

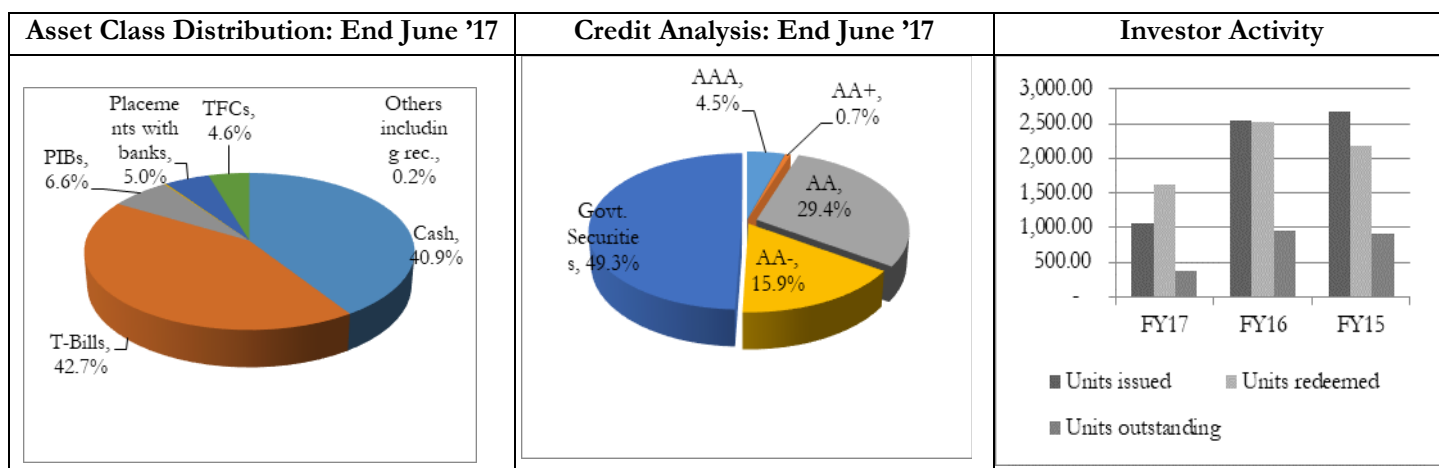
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Investment Objective

To deliver optimal risk adjusted returns by investing mainly in a combination of short to long term Government Securities and other debt instruments.

ABL Government Securities Fund		
Rating Category	Latest	Previous
Fund Stability Rating	A(f)	A(f)
	Jan 16, '18	Dec 30, '16
Management Company	ABL Asset Management Company Limited	
External Auditor – Fund	A.F.Ferguson and Company Chartered Accountants	
Chief Executive	Mr. Alee Khalid Ghaznavi	
Portfolio Manager	Mr. Fahad Aziz	
Trustee	Central Depository Company Ltd.	
Front-end Load	1.5%	
Back-end Load	Nil	
Management Fee	Class B unit 1.25%	
Benchmark	Average 6 Months PKRV rate	



ABL Government Securities Fund (ABL-GSF) was initiated in November 2011, as an open end mutual fund. As per its mandate, the fund primarily invests in government paper. The fund is managed by ABL Asset Management (ABLAMC), which has ‘AM2++’ rating by JCR-VIS, denoting very good management characteristics. The investment committee (IC), responsible for managing the fund in accordance with the regulations, is composed of six members which includes the CEO, Chief Investment Officer, CFO, two fund managers and Head of Risk Management. Head of Research attends meetings as an invitee but is not a voting member.

ABL-GSF was the largest fund managed by ABLAMC in FY16; however considerable redemption was witnessed in FY17 primarily on account of lower return offered by government securities funds. Net assets of the fund declined to Rs. 3.8b (FY16: Rs. 9.5b) by end-FY17.

As per pre-defined exposure limits, the fund must deploy at least 70% of its assets in government securities. Other asset deployment sources include corporate debt instruments (with a minimum rating of AA-) and placements with financial institutions. Spread transaction

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including Margin Trading System is also included with allowable allocation of 0-10%.

On average, the fund placed approximately 68.2% of net assets in government securities comprising T-Bills and PIBs. T-Bills on average represented 52.9% of the portfolio during FY17. At end-FY17, in light of expected redemptions, 40.9% of net assets were held as cash, for liquidity requirements. As per pre-defined exposure limits, the fund must deploy at least 70% of its assets in government securities, the fund was unable to meet this requirement at times during FY17.

Table 1: Asset allocation summary

	Average FY17	End-June'17	End-June'16	Limits
Cash	19.8%	40.9%	75.4%	0-50%
TDRs	6.5%	5.0%	0.0%	0-15%
T-Bills	52.9%	42.7%	0.2%	70-100%*
PIBs	15.2%	6.6%	23.3%	70-100%*
TFCs	2.6%	4.6%	0.0%	0-20%
Money Market Placements	2.3%	0.0%	0.0%	0-50%
Others including rec.	0.98%	0.2%	1.0%	-

* Based on monthly average investment to be calculated on a daily basis

Majority of investments have been concentrated in Government Securities signifying low exposure to market risk.

Table 2: Credit quality summary FY17

	Average	Max	Min
Government Securities	68.20%	92.10%	44.90%
AAA	0.50%	4.50%	0.00%
AA+	5.30%	18.40%	0.00%
AA	10.00%	35.00%	0.00%
AA-	14.80%	30.00%	0.00%
A+	0.20%	2.60%	0.00%

The maximum limit for WAM is 4 years. WAM declined to 189 days (FY16: 234 days) by end-FY17. Internal duration

limit for the fund is 1-2 years. Duration has remained in compliance with internal policy limit, and also in line with JCR-VIS's internal criteria.

Table 3: Market risk summary FY17

	Average	Max	Min
WAM	337	500	189
Duration	225	444	45

Benchmark is 6 Months PKRV rates while the fund has mostly outperformed the benchmark during FY17. The funds' ranking with regards to peers has improved to 1 out of 9 (FY16: 4 out of 8) in FY17.

Table 4: Performance summary

Performance	FY17	FY16
Return (%)	6.6%	8.0%
Benchmark	5.9%	5.7%

Total number of investors in the fund decreased to 867 (FY16: 1,569) by end-FY17. The proportion of retail investment has remained at 23% while the remaining portion was of unrelated corporations. Top 10 investor concentration has remained around prior year level of 75% at end-FY17^[JCR-VIS]

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Rating History

Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
		<u>RATING TYPE: Fund Stability</u>		
16-Jan-18	A(f)			Reaffirmed
30-Dec-16	A(f)			Reaffirmed
31-Dec-15	A(f)			Downgrade
13-Aug-14	A+(f)			Reaffirmed
17-Jan-13	A+(f)			Reaffirmed
09-Jan-12	A+(f)			Initial
13-Aug-14	A+(f)			Reaffirmed