

RATED AM3+ (Positive Outlook) - JCR-VIS



INFOCUS

FUND MANAGER'S REPORT DECEMBER 2010



Management
Quality Rating of
**ABL Asset Management
Company** revised to
AM3+ with a
Positive Outlook

Disclaimer: This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. The NAV based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results.

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 11.66% for the month of December - an improvement of 59 bps over the previous month. ABL-IF also declared dividend for 2QFY-11 @ 2.689% which represents 100% income till December 28, 2010. The improvement in return is attributable to the increase in TDR rates on account of year end as well as active management of T-bill portfolio. Due to mark to market adjustment in the T-bill portfolio after the discount rate hike, returns had initially suffered which is apparent in the return graph. To curb this trend, TDR allocation was increased to 64% whereas T-bill allocation was brought down to 14.4% of the fund size. Moreover, competitive rates were negotiated in daily product accounts which boosted returns and also improved fund liquidity. Due to year end redemptions, fund size fell by 8.86% to Rs.5,946 mn which is a norm at this time of the year.

Heavy budgetary borrowing, fiscal slippages, rising circular debt and spiraling inflation continue to pose challenges to economic recovery. During the month, tax revenue target was revised downward by Rs.62 bn to Rs.1,604 bn. Also RGST implementation, a crucial condition of the IMF's Stand By Arrangement (SBA), continues to face challenges. Adding to woes, the Fiscal Deficit for the current year may well exceed the target of 4.7% of GDP as agreed with the IMF considering poor fiscal performance in 2QFY-11. The next MPS announcement is due at end of January where it is expected that the interest rates may be increased further due to high inflation and unabated government borrowing.

In order to mitigate any interest rate volatility going ahead, fund duration will be kept short. Furthermore, with short tenor TDRs locked in at attractive rates, ABL-IF will have sufficient liquidity to take advantage of any increase in rates in the next MPS.

Basic Fund Information

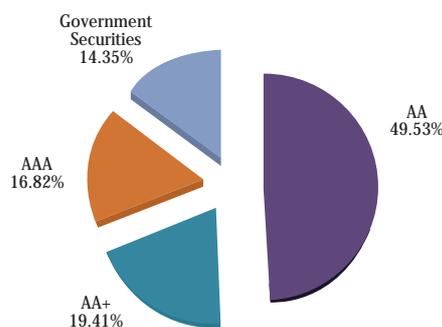
Fund Type	Open-end
Category	Income Fund
Launch Date	September 20, 2008
Net Assets	PKR 5,946 mn as at 31 December, 2010
NAV	PKR 10.0096 (Ex Dividend)
Benchmark	6 Month Kibor Average
Dealing Days	As per Local Stock Exchanges
Cut-off time	4:00 pm
Pricing mechanism	Forward
Management Fee	1.5% p.a
Front-end 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
Weighted average time to maturity of net assets	39 days

Asset Allocation (% of Assets)	Nov '10	Dec '10
Cash	1.76%	21.74%
Placement with Banks (TDRs)	23.15%	64.03%
Reverse Repo	3.23%	0.00%
T-Bills	70.51%	14.35%
Other assets / (Payables)	1.36%	(0.11%)

Credit Quality of Portfolio (% of Assets)



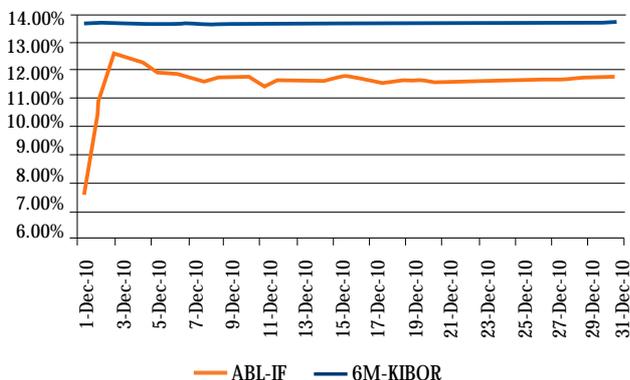
Payables account for (0.11) of Net Assets.

Investment Committee Members:

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

Returns*	ABL-IF	6 M-KIBOR
Year to Date (YTD)	10.98%	13.04%
Trailing 12 months	10.83%	12.67%
Month to date (MTD)	11.66%	13.60%

* Returns are net of management fee & all other expenses



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

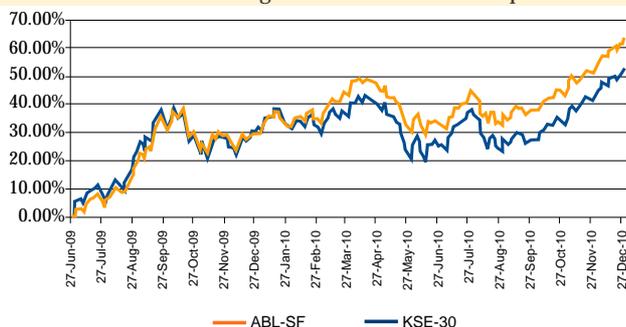
December 2010 was an exciting month for equities in Pakistan with benchmark KSE-100 index crossing the 12,000 psychological barrier with an appreciation of 7.01%. Buoyant foreign buying (MTD FIPI: \$ 73mn) and renewed local interest not only pushed the index north but also generated 12% m/m increase in turnover to \$64mn. Appointment of SECP Chairman, formation of new KSE Board, acquisition of BP's assets in Pakistan by United Energy Group for a base price of \$775mn, record increase in urea prices by Rs.190/bag amidst severe gas shortage and signing of share purchase agreement between Bestway Holding and Abu Dhabi Group to acquire 20% of latter's stake in UBL were the key factors that contributed to buying frenzy during December.

ABL-SF appreciated by 6.85% in December '10, almost at par with KSE-30. This is despite our slightly conservative stance on the market due to continued political noise. The fund, nevertheless, took advantage of the positive momentum in market by constantly reallocating assets into undervalued sectors and stocks, which explains our decent performance in spite of maintaining higher cash balance. During the month, investment in Oil & Gas sector was reduced from 34.7% to 31.8% of the portfolio and from 3.9% to 1.2% in General Industries. Exposure in Banking and Chemicals sector was raised from 11.2% and 18.5% to 13.8% and 21.3% respectively, during the month. ABL-SF as of December 31, 2010 is 84.0% invested in equities and 16.0% in T-bills and cash. The fund's decent performance this year also helped in attracting fresh money and ABL-SF closed the year at over Rs 500mn size.

Companies in India, China and other Asia-Pacific nations are expected to be the most acquisitive buyers in 2011 as attractive valuations and domestic competition drive deals globally, according to Bloomberg's M&A Global Outlook survey. We have been talking about attractive valuations in the market for quite some time now in our monthly Fund Management Reports and the recent BP-UEG and UBL-Bestway deals strengthen our case. 2QFY11 was a recovery phase for the economy after the flood related slowdown witnessed in the previous quarter and sentiment should improve as we draw closer to corporate result season in January. Investors are also betting on an early introduction of leverage product as the incoming SECP Chairman and incumbent KSE board put their acts together. All these factors can help the index to maintain its positive drive in upcoming months. Our strategy going forward will be to build higher exposure in cash rich blue-chips stocks and undervalued, deeply discounted quality mid-tier companies, which have lagged in performance in the recent rally.

Performance*	ABL-SF	KSE-30
Year to Date (YTD)	23.48%	21.26%
Trailing 12 months	26.33%	17.65%
Month to Date (MTD)	6.85%	6.92%

* Returns are net of management fee & all other expenses



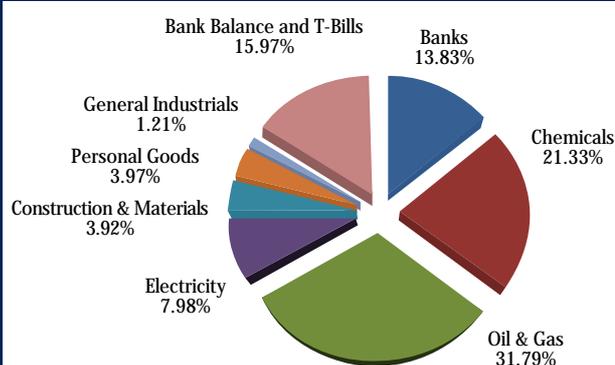
Basic Fund Information

Fund Type	Open-end
Category	Equity Scheme
Launch Date	June 28th, 2009
Net Assets	PKR 506.95 mn as at 31 December, 2010
NAV	12.3641 as at 31 December, 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+ (ICR-VIS)
Risk Profile of the Fund	High
Performance Rating	MFR 5-Star (ICR VIS)
Fund Manager	Kamran Aziz

Asset Allocation (% of Assets)	30-Nov	31-Dec
Stock/Equities	85.81%	84.02%
Cash	14.08%	10.88%
T-Bills	6.67%	5.87%
Others	(6.56%)	(0.77%)
Leverage	NIL	NIL

Top Ten Holdings (% of Assets)	30-Nov	31-Dec
FFC	8.30%	9.14%
POL	9.73%	8.38%
PPL	8.35%	7.96%
PSO	5.29%	6.70%
MCB	4.85%	6.62%
ENGRO	6.71%	5.89%
HUBCO	4.68%	4.92%
OGDC	6.23%	4.84%
NML	3.55%	3.26%
NBP	1.46%	3.19%

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

The objective of ABL Cash Fund is 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 11.75% in December, 54 bps higher than previous month and an outperformance of 384 bps over its benchmark. ABL-CF also declared dividend for 2QFY11 @ 2.742% which represents 100% income till December 28, 2010. The 50 bps discount rate hike at November end caused mark to market adjustment in ABL-CFs T-bill portfolio in the initial days of the month. However, the returns recouped instantaneously as the fund took advantage of high rates in TDRs by raising the allocation on this asset class to 49.8% whereas T-bills were brought down to 39.1% of the fund size. Furthermore, cash assets were deployed at very competitive rates in daily product. Contrary to industry trend of reduction in fund size at year end, ABL-CF's size increased by 9.93% to close at Rs.5,130 mn which portrays growing confidence of investors in ABL-CF.

Macroeconomic conditions remain bleak with major budgetary targets missing their mark and relationship with IMF balancing at knife's edge. Revenue target for the Fiscal Year till December has been missed by Rs.11 bn to close at Rs.642 bn. However, December revenue collection was recorded at Rs.151 bn against the target of Rs.147 bn which is a good sign. Heavy budgetary borrowing continues to fuel inflation by way of money creation whereas consistent rise in prices of essential commodities has made the situation even more dire. Circular debt remains unresolved and is expected to swell unless stringent steps are implemented. Furthermore, the IMF SBA has been extended on request of the government by nine months which indicates that the issue might be on back burner for a while. The Next MPS Announcement at end of January entails high probability of increase in Discount Rate on account of heavy government borrowing and sticky Inflation.

In this scenario, investments in low risk avenues shall be maintained. Duration will be kept to a minimum in order to mitigate any interest rate volatility going ahead.

Basic Fund Information

Fund Type	Open-end
Category	Money Market Fund
Launch Date	July 30, 2010
Net Assets	PKR 5,130 mn as at 31 December, 2010
NAV	PKR 10.0091 (Ex Dividend)
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% p.a
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

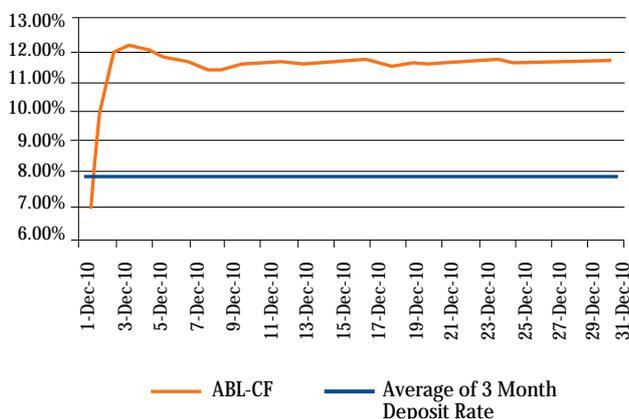
Leverage	NIL
Weighted average time to maturity of net assets	44 days

Asset Allocation (% of Assets)	Nov '10	Dec '10
Cash	5.42%	11.22%
Placement with Banks (TDRs)	20.36%	49.84%
Money Market Placements	3.72%	0.00%
T-Bills	69.54%	39.13%
Others assets / (Payables)	0.96%	(0.19%)

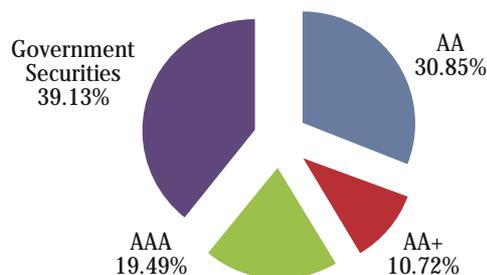
Returns*

	ABL-CF	Benchmark
Since inception to date	11.42	7.68%
Trailing 12 months	N/A	N/A
Month to Date (MTD)	11.75%	7.91%

* Returns are net of management fee & all other expenses



Credit Quality of Portfolio (% of Assets)



Payables account for (0.19%) 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

The objective of ABL Islamic Cash Fund is to seek maximum possible preservation of capital and offer steady rate of return by investing in liquid Shariah compliant instruments.

Fund Manager's Comments

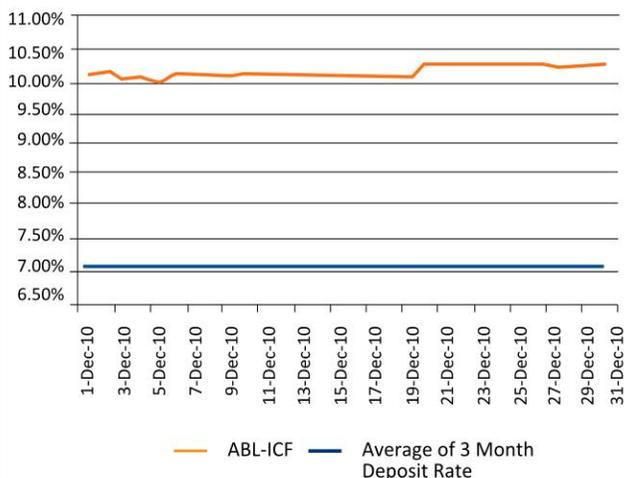
ABL-ICF yielded an annualized return of 10.36% in December – beating its benchmark by 329 bps and improving upon last month's return by 72 bps. ABL-ICF also declared dividend for 2QFY-11 @ 2.326% which represents 100% income till December 28, 2010. The fund increased its allocation towards Islamic Term Deposits during the month, taking advantage of decent returns offered by low risk banking counters. As a result, term deposit allocation rose to 73.1% of the fund. Fund size grew by 3.05% to close at Rs.417.98 mn.

Prospects of economic recovery still appear challenging as inflation is expected to remain sticky and government finances are in doldrums. Conditions linked to the IMF Standby Arrangement (SBA) of RGST implementation, resolution of circular debt and meeting of fiscal deficit targets remain unmet. In view of the above, the IMF SBA has been extended by nine months on the request of GoP to give some breathing space. In view of this situation, the next MPS Announcement is likely to entail another hike in rates on account of high inflation and heavy government budgetary borrowing.

Based on the above, ABL-ICF will continue to maintain a low risk, short duration portfolio with investments geared towards liquid and AA and above rated investment avenues only. With the MPS Announcement next month, it is probable that term placements and daily product rates might improve which can enhance fund returns in coming months.

Returns*	ABL-ICF	3 Month Deposit Rate
Since inception to date	9.40%	6.97%
Trailing 12 months	N/A	N/A
Month to Date (MTD)	10.36%	7.07%

* Returns are net of management fee & all other expenses



Basic Fund Information

Fund Type	Open-end
Category	Islamic Money Market Fund
Launch Date	July 30, 2010
Net Assets	PKR 417.98 mn as at 31 December, 2010
NAV	PKR 10.0083 (Ex Dividend)
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% p.a
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	27 days

Asset Allocation (% of Assets)	Nov '10	Dec '10
Cash	37.50%	25.24%
Term Deposit Scheme	61.64%	72.97%
Others assets	0.87%	1.79%

Credit Quality of Portfolio (% of Assets)



Other assets account for 1.79% 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		
Inran 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)

UAN: (021) 111-ABL-AMC (111-225-262)

Email: contactus@ablmc.com

Website: www.ablmc.com



ABL Asset Management

Discover the potential