ABL Stock Fund

ANNUAL Report 2011

ABL Asset Management

Discover the potential

CONTENTS

ABL Asset Management
Discover the potential

ABL Stock Fund

VISION

"Creating investment solutions within everyone's reach"

ABL Asset Management
Discover the potential

ABL Stock Fund

MISSION & CORE VALUES

MISSION & CORE VALUES

- To create a conducive working environment, 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 Director (As of June 30, 2011)	Sheikh Mukhtar Ahmed	Chairman
	Mr. Khalid A. Sherwani	
	Mr. Muhammad Waseem Mukhtar	
	Mr. M. Jawaid Iqbal	
	Mr. Muhammad Yaseen	
	Mr. M. Shakeb Murad	
	Mr. Kamran Nishat	
	Mr. Farid Ahmed Khan	CEO
Audit Committee:	Mr. Kamran Nishat	Chairman
	Mr. Muhammad Waseem Mukhtar	Member
	Mr. Muhammad Yaseen	Member
Chief Executive Officer of The Management Company:	Mr. Farid Ahmed Khan	
Chief Financial Officer & Company Secretary:	Mr. Faisal Nadeem Mangroria	
Head of Internal Audit:	Mr. Saqib Matin	
Trustee:	Central Depository Company of Pakistan Ltd. 13 – 16, Mezzanine Floor, Progressive Plaza, Beaumont Road, Karachi.	
Bankers to the Fund:	Allied Bank Limited Bank Al- Falah Limited United Bank Limited	
Distributor:	Allied Bank Limited Reliance Financials Product (Pvt.) Limited Invest Capital Investment Bank Limited Atlas Capital Markets (Pvt.) Limited IGI Investment Bank (FundSelect) Elixir Securities Pakistan (Pvt.) Limited Pyramid Financial Consultants(Pvt.) Limited	Foundation Securities (Pvt.) Limited Flow (Pvt.) Limited JS Global Capital Limited Vector Consulting (Pvt.) Limited BMA Financial Services Limited Alfalah Securities (Pvt.) 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 Stock Fund (ABL-SF), is pleased to present the Financial Statements (audited) of ABL Stock Fund for the year ended June 30, 2011.

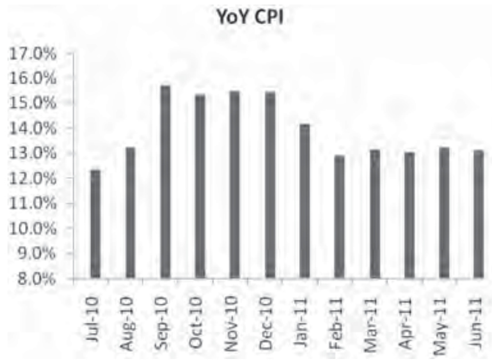
ECONOMIC PERFORMANCE REVIEW

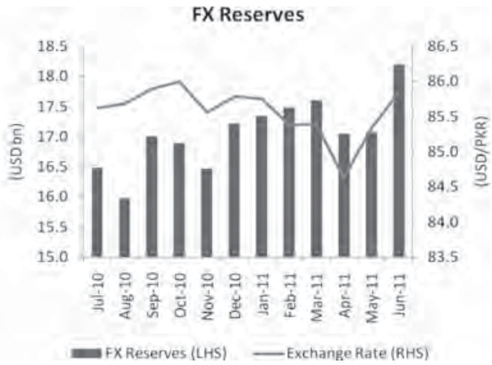
Pakistan's economy ended fiscal year 2011 in a fragile state as after effects of the devastating floods of last year severely affected agriculture output, stretched fiscal resources and contributed to restrictive monetary measures. FY11 economic growth was recorded at a paltry 2.4%, well below the initial target of 4.5%. Agriculture segment, most affected by the floods, depicted growth of just 1.2%. Furthermore, rising interest rates, dwindling developmental expenditure and poor private sector investment spending also restricted growth in manufacturing and services sectors.

On the positive side, the current account posted a surplus of US$542mn for the first time since FY04 on account of 29% and 26% YoY jump in exports and remittances, respectively. Financial account, however, suffered a drop of 66% YoY to USD1.7bn in FY11 due to drying up of funds from the IMF and significant decline of 27% YoY in Foreign Direct Investment. FX reserves reached record levels during the year, ending the year above USD18 billion mark.

In an effort to control inflation and curb budgetary borrowing, the central bank increased the key policy rate by 150bps in various steps to 14% at fiscal year-end. Inflationary pressures peaked at 15.7% in September 2010 due to acute agriculture produce supply issues following the floods and steep increase in international oil prices. Average CPI for FY11 clocked at 13.92% against initial target of 11%. Fiscal account continued to bleed with the budget deficit soaring to 6.2% of GDP, well above government's revised estimate of 5.3%. Government's heavy reliance on scheduled banks for financing the deficit severely hampered private sector credit off-take, which remained subdued at PKR121 billion, majority of which was for working capital requirements.

Looking ahead at FY11-12, already major question marks have emerged on fiscal and the current accounts. Tax revenue target for FY12 is highly optimistic, considering its base has already been revised downwards whereas provinces are expected to only break-even as opposed to posting a surplus of PKR125 billion as projected in the FY12 budget. Furthermore, the outlook for current account is also not particularly bright as Pakistan's exports are expected to suffer due to slowdown in global economic growth and continuous downward trend in cotton prices. Another major impact on balance of payment will be the start of IMF repayments scheduled from February 2012 sans a new IMF plan. Economic policy makers will have their hands full in coming months as political parties starting their campaign for 2013 elections and no end in sight to the poor law and order situation in the country.





TOP SECTORS OVERVIEW

Improving spreads, which overshadowed NPL provisioning, was the key theme for the Banking sector in FY11 where average loan-deposit spread was 7.56% (+20bp YoY) during FY11. On the other hand, growth in NPLs accelerated to 25% YoY as against 21% YoY during FY10. The Net NPL ratio for the sector now stands at 5.73%. The increase in spreads was a result of increase in discount rate by 150bp during 1HFY11, which pushed up the benchmark KIBOR rate. Another strategy that continued from last year for banks was the continued shift of asset mix towards low risk assets, especially sovereign instruments. Given the high cost of credit and lucrative returns on risk free assets like T-bills, banks maintained a conservative stance in FY11 and preferred diverting funds into government papers, which allowed them to avoid provisioning pressure, while maintaining healthy spreads with asset growth.

Though global economic recovery remains uncertain, popular uprisings in the MENA region and tensions in the Persian Gulf pushed crude oil prices up by 22% to US$93/bbl in FY11. This had a positive bearing on domestic E&P companies' profitability. On the gas front, wellhead prices rose by 3-19%. However, all was not well for the sector with circular debt and security concerns continue to create challenging operating environment. As a result, most E&P companies kept their focus on harnessing the maximum benefits from existing reservoirs. On the downstream side, fixation of margins in PKR terms, 1H floods and circular debt created adverse operating environment for the players. In recent developments, it is likely that government may increase OMC's margins by Rs 0.5 per liter on regulated products which could have a positive bearing on corporate earnings. Moreover, government seems committed to increase power rates that would ease the liquidity constraints and help reduce the circular debt.

Though full year results were not out till we went to press, 9MFY11 saw handsome growth for the power sector with new IPPs showing impressive profitability. However circular debt also remains a bane for the sector. The quantum of circular debt increased to all time high for most IPPs, but came down in 4QFY11 as government released some outstanding payments. Proposed tariff hikes were postponed, as relation between IMF and government remained on the backburner resulting in government delaying power sector reforms. FY12 budget envisages substantial cut in subsidy (tariff differential) but this will occur only if the government is able to raise tariffs.

FY11 was a period of margin revival for the cement industry, led by a disciplined price consensus amongst cement manufacturers which led to a 23% increase in cement prices. On the volumes front, domestic offtake was down 7% YoY to 22 million tons due to devastating floods and weak macroeconomic situation coupled with low public sector spending on infrastructure. However, volume growth in the southern region sharply contrasted that in the north, with south region domestic sales posting a hefty increase of 20% YoY compared to a decline of 11% YoY in the north. Export dispatches remained under water declining 12% YoY due to slack construction activities in Iraq coupled with oversupply of cement in the GCC region. However, with Afghanistan constituting 50% of cement exports, the impact of a weak Middle East market was partially mitigated by strong exports to Afghanistan (up 17% YoY).

Fertilizer sector was in the limelight during FY11 due to the prevailing gas shortages in the country. Despite the gas supply issues, the sector was one of the top contributors to the equity markets during FY11. The year started off with the anticipation of a limited horizon gas diversion plan (12% diversion for Mari; 20% diversion for Sui). However, the situation worsened as the year progressed. Severe gas issues on Sui network delayed the start of Engro's new EnVen plant which forced manufacturers to increase urea prices by 30% in FY11 to cover for lower capacity utilization. Manufacturers on Mari network reaped significant margin gains from this price hike as they faced much lower curtailment. FFC was the best performer in the sector and provided a whopping 103% return during the fiscal year.

Textile exports for the country came in at USD13.8 billion during FY11, up by a whopping 35% YoY from USD10.2 billion last year. As a result the sector's share increase to 56% in total exports compared to 53% in FY10. The growth has primarily been driven by an astounding 90% YoY increase in cotton prices, which benefitted the entire textile chain. Raw cotton volumetric exports witnessed 11% YoY decline but registered the largest increase in value (84% YoY). A 9% drop in Pakistan's cotton production (11.7 million bales in 2011 against 12.9 million bales in FY10) due to devastation caused by floods combined with higher demand from the spinners were the chief reasons for the decline in exports of the commodity.

MUTUAL FUND INDUSTRY REVIEW

Total assets under management (AUMs) of Pakistan's mutual funds industry grew by 26% in FY11, taking the overall industry size to Rs.250.49 billion as at June 30, 2011 compared to Rs.199.52 billion at the end of June 2010 (an increase of Rs.51 billion in absolute term). Open-end funds, which now contribute 90% of total mutual fund industry size, stood at Rs.225 billion till June 2011 compared with Rs.169 billion in June 2010, showing an increase of 33%; while closed-end funds stood at Rs.25.12 billion (-18% YoY). The drop in asset size of closed-end funds was

due to conversion of JS Large Cap Fund, Pakistan Strategic Allocation Fund & Pakistan Premier Fund into open-end funds.
The equity funds' AUMs increased by 29.71% during FY11 to close at Rs. 51.4 bn. Equity funds segment of the mutual fund industry witnessed lackluster performance during the period under review, which is in line with the activity witnessed at local bourses. The trend is reflective of investors' aversion to risky asset classes amidst deteriorating macro and political conditions.

FUND PERFORMANCE

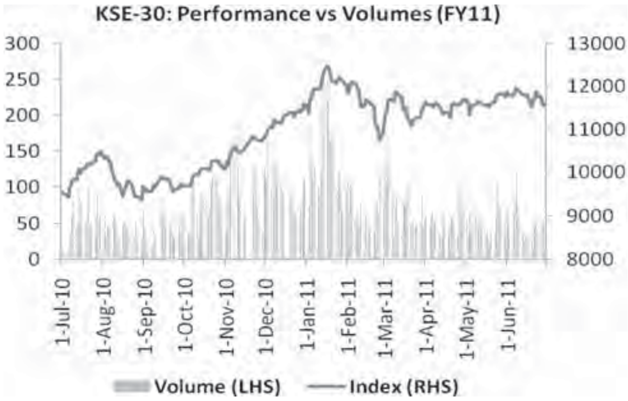
During the year under review, ABL Stock Fund's AUM grew by 71% to Rs.642.03 million. Since ABL-SF's inception on June 28, 2009, the fund size has increased by 77% till June 30, 2011.

ABL-SF delivered absolute return of 29.16% during the year ended June 30, 2011, which positions ABL-SF in the top quartile within the equity funds category.

ABL Stock Fund earned total income of Rs.134.23 million for the year ended June 30, 2011 mainly out of which Rs.89.67 million was net capital gain on sale of investments, Rs.28.15 million was dividend income and Rs.8.98 million was unrealized appreciation on re-measurement of financial assets at fair value through profit or loss – 'held for trading'. After accounting for expenses of Rs.20.10 million (comprising mainly of the management fee of Rs.13.64 million) net income from operating activities for the year ended June 30, 2011 stood at Rs.114.13 million. With the net element of income and capital gains of Rs.28.66 million included in the prices of units issued less those in units redeemed and Rs.2.86 million as provision for workers welfare fund, the net income for the year ended June 30, 2011 stood at Rs.139.93 million.

ABL-SF had changed its benchmark from KSE-100 to KSE-30 as the start of the financial year 2011. In 2010, ABL-SF had underperformed its benchmark KSE-100 despite being the best performing fund in the sector on account of abnormal increase in price of OGDC, which comprised more than 20% of KSE-100 index. Since mutual fund regulations do not permit Collective Investment Schemes to invest more than 10% of their AUMs in any one particular script, it restricted the fund's ability to track movement (called tracking error) in OGDC's share price. Change in benchmark has helped resolve this issue to a great extent.

Bulk of fund investments was parked in the E&P (28.8%) and Chemicals (18.3%) sectors on close of Fiscal Year 2011. The fund was also invested in Power and Banking sectors at 8.8% and 15.1% respectively. ABL-SF continues to focus on sectors that are known for their high pay outs and ability to pass on inflationary pressure, which partly explains the high concentration in E&P, Electricity and Chemical sectors. These sectors should provide a hedge against economic slowdown due to the inelastic nature of their product demand. Banking sector stocks are set to benefit from the decline in NPLs and improvement in margins due to high interest rates environment.



DIVIDEND

The Board of Directors of the management company on June 29, 2011 approved and declared Final dividend distribution of Rs.2.928 per unit (29.28% of the par value of Rs.10) for ABL–SF for the year ended June 30, 2011.

CORPORATE GOVERNANCE

The Board of Directors states that:

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

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

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

4. Relevant International Accounting Standards, as applicable in Pakistan, provision 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 listed regulations;

8. Performance table of the Fund is given on page # 14 of the Annual Report;

9. There is no any statutory payment on account of taxes, duties, levies and charges outstanding;

10. The statement as to the value of investments of Staff Provident Fund is not applicable in the case of the Fund as such 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 and the Company Secretary and their spouse excepts as disclosed below and in notes to the financial statements;

12. Meeting of the Board of Directors of the Management Company are held at least once in every quarter. During the period under review four meetings were held. Attendance of directors in these meetings are given below and in notes to the financial statements;

S.No	Name of Directors	Number of meetings held	Attended	Leave granted	Meetings not attended
1	Sheikh Mukhtar Ahmed	04	1	3	19th, 20th, 21st
2	Mr. Muhammad Waseem Mukhtar*	03	03	-	-
3	Mr. Mohammad Aftab Manzoor**	01	-	01	18th
4	Mr. Khalid A. Sherwani*	03	03	-	-
5	Mr. M. Jawaid Iqbal	04	04	-	-
6	Mr. Muhammad Yaseen	04	03	01	18th
7	Mr. M. Shakeb Murad	04	03	01	20th
8	Mr. Kamran Nishat	04	04	-	-

*Appointed as new Directors of the ABL AMCL through circular resolution No. ABL AMCL Memo No.CIR.14/2010 dated September 02, 2010

**Resigned through circular resolution No. ABL AMCL Memo No.CIR.14/2010 dated September 02, 2010

13. The details as required by the Code of Corporate Governance regarding the pattern of holding in ABL Stock Fund, is given on page # 17 of the Annual Report.

AUDITORS

M/s. A.F. Fergusons & Co. (Chartered Accountants), on the recommendation of the Audit Committee of the Board of Directors are being eligible for re-appointment have been appointed as auditors for the year ended June 30, 2012 for ABL Stock Fund (ABL-SF).

FUND PERFORMANCE RATING

On July 29, 2010, JCR-VIS assigned MFR 5-Star to ABL-SF, which denotes 'very good performance'.

MANAGEMENT QUALITY RATING

On December 31, 2010, JCR-VIS upgraded the Management Quality Rating of ABL Asset Management Company Limited (ABL AMCL) to 'AM3+' (AM-Three Plus) with positive outlook from 'AM3' (AM-Three), which denotes 'good management quality.'

OUTLOOK

Looking ahead, we expect activity in the market to pick up as investors gear up for June end results season. Companies with good payout histories are likely to stay in limelight and we have adjusted our exposure accordingly. In case of any price weakness, we may further enhance exposure in Power and E&P stocks that are expected to pay hefty dividends at year end. Foreign investment flows into the emerging markets have been dwindling in the recent past and Pakistan is no exception. We are cautiously optimistic on mid to long term performance of KSE, which is still trading at a significant discount to regional markets as well as to its own historic multiples. We believe that building a value-oriented portfolio will produce results for investors under current uncertain circumstances.

ACKNOWLEDGEMENT

We thank our valued investors who have placed their confidence in us. The Board is also thankful to Securities & Exchange Commission of Pakistan, State Bank of Pakistan, the Trustee (Central Depository Company of Pakistan Limited), the management of Karachi Stock Exchange (Guarantee) Limited and the Auditors for their continued cooperation 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

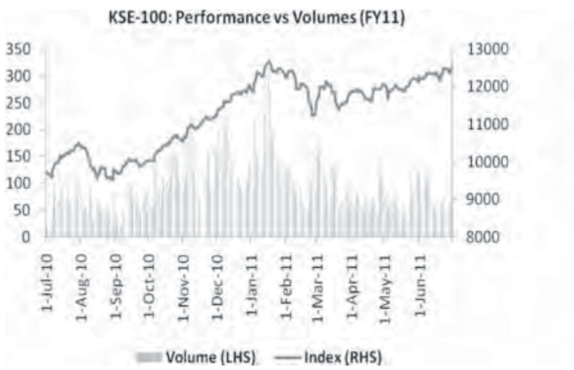
Karachi, August 23, 2011

Objective

ABL Stock Fund (ABL-SF) aims to provide long term risk adjusted returns to investors by investing in diversified portfolio of equity instruments offering capital gains and dividends.

Market Overview

The KSE-100 closed FY11 with a notable gain of 29% vs. its 10-years average gains of 30%; primarily driven by attractive valuations and strong corporate earnings growth. However, the imposition of Capital Gain Tax and relatively low participation of foreigners resulted in average daily volumes falling to a 13 years low of 95 million shares (down 41%YoY), while the average daily turnover declined to a 9-year low of Rs.3.8 billion. Financial crisis in the global markets and concerns over domestic economy and security situation led to foreign investors’ net investment declining to US$312 million in FY11 compared to US$567 million in FY10.

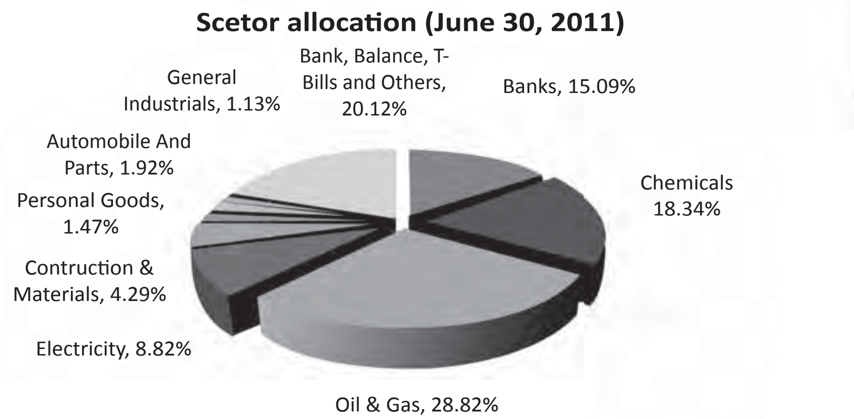


The absence of broad based interest in leverage product, imposition of capital gains tax, perceived high risk of equities and dearth of liquidity were the key reasons behind falling volumes. Politics remained in the news throughout the year but only seldom affected market sentiments, as investors started building an element of political uncertainty in their base case.

On economic front, floods in 1HFY11 derailed the consolidation gains of FY10 but the saving grace came in the shape of strong agriculture prices restored some stability in the latter half of the year. This combined with a stable external account situation (US$ 0.54 surplus in FY11 and a stable exchange rate) provided SBP the comfort to maintain discount rate at 14% in second half of FY 2011-12. Fiscal account slippages however continued to remain a concern for investors and also contributed to stalling of the IMF standby agreement.

Fund Performance

ABL-SF returned 29.16% to its investors during FY11, outperforming its benchmark KSE-30 index by 792 basis points. ABL-SF, which was the best performing fund in FY10, continued to remain in the top quartile in FY11-12 as well. This strong performance can be attributed to better stock selection and timely trading tactics. ABL-SF, as at June 30, 2011, was nearly 80% invested in equities and the rest in cash and cash equivalents. Equity investments were mainly concentrated in Oil & Gas, Chemicals and Banking sectors with exposures of 28.8%, 18.3%, and 15.1% respectively. We find risk-reward structure in these sectors to be an ideal match for enterprising investors who seek protection against a stagnant economic environment while pursuing higher dividend yields, superior business dynamics and strong growth prospects.



ABL-SF also announced a full year dividend @ Rs.2.928/unit for the period ended June 30, 2011. Fiscal Year 2011, overall, was a rewarding year for ABL Stock Fund investors and we will strive to better our performance in times to come.

Future Outlook and Strategy

Looking ahead, we expect activity in the market to pick up as investors gear up for June end results season. Companies with good payout histories are likely to stay in limelight and we have adjusted our exposure accordingly. In case of any price weakness, we may further enhance exposure in Power and E&P stocks that are expected to pay hefty dividends at year end. Foreign investment flows into the emerging markets have been dwindling in the recent past and Pakistan is no exception. We are cautiously optimistic on mid to long term performance of KSE, which is still trading at a significant discount to regional markets as well as to its own historic multiples. We believe that building a value-oriented portfolio will produce results for investors under current uncertain circumstances.

ABL - SF –PERFORMANCE	FY2011
ABL- SF Yield Since Inception	71.06%
Benchmark KSE-30	52.39%

ABL - SF– AUM & PRICING	FY2011
Assets under Management as at June 30, 2011 (PKR million)	642.032
Closing NAV per unit as at June 30, 2011(PKR)(Ex-Dividends)	10.0408
Closing NAV per unit as at June 30, 2011 (Cum-Dividends)	12.9688

DISTRIBUTIONS	Payout	Rs. Per Unit
1st Quarterly Dividend (September 2010)	0%	0.0
2nd Quarterly Dividend (December 2010)	0%	0.0
3rd Quarterly Dividend (March 2011)	0%	0.0
4th Quarterly Dividend (June 2011)	29.28%	2.928

ABL STOCK FUND
PERFORMANCE TABLE

	June 2011	June 2010
	Rupees	
Net Assets	642,032,395	376,158,199
Net Income	139,930,894	112,454,548
	(Rupees per unit)	
Net Assets value	10.0408	10.0134
Interim distribution	-	-
Final distribution	2.9280	3.2813
Distribution date final	June 29, 2011	June 28, 2010
Closing offer price	10.3420	10.3138
Closing repurchase price	10.0408	10.0134
Highest offer price	13.6462	15.3833
Lowest offer price	10.2011	10.3082
Highest repurchase price per unit	13.2487	14.9352
Lowest repurchase price per unit	9.9040	10.0080
	Percentage	
Total return of the fund		
- capital growth	-0.12%	0.134%
- income distribution	29.28%	32.8130%
Average return of the fund		
First Year	29.16%	32.72%
Second Year /Since Inception	71.06%	0.00%
Weighted average Portfolio duration in days	30	30

Disclaimer

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

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED
Head Office
CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com

TRUSTEE REPORT TO THE UNIT HOLDERS

ABL STOCK FUND

Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

The ABL Stock Fund (the Fund), an open-end fund was established under a trust deed dated April 23, 2009, executed between ABL Asset Management Company Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the year ended June 30, 2011 in accordance with the provisions of the following:

(i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;

(ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and

(iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: October 4, 2011

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A. F. FERGUSON & CO.

REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE 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 ABL Asset Management Company Limited (the Management Company) for and on behalf of **ABL Stock Fund** to comply with the requirements of Chapter XI of the Listing Regulations of the Karachi 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's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of the 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Sub-Regulation (xiii a) of Listing Regulation No. 35 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 prices 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 the above requirements 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 undertaken at arm's length prices 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 for and on behalf of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2011.

AF Ferguson & Co

Chartered Accountants

Karachi

Dated: August 25, 2011

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938; <www.pwc.com/pk>

Lahore: 23-C, Aziz Avenue, Canal Bank, Gulberg V, P.O.Box 39, Shahrah-e-Quaid-e-Azam, Lahore-54660; Tel: +92 (42) 35715864-71; Fax: +92 (42) 35715872
Islamabad: PIA Building, 3rd Floor, 49 Blue Area, Fazl-ul-Haq Road, P.O.Box 3021, Islamabad-44000; Tel: +92 (51) 2273457-60; Fax: +92 (51) 2277924
Kabul: House No. 1916, Street No. 1, Behind Cinema Bariqot, Nahar-e-Darsan, Karte-4, Kabul, Afghanistan; Tel: +93 (779) 315320, +93 (799) 315320

STATEMENT OF COMPLIANCE BY ABL STOCK FUND WITH THE CODE OF CORPORATE GOVERNANCE

FOR THE YEAR ENDED JUNE 30, 2011

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 Karachi 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 Stock 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 seven non-executive directors of whom two are independent directors.

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

3. All the directors of the Management Company have confirmed that they are regis tered as taxpayers and none of them have defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, have been declared as a defaulter by that stock exchange.

4. During the year under review two casual vacancies occurred on the Board which were dully filed on time.

5. The Management Company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the directors and employees of the Manage ment Company.

6. The Board has developed a vision/mission statement, an overall corporate straegy 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 transac tions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board. There is no executive director of the Management Company.

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. The related party transactions have been placed before the audit committee and approved by the board of directors with necessary justification for non arm's length transactions and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated.

10. In order to apprise the directors of their duties and responsibilities, the require ments of applicable laws and regulations and for their orientation purposes they have been provided with the copies of the NBFC (Establishment and Regulation) Rules, 2003, NBFC & NE Regulations, 2008, Companies Ordinance 1984, Listing Regulations, Code of Corporate Governance, Prudential Regulations, Managemment Company's Memorandum and Articles of Association and all other relevant rules and regulations and hence are conversant with the relevant laws applicable to the Management Company and to the Fund, their policies and procedures and with the provisions of Memorandum and Articles of Association and are aware of their duties and responsibilities.

11. The Board has approved the appointment of Chief Financial Officer (CFO), Com pany Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.

12. The roles and responsibilities of the Chairman and the CEO have been approved by the Board.

13. The Directors' Report of the Fund for the year ended June 30, 2011 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

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

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

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

17. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors of the Management Company, including the Chairman of the Committee.

18. 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.

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

20. The statutory auditors of the Fund have confirmed that they have been give a satis factory rating under the quality control review program of the Institute of Char tered 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 Accoun tants (IFAC) guidelines on code of ethics as adopted by ICAP.

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

22. We confirm that all other material principles contained in the Code have been com plied with.

For and on behalf of the Board

FARID AHMED KHAN
Chief Executive Officer

Karachi, August 23, 2011

pwc **A. F. FERGUSON & CO.**

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of **ABL Stock Fund**, which comprise the statement of assets and liabilities as at June 30, 2011, and the related income statement, distribution statement, statement of movement in unit holders' fund and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Company's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

Auditor's responsibility

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

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 state of the Fund's affairs as at June 30, 2011, and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Other matters

In our opinion, the financial statements have been prepared in all material respects in accordance with the requirements of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Chartered Accountants

Engagement Partner: **Rashid A. Jafer**

Dated: August 25, 2011

Karachi

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938; <www.pwc.com/pk>

Lahore: 23-C, Aziz Avenue, Canal Bank, Gulberg V, P.O.Box 39, Shahrah-e-Quaid-e-Azam, Lahore-54660; Tel: +92 (42) 35715864-71; Fax: +92 (42) 35715872
Islamabad: PIA Building, 3rd Floor, 49 Blue Area, Fazl-ul-Haq Road, P.O.Box 3021, Islamabad-44000; Tel: +92 (51) 2273457-60; Fax: +92 (51) 2277924
Kabul: House No. 1916, Street No. 1, Behind Cinema Bariqot, Nahar-e-Darsan, Karte-4, Kabul, Afghanistan; Tel: +93 (779) 315320, +93 (799) 315320

ABL STOCK FUND
STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2011

	Note	2011	2010
		---------------- Rupees	---------------
ASSETS			
Bank balances	4	172,492,798	6,937,666
Investments	5	527,623,600	395,731,515
Dividend and profit receivable	6	1,951,916	482,796
Security deposits	7	2,600,000	2,600,000
Receivable against sale of investments		2,559,137	51,960,297
Receivable against sale of units		412,996	-
Preliminary expenses and floatation costs	8	2,150,114	2,866,609
Total assets		709,790,561	460,578,883
LIABILITIES			
Payable to ABL Asset Management Company Limited - Management Company	9	4,483,198	4,596,263
Payable to Central Depository Company of Pakistan Limited - Trustee	10	105,395	67,096
Payable to Securities and Exchange Commission of Pakistan	11	431,867	360,521
Dividend payable		58,564,623	78,463,823
Accrued expenses and other liabilities	12	4,173,083	932,981
Total liabilities		67,758,166	84,420,684
NET ASSETS		642,032,395	376,158,199
Unit holders' fund (as per statement attached)		642,032,395	376,158,199
Contingencies and commitments	13		
		---------- Number of units	----------
Number of units in issue	14	63,942,237	37,565,305
		----------------- Rupees	---------------
Net assets value per unit		10.0408	10.0134
Face value per unit		10.0000	10.0000

The annexed notes 1 to 30 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)

FARID AHMED KHAN	**MUHAMMAD WASEEM MUKHTAR**
CEO	**DIRECTOR**

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ABL Stock Fund

ABL STOCK FUND
INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2011

	Note	For the year ended June 30, 2011	For the period from June 28, 2009 to June 30, 2010
		---------------- Rupees	---------------
INCOME			
Dividend income		28,148,673	16,816,032
Capital gain on sale of investments - net		89,668,488	89,971,931
Income from government securities		4,326,307	237,231
Profit on bank deposits		3,106,580	3,583,902
Other income		-	13,793
		125,250,048	110,622,889
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss - 'held for trading' - net	5.3	8,983,826	(5,534,477)
		134,233,874	105,088,412
EXPENSES			
Remuneration of ABL Asset Management Company Limited - Management Company		13,637,772	11,384,920
Remuneration of Central Depository Company of Pakistan - Trustee		909,181	798,831
Annual fee - Securities and Exchange Commission of Pakistan		431,867	360,521
Brokerage expense and other transaction costs		3,357,190	4,248,838
Auditors' remuneration	15	375,000	395,000
Amortisation of preliminary expenses and floatation costs		716,495	716,652
Printing charges		200,000	140,364
Rating fee		90,000	90,000
Listing fee		30,000	80,000
Settlement and bank charges		326,848	344,593
Other expenses		27,598	2,500
		20,101,951	18,562,219
Net income from operating activities		114,131,923	86,526,193
Element of income and capital gains included in prices of units issued less those in units redeemed		28,657,335	26,228,225
Provision for Workers' Welfare Fund	16	(2,858,364)	(299,870)
Net income before taxation		139,930,894	112,454,548
Taxation	17	-	-
Net income after taxation		139,930,894	112,454,548
Other comprehensive income		-	-
Total comprehensive income		139,930,894	112,454,548
Earnings per unit	18		

The annexed notes 1 to 30 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)

FARID AHMED KHAN	**MUHAMMAD WASEEM MUKHTAR**
CEO	**DIRECTOR**

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ABL STOCK FUND
DISTRIBUTION STATEMENT

FOR THE YEAR ENDED JUNE 30, 2011

	For the year ended June 30, 2011	For the period from June 28, 2009 to June 30, 2010
	---------------- Rupees ---------------	
Undistributed income brought forward		
- Realised income	6,040,511	-
- Unrealised loss	(5,534,477)	-
	506,034	-
Net income for the year / period	139,930,894	112,454,548
Element of income and capital gains included in prices of units issued less those in units redeemed	127,972	-
Final distribution		
- Rs 2.928 per unit on June 29, 2011 (2010: Rs 3.2813 per unit on June 28, 2010)		
- Bonus units	(79,389,379)	(33,484,691)
- Cash distribution	(58,564,623)	(78,463,823)
Undistributed income carried forward	2,610,898	506,034
Undistributed income comprising:		
Realised (loss) / income	(6,372,928)	6,040,511
Unrealised income / (loss)	8,983,826	(5,534,477)
	2,610,898	506,034

The annexed notes 1 to 30 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)

FARID AHMED KHAN
CEO

MUHAMMAD WASEEM MUKHTAR
DIRECTOR

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ABL Stock Fund

ABL STOCK FUND
MOVEMENT IN UNIT HOLDERS' FUND

FOR THE YEAR ENDED JUNE 30, 2011

	Note	For the year ended June 30, 2011	For the period from June 28, 2009 to June 30, 2010
		---------- Rupees ----------	
Net assets at the beginning of the year / period		376,158,199	-
Issue of 37,475,969 units (2010: 62,160,695 units)		439,411,995	690,960,955
Redemption of 18,917,492 units (2010: 27,887,013 units)		(226,246,735)	(322,565,256)
		213,165,260	368,395,699
Issue of 7,818,455 bonus units (2010: 3,291,623 units)		79,389,379	33,484,691
Element of income and capital gains included in prices of units issued less those in units redeemed			
- amount representing income and capital gains - transferred to Income Statement		(28,657,335)	(26,228,225)
- amount representing income and capital gains - transferred to Distribution Statement		(127,972)	-
		(28,785,307)	(26,228,225)
Other net income for the year / period		41,278,580	28,017,094
Net capital gain on sale of investments		89,668,488	89,971,931
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss - 'held for trading' - net		8,983,826	(5,534,477)
Final distribution			
- Rs 2.928 per unit on June 29, 2011 (2010: Rs 3.2813 per unit on June 28, 2010)			
- Bonus units		(79,389,379)	(33,484,691)
- Cash distribution		(58,564,623)	(78,463,823)
		1,976,892	506,034
Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to Distribution Statement		127,972	-
Net assets at the end of the year / period		642,032,395	376,158,199

The annexed notes 1 to 30 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)

FARID AHMED KHAN
CEO

MUHAMMAD WASEEM MUKHTAR
DIRECTOR

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ABL Stock Fund

ABL STOCK FUND
CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2011

	Note	For the year ended June 30, 2011	For the period from June 28, 2009 to June 30, 2010
		---------------- Rupees	-----------------
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year / period before taxation		139,930,894	112,454,548
Adjustments:			
Unrealised (appreciation) / diminution on re-measurement of investments classified as financial assets at fair value through profit or loss - 'held for trading' - net		(8,983,826)	5,534,477
Dividend income		(28,148,673)	(16,816,032)
Element of income and capital gains included in prices of units issued less those in units redeemed		(28,657,335)	(26,228,225)
Amortisation of preliminary expenses and floatation costs		716,495	716,652
		74,857,555	75,661,420
(Increase) / decrease in assets			
Investments - net		(122,908,259)	(401,265,992)
Profit receivable		(292,784)	(94,296)
Security deposits		-	(2,600,000)
Receivable against sale of investments		49,401,159	(51,960,297)
Receivable against sale of units		(412,996)	-
		(74,212,880)	(455,920,585)
Increase / (decrease) in liabilities			
Payable to ABL Asset Management Company Limited - Management Company		(113,065)	1,013,002
Payable to Central Depository Company of Pakistan Limited - Trustee		38,299	67,096
Payable to Securities and Exchange Commission of Pakistan		71,346	360,521
Accrued expenses and other liabilities		3,240,103	932,981
		3,236,683	2,373,600
Dividend received		26,972,337	16,427,532
Net cash inflow from / (outflow on) operating activities		30,853,695	(361,458,033)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from issue of units		439,411,995	690,960,955
Payments on redemption of units		(226,246,735)	(322,565,256)
Dividend paid		(78,463,823)	-
Net cash inflow from financing activities		134,701,437	368,395,699
Net increase in cash and cash equivalents during the year / period		165,555,132	6,937,666
Cash and cash equivalents at the beginning of the year / period		6,937,666	-
Cash and cash equivalents at the end of the year / period	4	172,492,798	6,937,666

The annexed notes 1 to 30 form an integral part of these financial statements.

For ABL Asset Management Company Limited
(Management Company)

FARID AHMED KHAN
CEO

MUHAMMAD WASEEM MUKHTAR
DIRECTOR

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ABL Stock Fund

FOR THE YEAR ENDED JUNE 30, 2011

1 LEGAL STATUS AND NATURE OF BUSINESS

ABL Stock Fund (the Fund) was established under a trust deed executed between ABL Asset Management Company Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Securities and Exchange Commission of Pakistan (SECP) authorised constitution of the Trust Deed on April 10, 2009 and it was executed on April 23, 2009. The Fund has been classified as an equity scheme by the Management Company.

The Fund is an open ended fund and is listed on the Karachi Stock Exchange (Guarantee) Limited. Units of the Fund are offered for public subscription on a continuous basis. The units are transferable and redeemable by surrendering them to the Fund.

The Management Company of the Fund has been classified as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake Asset Management Services. The registered office of the Management Company is situated at 11 - B, Lalazar, M.T. Khan Road, Karachi.

The JCR-VIS Credit Rating Company Limited has assigned Management Quality Rating of 'AM3+' (positive outlook) to the Management Company and Fund Performance Rating of 'MFR 5-Star' to the Fund.

The objective of the Fund is to provide higher risk adjusted returns to investors by investing in diversified portfolio of equity instruments offering capital gains and dividends. The investment objectives and policies are more fully explained in the Fund's Offering documents.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as appli cable 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, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Where ever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

There are certain new standards, amendments and International Financial Reporting Interpretations Commit tee (IFRIC) interpretations that became effective during the year and are mandatory for accounting periods beginning on or after July 1, 2010 but are considered not to be relevant or did not have any significant effect on the Fund's operations and are, therefore, not detailed in these financial statements.

2.3 Standards, interpretations and amendments to published accounting standards that are not yet effective

The following revised standard has been published and is mandatory for accounting periods beginning on or after July 1, 2011:

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclo sures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the govern men tand other government-related entities. The Fund will apply the revised standard from July 1, 2011. The Fund is currently in the process of assessing the impact, if any, of the revised standard on the related party disclosures.

There are other new and amended standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2011 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the

Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the company's financial statements or where judgment was exercised in application of accounting policies principally relate to classification and valuation of investments (note 3.2 and 5).

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments classified as 'financial assets at fair value through profit or loss' category which are carried at fair value.

2.6 Functional and presentation currency

These financial statements have been prepared in Pak Rupees, which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

3.1 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term investments having original maturities of less than three months.

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) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as held for trading in the 'Financial assets at fair value through profit or loss' category.

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 (a) loans and receivables, (b) held to maturity investments or (c) financial assets at fair value through profit or loss.

3.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

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 recog nised at fair value and transaction costs are expensed 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 investment of the Fund in equity securities is 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 shown under other 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 is valued on the basis of rates announced by the Financial Markets Association of Pakistan.

Net gains and losses arising from 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 from changes in fair value of available for sale financial assets are classified as other comprehensive income' until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised directly in 'other comprehensive income' is transferred 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 reporting date whether there is objective evidence that the financial asset or a group of financial assets is impaired. 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 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.

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 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 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 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.

3.5 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.

3.6 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 Fund intends to distribute such income at the year end in order to avail this tax exemption. Accordingly, no tax liability has been recorded for the current year.

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.

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differ ences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is no longer probable that the related tax benefit will be realised. 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 year as reduced by capital gains, whether realised or unrealised, to its unit holders.

3.7 Proposed distributions

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

3.8 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 before cut off timings on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption requests before cut off timings 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.

3.9 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 year ended June 30, 2011.

3.10 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 year / period end.

3.11 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of opera tions of the Fund. These costs are being amortised over a period of five years commencing from June 28, 2009, as per the requirement of the Trust Deed of the Fund.

3.12 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 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise.

		Note	2011	2010
4	**BANK BALANCES**		---------------- Rupees ----------------	
	Saving accounts	4.1	172,492,798	6,937,666

4.1 These accounts carry mark-up at rates ranging from 5.00% to 13.90% (2010: 5.00% to 11.50%) per annum.

		Note	2011	2010
5	**INVESTMENTS**		---------------- Rupees ----------------	
	At fair value through profit or loss - held for trading			
	Listed equity securities	5.1	512,845,355	355,913,115
	Government securities	5.2	14,778,245	39,818,400
			527,623,600	395,731,515

5.1 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, 2011			Market value as a percentage of net assets	Market value as a percentage of investment	Market value as a percentage of paid-up capital of investee company
	As at July 01, 2010	Purchases during the year	Bonus / right issue during the year	Sales during the year	As at June 30, 2011	Carrying value	Market value	Appreciation/ (diminution)			
						---------Rupees---------					
Oil and gas											
Attock Petroleum Limited	37,000	106,545	2,507	90,637	55,415	19,249,630	20,740,170	1,490,540	3.23%	4.04%	3.00%
National Refinery Limited	40,000	102,412	-	142,412	-	-	-	-	-	-	-
Oil & Gas Development Company Limited	263,803	761,383	-	861,442	163,744	23,340,036	25,051,195	1,711,159	3.90%	4.88%	0.06%
Pakistan Oilfields Limited	151,711	371,809	-	373,000	150,520	47,209,104	54,038,185	6,829,081	8.42%	10.54%	2.28%
Pakistan Petroleum Limited	164,692	466,996	28,938	428,783	231,843	48,021,117	48,007,730	(13,387)	7.48%	9.36%	0.40%
Pakistan State Oil Company Limited	106,500	373,950	-	339,795	140,655	39,126,798	37,214,500	(1,912,298)	5.80%	7.26%	2.17%
	763,706	2,183,095	31,445	2,236,069	742,177	176,946,684	185,051,780	8,105,096	28.82%	36.08%	
Chemicals											
Dawood Hercules Chemicals Limited	-	78,233	54,699	132,932	-	-	-	-	-	-	-
Engro Corporation Limited	125,104	1,055,000	28,365	996,252	212,217	38,564,713	34,644,425	(3,920,288)	5.40%	6.76%	0.88%
Fatima Fertilizer Company Limited	-	1,283,308	-	222,408	1,060,900	14,932,416	17,653,376	2,720,960	2.75%	3.44%	0.09%
Fauji Fertilizer Bin Qasim Limited	-	1,200,460	-	974,868	225,592	9,460,595	9,508,703	48,108	1.48%	1.85%	0.10%
Fauji Fertilizer Company Limited	289,251	644,912	39,688	635,599	338,252	43,235,131	50,856,188	7,621,057	7.92%	9.92%	0.60%
ICI Pakistan Limited	-	202,500	-	169,105	33,395	5,176,236	5,071,031	(105,205)	0.79%	0.99%	0.37%
Lotte Pakistan PTA Limited	-	2,102,996	-	2,102,996	-	-	-	-	-	-	-
	414,355	6,567,409	122,752	5,234,160	1,870,356	111,369,090	117,733,723	6,364,633	18.34%	22.96%	
Construction and materials											
D.G. Khan Cement Company Limited	-	922,526	-	624,690	297,836	6,716,104	6,847,250	131,146	1.07%	1.34%	0.16%
Lucky Cement Limited	155,722	843,643	-	706,969	292,396	20,241,060	20,713,333	472,273	3.23%	4.04%	0.64%
	155,722	1,766,169	-	1,331,659	590,232	26,957,164	27,560,583	603,419	4.29%	5.37%	
General industries											
Thal Limited (Face value of Rs 5 each)	138,163	87,991	26,232	180,645	71,741	7,315,634	7,248,711	(66,923)	1.13%	1.41%	2.36%
	138,163	87,991	26,232	180,645	71,741	7,315,634	7,248,711	(66,923)	1.13%	1.41%	
Automobile and parts											
Agriauto Industries Limited	-	177,432	-	20	177,412	13,456,448	12,330,134	(1,126,314)	1.92%	2.40%	8.56%
	-	177,432	-	20	177,412	13,456,448	12,330,134	(1,126,314)	1.92%	2.40%	
Personal goods											
Nishat (Chunian) Limited	-	1,433,200	-	1,433,200	-	-	-	-	-	-	-
Nishat Mills Limited	178,750	973,921	-	965,647	187,024	11,831,002	9,414,788	(2,416,214)	1.47%	1.84%	0.27%
	178,750	2,407,121	-	2,398,847	187,024	11,831,002	9,414,788	(2,416,214)	1.47%	1.84%	
Fixed line Telecommunications											
Pakistan Telecommunication Company Limited	-	12,131	-	12,131	-	-	-	-	-	-	-
	-	12,131	-	12,131	-	-	-	-	-	-	-
Electricity											
Kot Addu Power Company Limited	105,000	100,000	-	205,000	-	-			-	-	-
Nishat Chunian Power Limited	-	2,201,138	-	1,567,497	633,641	10,621,346	8,693,555	(1,927,791)	1.35%	1.70%	0.24%
Nishat Power Limited	-	600,000	-	600,000	-	-	-	-	-	-	-
The Hub Power Company Limited	1,143,450	1,223,301	-	1,088,024	1,278,727	46,325,661	47,952,263	1,626,602	7.47%	9.35%	0.41%
	1,248,450	4,124,439	-	3,460,521	1,912,368	56,947,008	56,645,818	(301,190)	8.82%	11.05%	

Banks								-			
Allied Bank Limited	537,055	91,055	-	628,110	-	-	-	-	-	-	-
Bank Al Habib Limited	-	765,990	-	105,000	660,990	19,432,214	19,479,375	47,161	3.03%	3.80%	0.22%
MCB Bank Limited	135,000	416,734	12,114	403,860	159,988	32,194,129	31,885,608	(308,521)	4.97%	6.22%	0.38%
Meezan Bank Limited	513,678	666,400	99,135	613,680	665,533	11,184,564	11,626,862	442,298	1.81%	2.27%	0.14%
National Bank of Pakistan	190,000	628,500	31,250	633,500	216,250	12,789,004	10,903,325	(1,885,679)	1.70%	2.13%	0.06%
Soneri Bank Limited - Rights	-	1,000,000	-	1,000,000	-	-	-	-	-	-	-
United Bank Limited	190,000	804,386	-	623,450	370,936	23,432,064	22,964,648	(467,416)	3.58%	4.48%	0.19%
	1,565,733	4,373,065	142,499	4,007,600	2,073,697	99,031,974	96,859,818	(2,172,156)	15.09%	18.89%	
	4,464,879	21,698,852	322,928	18,861,652	7,625,007	503,855,005	512,845,355	8,990,350	79.9%	100%	

The above investment includes shares pledged with National Clearing Company of Pakistan Limited having a market value (in aggregate) amounting to Rs 62,153,370 (2010: Rs 49,569,760) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated October 23, 2007 issued by the Securities & Exchange Commission of Pakistan, which are as follows:

- Attock Petroleum Limited: 20,000 (2010: Nil)
- Engro Corporation Limited: 50,000 (2010: 50,000)
- Fauji Fertilizer Company Limited: 8,000 (2010: 8,000)
- Lucky Cement Limited: 5,000 (2010: 25,000)
- MCB Bank Limited: 20,000 (2010: 20,000)
- Pakistan Oilfields Limited: 23,000 (2010: 23,000)
- Pakistan Petroleum Limited: 20,000 (2010: 20,000)
- Pakistan State Oil Company Limited: 28,000 (2010: 38,00
- The Hub Power Company Limited: 300,000 (2010: 300,000)
- United Bank Limited: 160,000 (2010: 120,000)

5.2 Government securities

Issue date	Tenor	Face Value				Balance as at June 30, 2011			Market Value as a percentage of net assets	Market Value as a percentage of total Investment
			Purchases during the year	Disposed/Matured during the year	Balance as at June 30, 2011	Cost	Market Value	Appreciation / (diminution)		
					-(Rupees)-					
April 22, 2010	03 months	40,000,000	-	40,000,000	-	-	-	-	-	-
August 26, 2010	03 months	-	50,000,000	50,000,000	-	-	-	-	-	-
January 14, 2010	06 months	-	60,000,000	60,000,000	-	-	-	-	-	-
July 30, 2009	12 months	-	10,000,000	10,000,000	-	-	-	-	-	-
October 7, 2010	03 months	-	40,000,000	40,000,000	-	-	-	-	-	-
October 21, 2010	03 months	-	90,000,000	90,000,000	-	-	-	-	-	-
August 26, 2010	03 months	-	50,000,000	50,000,000	-	-	-	-	-	-
October 22, 2010	03 months	-	40,000,000	40,000,000	-	-	-	-	-	-
November 4, 2010	03 months	-	30,000,000	30,000,000	-	-	-	-	-	-
November 4, 2010	03 months	-	25,000,000	25,000,000	-	-			-	-
January 27, 2011	03 months	-	55,000,000	55,000,000	-	-	-	-	-	-
April 21, 2011	03 months	-	12,000,000	12,000,000	-	-	-	-	-	-
May 19, 2011	03 months	-	50,000,000	35,000,000	15,000,000	14,784,770	14,778,245	(6,525)	2.30%	2.80%
		40,000,000	512,000,000	537,000,000	15,000,000	14,784,770	14,778,245	(6,525)		

	2011	2010
5.3 Unrealised appreciation / (diminution) on re-measurement of investments classified as fair value through profit or loss - 'held for trading' - net	-Rupees-	
Market value of securities	527,623,600	395,731,516
Less: Carrying value of securities	518,639,774	401,265,992
	8,983,826	(5,534,477)

6 DIVIDEND AND PROFIT RECEIVABLE

	2011	2010
Dividend receivable	1,564,836	388,500
Profit receivable on saving accounts	387,080	94,296
	1,951,916	482,796

7 SECURITY DEPOSITS

National Clearing Company of Pakistan Limited	2,500,000	2,500,000
Central Depository Company of Pakistan Limited	100,000	100,000
	2,600,000	2,600,000

8 PRELIMINARY EXPENSES AND FLOATATION COSTS

As at July 1, 2010	2,866,609	3,583,261
Less: amortised during the year	(716,495)	(716,652)
Balance as at June 30, 2011	2,150,114	2,866,609

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. As per the requirement of the Trust Deed, these costs are being amortised over a period not exceeding five years.

9 PAYABLE TO ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY

	Note	2011	2010
		------------------Rupees------------------	
Management fee	9.1	1,440,008	981,886
Sales load		176,491	31,116
Preliminary expenses and floatation cost		2,866,699	3,583,261
		4,483,198	4,596,263

9.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, 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 average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. In the current year, the Management Company has charged remuneration at the rate of three percent of the average annual net assets of the Fund. The amount of remuneration is being paid monthly in arrears.

10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

	Note	2011	2010
		-----------------Rupees------------------	
Trustee fee	10.1	96,001	65,458
Settlement charges		9,394	1,638
		105,395	67,096

10.1 Under the provisions of the Trust Deed, the Trustee is entitled to a remuneration, to be paid monthly in arrears, as per the following tariff structure:

Net Assets Value (NAV)	Tariff per annum
Upto Rs 1,000 million	Rs 0.7 million (2010: Rs 0.7 million) or 0.20% (2010: 0.20%) per annum of NAV whichever is higher.
Exceeding Rs 1,000 million	Rs 2 million (2010: Rs 2.0 million) plus 0.10% (2010: Rs 0.10%) per annum of NAV exceeding Rs 1,000 million.

11 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

	Note	2011	2010
		-----Rupees-----	
Annual fee	11.1	431,867	360,521

11.1 Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme categorised as equity scheme is required to pay as annual fee to the SECP, an amount equal to 0.095 percent of the average annual net assets of the scheme. The Fund has been classified as an equity scheme by the Management Company.

12 ACCRUED EXPENSES AND OTHER LIABILITIES

	2011	2010
	-----Rupees-----	
Auditors' remuneration	266,500	264,000
Rating fee	90,000	90,000
Brokerage and other charges	338,127	179,404
Provision for Workers' Welfare Fund	3,158,234	299,870
Other payables	320,222	99,707
	4,173,083	932,981

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2011.

14 NUMBER OF UNITS IN ISSUE

	2011	2010
	-----Number of units-----	
Total units in issue at the beginning of the year / period	37,565,305	-
Add: Units issued	37,475,969	62,160,695
Add: Bonus units issued	7,818,455	3,291,623
Less: Units redeemed	(18,917,492)	(27,887,013)
Total units in issue at the end of the year / period	63,942,237	37,565,305

15 AUDITORS' REMUNERATION

	2011	2010
	-----Rupees-----	
Annual audit fee	200,000	175,000
Half yearly review fee	100,000	100,000
Code of corporate governance	25,000	25,000
Other certifications and services	25,000	70,000
Out of pocket expenses	25,000	25,000
	375,000	**395,000**

16 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund(WWF) Ordinance, 1971. 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 Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution from May 27, 2010 to June 30, 2010 in the financial statements for the period ended June 30, 2010. The breakup of charge was as follows:

	2010
	Rupees
Charge borne by the Management Company	1,955,218
Charge borne by the Fund	299,870
Total charge	2,255,088

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on December 14, 2010 the Ministry filed its response against the Constitutional petition requesting the court to dismiss the petition. According to the legal counsel who is handling the case, there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

As the matter relating to levy of WWF is currently pending in the court, the Management Company, as a matter of abundant caution, has decided to retain a provision for WWF amounting to Rs 3.158 million (including Rs 2.858 million for the current year) in these financial statements.

17 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 amongst the unit holders. The Fund has not recorded provision for taxation as the Management Company intends to distribute at least ninety percent of the Fund's accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

18 EARNINGS PER UNIT

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

19 FINANCIAL INSTRUMENTS BY CATEGORY

	As at June 30, 2011		
	Loans and receivables	**At fair value through profit or loss**	**Total**
Financial assets	Rupees		
Bank balances	172,492,798	-	172,492,798
Investments	-	527,623,600	527,623,600
Dividend and profit receivable	1,951,916	-	1,951,916
Security deposits	2,600,000	-	2,600,000
Receivable against sale of investments	2,559,137	-	2,559,137
Receivable against sale of units	412,996	-	412,996
	180,016,847	527,623,600	707,640,447

	As at June 30, 2011		
	Other financial liabilities	**At fair value through profit or loss**	**Total**
	Rupees		
Financial liabilities			
Payable to ABL Asset Management Company Limited -Managmnet Company	4,483,198	-	4,483,198
Payable to Central Depository Company of Pakistan Limited - Trustee	105,395	-	105,395
Dividend payable	58,564,623	-	58,564,623
Accrued expenses and other liabilities	1,041,849	-	1,041,849
	61,980,759	-	61,980,759

Financial assets	Loans and receivables	At fair value through profit or loss	Total
	--As at June 30, 2010--		
	--Rupees--		
		-	6,937,666
Bank balances	6,937,666	395,731,515	395,731,515
Investments	-	-	482,796
Dividend and profit receivable	482,796	-	2,600,000
Security deposits	2,600,000	-	51,960,297
Receivable against sale of investments	51,960,297	395,731,515	457,712,274
	61,980,759		

Financial liabilities	Other financial liabilities	At fair value through profit or loss	Total
	--As at June 30, 2010--		
	--Rupees--		
Payable to ABL Asset Management Company Limited -Management Comapny	4,596,263	-	4,596,263
Payable to Central Depository Company of Pakistan Limited - Trustee	67,096	-	67,096
Dividend payable	78,463,823	-	78,463,823
Accrued expenses and other liabilities	932,981	-	932,981
	84,060,163	-	84,060,163

20 TRANSACTIONS WITH CONNECTED PERSONS

20.1 Connected persons include ABL Asset Management Company Limited being the Management Company, Allied Bank Limited, ABL Asset Management Company Limited - Staff Provident Fund, Allied Bank Limited Employees Superannuation (Pension) Fund and Ibrahim Agencies (Private) Limited being entities under common management and/ or directorship, Central Depository Company of Pakistan Limited being the trustee of the Fund and the directors and officers of the Management Company.

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

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

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

20.5 **Detail of transactions are as follows:**

	For the year ended June 30, 2011	For the period from June 28, 2009 to June 30, 2010
	--Rupees--	
ABL Asset Management Company Limited - Management Company		
Issue of 934,076 units (2010: 24,200,596 units)	11,482,952	278,000,000
Bonus of 567,009 units (2010: 2,166,073 units)	5,757,467	22,034,807
Redemption of 7,849,068 units (2010: 17,485,328 units)	90,000,000	204,072,364
Remuneration of the Management Company	13,637,772	11,384,920
Allied Bank Limited		
Issue of Nil units (2010: 10,000,000 units)	-	100,000,000
Profit on bank deposits	971,428	3,495,343
Cash dividend	29,280,000	32,813,000
Bank charges	23,065	14,708

	2011	2010
ABL Asset Management Company Limited - Staff Provident Fund		
Issue of Nil units (2010: 85,000 units)	-	850,000
Redemption of Nil units (2010: 85,000 units)	-	911,557
Allied Bank Limited - Employees Superannuation (Pension) Fund		
Issue of Nil units (2010: 10,000,000 units)	-	100,000,000
Cash dividend	29,280,000	32,813,000
Ibrahim Agencies (Private) Limited		
Issue of 22,599,056 units (2010: Nil)	255,000,000	-
Bonus of 3,931,921 units (2010: Nil)	39,925,119	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the year / period	909,181	798,831
Settlement charges and connection fee	134,614	100,269
Key Management Personnel		
Executives		
Issue of 23,101 units (2010: 62,403 units)	300,000	755,000
Bonus of 13,058 units (2010: Nil units)	132,593	-
Redemption of 16,724 units (2010: 23,496 units)	179,495	296,671
Cash dividend	-	127,665

	2011	**2010**
	-----------------Rupees-----------------	
20.6 Detail of balances outstanding are as follows:		
ABL Asset Management Company Limited - Management Company		
Management fee payable	1,440,008	981,886
Preliminary expenses and floatation costs	2,866,699	3,583,261
Sales load payable	176,491	31,116
2,533,357 units held (2010: 8,881,340)	25,436,930	88,932,410
Allied Bank Limited		
Profit receivable on saving accounts	59,098	94,171
Bank balance	97,122,982	6,813,708
10,000,000 units held (2010: 10,000,000)	100,408,000	100,134,000
Allied Bank Limited - Employees Superannuation (Pension) Fund		
10,000,000 units held (2010: 10,000,000)	100,408,000	100,134,000
Ibrahim Agencies (Private) Limited		
Units held 26,530,977 (2010: Nil)	266,392,234	-
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	96,001	65,458
Settlement charges payable	9,394	1,638
Security deposit	100,000	100,000

Key Management Personnel

Executives

58,342 units held (2010: 38,907 units)	585,800	389,591

21 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	17	CFA
2	Mr. Muhammad Imran	Chief Investment Officer	12	MBA
3	Mr. Abid Jamal	Head of Research	8	Bs
4	Mr. Hammad Ali Abbas	Fund Manager	7	Msc
5	Mr. Kamran Aziz	Fund Manager	4	BBA

21.1 Mr. Kamran Aziz is the Fund Manager of the Fund. He is not managing any other Fund.

22 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

		June 30, 2011
1	BMA Capital Management Limited	19.59%
2	Invisor Securities (Private) Limited	13.94%
3	Fortune Securities (Private) Limited	9.04%
4	Arif Habib Limited	6.10%
5	Elixir Securities Pakistan (Private) Limited	5.91%
6	KASB Securities Limited	5.67%
7	Global Securities (Private) Limited	5.58%
8	Invest & Finance Securities Limited	4.87%
9	Topline Securities (Private) Limited	4.72%
10	Cassim Investment (Private) Limited	4.49%

TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

		June 30, 2010
1	JS Global Capital Limited	13.18%
2	Adam Securities (Private) Limited	10.81%
3	Invisor Securities (Private) Limited	9.61%
4	Elixir Securities Pakistan (Private) Limited	9.04%
5	Fortune Securities (Private) Limited	8.64%
6	Arif Habib Limited	7.56%
7	Foundation Securities (Private) Limited	5.42%
8	Crossby Securities Pakistan (Private) Limited	4.42%
9	BMA Capital Management Limited	3.49%
10	IGI Finex Securities Limited	3.33%

23 PATTERN OF UNIT HOLDING

Category	------------As at June 30, 2011------------			
	Number of unit holders	Number of units held	Net assets value of the amount invested (Rupees)	Percentage of total investment
Individuals	121	3,597,484	36,122,748	5.63%
Associated Companies / Directors	4	49,064,334	492,645,164	76.73%
Retirement funds	3	8,268,574	83,023,098	12.93%
Others	1	3,011,844	30,241,385	4.71%
	129	**63,942,237**	**642,032,395**	**100%**

Category	-----As at June 30, 2010----- Number of unit holders	Number of units held	Net assets value of the amount invested	Percentage of total investment
			(Rupees)	
Individuals	106	2,266,041	22,690,882	6.03%
Associated Companies/ Directors	3	28,881,340	289,201,774	76.88%
Retirement funds	3	6,417,924	64,265,543	17.08%
	112	**37,565,305**	**376,158,199**	**100%**

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

The 18th, 19th, 20th and 21st Board meetings were held on August 06, 2010, October 25, 2010, February 18,2011, and April 29, 2011 respectively. Information in respect of attendance by directors in the meetings is given below:

	Name of the director	Number of meetings Held	Attended	Leave granted	Meetings not attended
1	Sheikh Mukhtar Ahmed	4	1	3	19th, 20th, 21st
2	Mr. Muhammad Waseem Mukhtar *	3	3	-	-
3	Mr. Mohammad Aftab Manzoor**	1	-	1	18th
4	Mr. Khalid A. Sherwani*	3	3	-	-
5	Mr. M. Jawaid Iqbal	4	4	-	-
6	Mr. Muhammad Yaseen	4	3	1	18th
7	Mr. M. Shakeb Murad	4	3	1	20th
8	Mr. Kamran Nishat	4	4	-	-

*Appointed as new director of the ABL AMCL through circular resolution No. ABL AMCL Memo No. CIR.14/2010 dated September 02, 2010.
** Resigned through circular resolution no. ABL AMCL Memo No. CIR.14/2010 dated September 02, 2010.

25 FINANCIAL RISK MANAGEMENT

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

25.1 Market risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

25.1.1 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. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pak Rupees.

25.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund is mainly exposed to interest rate risk on its investments and on balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund does not hold any variable rate instrument and is not exposed to cash flow interest rate risk.

b) Sensitivity analysis for fixed rate instruments

Fixed rate instruments comprise Market Treasury Bill and bank balances. Except for Market Treasury Bill , the Fund's income and net assets are substantially independent of changes in market interest rates.

As at June 30, 2011, the Fund holds Market Treasury Bill which are classified as 'held for Trading', exposing the Fund to fair value interest rate risk. In case of 100 basis points increase in rates announced by the Financial Markets Association of Pakistan on June 30, 2011, with all other variables held constant, the net income for the year and net assets would have been lower by Rs 16,427. In case of 100 basis points decrease in rates announced by the Financial Markets Association of Pakistan on June 30, 2011, with all other variables held constant, the net income for the year and net assets would have been higher by Rs 16,282.

The composition of the Fund's investment portfolio and rates announced by Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2011 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on settlement date.

	As at June 30, 2011					
		Exposed to yield / interest risk				
	Effective yield / interest rate	Upto three months	More than three months and up to one year	More than one year	Not exposed to yield / interest rate risk	Total
	%	Rupees				
On-balance sheet financial instruments						
Financial assets						
Bank balances	5.0 - 13.3	172,492,798	-	-	-	172,492,798
Investments		14,778,245	-	-	512,845,355	527,623,600
Dividend and profit receivable		-	-	-	1,951,916	1,951,916
Security deposits		-	-	-	2,600,000	2,600,000
Receivable against sale of units		-	-	-	412,996	412,996
Receivable against sale of investments		-	-	-	2,559,137	2,559,137
Sub total		187,271,043	-	-	520,369,404	707,640,447
Financial liabilities						
Payable to ABL Asset Management Company Limited - Management Company		-	-	-	4,483,198	4,483,198
Payable to Central Depository Company of		-	-	-	-	-
Pakistan Limited-Trustee		-	-	-	105,395	105,395
Dividend payable		-	-	-	58,564,623	58,564,623
Accrued expenses and other liabilities		-	-	-	1,014,849	1,014,849
Sub total		-	-	-	64,168,064	64,168,064
On-balance sheet gap		187,271,043	-	-	456,201,339	643,472,382
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		187,271,043	-	-	456,201,339	643,472,382
Cumulative interest rate sensitivity gap		187,271,043	187,271,043	187,271,043		

	As at June 30, 2010					
	Effective yield / interest rate	Exposed to yield / interest risk: Upto three months	Exposed to yield / interest risk: More than three months and up to one year	Exposed to yield / interest risk: More than one year	Not exposed to yield / interest rate risk	Total
On-balance sheet financial instruments	%	Rupees				
Financial assets						
Bank balances	5.0 to 11.5	6,937,666	-	-	-	6,937,666
Investments		39,818,400	-	-	355,913,115	395,731,515
Dividend and profit receivable		-	-	-	482,796	482,796
Security deposits		-	-	-	2,600,000	2,600,000
Receivable against sale of investments		-	-	-	51,960,297	51,960,297
Sub total		46,756,066	-	-	410,956,208	457,712,274
Financial liabilities						
Payable to ABL Asset Management Company Limited - Management Company		-	-	-	4,596,263	4,596,263
Payable to Central Depository Company of		-	-	-	-	-
Pakistan Limited-Trustee		-	-	-	67,096	67,096
Dividend payable		-	-	-	78,463,823	78,463,823
Accrued expenses and other liabilities		-	-	-	932,981	932,981
Sub Total		-	-	-	84,060,163	84,060,163
On-balance sheet gap		46,756,066	-	-	326,896,045	373,652,111
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		46,756,066	-	-	326,896,045	373,652,111
Cumulative interest rate sensitivity gap		46,756,066	46,756,066	46,756,066		

25.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity price risk because of investments held by the Fund and classified on the Statement of Assets and Liabilities as at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the trust deed. The Fund's constitutive document / NBFC Regulations also limit individual equity securities to no more than 10% of net assets, or issued capital of the investee company and sector exposure limit to 25% of net assets.

In case of 5% increase / decrease in KSE 100 index on June 30, 2011, net income for the year would increase / decrease by Rs 8.154 million (2010: Rs 12.681 million) and net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities at fair value through profit or loss.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE 100 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2011 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of KSE 100 index.

25.2 Credit risk

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. Credit risk arises from deposits with banks and financial institutions, and credit exposure arising as a result of dividends receivable on equity securi ties. For banks and financial institutions, only reputed parties are accepted. Credit risk on dividend receivable is minimal due to statutory protection. All transactions in listed securities are settled / paid for upon delivery using the central clearing company. The risk of default is considered minimal due to inherent systematic measures taken therein.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assign ment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The fund does not expect to incur material credit losses on its financial assets.

25.2.1 The analysis below summarises the credit rating quality of the Fund's financial assets as at June 30, 2011:

Bank balances by rating category

Bank Name	Rating agency	Published rating	
		2011	2010
Allied Bank Limited	PACRA	AA	AA
Askari Commercial Bank Limited	PACRA	AA	AA
Bank Alfalah Limited	PACRA	AA	AA
Faysal Bank Limited	PACRA	AA	AA
MCB Bank Limited	PACRA	AA+	AA+
NIB Bank Limited	PACRA	AA-	AA-
United Bank Limited	JCR-VIS	AA+	AA+

The maximum exposure to credit risk before any credit enhancement as at June 30, 2011 is the carrying amount of the financial assets. None of these assets are 'impaired nor past due but not impaired'.

25.2.2 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counter parties 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 concentrations of credit risk.

25.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to the daily settlement of equity securities and to daily cash redemptions, if any. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed of. The Fund's listed securities are considered readily realisable, as they are listed on the Karachi Stock Exchange.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The fund did not withhold any redemptions during the year.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undis counted cash flows.

	----------As at June 30, 2011----------			
	Upto three months	More than three months and up to one year	More than one year	Total
	---------- Rupees ----------			
Liabilities				
Payable to ABL Asset Management Company Limited - Management Company	1,616,499	716,675	2,150,024	4,483,198
Payable to Central Depository Company of Pakistan Limited - Trustee	105,395	-	-	105,395
Dividend payable	58,564,623	-	-	58,564,623
Accrued expenses and other liabilities	4,173,083	-	-	4,173,083
	64,459,599	**716,675**	**2,150,024**	**67,326,298**

	As at June 30, 2010			
	Upto three months	More than three months and up to one year	More than one year	Total
	Rupees			
Liabilities				
Payable to ABL Asset Management Company Limited - Management Company	1,013,002	716,652	2,866,609	4,596,263
Payable to Central Depository Company of Pakistan Limited - Trustee	67,096	-	-	67,096
Dividend payable	78,463,823	-	-	78,463,823
Accrued expenses and other liabilities	932,981	-	-	932,981
	80,476,902	**716,652**	**2,866,609**	**84,060,163**

26 **FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

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 traded in an open market are revalued at the market prices prevailing at the close of trading on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from carrying values as the items are either short term in nature or periodically repriced.

IFRS 7, "Financial Instruments: Disclosure" requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, whether directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

Investments of the Fund carried at fair value are categorised as follows:

	As at June 30, 2011			
	Level 1	Level 2	Level 3	Total
ASSETS	Rupees			
Financial assets classified as held for trading				
- Investment in listed equity securities	512,845,355	-	-	512,845,355
- Investment in government securities	-	14,778,245	-	14,778,245

	As at June 30, 2010			
	Level 1	Level 2	Level 3	Total
ASSETS	Rupees			
Financial assets classified as held for trading				
- Investment in listed equity securities	355,913,115	-	-	355,913,115
- Investment in government securities	-	39,818,400	-	39,818,400

27 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to distributions and to payment of a proportionate share, based on the Fund's net assets value per unit on the redemption date. The relevant move ments are shown on the statement of movement in unit holders' fund.

The Fund has no restriction or specific capital requirement on the subscription and redemption of units.

The Fund's objectives when managing unit holders' fund are to safeguard its ability to continue as a going concern so that it can continue to provide returns to unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemption requests, such liquidity being augmented by short-term borrowings or disposal of investments.

28 CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of better presenta tion. No significant rearrangement or reclassification were made in these financial statements.

29 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 23, 2011 by the Board of Directors of the Management Company.

30 GENERAL

Figures have been rounded off to the nearest rupee.

For ABL Asset Management Company Limited
(Management Company)

FARID AHMED KHAN	**MUHAMMAD WASEEM MUKHTAR**
CEO	**DIRECTOR**

CONTACT US:
Helpline 0800 ABL-AM (0800 225 26)
UAN: (021) 111-ABL-AMC (111-225-262)
Email: contactus@ablamc.com
Website: www.ablamc.com