
KSE-30

Year to Date (YTD)	2.29%	1.50%
Trailing 12 months	15.14%	4.06%
Month to Date (MTD)	-5.59%	-7.47%

\* Returns are net of management fee & all other expenses



## Sector Allocation (% of Assets)



## Investment Committee Members:

1. Farid Ahmed Khan, CFA - CEO
2. Sulaiman S. Mehdi - COO & Company Secretary
3. Muhammad Imran - CIO
4. Kamran Aziz - Fund Manager
5. Hammad Ali Abbas - Fund Manager



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## Investment Objective

The objective of ABL-CF is to provide investors, consistent returns with a high level of liquidity, through a blend of money market and sovereign debt instruments.

## Fund Manager's Comments

Welcome to the first Fund Manager Report of ABL Cash Fund. ABL-CF yielded a monthly annualized return of 11.43% compared to its benchmark return of 7.28% an outperformance of 4.15%. ABL-CF's launch coincided with the Monetary Policy Statement announcement where the Discount Rate was increased by 50 bps to 13% and the entire month saw frantic activity in the money markets. At present ABL-CF is 97.32% invested in T-bills having duration of 72 days. Being a conservative fund, investments are likely to remain towards short term T-bills which would safeguard returns from any interest rate volatility going ahead.

Economic conditions are expected to worsen on account of heavy flooding which has devastated crops and displaced millions. This would subsequently lead to lower GDP growth and would hamper economic growth. Inflationary pressure would increase which could lead to further pressure on interest rates. Although foreign aid inflows are expected to cushion the impact on the economy, nevertheless the massive scale of flooding calls for a prudent approach to investments going ahead.

ABL-CF intends to maintain the existing allocation in T-bills in order to maintain a low risk profile. Investments other than T-bills shall only be pursued with AA rated and above counters.

## Basic Fund Information

Fund Type	Open-end
Category	Money Market Fund
Launch Date	July 30, 2010
Net Assets	PKR 2,451 mn
NAV	PKR 10.0953
Benchmark	Average 3 Month Deposit rates of AA and above rated Banks
Dealing Days	As per Local Stock Exchanges
Cut-off time	4:00 pm
Pricing mechanism	Backward
Management Fee	1.25%
Front-end load	NIL
Trustee	Central Depository Company of Pakistan Ltd. (CDC)
Auditor	A.F Ferguson & Co. Chartered Accountants
Asset Manager Rating	AM3 (ICR-VIS)
Risk Profile of the Fund	Low
Fund Stability Rating	AA+(f) (ICR-VIS)
Fund Manager	Hammad Ali Abbas

## Technical Information

ABL-CF

Leverage	NIL
Weighed average time to maturity of net assets	72 days

## Asset Allocation (% of Assets)

Aug '10

Cash	0.72%
Money Market placements	2.04%
T-Bills	97.32%
Others including receivables	-0.08%

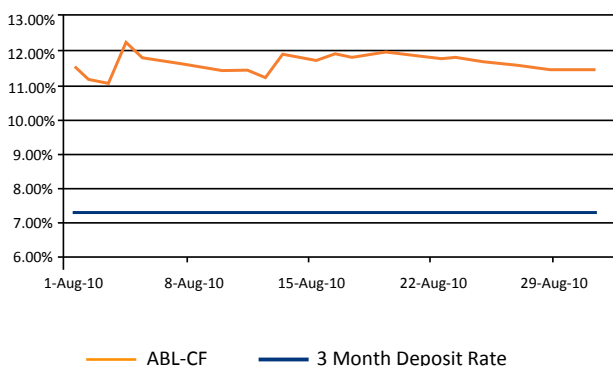
## Fund Returns\*

ABL-CF

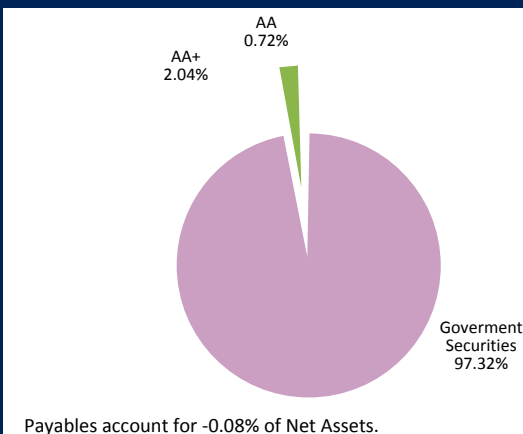
3 Month  
Deposit Rate

Year to Date (YTD)	N/A	N/A
Trailing 12 months	N/A	N/A
Month to Date (MTD)	11.43%	7.28%

\* Returns are net of management fee & all other expenses



## Credit Quality of Portfolio (% of Assets)



## Investment Committee Members:

1. Farid A. Khan, CFA - CEO
2. Sulaiman S. Mehdi - COO & Company Secretary
3. Muhammad Imran - CIO
4. Hammad Ali Abbas - Fund Manager
5. Kamran Aziz - Fund Manager



## Investment Objective

The objective of ABL-ICF is to seek maximum possible preservation of capital and offer steady rate of return by investing in liquid Shariah compliant instruments

## Fund Manager's Comments

Welcome to the first Fund Management Report of ABL Islamic Cash Fund. ABL-ICF yielded a monthly annualized return of 9.04% compared to its benchmark return of 6.90% an outperformance of 2.14%. ABL-ICF is currently maintaining cash balance due to competitive rates offered on these and will be able to avail any lucrative investment opportunity going ahead. ABL-ICF shall primarily be investing in products issued by AA rated Islamic banks.

The prevailing economic uncertainties have led to limited investment avenues for shariah compliant investments. Nevertheless additional investment avenues are actively being explored in order to improve returns. The disaster caused by massive flooding in the country has increased pressure to the economy. Thus a conservative stance to investments is currently being pursued and any opportunity shall be analyzed carefully before taking exposure.

## Basic Fund Information

Fund Type	Open-end
Category	Islamic Cash Fund
Launch Date	July 30, 2010
Net Assets	PKR 347 mn
NAV	PKR 10.0762
Benchmark	Average of 3 Month Deposit rates of 3 Islamic Banks
Dealing Days	As per Local Stock Exchanges
Cut-off time	4:00 pm
Pricing mechanism	Forward
Management Fee	1.0%
Front-end load	NIL
Trustee	Central Depository Company of Pakistan Ltd. (CDC)
Auditor	A.F Ferguson & Co. Chartered Accountants
Asset Manager Rating	AM3 (JCR-VIS)
Risk Profile of the Fund	Low
Fund Stability Rating	AA(f) (JCR-VIS)
Fund Manager	Hammad Ali Abbas

## Technical Information

ABL-ICF

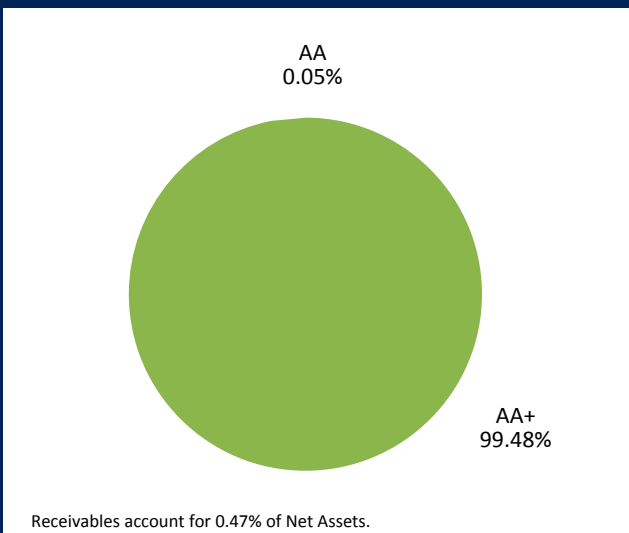
Leverage	NIL
Weighed average time to maturity of net assets	1 day

## Asset Allocation (% of Assets)

Aug '10

Cash & Bank Deposits	99.53%
Others including receivables	0.47%

## Credit Quality of Portfolio (% of Assets)



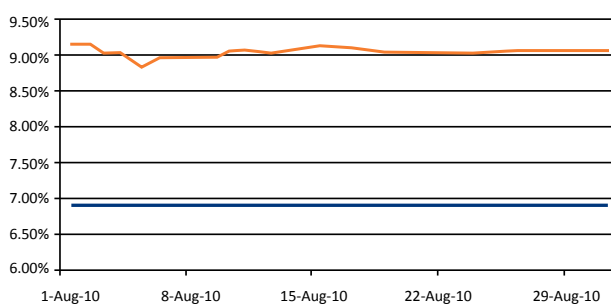
## Fund Returns\*

ABL-ICF

3 Month  
Deposit Rate

Year to Date (YTD)	N/A	N/A
Trailing 12 months	N/A	N/A
Month to Date (MTD)	9.04%	6.90%

\* Returns are net of management fee & all other expenses



— ABL-ICF — 3 Month Deposit Rate

## Investment Committee Members:

1. Farid A. Khan, CFA - CEO
2. Sulaiman S. Mehdi - COO & Company Secretary
3. Muhammad Imran - CIO
4. Hammad Ali Abbas - Fund Manager
5. Kamran Aziz - Fund Manager



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## 3 steps to Invest in ABL AMC FUNDS

### STEP ONE

**Contact Us:**

- ▶ Call us on our Toll Free number 0800-ABLAM (225-26) to let our Investment Consultant guide you better or
- ▶ Visit ABL's 45 designated Branches to be facilitated by our investment Consultant or
- ▶ Email us at: [contactus@ablmc.com](mailto:contactus@ablmc.com) and we will answer all your queries or
- ▶ Visit us on our website [www.ablmc.com](http://www.ablmc.com) for information and guidance

### STEP TWO

**Investment Process**

**Forms**

- ▶ Our investment advisors will help you fill the required forms;
  - ▶ ABL-IF Form 1 – Account Opening Form
  - ▶ ABL-IF Form 2- Investment Form
  - ▶ Know Your Customer Form

**Payment Mode**

- ▶ Payments can be made through Cheques / Demand Draft or Pay Orders
- ▶ Payments shall be made in favor of: "CDC-Trustee ABL \_\_\_\_\_ FUND"

**Documents to be attached**

- ▶ **For Individuals:**
  - ▶ Copy of CNIC ( Incase of Joint Application, CNIC of all applicants is required)
  - ▶ Zakat Affidavit ( Incase of exemption from Zakat)
  - ▶ Know Your Customer Form
- ▶ **For Corporate:**
  - ▶ Memorandum and Articles of Association/Bye Laws / Trust Deed
  - ▶ Power of Attorney or other document authorizing the authorized signatory(ies) to sign the application
  - ▶ Board Resolution authorizing the Investment
  - ▶ Copy of CNIC(s) of the Authorized Signatory(ies)

### STEP THREE

**Submission of Documents**

- ▶ You may submit your documents at the designated branches of ABL or drop them / courier them at ABL AMC's Head Office: First Floor, 11-B, Lalazar, MT Khan Road, Karachi

Once we receive the documents, a registration number will be generated and allotted to you. Units will be issued against your investment on the Net Asset Value (NAV) of that day. An introductory letter will be dispatched to confirm your investment in ABL AMC Funds.

**For further details please contact:**

Head Office: 021-111-ABL AMC (225-262)  
 Helpline: 0800 ABL-AM (0800 225 26)

Name	Contact No.	Designated Branch
<b>Karachi</b>		
Furqan Ali Dakhan	0321-2014622	Clifton Branch
Raheel Khawar Kamal	0345-2584931	S.I.T.E. Branch
Mushtaq Ur Rehman	0300-2417978	Hyderi Branch
Tehmina Zaheer	0300-2419637	Zamzama Branch
Shoaib Shoukat	0333-5473547	Foreign Exchange Branch
Muhammad Naeem	0321-2393830	Hassan Square Branch
Farhana Masood	0300-3340640	Shahrah-E-Faisal Branch
Shahid Ali Chishti	0300-2127537	Karimabad Branch
Branch Manager	021-35678779	Zaib-Un-Nisa. Street Branch
Branch Manager	021-34554409	Tariq Road. Branch
Branch Manager	021-32430353	Cloth Market Branch
Branch Manager	021-35853995	Khayaban- E- Badar Branch
Branch Manager	021-35068823	Korangi Industrial Area
Branch Manager	021-35875639	Bath Island
<b>Lahore</b>		
Muhammad Yasir	0333-4306795	Y-Block DHA Branch
Waqar Ahmad Paracha	0300-8840151	Kashmir Road Branch
Malik Faisal Faryad	0300-4619625	Mall Road Branch
Aamir Aslam	0321-4175607	PAF Base Branch
Zahra Sabahat	0321-9440359	Brandreth Road Branch
<b>Islamabad</b>		
Iftikhar Hameed Khan	0333-5607962	Blue Area Branch
Zahir Mehmood Khan	0346-9273633,	I-8 Markaz Branch
M. Rashid Qayyum	0345-5923766	F-6 Markaz Branch
Branch Manager	051-2292830	G-11 Markaz Branch
Branch Manager	051-2293980	F-10 Markaz Branch
Arif Raza	0333-8505435	Chaklala Branch
Branch Manager	051-5510001	Adamjee Road Branch
<b>Multan</b>		
Hafiz Tariq	0301-7570040	Chowk Rasheed Branch
Fizza Hassan	0321-4339404	Abdali Road Branch
Saira Habib	0342-7012691	Multan Cantt Branch
Branch Manager	061-4573100	Nawan Sheher Branch
Hafiz M. Irfan Tahir	0321-4861219, 0313-4861219	Shah Rukn-e-Alam
<b>Faisalabad</b>		
Mughees Ahmad Sheikh	0332-8663525	Peoples Colony Branch
Branch Manager	041-8813202	Jail Road. Branch
<b>Gujranwala</b>		
Sidra Iqbal	0336-4655633	Zia Plaza
<b>Hayderabad</b>		
Haider Abbas	0321-3051874	Civic Center Branch
<b>Sahiwal</b>		
Branch Manager	040-4466863	High Street Branch
<b>Rahimyarkhan</b>		
Branch Manager	068-5889717	Shahi Road Branch
<b>D.G.Khan</b>		
Branch Manager	064-2471355	Azmat Road Branch
<b>Bahawalpur</b>		
Fahad Husnain Lashari	0301-7755667	Fareed Gate Branch
<b>Gujrat</b>		
Branch Manager	053-3525350	G.T. Road Branch
<b>Abbotabad</b>		
Yasir Aslam	0345-9554184	Supply Bazar branch
<b>Quetta</b>		
Imran Hassan Khan	0345-8165666	Jinnah Road Branch
<b>Sialkot</b>		
Branch Manager	052-9250541-42	Kashmir Road Branch
<b>Sargodha</b>		
Tanzel Maqbool	0331-7660756	New Queens Road
<b>Jhelum</b>		
Branch Manager	054-4622993	Cantt Branch

**CONTACT US:**

Helpline 0800 ABL-AM (0800 225 26)  
 UAN: (021) 111-ABL-AMC (111-225-262)  
 Email: [contactus@ablmc.com](mailto:contactus@ablmc.com)  
 Website: [www.ablmc.com](http://www.ablmc.com)