

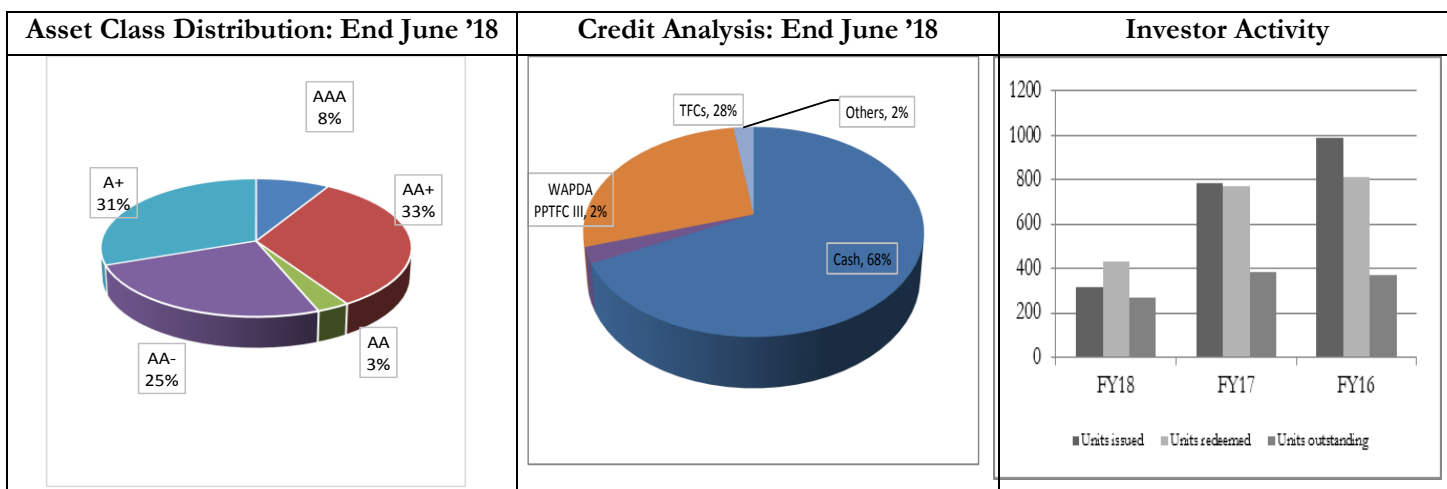
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**Investment Objective**

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 | <b>A(f)</b>                                    | <b>A(f)</b> |
|                       | Jan 16, '19                                    | Jan 16, '18 |
| Management Company    | ABL Asset Management Company Limited           |             |
| Chief Executive       | Mr. Alee Khalid Ghaznavi                       |             |
| Fund Manager          | Mr. Fahad Aziz                                 |             |
| 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.

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 is set at maximum 40%, while maximum investment in TFCs is capped at 75%.

Net assets of the fund stood at Rs. 2.8b (FY17: Rs. 3.9b) at end-FY18.

**Table 1: Asset allocation Summary**

|                       | Average FY18 | End June'18 | End June'17 | Limit      |
|-----------------------|--------------|-------------|-------------|------------|
| Cash                  | 55.34%       | 67.65%      | 68.5%       | 25%-100%** |
| Placements with banks | 12.87%       | 0.0%        | 0.0%        | 0-75%      |
| T-Bills               | 2.63%        | 0.0%        | 0.0%        | 0-100%     |
| PIBs                  | 4.65%        | 0.0%        | 0.0%        | 0-100%     |
| Commercial Papers     | 0%           | 0.0%        | 2.4%        | 0-50%      |
| Clean Placements      | 0%           | 0.0%        | 0.0%        | 0-75%      |
| Spread Transaction    | 0.47%        | 0.0%        | 0.5%        | 0-50%      |
| WAPDA PPTFC III       | 2.40%        | 2.46%       | 2.3%        | 0-80%      |
| GoP Guaranteed Inst.  | 1.85%        | 0.0%        | 2.5%        | 0-80%      |
| TFCs                  | 29.52%       | 27.65%      | 22.3%       | 0-75%      |
| Others                | 2.77%        | 2.24%       | 1.5%        | N/A        |

\*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

## JCR-VIS Credit Rating Company Limited

Technical Partner – IIRA, Bahrain | JV Partner – CRISL, Bangladesh

Major portion of asset mix was placed in cash and TFCs during FY18. The same represented on average 55.34% & 29.52% of net assets during FY18. Investment in TFCs increased to a high of 32.83% in April'18. Credit quality of exposures has remained in line with JCR-VIS's criteria for the assigned rating.

**Table2: Credit quality Summary FY18**

|                       | Average | Maximum | Minimum |
|-----------------------|---------|---------|---------|
| AAA                   | 19.27%  | 52%     | 8.20%   |
| AA+                   | 14.88%  | 55.14%  | 3.86%   |
| AA                    | 5.92%   | 7.38%   | 3.01%   |
| AA-                   | 42.93%  | 68.75%  | 6.48%   |
| A+                    | 12.24%  | 29.89%  | 5.43%   |
| A                     | 0%      | 0%      | 0%      |
| Government Securities | 3.08%   | 10.38%  | 0.05%   |

Weighted Average maturity of the fund was 635 days (FY17: 608 days) at end-FY18 as opposed to the limit of 4 years. As per internal policy, target duration of the fund has been capped at 1 year. Duration at end-FY18 was reported at 0.11 year (FY17: 0.12 year) reaching a high 0.14 year at

end-Feb'18. There have been no breaches of internal policy limits and neither of JCRVIS internal duration criteria.

**Table 3: Market risk summary FY18**

|          | Average | Maximum | Minimum |
|----------|---------|---------|---------|
| WAM      | 635.5   | 679     | 543     |
| Duration | 0.12    | 0.14    | 0.06    |

Benchmark of the fund is the average 6 month KIBOR. Fund returns stood at 4.67% (FY17: 5.9%) for FY18. However, the fund was unable to outperform its benchmark of 6.35%. Peer ranking of ABL IF stood at 24 out of 28 (FY17: 14 out of 28) for FY18.

**Table 4: Performance Summary**

| Performance      | FY18  | FY17 |
|------------------|-------|------|
| Total Return     | 4.6%  | 5.9% |
| Benchmark Return | 6.35% | 6.1% |

Total number of investors in the fund increased to 1,328 (FY17: 1,093) at end-June'18. Retail portion of the fund has decreased to 18% (FY17: 21%) at end-FY18 while unrelated corporate holdings decreased to 30% (FY17: 54%)<sup>[JCR-VIS]</sup>

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### Rating History

| Rating Type    | Rating Date | Medium to Long Term | Rating Action |
|----------------|-------------|---------------------|---------------|
| Fund Stability | 1/16/2019   | A(f)                | Reaffirmed    |
| Fund Stability | 1/16/2018   | A(f)                | Reaffirmed    |
| 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    |