

RATED AM3 (JCR-VIS)

 **ABL Asset Management**
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INFOCUS

FUND MANAGER'S REPORT OCTOBER 2010

WATCH



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Every Tuesday at 7:00pm - Repeat: Wednesday at 3:30 pm

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

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

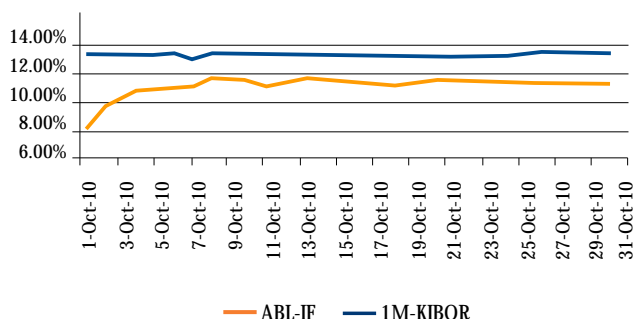
ABL-IF yielded an annualized return of 11.13% in October an improvement of 12 bps over the previous month. Money market remained liquid last month and in fact the SBP actively conducted OMOs to maintain stability thereby putting downward pressure on short term yields. However, your fund managed to deliver improved returns despite limited avenues and low short term rates, through active management. Investment in T-bills was enhanced to 43.5% and Reverse Repo to 14.5% during the month against TDR placements which reduced to 31.1%. Fund size increased by 6.6% to Rs.6,764 mn during the month.

The State Bank of Pakistan (SBP) has forecasted in its annual report that the country's economy would continue to face a challenging situation, as government is likely to miss its budgetary targets and performance parameters set by IMF due to massive fallout of floods and poor fiscal management. GDP growth is expected to settle at between 2-3 percent against 4.5 percent budgetary target. Inflation is set to swell on account of jump in food, fuel and energy prices. Furthermore, the much anticipated support from FoDP has yet to materialize. There is a good probability that the State Bank may raise interest rates again by 50bps in the upcoming Monetary Policy Statement due towards the end of the month. Due to uncertainties surrounding macro environment, investors thus continue to prefer sovereign debt instruments.

ABL-IF will maintain a cautious stance with a positive bias towards government securities and good rated counters. Moreover the fund's duration will be kept low in order to curtail volatility in the event of another rate hike.

Fund Returns*	ABL-IF	1 M-KIBOR
Year to Date (YTD)	10.78%	12.65%
Trailing 12 months	10.84%	12.49%
Month to date (MTD)	11.13%	12.72%

* Returns are net of management fee & all other expenses



Basic Fund Information

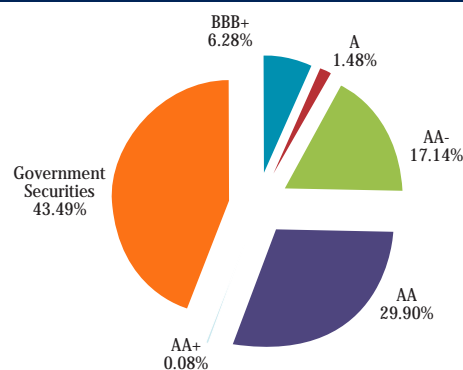
Fund Type	Open-end
Category	Income Fund
Launch Date	September 20, 2008
Net Assets	PKR 6,764 mn
NAV	PKR 10.0954
Benchmark	1 Month Kibor Average
Dealing Days	As per Local Stock Exchanges
Cut-off time	4:00 pm
Pricing mechanism	Forward
Management Fee	1.5%
Front-end load	NIL
Trustee	Central Depository Company 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

Leverage	NIL
Weighed average time to maturity of net assets	38 days

Asset Allocation (% of Assets)	Sept '10	Oct '10
Cash	5.62%	9.27%
Placement with Banks (TDRs)	45.71%	31.05%
Placement with DFLs (COLs)	1.26%	0.00%
Reverse Repo	8.27%	14.54%
T-Bills	38.81%	43.49%
Other assets including receivables	0.33%	1.64%

Credit Quality of Portfolio (% of Assets)



Other assets including receivables account for 1.64% of Net Assets.
* These investments are in Reverse Repo.

Investment Committee Members:

1. Farid A. Khan, CFA - CEO
2. Muhammad Imran - CIO
3. Hammad Ali Abbas - Fund Manager
4. Kamran Aziz - Fund Manager

Investment Objective

To provide higher risk-adjusted returns over the long term by investing in a diversified portfolio of equity instruments offering capital gains and dividends.

Fund Manager's Comments

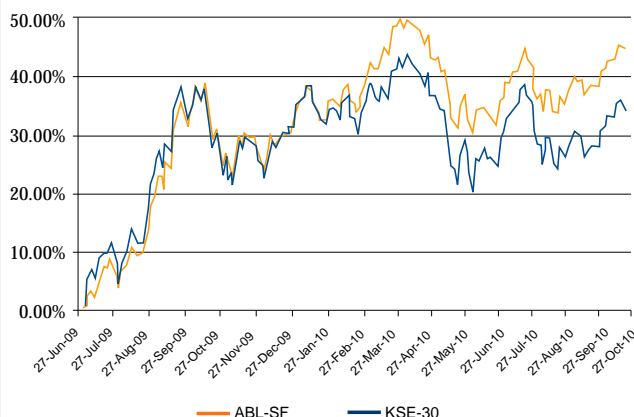
October 2010 was an exciting month for equities in Pakistan with benchmark KSE-100 index returning 5.8%. Market shed aside all the fears related to economic slowdown, rising political temperature and lack of liquidity by jumping into the positive zone. Volumes also surprised on the upside with Average Daily Turnover increasing by 52% m/m to \$38 mn. We attribute excess liquidity lying with several large investors (cash reserves and June end dividends) and continuous foreign flows as key reasons for better performance of equities in the outgoing month.

ABL-SF slightly underperformed its benchmark during October, returning 4.71% against 4.97% appreciation in KSE-30. The underperformance is insignificant and can be attributed to higher cash levels maintained by the fund earlier during the month. The fund later reallocated some of its cash to equities taking advantage of the positive momentum in market. The sharp economic slowdown phase, in our opinion, is now in the price. We anticipate corporate earnings to bounce back going forward, which was yet another reason for increasing exposure to equities. Investment in Oil & Gas sector was enhanced from 31.3% to 33.4% of the portfolio and from 12.2% to 15.1% in Chemicals. Exposure in Power and Personal Goods sectors was also raised from 8.5% and 2.2% to 10.2% and 3.9% respectively, during the month. ABL-SF as of October 31, 2010 is 83.4% invested in equities and 16.6% in T-bills and cash.

The corporate result season for 1st quarter of FY11, which started off on a positive note, in terms of market response, has now come to an end. The sharp slowdown in economic activity post floods was reflected in performance of some of the large blue-chips particularly in the OMC, Cements and Fertilizer sectors. However, as explained earlier, we expect industry numbers to bounce back sharply over next two quarters leading to stronger results. E&P, Power and Textile companies were largely immune to the lull witnessed over the past three months and we expect these sectors to retain their attractiveness even in quarters ahead. We remain 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. Developments on the external front and introduction of leverage product can cause further excitement in the market although one should keep a close eye on domestic politics to counter any unpleasant surprise.

Performance*	ABL-SF	KSE-30
Year to Date (YTD)	8.81%	6.26%
Trailing 12 months	12.28%	5.09%
Month to Date (MTD)	4.71%	4.97%

* Returns are net of management fee & all other expenses



Basic Fund Information

Fund Type	Open-end
Category	Equity Scheme
Launch Date	June 28th, 2009
Net Assets (PKR)	382,122,216.00 as at 31st October, 2010
NAV	10.8952 as at 31st October, 2010
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 Rating	MFR 5-Star (JCR VIS)
Fund Manager	Kamran Aziz

Technical Information

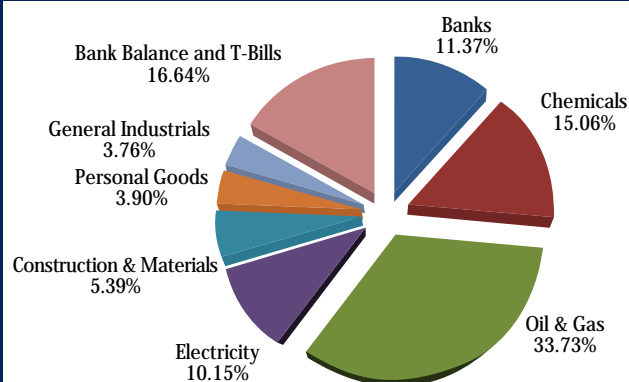
Leverage	NIL
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Top Ten Holdings (% of Assets)

Oct '10

POL	9.94%
PPL	9.22%
FFC	8.48%
HUBCO	7.40%
OGDC	6.52%
ENGRO	5.12%
MCB	4.43%
LUCK	4.02%
THALL	3.76%
APL	3.51%

Sector Allocation (% of Assets)



Investment Committee Members:

1. Farid A. Khan, CFA - CEO
2. Muhammad Imran - CIO
3. Hammad Ali Abbas - Fund Manager
4. Kamran Aziz - Fund Manager



Investment Objective

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

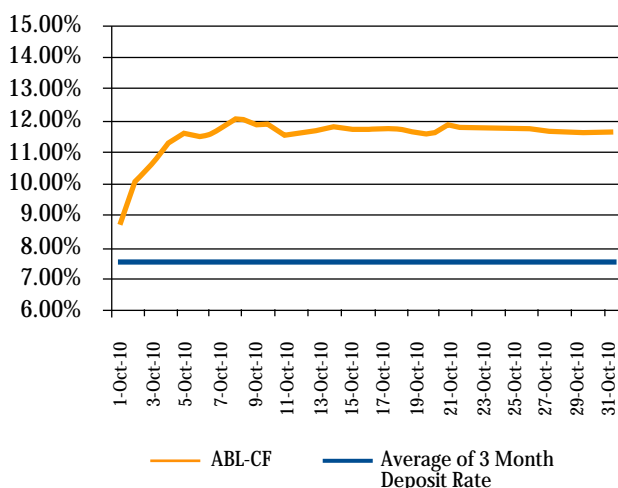
ABL-CF yielded an annualized return of 11.63% in October, an improvement of 57 bps over the previous month. Liquid money market conditions coupled with interest rate uncertainties led to low yields on short term instruments. Nevertheless, ABL-CF recorded improved returns due to active liquidity management and higher T-bills allocation. Investment in T-bills was enhanced to 67.4% during the month where as TDR placements were reduced to 25.9%. Fund size increased by a healthy 71% to Rs.3,520 million during the month.

Economic conditions remain fragile and as per the State Bank of Pakistan (SBP) forecast, the country will continue to face challenges on both monetary and fiscal fronts. The SBP also highlighted that the possibility of achieving key budgetary goals such as fiscal deficit and GDP growth, is not possible. Inflation is expected to remain high on account of higher food and energy prices. However, FX reserves touched an all time high of USD \$17.1 bn during the month due to higher remittances, lower trade deficit and support funds for flood relief. There is a good probability that the State Bank may raise interest rates again by 50bps in the upcoming Monetary Policy Statement due towards the end of the month.

ABL-CF will maintain investments in Treasury Bills and other short term instruments in order to maintain a low duration and reduce volatility in returns. The uptick in benchmark rates is expected to elevate fund return in coming months.

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)	11.63%	7.76%

* Returns are net of management fee & all other expenses



Basic Fund Information

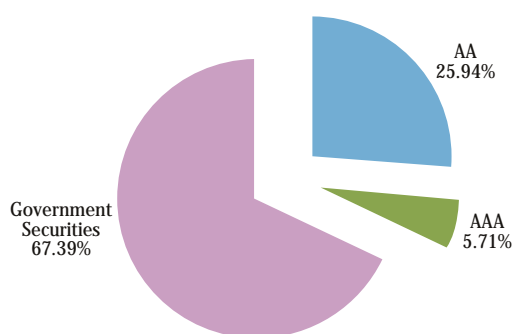
Fund Type	Open-end
Category	Money Market Fund
Launch Date	July 30, 2010
Net Assets	PKR 3,520 mn
NAV	PKR 10.0984
Benchmark	Average 3 Month Deposit rates of AA and above rated Banks
Dealing Days	As per Local Stock Exchanges
Cut-off time	4:00 pm
Pricing mechanism	Backward
Management Fee	1.25%
Front-end 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

Leverage	NIL
Weighed average time to maturity of net assets	47 days

Asset Allocation (% of Assets)	Sept '10	Oct '10
Cash	5.65%	5.81%
Placement with Banks (TDRs)	44.14%	25.85%
T-Bills	51.25%	67.38%
Others including receivables	-1.04%	0.96%

Credit Quality of Portfolio (% of Assets)



Receivables account for 0.96% of Net Assets.

Investment Committee Members:

1. Farid A. Khan, CFA - CEO
2. Muhammad Imran - CIO
3. Hammad Ali Abbas - Fund Manager
4. Kamran Aziz - Fund Manager

Investment Objective

To seek maximum possible preservation of capital and offer steady rate of return by investing in liquid Shariah compliant instruments.

Fund Manager's Comments

ABL-ICF yielded an annualized return of 9.18% in October, an improvement of 40 bps over the previous month. During the month, fund duration was slightly enhanced through a term which diversified the portfolio and improved returns. The fund maintained a handsome cash balance of 68.4%, allowing itself the flexibility to avail any opportunity to place funds in better investment avenues. Fund size edged up marginally to Rs.406mn from Rs.403mn the previous month.

Challenges to economic revival have increased after the devastating floods and Government's inaction over burgeoning fiscal deficit. Inflation remains high and with rising fuel and energy costs, it is unlikely to subside in the near term. Revenue generation still poses to be a tough challenge as power shortages and weak security conditions are hampering recovery. Dependence on foreign support is increasing which would only add to economic woes. Although remittances and support funds are a source of relief, those are not long term solutions. In its forecast, the SBP has highlighted that key economic benchmarks are likely to be missed which could forestall recovery.

Based on the above, ABL-ICF will maintain a low risk, short duration portfolio with investments geared towards liquid and AA rated investment avenues only.

Basic Fund Information

Fund Type	Open-end
Category	Islamic Money Market Fund
Launch Date	July 30, 2010
Net Assets	PKR 405.69 mn
NAV	PKR 10.0792
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

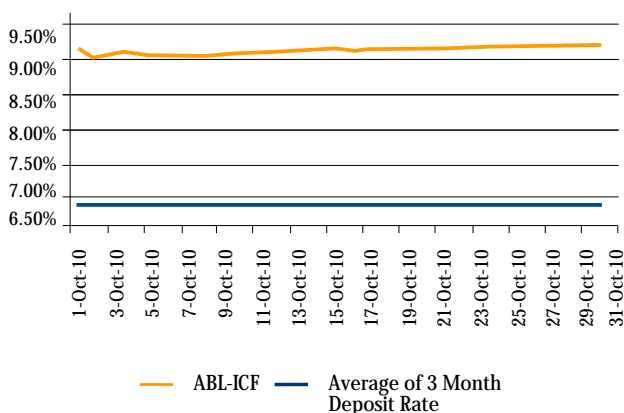
Leverage	NIL
Weighed average time to maturity of net assets	22 days

Asset Allocation (% of Assets)	Sept '10	Oct '10
Cash	99.54%	68.43%
Term Deposit	0.00%	30.81%
Others including receivables	0.46%	0.76%

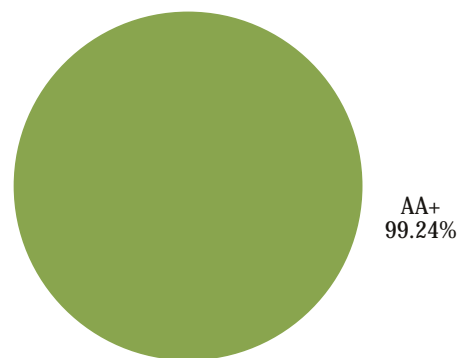
Fund Returns*

	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)	9.18%	6.90%

* Returns are net of management fee & all other expenses



Credit Quality of Portfolio (% of Assets)



Receivables account for 0.76% of Net Assets.

Investment Committee Members:

1. Farid A. Khan, CFA - CEO
2. Muhammad Imran - CIO
3. Hammad Ali Abbas - Fund Manager
4. Kamran Aziz - Fund Manager



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 and we will answer all your queries or
- ▶ Visit us on our website www.ablmc.com for information and guidance

STEP TWO

Investment Process

Forms

- ▶ Our investment advisors will help you fill the required forms;
 - ▶ Form 1 – Account Opening Form
 - ▶ 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
Karachi		
Furqan Ali Dakhan	0321-2014622	Clifton Branch
Raheel Khawar Kamal	0345-2584931	S.I.T.E. Branch
Mushtaq Ur Rehman	0300-2417978	Hyderi Branch
Branch Manager	021-35301958	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	021-34554409	Tariq Road. Branch
Branch Manager	021-32430353	Cloth Market Branch
Syed Ayaz Hussain	0322 2530409	Khayaban- E- Badar Branch
Farrukh Khan	0345 3572181	Korangi Industrial Area Branch
Syed Muneeb Hassan	0345-3149239	Bath Island Branch
Branch Manager	021-35678779	Zaib-un-Nissa Street Branch
Lahore		
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
Islamabad		
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
Multan		
Hafiz Tariq	0301-7570040	Chowk Rasheed Branch
Fizza Hassan	0321-4339404	Abdali Road Branch
Saira Habib	0342-7012691	Multan Cantt Branch
Branch Manager	061-4552551	Shah Rukn-e-Alam Branch
Branch Manager	061-4573100, 4570705	Nawan Sheher Branch
Faisalabad		
Mughees Ahmad Sheikh	0332-8663525	Peoples Colony Branch
Branch Manager	041-8813202	Jail Road. Branch
Gujranwala		
Sidra Iqbal	0336-4655633	Zia Plaza Branch
Hayderabad		
Haider Abbas	0321-3051874	Civic Center Branch
Sahiwal		
Asif Mehmood	0314-3600421	High Street Branch
Rahimyarkhan		
Branch Manager	068-5889717	Shahi Road Branch
D.G.Khan		
Branch Manager	064-2471355	Azmat Road Branch
Bahawalpur		
Fahad Husnain Lashari	0301-7755667	Fareed Gate Branch
Gujrat		
Branch Manager	053-3525350	G.T. Road Branch
Abbotabad		
Branch Manager	0992-330889	Supply Bazar Branch
Quetta		
Intran Hassan Khan	0345-8165666	Jinnah Road Branch
Sialkot		
Branch Manager	052-9250541-42	Kashmir Road Branch
Sargodha		
Tanzel Maqbool	0331-7660756	New Queens Road Branch
Jhelum		
Branch Manager	054-4622993	Cantt Branch

CONTACT US:

Helpline 0800 ABL-AM (0800 225 26)

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Website: www.ablmc.com



ABL Asset Management

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