ABL CPF

ABL AMC CAPITAL PROTECTED FUND

ANNUAL REPORT 2013

ABL Asset Management

Discover the potential

RATED AM2 (JCR-VIS)

(A wholly owned subsidiary of Allied Bank Ltd.)

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Vision

"Creating investment solutions within everyone's reach"

Mission & Core Values

- To create a conducive working enviroment, to attract the best talent in the Asset Management Sector. ABL AMC strives to be the 'employer of choice' for young and experienced talent.
- To set the highest industry standards in terms of product ranges and innovations, in order to offer products for clients of all demographics.
- To adhere to the highest industry standard for integrity and quality across all the spheres of the company.
- To use technology and financial structuring to serve as a "cutting-edge" compared to the competition.
- To enhance Stakeholders Value.

FUND'S INFORMATION

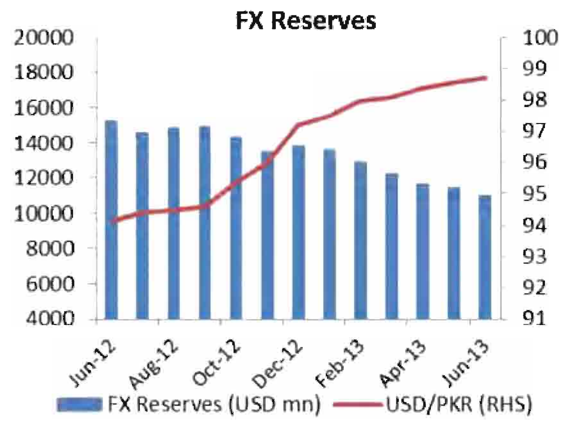
Management Company:	ABL Asset Management Company Limited 11 - B, Lalazar M. T. Khan Road, Karachi.	
Board of Directors		
	Sheikh Mukhtar Ahmed	Chairman
	Mr. Khalid A. Sherwani	
	Mr. Muhammad Waseem Mukhtar	
	Mr. Kamran Nishat	
	Mr. M. Shakeb Murad	
	Mr. M. Jawaid Iqbal	
	Mr. Khawaja Muhammad Almas	
	Mr. Farid Ahmed Khan	CEO
Audit Committee:	Mr. Kamran Nishat	Chairman
	Mr. Muhammad Waseem Mukhtar	Member
	Mr. Khawaja Muhammad Almas	Member
Human Resource Committee:	Mr. Jawaid Iqbal	Chairman
	Mr. Kamran Nishat	Member
	Mr. Farid Ahmed Khan	Member
Chief Executive Officer of The Management Company:	Mr. Farid Ahmed Khan	
Chief Financial Officer & Company Secretary:	Mr. Saqib Matin	
Chief Internal Auditor:	Mr. Mubeen Ashraf Bhimani	
Trustee:	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi - 74400	
Bankers to the fund:	Allied Bank Limited Bank Al- Falah Limited United Bank Limited	
Auditor:	A.F. Ferguson & Co Chartered Accountants State Life Building No. 1-C I.I. Chundrigar Road, Karachi.	
Legal Advisor:	Bawany & Partners Room No. 404, 4th Floor Beaumont Plaza, 6 - C1 - 10, Beaumont Road, Civil Lines, Karachi.	
Registrar:	ABL Asset Management Company Limited. 11 - B, Lalazar, M. T. Khan Road, Karachi.	

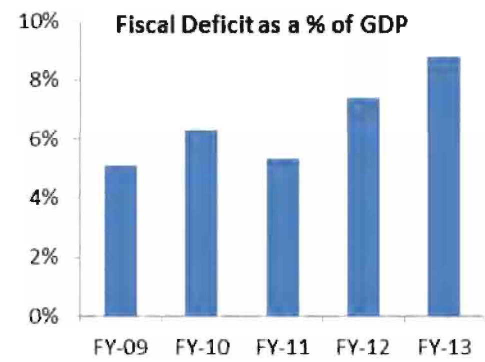
REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of ABL Asset Management Company Limited, the management company of ABL AMC Capital Protected Fund (ABL AMC-CPF), is pleased to present the audited Financial Statements of ABL AMC Capital Protected Fund for the period ended June 30, 2013.

ECONOMIC PERFORMANCE REVIEW

Pakistan's economic landscape remained checkered during FY13 as it continued to be marred by crippling power shortages and an adverse law and order situation. Low investment levels, poor large scale industrial growth and a grid-locked energy chain kept the economic growth under check. As a result, GDP growth was recorded at 3.6%, well below the target of 4.3%. Despite SBP adopting a monetary easing stance (Discount Rate cut by 300bps to 9% in FY13), private sector credit off-take failed to pick up (down by PKR19 billion YoY). Fiscal deficit was recorded at 8.8% of GDP owing to heavy government spending and low revenue generation (PKR1,952 billion vs initial target of PKR2,381 billion) exacerbated by weak foreign inflows. Due to poor revenue collection, government borrowing for budgetary support increased by a massive PKR1.6 trillion in FY13 (PKR1.0 trillion from banks and PKR0.6 trillion from the SBP). Inflation, however, declined considerably clocking in at 7.4% against a target of 9.5% due to stable commodities and a high base effect. Dominant victory for PML N in the 2013 elections rekindled hopes of economic revival as the new Government with clear majority in parliament is expected to better implement its policies. Early signs have been positive as immediate steps have been taken to address major structural issues facing Pakistan's economy such as power outages (payment of circular debt dues) and weak revenue collection (revenue focused FY14 budget).

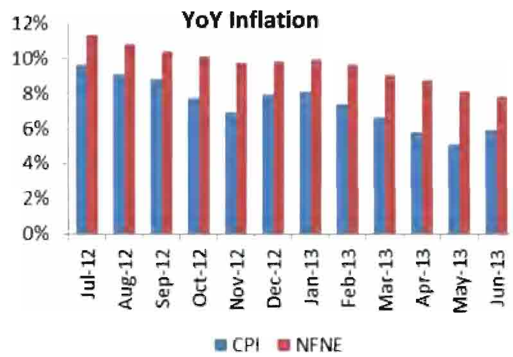


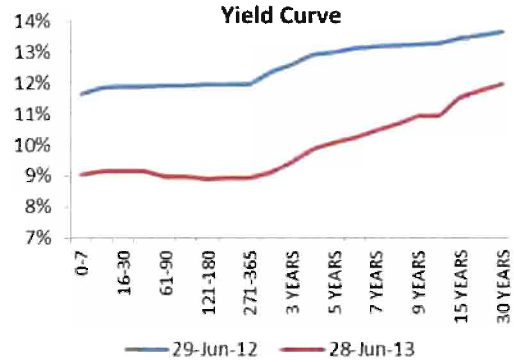


On the external account front, the situation remained precarious as the current account posted a deficit of US$2.3 billion in FY13. However, the figure stood improved over FY12 deficit of US$4.5 billion, backed by strong remittances of US$13.9 billion and price stability of essential commodities. Financial account for FY13 recorded a deficit of US$80 million, an improvement over the preceding year's US$386 million deficit owing to foreign direct inflow of US$1.45 billion in FY13. Yet, FX Reserves continued their downward stride (settling at US$11 billion against US$15.2 billion a year ago) on account of significant IMF repayments. Resultantly the Rupee depreciated by 5.3% to close the year at PKR99.57 vs. the US dollar. As the fiscal situation deteriorated, the new government immediately sought IMF support for US$5.3 billion under the Extended Finance Facility (EFF). The IMF seems to have obliged in return for an improved fiscal behavior; however, these would entail harsh conditions which may fuel inflation.

In order to boost credit off-take growth and encouraged by a low inflation figure, the central bank cut the key policy rate by 300bps to 9% during the year. However, the move proved ineffective in spurring private sector growth due to power shortages and security related problems. Overall M2 growth was recorded at 17% for FY13 as fiscal deficit soared to 8.8% of GDP. To tackle this perennial issue, the FY14 budget focused on revenue collection (FY14 tax collection target PKR2,598 billion) and lowering expenditures to contain fiscal deficit at 6.3%. An increase in GST, resolution of circular debt, cut in power subsidies and reduction in corporate tax rate (excluding banks) were some of the key initiatives taken in the FY14 budget.

However, the announced budgetary measures are likely to fuel inflation which could eventually lead to monetary adjustments by Central Bank. Improved revenue collection, reduction in size of the government and tackling security concerns to promote a business friendly environment are paramount for economic growth. The steps taken by the new government to tackle these challenges will dictate the future growth trajectory of the country.





EQUITY MARKET REVIEW

Equities had a robust year in FY13 with the benchmark KSE 100 gaining 52% to close at an all-time high of 21,006 points. Trading volumes also improved significantly with average daily volume recorded at 200 million shares, +55% YoY. The 2013 general elections, strong foreign flows, an accommodating monetary policy and strong corporate earnings growth boosted investor sentiment. The pre-election excitement was followed by a dominant victory for PML N which resulted in the market staging an extended rally. Investors cheered the election results as the new set-up is perceived to be more business friendly and is expected to attract foreign capital as well as jump start the privatization process. Delisting announced by Unilever contributed heavily in the foreign flows number of USD569 million; however, foreign inflow ex-Unilever was still recorded at a commendable USD211 million for FY13 against USD251 million outflow in FY12. In the midst of improving market dynamics, corporate earnings growth remained robust with textiles and cements leading the way. Furthermore, announcement of payment of circular debt dues towards the fag end of the year boosted valuations in the energy chain as payout capacity for E&Ps, OMC and IPPs will improve significantly going ahead. SBP's decision to aggressively reduce the policy rate (discount rate cut to 9% from 12%) was also welcomed by investors as fixed income yields fell into single digits and improved the relative attractiveness of equities.

SECTOR REVIEW

FY13 was a difficult year for the banking sector as the outgoing year saw a 300bps cut in the discount rate from 12% to 9%, which shrank spreads considerably (80bps) with full impact to be felt in FY14. Furthermore, SBP kept the minimum deposit rate flat at 6% which worsened the margin squeeze. Overall, banking deposits depicted growth of 14% during FY13, with bulk of this liquidity channeled into low risk government securities. As a result, advances only increased by 3.4% YoY during FY13 leading to ADR ratio dropping to 47% for the sector. On the other hand, only slight improvement in asset quality (NPLs decreased by 3.2% during 9MFY13 to PKR580bn as at March 2013) was witnessed during the year with limited provisioning reversals. Despite the low interest rates, the double whammy of energy shortage and precarious security conditions has kept private sector investment at bay while the Government continues to be the biggest borrowers from commercial banks. Overall, the sector's core profitability remained depressed due to low interest rates and higher deposit costs with large banks reporting ROEs close to 17%.

Higher subsidy allocation, cheaper availability of imported urea and declining international prices led to margin contraction for urea manufacturers in FY13 as additional costs could not be passed on. However, this was compensated by higher urea sales by local manufacturers which replaced sales of imported urea (total urea imports during FY13 clocked in at 811k tons down 50% YoY). Industry urea sales plunged 14% YoY to 5,122k tons during the period; this decline is mainly attributable to the one-off sales in June last year due to anticipated price hike and piled-up inventory with the local producers. DAP off-take surged 20% YoY to 1,297k tons. With the continuous downward trajectory of phos-acid price since Jul`12 (last settled at USD 750/ton) and firm local DAP prices, primary margin of DAP surged 48% YoY to USD 320/ton in FY13.

Oil sectors fortunes fluctuated during the year. Benchmark Arab Light prices in FY13 averaged at US$108/bbl, slightly lower than last year's average of US$111/bbl as concerns over growth prospects of China in addition to additional supplies coming in from Iraq and Libya weighed in on oil prices. On the domestic front, total oil production for FY13 rose by an encouraging 13%YoY to 75.8k bpd, however gas production slipped by 4%YoY to 4.1bcfd. There was a marked uptick in exploration activities with a total of 97 wells spud in FY13 against 57 wells last year. In this regard, 35 exploratory wells (+67%YoY) and 62 app/dev wells (+72%YoY) were spud in FY13. The new government, eager to improve the energy production, pumped in

PkR260bn in the system to alleviate the circular debt which should enable E&P companies and OMCs, particularly PSO, to deliver better dividend payouts with the FY13 results.

IPPs continued to get the short end of the stick as liquidity crunch owing to circular debt pile up affected payout capacities. Regular liquidity injections (including PKR 82bn TFC issue in Sep-12) provided some temporary relief towards alleviating liquidity drought in the energy chain. However, the year ended on a promising theme as the government injected PKR 342bn to clear the stock of circular debt thereby improving the payout capacity of IPPs. Moreover, electricity tariff hike (expected in Sep-13) along with new government's focus on power sector reforms will likely bode well for IPPs, though an increase in credit period/decrease in penal mark-up could hurt their earnings profile.

Cement industry had another banner year in FY13 as price consensus amongst manufacturers firmed up and was complimented by strong local demand. Furthermore, decline in international coal prices significantly enhanced profitability, though the increase in local energy prices somewhat mitigated the impact of drop in price of imported coal. Domestic cement prices increased considerably while export prices to Afghanistan saw some pressure in the later part of the year. Domestic dispatches registered a healthy recovery in FY13, reaching a record high level of 25mn tons (up 4% YoY). Overall export dispatches fell to 8.3mn tons (down 3% YoY) in FY13, as total production inched up.

International clearing house (ICH) remained the key theme in the telecom sector as fixed line operators witnessed significant revenue improvement post ICH implementation. Margin improvement on incoming international traffic boosted top-line though rising grey traffic remained the primary concern. Although, Competition Commission of Pakistan imposed penalties on LDI operators for violating Competition Act, a stay order in the Sindh High Court against CCP's decision is likely to result in a long legal battle.

Cotton output declined by 4% to 13mn bales in FY13 as against 13.6mn bales in FY12 while cotton prices increased by 13% to Rs7,038 per 40kg. In spite of economic woes, volatile law & order situation and energy crisis, textile sector remained in the limelight due to strong yarn and grey cloth demand from China and neighbouring countries. However financial crisis in EU nations kept affecting exports to the region. In FY13, country's textile exports increased to US$13.06bn, up 6% from US$12.34bn last year.

MUTUAL FUND INDUSTRY REVIEW

The open end mutual fund industry contracted by 8% during the year to close at PKR324 billion. Money market funds remained the dominant asset class closing at PKR124 billion despite a 17% decline YoY as investors preferred the comfort of stable and risk free returns. Equities on the other hand showed the highest growth in AUMs, as the market rallied during the period due to declining political risk premium and continued foreign inflows in the bourses. As a result Assets under Management (AUM) of equity funds grew by 18%, closing the year at PKR62 billion surpassing income funds which closed the year at PKR 55 billion - down 36% YoY. Investor bias towards money market funds remained strong despite handsome gains earned on bond holdings of income funds due to declining interest rates. However those were mostly one time jumps against as baseline yields on fixed income instruments declined making both income and money market funds less attractive compared to equity funds. Moreover, mixed sentiments towards rate cuts led to extreme volatility on long bonds which did not bode well with conservative investors.

FUND PERFORMANCE

ABL AMC Capital Protected Fund increased by 13.9% during year under review against 9.5% increase in its benchmark, which reflects an outperformance of 440 basis points.

ABL-CPF earned total income of Rs.59.68 million for the period ended June 30, 2013. This mainly consisted of Rs.42.04 million earned from return on bank balances & term deposits receipts, Rs.16.34 million from net gain on sale of investments and Rs. 1.17 million from dividend income, Rs.0.24 million unrealized appreciation on re-measurement of investments classified as financial assets at fair value. After accounting for expenses of Rs.10.72 million (comprising mainly of the management fee of Rs.5.72 million and Sindh Sales Tax on management fee of Rs.0.92 million), net income from operating activities for the period ended June 30, 2013 stood at Rs.48.96 million. With the net element of loss and capital losses of Rs.1.44 million included in the prices of units issued less those in units redeemed and Rs.0.95 million as provision for workers' welfare fund, the net income for the period ended June 30, 2013 stood at Rs.46.57 million.

During FY13 ABL-CPF significantly outperformed its benchmark by 4.4%, becoming the best performing fund in its category. Locked-in high fixed income rates and stellar performance in equity markets led to superior returns. Cushion created from capital protection was optimally utilized through aggressive trading / investments in the equity markets. We constantly altered the portfolio during the course of the year to capitalize on the bullish trend witnessed on local bourses, a strategy that paid off handsomely.

The Scheme has maintained the provision against Workers' Welfare Fund's liability to the tune of Rs. 0.9505mn. Had the same not been made, the NAV per unit of the scheme would have been higher by Re 0.0262 per unit.

DISTRIBUTION

The Board of Directors of the Management Company on June 28, 2013 approved and declared final dividend distribution of Rs.1.4095 per unit (14.10% of the par value of Rs.10) for the year ending June 30, 2013.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Board of Directors states that:

1. Financial Statements present fairly the state of affairs, the results of operations, cash flows and the changes in unit holder's fund;

2. Proper books of accounts of the Fund have been maintained.

3. Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgments;

4. Relevant International Accounting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 & Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the Trust Deed and directives issued by the Securities and Exchange Commission of Pakistan, have been followed in the preparation of the financial statements;

5. The system of internal control is sound in design and has been effectively implemented and monitored;

6. There have been no significant doubts upon the Funds' ability to continue as going concern;

7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;

8. Performance table of the Fund is given on page # 12 of the Annual Report;

9. There is no statutory payment on account of taxes, duties, levies and charges outstanding other than already disclosed in the financial statements;

10. The statement as to the value of investments of Provident Fund is not applicable in the case of the Fund as employees post-employment benefits expenses are borne by the Management Company;

11. There have been no trades in the units of the Fund's carried out by the Directors, CEO, CFO, CIA and the Company Secretary and their spouse.

12. Meeting of the Board of Directors of the Management Company are held at least once in every quarter. During the period six meetings were held. The 26th, 27th, 28th, 29th, 30th and 31st Board meetings were held on April 26, 2012, August 10, 2012, October 25, 2012, December 20, 2012, February 15, 2013 and April 25, 2013 respectively. Information in respect of attendance by directors in the meetings is given below:

S.No.	Name of Director	Number of meetings held	Attended	Leave granted	Meetings not attended
1	Sheikh Mukhtar Ahmed	6	5	1	
2	Mr. Muhammad Waseem Mukhtar	6	6	-	
3	Mr. Khalid A. Sherwani*	6	5	1	31st BOD
4	Mr. Kamran Nishat	6	6	-	
5	Mr. M. Shakeb Murad	6	3	3	27th, 29th and 30th BOD
6	Mr. M. Jawaid Iqbal	6	5	1	31st BOD
7	Mr. Zia Ijaz**	5	4	1	27th BOD,
8	Mr. Khawaja Muhammad Almas***	1	1	-	
9	Mr. Farid Ahmed Khan****	6	6	-	

*Resigned from the services as Director on the Board of ABL AMCL which has been approved on July 12, 2013

**Resigned in the 30th BOD Meeting of ABL AMCL held on February 15, 2013

***Appointed as new Directors of the ABL AMCL in the 30th Meeting of the BOD of ABL AMCL held on February 15, 2013

****Deemed Director under section 200 of the Companies Ordinance, 1984.

13. Meeting of the Board's Human Resource and Remuneration of the Management Company needs to be held at least three times in a year. During the period four meetings were held. The 9th, 10th, 11th, and 12th meetings of the Board's Human Resource and Remuneration Committee were held on January 17, 2013, February 13, 2013, February 28, 2013 and March 05, 2013 respectively. Information in respect of attendance by members in the meetings is given below:

S.No.	Name of Director	Number of meetings held	Attended	Leave granted	Meetings not attended
1	Mr. M. Jawaid Iqbal	4	4	-	-
2	Mr. Kamran Nishat	4	4	-	-
3	Mr. Farid Ahmed Khan	4	4	-	-

14. Meeting of the Board's Audit Committee of the Management Company are held at least once in every quarter. During the period, five meetings were held. The 20th, 21st, 22nd, 23rd, and 24th meetings of the Board's Audit Committee were held on April 25, 2012, August 9, 2012, October 24, 2012, February 15, 2013 and April 25, 2013 respectively. Information in respect of attendance by directors in the meetings is given below:

S.No.	Name of Director	Number of meetings held	Attended	Leave granted	Meetings not attended
1	Mr. Kamran Nishat	5	5	-	-
2	Mr. Muhammad Waseem Mukhtar	5	5	-	-
3	Mr. Zia Ijaz*	4	3	1	21st AC Meeting
4	Mr. Khawaja Muhammad Almas**	1	1	-	-

*Resigned in the 30th BOD Meeting of ABL AMCL held on February 15, 2013

**Appointed as new Directors of the ABL AMCL in the 30th Meeting of the BOD of ABL AMCL held on February 15, 2013

15. The details as required by the Code of Corporate Governance regarding the pattern of holding in ABL AMC Capital Protected Fund, is given hereunder:

S. No.	Particulars	Units Held on June 30, 2013
1	**Associated Companies, undertakings and related parties**	
	● ABL Asset Management Company Limited	11,449,091
2	**Mutual Funds**	Nil
3	**Directors and their spouse(s) and minor children**	Nil
4	**Executives**	Nil
5	**Public Sector Companies and corporations**	Nil
6	**Bank, DFIs, NBFCs, Insurance Companies, Takaful, Modaraba and Pension Fund**	11,212,841
7	**Shareholders holding five percent or more voting rights in the listed company**	Not Applicable

AUDITORS

M. Yousuf Adil Saleem & Co. (Chartered Accountants), on the recommendation of the Audit Committee of the Board of Directors being eligible for re-appointment have been appointed as auditors for the year ending June 30, 2014 for ABL AMC Capital Protected Fund (ABL AMC-CPF).

MANAGEMENT QUALITY RATING

On June 21, 2013, JCR-VIS Credit Rating Company Limited upgraded the Management Quality Rating of ABL Asset Management Limited (ABL AMC) from 'AM Two Minus' (AM2-) to 'AM Two' (AM2). Outlook on the assigned rating is 'Stable'.

OUTLOOK

The steps for unwinding of circular debt have been lauded by the investor community. However, tough reforms, which include eliminating subsidies and raising utility tariffs, are critical for a sustainable solution. On the other hand, implementation of IMF program loan terms and conditions may be a key challenge and a key determinant for market performance. We continue to remain optimistic on market on the back of government's commitment towards fiscal and public sector reforms, consistent foreign flows, strong corporate earnings outlook with large payout expectations and subdued outlook of global commodity prices. Political noise and security conditions remain the key risks, where any escalation in the same may dampen sentiments and cap upside. Our long-term view on Pakistan equities, nevertheless, remains very bullish and we continue to position the fund accordingly.

ACKNOWLEDGEMENT

We thank our valued investors who have placed their confidence in us. The Board is also thankful to Securities & Exchange Commission of Pakistan, the Trustee (MCB Financial Services Limited) and the management of Islamabad Stock Exchange (Guarantee) Limited for their continued guidance and support. The Directors also appreciate the efforts put in by the management team.

For and on behalf of the Board

Farid Ahmed Khan
Chief Executive Officer

Karachi, August 06, 2013

FUND MANAGER'S REPORT

INVESTMENT OBJECTIVE

To protect initial investment value and deliver a minimum of 7% return with the prospect of growth in initial investment value, through active management in equities, over the stipulated time period.

FUND PERFORMANCE

ABL AMC -CPF delivered a 13.9% return to its investors during FY13, outperforming its benchmark by 440 basis points. The return is almost double of the minimum guaranteed return on the fund. As a result, ABL AMC – CPF was the best performing fund in its category at the end of the year. This strong performance can be attributed to better stock selection and timely trading tactics. A stellar equity market further helped in bolstering performance and maximizing equity returns.

ABL AMC-CPF, as at June 30, 2013, was nearly 7.8% invested in equities and the rest in bank deposits and cash equivalents. Equity investments were mainly concentrated in Oil & Gas, Chemicals and Construction sectors with exposures of 3.1%, 0.9%, and 2.1% respectively. Oil & Gas and Chemical sectors are an ideal match for enterprising investors pursuing higher dividend yields, superior business dynamics and strong growth prospects while construction sector is a key beneficiary of enhanced infrastructure spending and rising utilization levels within the industry.

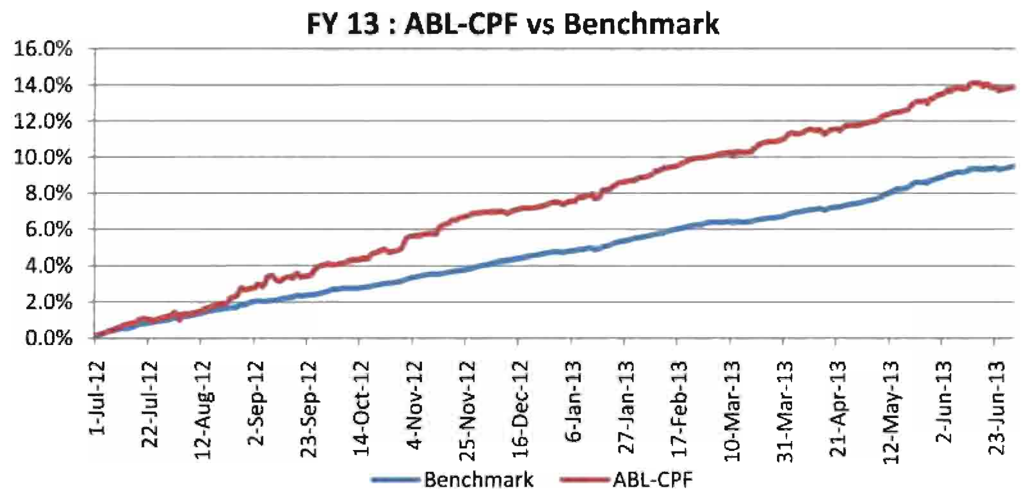
The Scheme has maintained the provision against Workers' Welfare Fund's liability to the tune of Rs. 0.9505mn. Had the same not been made, the NAV per unit of the scheme would have been higher by Re 0.0262 per unit.

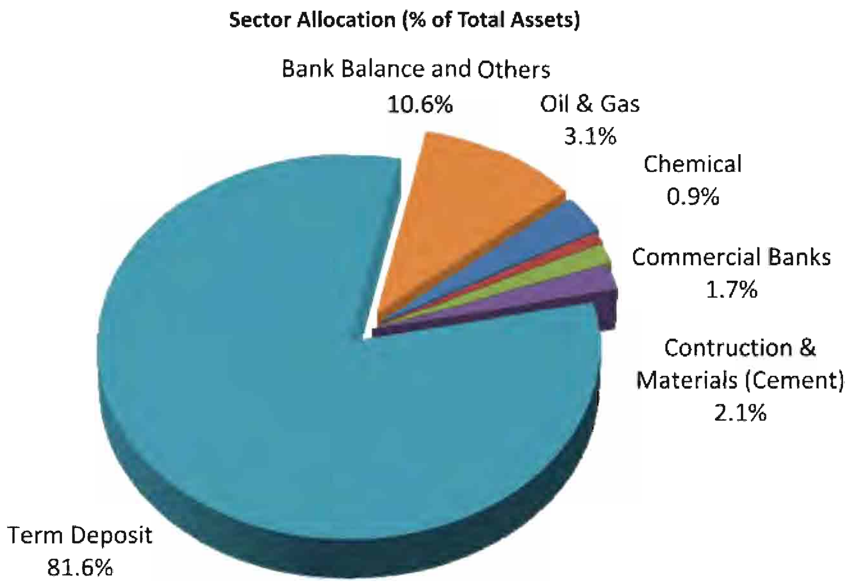
FUTURE OUTLOOK AND STRATEGY

Looking ahead, we believe capital markets will look at tangible signs of progress on fiscal reforms, privatization and law and order before we could see further re-rating. The government's immediate focus on energy problems and circular debt payments last month bode well for cash-starved energy sector as well as for the market and reflects seriousness of current government to address structural malaise affecting the economy.An agreement with IMF will be crucial to soothe market's fears about balance of payment gap and progress on program targets will be keenly followed.

We continue to remain optimistic on market on the back of government's commitment towards fiscal and public sector reforms, consistent foreign flows, strong corporate earnings outlook with large payout expectations and subdued outlook of global commodity prices. Political noise and security conditions remain the key risks, where any escalation in the same may dampen sentiments and cap upside.

The market trades at an attractive 2013E P/E of 8.2x and offers dividend yield of 6.0%. Results for equity investors since 2008 crash have been very impressive on YoY basis owing to attractive valuations. As fixed income yields remain low relative to high dividend yield structure of equities, we believe such performance can be repeated in upcoming period(s).




Sector Allocation (% of Total Assets)
Bank Balance and Others
10.6%
Oil & Gas
3.1%
Chemical
0.9%
Commercial Banks
1.7%
Contruction &
Materials (Cement)
2.1%
Term Deposit
81.6%

ABLAMC CAPITAL PROTECTED FUND
PERFORMANCE TABLE

	June 2013 (Rupees in '000)
Net Assets	363,167
Net Income	46,576
	(Rupees per unit)
Net Assets value	10.0121
Interim distribution	-
Final distribution	1.4095
Distribution date final	June 28,2013
Closing offer price	-
Closing repurchase price	10.0121
Highest offer price	-
Lowest offer price	-
Highest repurchase price per unit	11.4474
Lowest repurchase price per unit	10.0073
	Percentage
Total return of the fund	
- capital growth	-0.21%
- income distribution	14.10%
Average return of the fund	
First Year	13.89%
Since Inception	14.63%
Weighted average Portfolio duration in days	30

Disclaimer

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

MCB FINANCIAL SERVICES LIMITED

MCB FINANCIAL SERVICES

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

ABL AMC CAPITAL PROTECTED FUND

Report of the Trustee Pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

ABL AMC Capital Protected Fund, an open-end Scheme established under a Trust Deed dated July 29, 2011 executed between ABL Asset Management Company Limited, as the Management Company and MCB Financial Services Limited, as the Trustee. The units of the Fund were initially offered for public subscription at par from May 30, 2012 to May 31, 2012.

1 ABL Asset Management Company Limited, the Management Company of ABL AMC Capital Protected Fund has, in all material respects, managed ABL AMC Capital Protected Fund during the year ended 30th June 2013 in accordance with the provisions of the following:

(i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;

(ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;

(iii) the creation and cancellation of units are carried out in accordance with the deed;

(iv) and any regulatory requirement

Khawaja Anwar Hussain
Chief Executive Officer
MCB Financial Services Limited

Karachi: August 30, 2013

3rd Floor, Adamjee House, I. I. Chundrigar Road, Karachi - 74000
Direct Nos. 021-32430485, 32415454, 32415204, 32428731 PABX No. 021-32419770, Fax No. 021-32416371
Website: http://www.mcbfsl.com.pk

Deloitte.

M. Yousuf Adil Saleem & Co
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
Karachi-75350
Pakistan

Phone: +92 (0) 21- 3454 6494-7
Fax: +92 (0) 21- 3454 1314
Web: www.deloitte.com

REVIEW REPORT TO THE UNIT HOLDERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of the ABL Asset Management Company Limited, the Management Company of **ABL AMC Capital Protected Fund** (the Fund) to comply with the Listing Regulation No. 35 (Chapter XI) of the Islamabad Stock Exchange, where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Management Company personnel and review of various documents prepared by the Management Company to comply with the Code of Corporate Governance.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

Further, a Sub-Regulation (x) of Listing Regulation No. 35 notified by the Islamabad Stock Exchange requires the Management Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the period from April 13, 2012 to June 30, 2013.

M. Yousuf Adil Saleem & Co
Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Date: August 06, 2013
Place: Karachi

Member of
Deloitte Touche Tohmatsu Limited

STATEMENT OF COMPLIANCE BY ABL AMC CAPITAL PROTECTED FUND WITH THE CODE OF CORPORATE GOVERNANCE FOR THE PERIOD ENDED JUNE 30, 2013

This statement is being presented to comply with the Code of Corporate Governance ("the Code") contained in Regulation No.35 of the Listing Regulations of the Islamabad Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance. The board of directors ("the Board") of ABL Asset Management Company Limited ("the Management Company"), an un-listed public company, manages the affairs of ABL AMC Capital Protected Fund ("the Fund"). The Fund being a unit trust open ended scheme does not have its own board of directors.

The Management Company has applied the principles contained in the Code to the Fund, whose units are listed as a security on the Exchange, in the following manner:

1. The Management Company encourages representation of independent non-executive directors. At present, the Board includes:

Category	Names
Executive Director	Mr. Farid Ahmed Khan (deemed director u/s 200 of Companies Ordinance 1984
Independent Director	Mr. Muhammad Shakeeb Murad Mr. Kamran Nishat
Non-Executive Directors	Mr. Shaikh Mukhtar Ahmed Mr. Muhammad Waseem Mukhtar Mr. Khalid A. Sherwani Mr. M. Jawaid Iqbal Mr. Khawaja Muhammad Almas

The independent directors meet the criteria of independence under clause i (b) of the Code.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Management Company.

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. A casual vacancy occurred on the Board on February 15, 2013 and was filled by the directors on the same date.

5. The Management Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies for the Fund. A complete record of particulars of significant policies along with the dates on which these were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and non-executive (independent) directors have been taken by the Board. There is no executive director of the Management Company other than the CEO who was appointed during the period ended June 30, 2013.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before such meetings. The minutes of the meetings were appropriately recorded and circulated.

9. Two directors have obtained certification under the ‘Board Development Series’ program conducted by Institute of Corporate Governance. However, the Management Company is arranging orientation program for its directors in near future.

10. The Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit continued their services and no change were made during this financial year.

11. The Directors' Report of the Fund for the period ended June 30, 2013 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Fund were duly endorsed by the CEO and CFO of the Management Company before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the units of the Fund other than those disclosed in the Directors Report.

14. The Management Company has complied with all the applicable corporate and financial reporting requirements of the Code.

15. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors and the Chairman of the Committee who is an independent director.

16. The meetings of the Audit Committee were held once in every quarter and prior to the approval of interim and final results of the Fund as required by the Code. The terms of reference of the Audit Committee have been approved in the meeting of the Board and the Committee has been advised to ensure compliance with those terms of reference.

17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors including the chairman of the Committee.

18. There exists an effective internal audit function within the Management Company.

19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partner of the firm, their spouse and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Fund's units, was determined and intimated to directors, employees and stock exchange.

22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.

23. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

Farid Ahmed Khan
Chief Executive Officer

Karachi, August 06, 2013

Deloitte.

M. Yousuf Adil Saleem & Co
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
Karachi 75350
Pakistan

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Web: www.deloitte.com

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

Report on the Financial Statements

We have audited the accompanying financial statements of **ABL AMC Capital Protected Fund** ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2013, and the related income statement, statement of comprehensive income, statement of cash flows, distribution statement and statement of movement in unit holders' fund for the period from April 13, 2012 to June 30, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

ABL Asset Management Company Limited ("the Management Company") is responsible for the preparation and fair presentation of these financial statements in accordance with the approved accounting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at June 30, 2013, and of its financial performance and its cash flows for the period from April 13, 2012 to June 30, 2013 in accordance with approved accounting standards as applicable in Pakistan.

Report on other legal and regulatory requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

M. Yousuf Adil Saleem & Co
Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Date: August 06, 2013
Place: Karachi

Member of
Deloitte Touche Tohmatsu Limited

ABL AMC CAPITAL PROTECTED FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2013

	Note	June 30, 2013 -------Rupees-------
ASSETS		
Investments	4	334,436,240
Balances with banks	5	35,115,745
Profit receivable	6	3,127,526
Security deposits with Central Depository Company of Pakistan Limited		100,000
Preliminary and floatation costs	7	1,287,950
Total assets		374,067,461
LIABILITIES		
Payable to ABL Asset Management Company Limited - Management Company	8	3,328,340
Payable to MCB Financial Services Limited - Trustee	9	23,986
Payable to Securities and Exchange Commission of Pakistan	10	285,530
Accrued expenses and other liabilities	11	1,447,880
Payable in respect of listed securities		4,490,585
Payable against redemption of units		1,324,215
Total liabilities		10,900,536
NET ASSETS		**363,166,925**
UNITS HOLDERS' FUND (AS PER STATEMENT ATTACHED)		**363,166,925**
CONTINGENCIES AND COMMITMENTS	12	
		---Number of units---
NUMBER OF UNITS IN ISSUE	13	**36,272,852**
		-------Rupees-------
NET ASSETS VALUE PER UNIT		**10.0121**
FACE VALUE PER UNIT		**10.0000**

The annexed notes 1 to 23 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)

FARID AHMED KHAN
CEO

KAMRAN NISHAT
DIRECTOR

ABL AMC CAPITAL PROTECTED FUND
INCOME STATEMENT
FOR PERIOD FROM APRIL 13, 2012 TO JUNE 30, 2013

	Note	For the period from April 13, 2012 to June 30, 2013 -------Rupees-------
INCOME		
Return / mark-up on bank balances and term deposit receipts		42,009,579
Net gain on sale of investments		16,335,521
Income from government securities		18,096
Dividend Income		1,167,500
Back end load		397,248
Unrealised loss on re-measurement of investments 'at fair value through profit or loss - held for trading' - net	4.4	(243,753)
Total income		59,684,191
EXPENSES		
Remuneration of ABL Asset Management Company Limited - Management Company	8.1	5,717,348
Sindh sales tax on remuneration of Management Company		914,798
Federal excise duty on remuneration of Management Company		43,143
Remuneration of MCB Financial Services Limited - Trustee	9.1	304,923
Annual fee to Securities and Exchange Commission of Pakistan	10.1	285,530
Brokerage expense and other transaction costs		1,342,731
Auditors' remuneration		250,000
Amortisation of preliminary and floatation costs		1,518,687
Printing charges		100,000
Rating fee		150,000
Annual listing fee		19,997
Settlement and bank charges		57,436
Other expenses		15,340
Total operating expenses		10,719,933
Net income from operating activities		48,964,258
Element of loss and capital losses included in prices of units issued less those in units redeemed - net		(1,438,104)
Provision for Workers' Welfare Fund	14	(950,523)
Net income for the period before taxation		46,575,631
Taxation	15	-
Net income for the period after taxation		**46,575,631**
Earnings per unit	16	

The annexed notes 1 to 23 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)

FARID AHMED KHAN	**KAMRAN NISHAT**
CEO	**DIRECTOR**

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ABL AMC CAPITAL PROTECTED FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR PERIOD FROM APRIL 13, 2012 TO JUNE 30, 2013

	For the period from April 13, 2012 to June 30, 2013
	-------Rupees-------
Net income for the period after taxation	46,575,631
Other comprehensive income for the period	-
Total comprehensive income for the period	**46,575,631**

The annexed notes 1 to 23 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)

FARID AHMED KHAN
CEO

KAMRAN NISHAT
DIRECTOR

ABL AMC CAPITAL PROTECTED FUND
DISTRIBUTION STATEMENT
FOR PERIOD FROM APRIL 13, 2012 TO JUNE 30, 2013

	For the period from April 13, 2012 to June 30, 2013
	--------Rupees--------
Undistributed income brought forward	
Representing:	
- unrealised income	-
- realised income	-
	-
Net income for the period	46,575,631
Interim distribution at the rate of Rs. 0.0347 per unit, declared on June 25, 2012:	
- Issue of bonus units (116,075 units @ Rs. 10 per unit)	(1,160,753)
Final Distribution at the rate of Rs.1.4095 per unit, declared on June 27, 2013:	
- Issue of bonus units (4,497,734 units at Rs. 10 per unit)	(44,977,347)
Undistributed income carried forward	**437,531**
Representing:	
- unrealised income	(243,753)
- realised income	681,284
	437,531

The annexed notes 1 to 23 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)

FARID AHMED KHAN
CEO

KAMRAN NISHAT
DIRECTOR

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ABL AMC CAPITAL PROTECTED FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR PERIOD FROM APRIL 13, 2012 TO JUNE 30, 2013

	For the period from April 13, 2012 to June 30, 2013
	--------Rupees--------
Net assets at the beginning of the period	-
Issuance of 33,500,929 units	335,010,162
Redemption of 1,841,887 units	(19,856,972)
	315,153,190
Issuance of 4,613,809 bonus units:	
- Interim distribution 116,075 units	1,160,753
- Final Distribution 4,497,734 units	44,977,347
Element of loss and capital losses included in prices of units issued less those in units redeemed:	
- amount representing loss and capital losses transferred to Income Statement	1,438,104
Other net income for the period	30,483,863
Net capital gain on sale of investments	16,335,521
Unrealised loss on re-measurement of investments at fair value through profit or loss - held for trading' - net	(243,753)
Interim distribution at the rate of Rs. 0.0347 per unit declared on June 25, 2012:	
- Issue of bonus units (116,075 @ Rs. 10 per unit)	(1,160,753)
Final distribution at the rate of Rs. 1.4095 per unit declared on June 27, 2013	
- Issue of bonus units (4,497,734 @ Rs. 10 per unit)	(44,977,347)
	437,531
Net assets at the end of the period	**363,166,925**

The annexed notes 1 to 23 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)

FARID AHMED KHAN	**KAMRAN NISHAT**
CEO	**DIRECTOR**

ABL AMC CAPITAL PROTECTED FUND
CASH FLOW STATEMENT
FOR PERIOD FROM APRIL 13, 2012 TO JUNE 30, 2013

	Note	For the period from April 13, 2012 to June 30, 2013
		--------Rupees--------
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation		46,575,631
Adjustments:		
Unrealised loss on re-measurement of investments 'at fair value through profit or loss - held for trading' - net		243,753
Dividend income		(1,167,500)
Return / mark-up on :		
- government securities		(18,096)
- bank balances		(883,120)
- term deposits		(41,126,459)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net		1,438,104
Amortisation of preliminary and floatation costs		1,518,687
		6,581,000
(Increase) / decrease in assets		
Investments - net		(334,679,993)
Profit receivable		(3,227,526)
Preliminary and floatation costs		(2,806,637)
		(340,714,156)
Increase / (decrease) in liabilities		
Payable to ABL Asset Management Company Limited - Management Company		3,328,340
Payable to MCB Financial Services Limited - Trustee		23,986
Payable to Securities and Exchange Commission of Pakistan		285,530
Payable against purchase of investments		4,490,585
Payable against redemption of units		1,324,215
Accrued expenses and other liabilities		1,447,880
		10,900,536
Dividend received		1,167,500
Return / mark-up received		42,027,675
Net cash used in operating activities		(280,037,445)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received from issuance of units		335,010,162
Amounts paid on redemption of units		(19,856,972)
Net cash generated from financing activities		315,153,190
Net increase in cash and cash equivalents during the period		35,115,745
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	5	**35,115,745**

The annexed notes 1 to 23 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)

FARID AHMED KHAN
CEO

KAMRAN NISHAT
DIRECTOR

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ABL AMC CAPITAL PROTECTED FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR PERIOD FROM APRIL 13, 2012 TO JUNE 30, 2013

1 LEGAL STATUS AND NATURE OF BUSINESS

ABL AMC Capital Protected Fund (the Fund) has been established under a Trust Deed, dated on July 29, 2011, between ABL Asset Management Company Limited as the Management Company, a company incorporated under the Companies Ordinance, 1984 and MCB Financial Services Limited (MCBFSL) as the Trustee, also incorporated under the Companies Ordinance, 1984.

The Management Company of the Fund has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to undertake asset management services as a Non Banking finance company on December 07, 2007. The registered office of ABL Asset Management Company is situated at 11-B, Lalazar, M.T Khan Road, Karachi.

The Fund is an open ended fund categorized as Capital Protected Fund with maturity of 2 years and is listed on the Islamabad Stock Exchange. The units of the Fund were initially offered for public subscription at par from May 30, 2012 to May 31, 2012. After the Initial Offer, the Fund shall remain closed for receiving further investment. However, the Management Company with the prior approval of the SECP, approval of the Trustee and after giving seven (7) days’ notice to the existing unit holders, may re-open the Fund for taking investment from time to time.

The Fund consist of two segments, a Capital and Return Protected Segment and an Investment Segment. The Capital Protected Segment aims at protecting investors' capital by investing a minimum of 94.75% of Fund property in bank deposits having at least long term credit rating 'AA-' (Double A minus). The remaining portion of the Fund other than Capital and Return Protected Fund is called Investment Segment. To enhance the Funds' overall return, Investment Segment will be invested in equity markets or any other permissible investment instrument allocated to the Investment Segment for enhancing the Fund's overall return.

This is the first year of operations of the Fund and JCR-VIS Credit Rating Company Limited has been appointed as the rating company. The rating company has assigned Management Quality Rating of 'AM2' (Stable Outlook) to the Management Company.

Title to the assets of the Fund are held on in the name of the MCB Financial Services Limited as a trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules) and Non-Banking Finance Companies, Notified Entities Regulations, 2008 (the regulations). In case, the requirements differ, the provisions or directives of the Companies Ordinance, 1984, the Rules and the Regulations shall prevail.

The SECP granted exemption to the Management Company from preparing and publishing the financial statements of the Fund from the period ended June 30, 2012 and allowed to cover the said period in the financial statements to be prepared for the period ended June 30, 2013. Accordingly, these financial statements cover the period from April 13, 2012 to June 30, 2013.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for investments which are stated at fair value.

2.3 Functional and presentation currency

This financial statements has been prepared in Pak Rupees, which is the functional and presentation currency of the Fund.

2.4 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2013

The following standards, amendments and interpretations are effective for the year ended June 30, 2013. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

Amendments to IAS 1 - Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

New accounting standards and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements.

Amendments to IAS 1 - Presentation of Financial Statements – Clarification of Requirements for Comparative information	Effective from accounting period beginning on or after January 01, 2013
Amendments to IAS 16 - Property, Plant and Equipment – Classification of servicing equipment	Effective from accounting period beginning on or after January 01, 2013
Amendments to IAS 19 - Employee Benefits	Effective from accounting period beginning on or after January 01, 2013
Amendments to IAS 32 Financial Instruments: Presentation - Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction	Effective from accounting period beginning on or after January 01, 2013
Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	Effective from accounting period beginning on or after January 01, 2014
Amendments to IAS 34 - Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities	Effective from accounting period beginning on or after January 01, 2013
Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting financial assets and financial liabilities	Effective from accounting period beginning on or after January 01, 2013
IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	Effective from accounting period beginning on or after January 01, 2013

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 27 (Revised 2011) – Separate Financial Statements due to non-adoption of IFRS 10 and IFRS 11
- IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures due to non- adoption of IFRS 10 and IFRS 11

2.5 Critical accounting judgments and estimates

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

In the process of applying the Fund's accounting policies, management has made the following estimates and judgments which are significant to the financial statements.

(a) classification of financial assets (Note 3.2.1)
(b) impairment of financial assets (Note 3.2.5)
(c) provisions (Note 3.5)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents comprise of bank balances and short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

3.2 Financial assets

3.2.1 Classification

The Fund classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

a) Investments at fair value through profit or loss

An investment that is acquired principally for the purpose of generating profit from short-term fluctuations in prices is classified as "fair value through profit or loss - held-for-trading".

b) Loans and receivables

These are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market.

c) Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (i) loans and receivables, (ii) held to maturity investments or (iii) financial assets at fair value through profit or loss.

3.2.2 Regular way contracts

All regular purchases / sales of investments are recognized on the trade date i.e. the date that the Fund commits to purchase / sell the investments. Purchases / sales of investments require delivery of securities within the time frame established by the regulations.

3.2.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed out in the income statement.

3.2.4 Subsequent measurement

a) Financial assets 'at fair value through profit or loss' and 'available for sale'

Subsequent to initial recognition, financial assets designated by the management as 'at fair value through profit or loss' and 'available for sale' are valued as follows:

- Basis of valuation of equity securities

The investments of the Fund in equity securities are valued on the basis of closing quoted market prices available at the stock exchange. A security listed on the stock exchange for which no sale is reported on the reporting date is valued at its last sale price on the next preceding date on which such exchange is open and if no sale is reported for such date the security is valued at an amount neither higher than the closing asked price nor lower than the closing bid price.

Net gains and losses arising on changes in the fair value of financial assets carried at fair value through profit or loss are taken to the "Income Statement".

Net gains and losses arising on changes in fair value of available for sale financial assets are taken to other comprehensive income until these are derecognised. At this time, the cumulative gain or loss, previously recognised directly in the "Statement of Comprehensive Income", is transferred to the "Income Statement" as capital gain / (loss).

- Basis of valuation of government securities

The investment of the Fund in government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan.

Net gains and losses arising on changes in the fair value of financial assets carried at fair value through profit or loss are taken to the "Income Statement".

b) Loans and receivables

Subsequent to initial recognition financial assets classified as 'loans and receivables' are carried at amortised cost using the effective interest method.

Gain or loss is also recognised in the "Income Statement" when financial assets carried at amortised cost are derecognised or impaired, and through the amortisation process.

3.2.5 Impairment

The Fund assesses at each balance sheet date whether there is objective evidence that the financial asset or a group of financial assets is impaired.

a) Equity securities

In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered, among other indicators, as an indicator that the securities are impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in "Income Statement" is reclassified from "Unit Holders' Fund" to "Income Statement". Impairment losses recognised on equity instruments are not reversed through "Income Statement".

b) Financial assets other than equity securities

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is determined based on the provisioning criteria specified by the Securities and Exchange Commission of Pakistan (SECP).

3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

3.2.7 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

3.4 Preliminary and floatation costs

Preliminary and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of two years commencing from June 01, 2012, as per the requirement of the Trust Deed of the Fund and the Regulations.

3.5 Payables and accruals

Payables and accruals are carried at cost which is the fair value of consideration to be paid in the future for the services received whether billed or not to the Fund.

3.6 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.7 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company based on the applications received by the distributors during business hours of that day. The offer price represents the net asset value per unit as of the close of the business day plus the allowable front end load, provision for transaction costs and any provision for duties and charges, if applicable. Currently, the Fund is charging sales load (front end load) at the rate of 1.75% of the Net Assets Value per unit.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption requests during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable. Back end loads are recorded as income of the Fund.

3.8 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created, in order to prevent the dilution of income per unit and distribution of income already paid out on redemption.

The Fund records that portion of the element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period which pertains to unrealised gains / (losses) held in the Unit Holder's Funds in a separate reserve account and any amount remaining in this reserve account at the end of an accounting period (whether gain or loss) is included in the amount available for distribution to the unit holders. The remaining portion of the element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period is recognised in the Income Statement.

However, there is no element of income / (loss) and capital gain / (loss) relating to units issued and redeemed during the current accounting period which pertains to unrealized gains / (losses) held in the Unit Holder's Fund as the Fund has not classified any investment as 'available for sale' during the period ended June 30, 2013.

3.9 Revenue recognition

- Dividend income on equity securities is recognised in the income statement when the right to receive dividend is established.

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.

- Profit on bank deposits and income from government securities is recognised on an accrual basis.

- Unrealised gains / (losses) arising on re-measurement of investments classified as - 'held-for-trading' in the period in which they arise.

3.10 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders. The Management Company intends to distribute not less than 90% of the annual accounting income to comply with the above stated clause. Accordingly, no provision for taxation has been made in this financial statements.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Accordingly, no provision for taxation has been made in this financial statement.

3.11 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement, each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the Income Statement.

3.12 Net assets value per unit

The net assets value (NAV) per unit, as disclosed in the Statement of Assets and Liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the period end.

3.13 Proposed distributions

Distributions declared subsequent to the reporting date are considered as non-adjusting events and are recognised in financial statements in the period in which such distributions are declared.

	Note	June 30, 2013 --------Rupees--------
4 INVESTMENTS		
- At fair value through profit or loss - held-for-trading		
Listed equity securities	4.1	29,275,473
Government securities	4.2	-
		29,275,473
- Loans and receivables		
Term deposit receipt	4.3	305,160,767
		334,436,240

4.1 Listed equity securities

Shares of listed companies - fully paid ordinary shares with a face value of Rs 10 each unless stated otherwise.

Name of investee company	Number of Shares					Balance as at June 30, 2013			Market value as a percentage of net assets	Market value as a total percentage of investment	Market value as a percentage of paid-up capital of investee company
	As at April 13, 2012	Purchases during the period	Bonus / right issue during the period	Sales during the period	As at June 30, 2013	Carrying value	Market value	Appreciation / (diminution) Note 4.1.2			
						------Rupees------					
Oil and gas											
Oil and Gas Development company Limited	-	17,000	-	17,000	-	-	-	-	-	-	-
Pakistan Oilfields Limited	-	32,500	-	32,500	-	-	-	-	-	-	-
Pakistan Petroleum Limited	-	144,600	-	107,000	37,600	7,959,280	7,955,408	(3,872)	2.19%	2.38%	0.05%
Pakistan State Oil	-	77,300	-	65,800	11,500	3,590,300	3,684,370	94,070	1.01%	1.10%	0.15%
	-	271,400	-	222,300	49,100	11,549,580	11,639,778	90,198	3.21%	3.48%	0.20%
Non Life Insurance											
Adamjee Insurance Company Limited	-	30,000	-	30,000	-	-	-	-	-	-	-
	-	30,000	-	30,000	-	-	-	-	-	-	-
Electricity											
HUB Power Company Limited		80,000		80,000	-	-	-	-	-	-	-
Nishat Powers Limited	-	15,000	-	15,000	-	-	-	-	-	-	-
	-	95,000	-	95,000	-	-	-	-	-	-	-
Chemicals											
Engro Corporation Limited	-	250,000	-	239,000	11,000	1,503,590	1,340,570	(163,020)	0.37%	0.40%	0.03%
Fatima Fertilizer Company Limited	-	263,500	-	177,500	86,000	2,142,260	2,135,380	(6,880)	0.59%	0.64%	0.01%
Fauji Fertilizer Company Limited	-	58,900	-	58,900	-	-	-	-	-	-	-
ICI Pakistan Limited	-	35,019	-	35,019	-	-	-	-	-	-	-
	-	607,419	-	510,419	97,000	3,645,850	3,475,950	(169,900)	0.96%	1.04%	0.04%
Construction and materials											
Akzo Nobel Pakistan	-	5,019	-	5,019	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited	-	756,000	-	736,000	20,000	1,640,431	1,673,800	33,369	0.46%	0.50%	0.04%
Fauji Cement Company Limited	-	2,776,000	-	2,551,000	225,000	3,007,218	2,990,250	(16,968)	0.82%	0.89%	0.02%
Fecto Cement Limited	-	362,000	-	351,500	10,500	540,754	504,105	(36,649)	0.14%	0.15%	0.10%
Kohat Cement Company Limited	-	194,000	-	194,000	-	-	-	-	-	-	-
Maple Leaf Cement Limited	-	2,546,500	-	2,421,500	125,000	2,820,932	2,741,250	(79,682)	0.75%	0.82%	0.05%
	-	6,639,519	-	6,259,019	380,500	8,009,336	7,909,405	(99,931)	2.18%	2.36%	0.21%
General Industrials											
Packages Limited	-	10,000	-	10,000	-	-	-	-	-	-	-
	-	10,000	-	10,000	-	-	-	-	-	-	-
Personal Goods (Textile)											
Gadoon Textile Limited	-	13,000	-	13,000	-	-	-	-	-	-	-
Nishat Mills Limited	-	247,000	-	247,000	-	-	-	-	-	-	-
	-	260,000	-	260,000	-	-	-	-	-	-	-
Fixed line Telecommunication											
Pakistan Telecommunication Company Limited	-	1,258,500	-	1,258,500	-	-	-	-	-	-	-
Telecard Limited		1,260,000	-	1,260,000	-	-	-	-	-	-	-
	-	2,518,500	-	2,518,500	-	-	-	-	-	-	-
Commercial Banks											
Askari Bank Limited	-	340,000	-	340,000	-	-	-	-	-	-	-
Bank Al Falah Limited	-	150,000	-	150,000	-	-	-	-	-	-	-
MCB Bank Limited	-	20,000	-	-	20,000	4,847,800	4,851,800	4,000	1.34%	1.45%	0.05%
National Bank of Pakistan	-	100,000	-	100,000	-	-	-	-	-	-	-
United Bank Limited	-	25,000	-	12,000	13,000	1,466,660	1,398,540	(68,120)	0.39%	0.42%	0.01%
	-	635,000	-	602,000	33,000	6,314,460	6,250,340	(64,120)	1.72%	1.87%	0.06%
Total June 30, 2013	**-**	**11,066,838**	**-**	**10,507,238**	**559,600**	**29,519,226**	**29,275,473**	**(243,753)**	**8.06%**	**8.75%**	**0.51%**

4.1.2 Unrealised loss on re-measurement of investments at 'fair value through profit or loss - held-for-trading' - net

Market value of investments	29,275,473
Less: Carrying value of securities	29,519,226
	(243,753)

4.2 Government securities - Market Treasury Bills

Issue date	Face value	Tenor	Face Value			Balance as at June 30, 2013			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at April 13, 2012		Purchases during the period	Disposed / matured during the period	Balance as at June 30, 2013	Cost	Market value	Appreciation / (diminution)		
	------Rupees------									
May 31, 2012	-	12 Months	4,700,000	4,700,000	-	-	-	-	-	-
					-	-	-	-		
Total June 30, 2013	-		**4,700,000**	**4,700,000**	**-**	**-**	**-**	**-**		

4.3 It represents term deposit placed with a commercial bank on June 04, 2012, having a long term credit rating of AAA by PACRA, for a period of two years with a fixed rate of mark-up of 12.38%.

	Note	June 30, 2013 -------Rupees-------
5 BALANCES WITH BANKS		
Saving accounts	5.1	35,115,745

5.1 These accounts carrying mark-up rates ranging from 6.00% to 9.25% per annum.

6 PROFIT RECEIVABLE		
- On term deposit account		2,999,997
- On saving accounts		127,529
		3,127,526
7 PRELIMINARY AND FLOATATION COSTS		
Balance as at beginning of the period		-
Preliminary expenses and floatation cost incurred during the period		2,806,637
Less: Amortisation during the period		(1,518,687)
Balance as at June 30, 2013		**1,287,950**
8 PAYABLE TO ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY		
Management fee	8.1	449,744
Sindh sales tax payable	8.2	71,959
Preliminary and floatation costs		2,806,637
		3,328,340

8.1 Under the provisions of the Regulations, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the daily net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. In the current period, the Management Company has charged remuneration at the rate of 1.5% of net assets of the Fund. The amount of remuneration is being paid monthly in arrears.

8.2 The Provincial Government of Sindh has levied Sindh sales tax at the rate of 16% on the remuneration of the Management Company through the Sindh Sales Tax on Services Act 2011.

9 PAYABLE TO MCB FINANCIAL SERVICES LIMITED - TRUSTEE

	Note	June 30, 2013 -------Rupees-------
Trustee fee	9.1	23,986
		23,986

9.1 The Trustee is entitiled to a monthly remuneration for services rendered to the fund under the provisions of the trust deed as per the tariff specified therein, based on the daily net assets of the fund. The remuneration was paid to the Trustee monthly in arrears.

Tariff per annum

Rs. 250,000/- or 0.08% per annum of NAV whichever is higher.

	June 30, 2013
	-------Rupees-------

10 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Annual fee	**285,530**

10.1 Under the provisions of the Regulations, the Fund is required to pay an annual fee to the SECP, an amount equal to 0.075 percent of the daily net assets of the scheme. The Fund has been categorized as an Capital Protected Scheme by the Management Company.

11 ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	June 30, 2013 -------Rupees-------
Auditors' remuneration		170,000
Rating fee		150,000
Brokerage and other charges		77,614
Withholding Tax payable		495
Payable against printing of units		49,202
Payable to WWF		950,523
Provision for Federal Excise Duty	11.1	43,143
Other liabilities		6,903
		1,447,880

11.1 As per the requirement of Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on management remuneration has been applied effective from June 13, 2013. The management is of the view that since the remuneration is already subject to provincial sales tax as explained in note 8.2, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. The matter has been taken up collectively by the Mutual Fund Association of Pakistan where various options are being considered. As a matter of abundant caution, the Fund has made a provision with effect from June 13, 2013, aggregating to Rs.43,143.

11.2 This represents incremental increase in sales tax payable due to applicability of FED on management remuneration. The Management Company has recorded incremental increase in sales tax as provision due to facts mentioned in note 11.1.

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2013

13 NUMBER OF UNITS IN ISSUE

	June 30, 2013 -------Rupees-------
Total units in issue at the beginning of the period	-
Units issued during the period	33,500,929
Bonus units issued	4,613,809
Units redeemed	(1,841,886)
Total units in issue at the end of the period	**36,272,852**

14 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequently, the Ministry of Labour and Manpower (the Ministry) vide its letter dated 15 July 2010 clarified that “Mutual Fund(s) is a product which is being managed / sold by the Asset Management Companies which are liable to contribute towards Workers Welfare Fund under Section-4 of WWF Ordinance 1971. However, the income on Mutual Fund(s), the product being sold, is exempted under the law ibid”.

Further, the Secretary (Income Tax Policy) Federal Board of Revenue (FBR) issued a letter dated 6 October 2010 to the Members (Domestic Operation) North and South FBR. In the letter reference was made to the clarification issued by the Ministry of Labour and Manpower stating that mutual funds are a product and their income are exempted under the law ibid. The Secretary (Income Tax Policy) Federal Board of Revenue directed that the Ministry's letter may be circulated amongst field formations for necessary action. Following the issuance of FBR Letter, show cause notice which had been issued by taxation office to certain mutual funds for payment of levy under WWF were withdrawn. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter 4 January 2011 has cancelled ab-initio clarificatory letter dated 6 October 2010 on applicability of WWF on mutual funds and issued show cause notices to certain mutual funds for collecting WWF. In respect of such show cause notices, certain mutual funds have been granted stay by Honorable High Court of Sindh on the basis of the pending constitutional petition in the said court as referred above.

Furthermore, in 2011 the Honourable Lahore High Court in a Constitutional Petition relating to the amendments brought in WWF Ordinance through the Finance Act 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the Honourable Lahore High Court, will lend further support to the Constitutional Petition which is pending in the Honourable High Court of Sindh.

During the period, the Larger Bench of the Sindh High Court (SHC) issued a judgment in response to a petition in another similar case in which it is held that the amendments introduced in the WWF Ordinance through Finance Acts, 2006 and 2008 do not suffer from any constitutional or legal infirmity.

However, without prejudice to the above, the Management Company, as a matter of abundant caution, has decided to record the provision for WWF amounting to Rs. 950,523.

15 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the period as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

16 EARNINGS PER UNIT (EPU)

Earnings per unit has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculation of EPU is not practicable.

17 TRANSACTIONS WITH CONNECTED PERSONS

17.1 Connected persons / related parties include ABL Asset Management Company Limited being the Management Company under common management and/or directorships, MCB Financial Services Limited (MCBFSL) being the trustee of the Fund, Allied Bank Limited being the holding company of the Management Company and its provident fund, other collective investment schemes managed by the Management Company and key management personnel of the Management Company.

17.2 Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market norms.

17.3 Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

17.4 Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.

		June 30, 2013
		-------Rupees-------
17.5	**Detail of transactions with connected persons during the period are as follows:**	
	ABL Asset Management Company Limited - Management Company	
	Issue of 10,034,700 units	100,625,965
	Bonus 1,414,391 of units	14,143,910
	Remuneration for the period	5,717,348
	Pakistan Security Printing Corporation (Private) Limited	
	Issue of 4,007,182 units	40,120,307
	TRUSTEE	
	MCB Financial Services Limited	
	Trustee Fee	304,923
17.6	**Detail of balances outstanding at the period end with connected persons are as follows:**	
	ABL Asset Management Company Limited - Management Company	
	Remuneration payable to the Management Company	449,744
	Sindh sales tax payable	71,959
	Preliminary and floatation costs	2,806,637
	11,449,091 units held	114,574,488

	June 30, 2013
	-------Rupees-------
Allied Bank Limited	
Balances with Bank	31,334,171
Pakistan Security Printing Corporation (Private) Limited	
Outstanding 4,007,182 units	40,120,307
MCB Financial Services Limited - Trustee	
Remuneration payable	23,986

17.7 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of investment committee of the Fund are as follows:

S. No.	Name	Designation	Experience in Years	Qualification
1	Mr. Farid Ahmed Khan	Chief Executive Officer	19	CFA
2	Mr. Muhammad Imran	Chief Investment Officer	14	MBA
3	Mr. Abid Jamal	Head of Research	10	BS
4	Mr. Kamran Aziz	Fund Manager	6	CFA
5	Mr. Faizan Saleem	Fund Manager	6	MBA

17.7.1 Mr. Kamran Aziz is the Fund Manager of the Fund. He is also managing the following other funds:
ABL Stock Fund
ABL Islamic Income Fund
ABL Islamic Stock Fund

17.8 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

S. No	Particulars	Percentages from April 13, 2012 to June 30, 2013, 2013
1	Optimus Capital Management (Private) Limited	16.76%
2	Shajar Capital Pakistan (Private) Limited	11.92%
3	JS Global Capital Limited	10.26%
4	AKD Securities	10.15%
5	Elixir Securities	10.07%
6	Arif Habib Limited	9.04%
7	Global Securities Pakistan Limited	9.02%
8	Fortune Securities Limited	8.78%
9	Topline Securities (Private) Limited	7.74%
10	Invest and Finance Securities Limited	5.59%

The above mentioned percentages represents brokerage commission paid for the period from April 13, 2012 to June 30, 2013.

17.9 PATTERN OF UNIT HOLDING

Category	Number of unit holders	Number of units held	Net asset value of amount invested	Percentage of total investment
Individuals	74	6,952,584	69,609,459	19.17
Associated companies / directors	1	11,449,091	114,629,444	31.56
Bank / DFIs	1	2,862,273	28,657,364	7.89
Retirement funds	11	8,350,569	83,606,732	23.02
Public limited companies	4	6,658,336	66,663,926	18.36
	91	**36,272,852**	**363,166,925**	**100.00**

18 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The 27th, 28th, 29th, 30th and 31st Board meetings were held on August 10, 2012, October 25, 2012, December 20, 2012, February 15, 2013 and April 25, 2013 respectively. Information in respect of attendance by directors in the meetings is given below:

S.No.	Name of Director	Number of meetings held	Attended	Leave granted	Meetings not attended
1	Sheikh Mukhtar Ahmed	5	4	1	27th
2	Mr. Muhammad Waseem Mukhtar	5	5	-	-
3	Mr. Khalid A. Sherwani *	5	4	1	31st
4	Mr. Kamran Nishat	5	5	-	-
5	Mr. M. Shakeb Murad	5	2	3	27th, 29th and 30th
6	Mr. M. Jawaid Iqbal	5	4	1	31st
7	Mr. Farid Ahmed Khan**	5	5	-	-
7	Mr. Zia Ijaz***	4	3	1	27th
8	Mr. Khawaja Muhammad Almas****	1	1	-	-

* Resigned from the services as Director on the Board of ABL AMCL which has been approved on July 12, 2013
** Deemed Director under section 200 of the Companies Ordinance, 1984
*** Resigned in the 30th BOD Meeting of ABL AMCL held on February 15, 2013
**** Appointed as new Directors of the ABL AMCL in the 30th Meeting of the BOD of ABL AMCL held on February 15, 2013

19 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2013, all the financial assets carried on the Statement of Assets and Liabilities are categorised either as 'loans and receivables' or financial assets 'at fair value through profit or loss'. All the financial liabilities carried on the Statement of Assets and Liabilities are categorised as financial liabilities measured at amortised cost i.e. liabilities other than 'at fair value through profit or loss'.

	As at June 30, 2013		
	Loans and receivables	Financial assets 'at fair value through profit or loss'	Total
	Rupees		
Financial assets			
Balances with banks	35,115,745	-	35,115,745
Investments	305,160,767	29,275,473	334,436,240
Profit receivable	3,127,526	-	3,127,526
Security deposit	100,000		100,000
	343,504,038	**29,275,473**	**372,779,511**

	As at June 30, 2013		
	Liabilities 'at fair value through profit or loss'	Financial liabilities measured at amortised cost	Total
	Rupees		
Financial liabilities			
Payable to ABL Asset Management Company Limited - Management Company	-	3,328,340	3,328,340
Payable to MCB Financial Services Limited - Trustee	-	23,986	23,986
Accrued expenses and other liabilities	-	1,447,880	1,447,880
Payable in respect of listed securities	-	4,490,585	4,490,585
Payable against redemption of units	-	1,324,215	1,324,215
	-	**10,615,006**	**10,615,006**

20 FINANCIAL RISK MANAGEMENT POLICIES

Financial risk factors

The Fund's overall risk management program seeks to maximize the returns derived for the level of risk to which Fund is exposed and seeks to minimize potential adverse effects on the Funds financial performance.

The management of risk is carried out by the Fund Manager, who has been given discretionary authority to manage the distribution of the assets to achieve the Fund's investment objective. Compliance with target assets allocation and the composition of the portfolio is monitored by the Investment Committee.

The Fund's activities expose it to a variety of financial risks: market risk , credit risk and liquidity risk.

The Fund uses different method to measure and manage the various types of risks to which it is exposed, these are summarised below;

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, interest rate risk and currency risk.

Price risk

Price risk is the risk that the value of a financial instrument may fluctuate as a result of changes in market prices. This risk arises from the investments held by Fund for which prices are uncertain in future. The management company manages its price risk by monitoring exposure on marketable securities by following the internal guidelines of the Investment Committee and the Regulations laid down by the SECP.

Details of the Fund's investment portfolio exposed to price risk, as at June 30, 2013 is disclosed in note 4.1 to the financial statements. At the balance sheet date, the Fund's overall exposure to price risk is limited to fair value of those positions. The Fund's policy requires that the overall market position is monitored on a daily basis by the Fund Manager and is reviewed periodically by Investment Committee.

Compliance with the Fund's investment policies are reported to the management company on regular basis.

As at June 30, 2013, the fair value of investments exposed to price risk amounted to Rs. 29,275,473.

In case of 10% increase / decrease in fair value of equity securities on June 30, 2013, income / (loss) for the year would be affected by Rs. 2,927,547 as a result of gain / (loss).

Yield / interest rate risk

Yield risk is the risk of decline in earnings due to adverse movement of the yield curve. Interest / mark-up rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market interest rates. Sensitivity to interest / mark-up rate risk arises from mismatches or gaps in the amounts of interest / mark-up based on assets and liabilities that mature or reprice in a given period. The management company through investment committee monitors the Fund's overall interest rate sensitivity on periodic basis. The Fund holds fixed interest rate securities that expose the Fund to fair value interest rate risk. The Fund also holds a limited amount of floating rate debt , that expose the Fund to cash flow interest rate risk.

The interest rate profile of the Fund is as follows:

	------As at June 30, 2013------			
	Floating interest	**Fixed interest**	**Non-interest**	**Total**
	------Rupees ------			
At June 30, 2013				
Balances with banks	35,115,745	-	-	35,115,745
Investments	-	305,160,767	29,275,473	334,436,240
Profit receivable	-	-	3,127,526	3,127,526
Security deposits	-	-	100,000	100,000
	35,115,745	**305,160,767**	**32,502,999**	**372,779,511**

Interest rate sensitivity

The sensitivity analyses demonstrate the sensitivity of the Fund's income for the period to a reasonably possible change in interest rates, with all other variables held constant.

The sensitivity of the Fund's income for the year is the effect of the assumed change in interest rates on the net interest income for the period, based on the floating rate financial assets held at the Statements of assets and liabilities date.

If the interest rate would have been higher or lower by 100 basis points and all the other variables remain constant, the Fund's income would increase / decrease as follows:

	Change in rate	**Total Effect on Income**
June 30, 2013	+100 bps	351,157
	-100 bps	(351,157)

The Fund also hold fixed interest rate financial assets which may be subject to change in fair value as a result of change in interest rate.

Management is of the view that the above sensitivity analyses are not representative of the year as a whole, since the level of exposure changes frequently as part of the interest rate risk management process used to meet the Fund's objectives.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

Credit risk

Credit risk arises from the inability of the issuers of the instruments or counter parties, in case of reverse repurchase transactions or other arrangements, to fulfill their obligations. The risk is generally limited to principal amounts and accrued interest thereon, if any. The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee.

In summary, the maximum exposure to credit risk as at June 30, 2013 is as follows;

	------------------June 30, 2013------------------	
	Statement of asset and liabilities	Maximum Exposure
	------------------- Rupees ----------------------	
Investments	334,436,240	305,160,767
Balances with banks	35,115,745	35,115,745
Profit receivable	3,127,526	3,127,526
Security deposits	100,000	100,000
	372,779,511	**343,504,038**

As per management view the credit risk arising on the investments is addressed as follows;

Where the Investment Committee makes an investment decision, the credit worthiness of the issuer is taken into account along with the financial background, past experience and other factors so as to minimise the risk of default.

Investment transactions are carried out with a large number of brokers, whose credit worthiness is taken into account so as to minimize the risk of default.

The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by periodic review of trade reports. In addition, the Investment Committee allows investment in debt securities of only those entities with credit rating approved by external credit rating agencies.

Cash is held only with reputable banks with high quality credit ratings assigned by approved credit rating agencies.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to meet commitments associated with financial liabilities. The Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the unit holder's option based on the Fund's net assets value per unit at the time of redemption calculated in accordance with the Fund constitutive documents.

The management company manages liquidity risk by following internal guidelines of the Investments Committee such as monitoring maturities of financial assets and financial liabilities and investing in highly liquid financial assets.

The Fund is not materially exposed to liquidity risk as all obligations / commitments of the Fund are short term in nature and most of the assets of the Fund are readily disposable on the stock exchanges.

The following are the contractual maturities of financial liabilities:

	June 30, 2013			
	Less than 1 month	Between 1 and 12 months	More than 1 year	Total
	Rupees			
As at June 30, 2013				
Payable to the management company	521,703	2,806,637	-	3,328,340
Remuneration payable to the trustee	23,986	-	-	23,986
Accrued and other liabilities	447,311	-	-	447,311
Payable in respect of listed securities	4,490,585	-	-	4,490,585
Payable against redemption of units	1,324,215	-	-	1,324,215
Net assets attributable to redeemable units	363,166,925	-	-	363,166,925
	369,974,725	**2,806,637**	**-**	**372,781,362**

21 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently differences can arise between carrying values and the fair value estimates.

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- **Level 2** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- **Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	June 30, 2013		
	Level 1	Level 2	Level 3
	Rupees		
Investment			
Investments at fair value through profit and loss - held for trading	29,275,473	-	29,275,473
Loans and Receivables		305,160,767	305,160,767
Total	**29,275,473**	**305,160,767**	**334,436,240**

There were no transfers between Level 1 and 2 in the period.

Underlying the definition of fair value is the presumption that the fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value as the items are short term in nature.

22 UNITS HOLDERS' FUND (AS PER STATEMENT ATTACHED)

Redeemable units are represented as capital of the Fund. Unit holders are entitled to dividends and to payments of proportionate share based on the Fund's net assets value per unit on the redemption date subject to back end load.

The Fund has no restrictions or specific requirements on the subscription and redemption.

ABL AMC Capital Protected Fund I is an open end fund. The Fund's objectives when managing unit holder's fund is to safeguard its ability to continue as a going concern so that it can continue to provide returns for unit holders and to maintain a strong capital base to meet unexpected losses or opportunities.

23 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on August 06, 2013.

For ABL Asset Management Company Limited
(Management Company)

FARID AHMED KHAN	**KAMRAN NISHAT**
CEO	**DIRECTOR**