

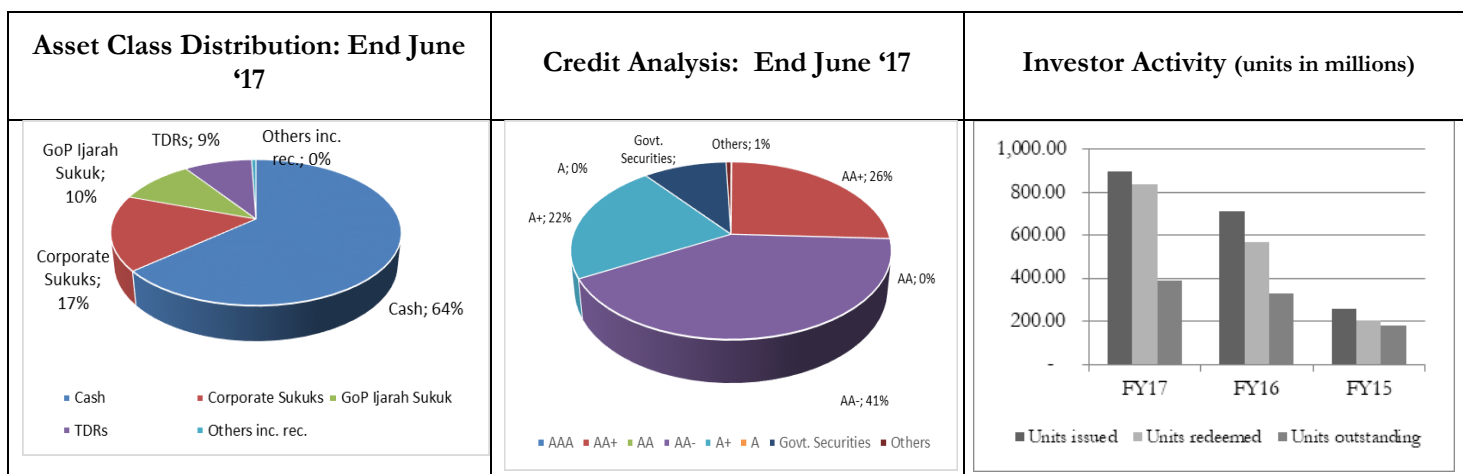
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Investment Objective

To provide investors with an opportunity to earn higher income over the medium to long term by investing in a diversified portfolio comprising Shari’ah compliant money market and debt instruments.

ABL Islamic Income Fund		
Rating Category	Latest	Previous
Fund Stability Rating	A(f) Jan 16, '18	A(f) Dec 30, '16
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%	
Management Fee	1% p.a.	
Benchmark	Average 6 month deposit rate of 3 A Rated Islamic banks	



ABL Islamic Income Fund (ABL-IIF) was launched in 2010 as a Shari’ah compliant investment vehicle. The investment committee (IC), responsible for managing the fund in accordance with the regulations, includes six members that comprise the CEO, Chief Investment Officer, Chief Financial Officer, two fund managers and Head of Risk Management. Head of Research attends meetings but is not a voting member.

Within the Shari’ah category, the fund’s exposure limits and minimum rating criteria of the investment avenues were already specified in order to minimize credit risk. Placements in banks, DFIs and other institutions (TDRs) are split into two categories, minimum rating ‘A’ with a maturity of less than 6 months and minimum rating ‘A’ with a maturity exceeding 6 months.

Net assets of the fund stood higher at Rs. 3.9b (FY16: Rs. 3.3b) by end-FY17.

On average basis, approximately 60.5% of net assets were held as cash & bank balances during FY17. The fund placed 21.0% of net assets on average in corporate Sukuk. Maximum investment in Listed Sukuk reached 27.5% at end-Dec’16 while full year average for FY17 stood at 20.3%. At end-FY17, corporate sukuk investments were made in Fatima Fertilizer Company Limited representing 4.09% of total assets at end-FY17. Subsequently, exposure has been built in Basel 3 Tier 2 Sukuk issued by Meezan Bank Limited representing 9.46% of total assets at end-2017.

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

Table 1: Asset allocation summary

	Avg FY17	End June'17	End June'16	Limit
Cash & bank balances	60.5%	63.7%	52.3%	0-50% (A), 0-75% (A+ & above) TL 25%-100%*
Corporate Sukuk	21.0%	16.7%	28.2%	0-50% (A+), 0-15% (A-) TL 50%
GoP Ijarah Sukuk	6.8%	10.0%	12.8%	0 -75%
Term Deposits	9.1%	9.0%	6.0%	0 -75% (A – Mat. <6 months), 0 -15% (A – Mat. >6 months)
Others assets	2.5%	0.6%	0.7%	-

* Based on quarterly average calculated on a daily basis

Benchmark Return	3.1%	5.1%
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Total number of investors partially decreased to 1,041 (FY16: 1,165) by end-FY17 with retail representing 45% (FY16: 65%) of net assets. Unrelated corporates contributed 55% (FY16: 31%) of net assets. With decrease in the proportion of retail unitholders, Top 10 investors concentration increased to 58% (FY16: 53%) by end-FY17 ^[JCR-VIS]

Table 2: Credit Quality Summary FY17

	Average	Maximum	Minimum
AAA	0.8%	8.7%	0.0%
AA+	34.7%	55.9%	18.6%
AA	0.9%	2.9%	0.0%
AA-	26.2%	70.0%	9.6%
A+	27.6%	45.2%	10.7%
A	2.6%	11.0%	0.0%
Government Securities	5.8%	24.5%	0.0%

Weighted average time to Maturity (WAM) of the fund increased to 453 days (FY16: 341 days) by end-FY17; maximum WAM stood at 573 days during FY17.

Table 3: Market risk summary FY17

	Average	Maximum	Minimum
WAM	453	573	339
Duration	25	64	8

Performance of the fund is benchmarked against average 6-month deposit rate of three A rated Islamic banks. In line with the historical trend, the fund continued to surpass the benchmark by posting annualized return of 5.7% as compared to benchmark return of 3.1%. ABL-IIF ranked 7 out of 16 (FY16: 2 out of 13) amongst peers for FY17.

Table 4: Performance summary

Performance	FY17	FY16
Total Return	5.7%	5.8%

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Rating History

Rating Type	Rating Date	Medium to Long Term	Outlook	Rating Action
Fund Stability	01/16/2018	A(f)		Reaffirmed
Fund Stability	12/30/2016	A(f)		Reaffirmed
Fund Stability	12/31/2015	A(f)		Reaffirmed
Fund Stability	10/16/2014	A(f)		Downgrade
Fund Stability	1/17/2013	A+(f)		Reaffirmed
Fund Stability	1/10/2012	A+(f)		Reaffirmed
Fund Stability	10/27/2011		Rating Watch - Developing	Rating Watch-Developing