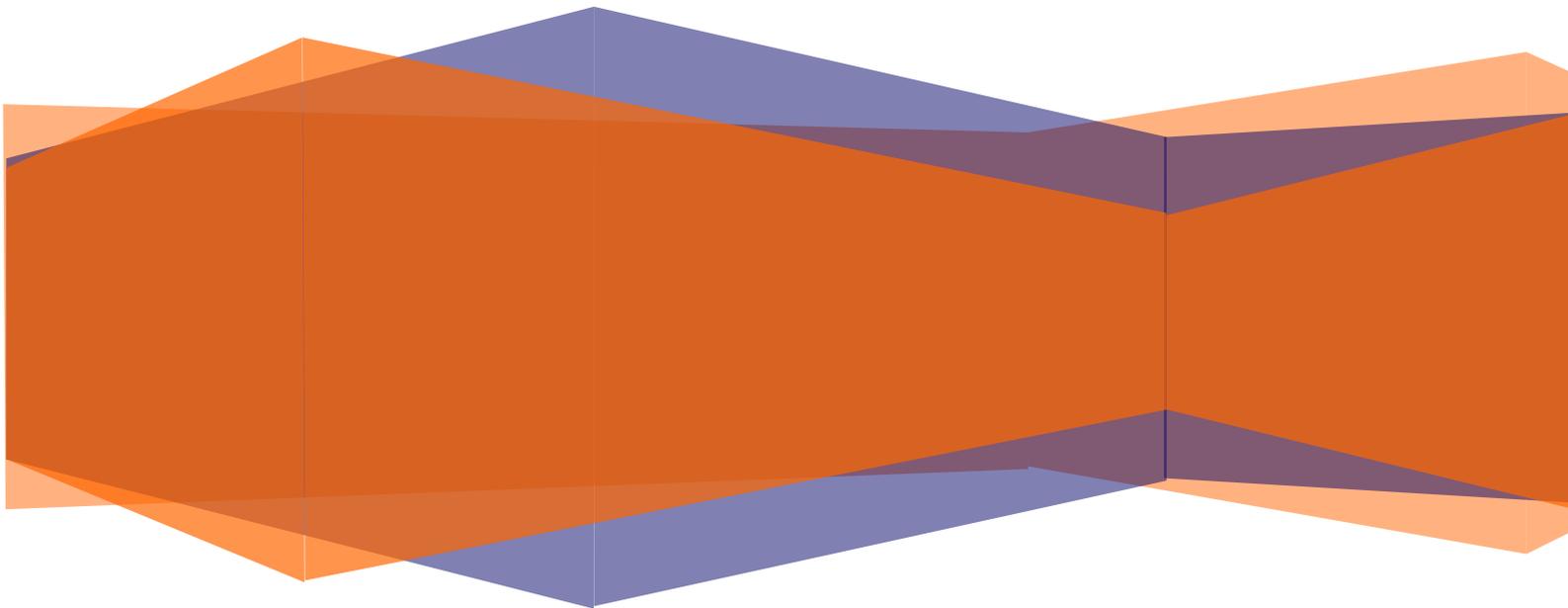




**ABL Asset Management Company Limited**

**REPORT OF COMPLIANCE OF STEWARDSHIP  
RESPONSIBILITIES FOR THE FINANCIAL YEAR 2023-2024**



## ABL-AMC REPORT OF COMPLIANCE OF STEWARDSHIP RESPONSIBILITIES

“STEWARDSHIP GUIDELINES FOR INSTITUTIONAL INVESTORS” issued on May 16, 2022 by the Securities and Exchange Commission of Pakistan (SECP) requires that the institutional investors shall compile a report on how they have fulfilled their stewardship responsibilities as per their policy in an easy understandable format.

The purpose of this Report is to give a clear picture of how the ABL-Asset Management Company (ABL-AMC) has applied the Guidelines so as to enhance the quality of engagement between ABL-AMC and the investors and to further improve the corporate governance practices with a view to enhance long term returns to Unitholders and demonstrate governance responsibilities.

Following are the stewardship principles adopted by the ABL-AMC as defined under the Stewardship Guidelines issued by the SECP under section 40B of the SECP Act, 1997 (XLII of 1997)

### **PRINCIPLE 1- STEWARDSHIP POLICY**

*Principles and guidelines, investment management philosophy, strategy, rights and duties, and procedures related to their stewardship activities.*

ABL-AMC has established policies to describe how it recognizes its stewardship responsibilities and further implements these responsibilities through strategies, procedures and internal controls.

<b>Sr. #</b>	<b>Name of Policy</b>	<b>Brief Overview</b>
01	Investment Policies	<p>In order to make sure that every investment decision at ABL-AMC is exercised with reasonable care and judgment based on a set of facts, since unit/certificate holder turn to managers and rely on their professional judgment, a reasonable basis is formed through a balanced use of resources appropriate for any Investment such as Country’s macroeconomic conditions, the industry’s and sectors current conditions and the stage of the business cycle, a company’s operating and financial history, corporate governance and management credibility, the output and potential limitations of quantitative models, the quality of the assets included in collateral in case of a debt instrument and the appropriateness of selected peer-group comparisons etc.</p> <p>All recommendations by Fund Managers are further subject to approval by Investment Committee for any investment in Collective Investment Schemes (CIS) and discretionary/non-discretionary investment mandates under its management. As a result of group supervision, a reasonable due diligence and prudent judgment is assured.</p>
02	Research Manual	ABL-AMC maintains such manual so as to provide broad overview of the research policies and framework applicable for evaluating investment options by ABL-AMC for Collective

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		Investment Schemes (CIS) and discretionary/non-discretionary investment mandates under its management. The detailed analysis reflects the investment philosophy of ABL-AMC and provides process flow of both quantitative and qualitative evaluations of investments options.
03	Investment Performance	For appropriate disclosure of fund performances, ABL-AMC publishes a monthly Fund Manager's Report (FMR) and makes it available on its website in a standardized format prescribed by Mutual Funds Association of Pakistan (MUFAP).

### **PRINCIPLE 2 - VOTING POLICY AND ITS DISCLOSURE**

*Institutional Investor shall have a clear policy on voting including proxy voting and give adequate disclosure of its voting activity.*

ABL-AMC has established proxy voting policy in accordance with the requirements as stipulated in NBFC & NE Regulations 2008. This policy defines the principles that form the basis of all votes exercised by the ABL-AMC. When voting proxies, the ABL-AMC takes utmost care to ensure that all decisions are made solely in the best interests of the Collective Investment Schemes and its Unit Holders; with the goal of maximizing the value of their investments by positively influencing the governance of investee companies. However, at no point in time, ABL-AMC intends to attain the management control of the Investee Company or companies.

Under such policy various components such as voting procedure, proxy proposal evaluation, voting policy guidelines, conflict of interest, disclosure of conflicts and matters related to record keeping are covered. The Policy may be amended, as necessary, from time to time by way of an addendum or supplement as the case may be, as recommended by the CEO and approved by the Board of Directors of the Company.

### **PRINCIPLE 3-MONITORING INVESTEE COMPANIES**

*Institutional investors shall monitor their investee companies in order to enhance investee company's long-term value and protect their long-term investments.*

Promoting best practice and ensuring that investee companies are sustainable and successful is one of the fundamental objectives of stewardship approach. The fund managers, research and risk management departments of the ABL-AMC monitor the investee companies on a regular basis.

### **PRINCIPLE 4- POLICY ON ENGAGEMENT WITH THE INVESTEE COMPANIES**

*Institutional Investor shall develop a policy for engagement with the investee companies.*

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ABL-AMC not only monitors the investee companies on a regular basis but has effective communication and dialogue with such companies (where required) in order to protect value of its investment and discharge its stewardship responsibility.

### **PRINCIPLE 5-MANAGING CONFLICT OF INTEREST**

*The AMC have ensured that there are no conflicts of interests and have conducted its business fairly.*

In order to comply with the regulatory requirements pertaining to formulating controls and policies for the prevention of conflicts of interests and to segregate duties between trading, risk management and processing functions, the ABL-AMC has established a policy for the prevention of conflicts of interest, illegal access to “Insider information” and establishment of chinese walls. These policies and procedures are applied to the following ABL AMC Departments:

- i. Front office (Fund Management Department)
- ii. Middle Office (Risk Management Department)
- iii. Back office (Settlements Department)

Various parameters have been defined such as policies, procedures and physical arrangements (collectively ‘Chinese Walls’) designed to manage confidential information and prevent any misuse of “insider information”. Roles and functions of Front, Middle and Back Offices are performed separately in every manner. These exchange barriers serve to prevent undisclosed material information from being accessed by unauthorized employees, departments, or external parties.

### **PRINCIPLE 6 - INCORPORATING SUSTAINABILITY CONSIDERATIONS**

*Institutional investors should develop a policy on how it incorporates sustainability consideration, including ESG, into its investment analysis and activities. Institutional Investor shall identify and explain the process they have used to integrate stewardship and material ESG issues with the interest of investor.*

ABL-AMC is exploring the potential to promote and incorporate environmental, social and governance (ESG) factors into both financial and business decision-making.

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