

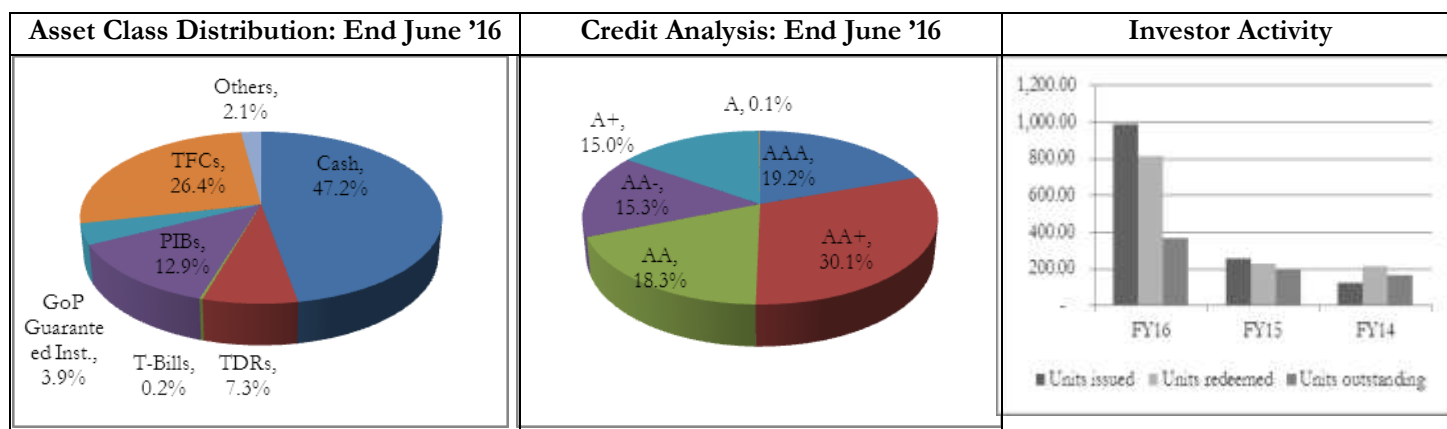
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Investment Objective

To earn a superior risk adjusted rate of return by investing in a blend of short, medium and long term instruments, both within and outside Pakistan.

ABL Income Fund		
Rating Category	Latest	Previous
Fund Stability Rating	A(f)	A(f)
	Dec 30, '16	Dec 31, '15
Management Company	ABL Asset Management Company Limited	
Chief Executive	Mr. Alee Khalid Ghaznavi	
Fund Manager	Mr. Faizan Saleem	
Trustee	Central Depository Company of Pakistan Limited	
Front-end Load	1.5% p.a.	
Back-end Load	Nil	
Management Fee	1.5% pa	
Benchmark	6 Month KIBOR	



Launched in September 2008, ABL Income Fund (ABL-IF) is managed by ABL Asset Management and operates as an open end fund for investors who seek competitive risk adjusted rate of return.

The investment committee (IC) is composed of five members which includes the CEO, Chief Investment Officer, Head of Research and two fund managers. Head of Risk attends meetings as an invitee though is not a voting member.

Limits have been defined in the operational policy in order to restrict fund's exposure to various types of investments and credit quality of the same. A quarter of assets of the fund must be deployed in cash and near cash instruments. Allowable exposure in Margin Trading System has been increased to a maximum 40% of net assets from 10%

previously while maximum investment in TFCs has been increased from 25% to 75%.

Net assets of the fund stood at Rs. 3.7b (FY15: Rs. 2.0b) at end-FY16. Net assets showed a positive trend reaching a maximum Rs. 6.6b at end-May'16. The same however decreased due to redemptions by corporate investors for tax purposes.

Table 1: Asset allocation Summary

	Average FY16	End June'16	End June'15	Limit
Cash & Bank balances	29%	47%	50%	25%-100%**
TDRs and placements	12%	7%	0%	0-75%
Sovereign exposures*	40%	13%	32%	0-100%
TFCs	14%	31%	15%	0-75%
Other assets	5%	2%	3%	

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**T-Bills, PIBs, GoP Ijarah Sukuk & Govt. backed instruments*

***Limit includes Government Securities less than 90 days calculated on the basis of average for each calendar month*

Major portion of asset mix was placed in sovereign exposures during FY16. The same represented on average 40% of net assets during FY16. Major portion of remaining assets are placed as cash & bank balances and TDRs. With an increase in limit for maximum holdings of TFCs, the investment in the same increased to a high 31% at end-June'16. Credit quality of exposures has remained in line with JCR-VIS's criteria for the assigned rating.

Table2: Credit quality Summary FY16

	Average	Maximum	Minimum
AAA (including sovereign exposures)	27.5%	39.0%	19.2%
AA+	9.9%	30.1%	1.5%
AA	28.8%	56.8%	16.4%
AA-	17.1%	23.9%	7.2%
A+	6.4%	15.0%	1.0%
A	6.5%	23.4%	0.0%

Weighted Average maturity of the fund was 803 days (FY15: 974 days) at end-FY16 as opposed to the limit of 4 years. As per internal policy, target duration of the fund has been set between 1-1.5 years. Duration at end-FY16 was reported at 0.56 years reaching a high 1.34 years at end-

April'16. While there have been no breaches of internal policy limits, there have been two breaches of JCR-VIS's internal duration criteria for the assigned rating.

Table 3: Market risk summary FY16

	Average	Maximum	Minimum
WAM	652	930	412
Duration	289	488	144

Benchmark of the fund is the average 6 month KIBOR. Fund returns stood at 7.2% (FY15: 14.2%) for FY16. However the fund consistently outperformed its benchmark. Peer ranking of ABL IF stood at 9 out of 20 (FY15: 2 out of 19) for FY16.

Table 4: Performance Summary

Performance	FY16	FY15
Total Return	7.2%	14.2%
Benchmark Return	6.5%	9.0%
Peer Group Average (without outlier)	7.4%	12.6%

Total number of investors in the fund increased to 1,370 (end-June'15: 911) at end-June'16. Retail portion of the fund has increased to 47% (FY15: 40%) at end-FY16 while unrelated corporate holdings decreased to 47% (FY15: 59%) JCR-VIS

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Rating History

Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	12/30/2016	A(f)	Reaffirmed
Fund Stability	12/31/2015	A(f)	Downgrade
Fund Stability	10/16/2014	A+(f)	Reaffirmed
Fund Stability	1/17/2013	A+(f)	Reaffirmed
Fund Stability	1/2/2012	A+(f)	Reaffirmed
Fund Stability	12/31/2010	A+(f)	Reaffirmed