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VISION

Creating Investment Solutions within everyone's reach



Mission & Core Values

To create a conducive working environment, to attract the best talent in the Asset Management Sector. ABLAMC 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.



ABL STOCK FUND

FUND'S INFORMATION

Management Company:	ABL Asset Management Company Limited 11 - B, Lalazar M. T. Khan Road, Karachi.	
Board of Directors	Sheikh Mukhtar Ahmed Mr. Mohammad Naeem Mukhtar* Mr. Muhammad Waseem Mukhtar Mr. Tariq Mahmood Mr. Kamran Nishat Mr. M. Shakeb Murad Mr. M. Jawaid Iqbal Mr. Farid Ahmed Khan	Chairman CEO
Audit Committee:	Mr. Kamran Nishat Mr. Muhammad Waseem Mukhtar Mr. M. Shakeb Murad**	Chairman Member Member
Human Resource and Remuneration Committee	Mr. Muhammad Waseem Mukhtar*** Mr. Jawaid Iqbal Mr. Kamran Nishat Mr. Farid Ahmed Khan	Chairman Member Member Member
Chief Executive Officer of The Management Company:	Mr. Farid Ahmed Khan	
Chief Financial Officer & Company Secretary:	Mr. Saqib Matin	
Chief Internal Auditor:	Mr. Mubeen Ashraf Bhimani	
Trustee:	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shakra-e-Faisal, Karachi - 74400	
Bankers to the Fund:	Allied Bank Limited Standard Chartered Bank (Pakistan) Limited	
Auditor:	KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building No. 2 Beaumont Road Karachi, 75530 Pakistan	
Legal Advisor:	Bawaney & Partners 3rd & 4th Floors, 68-C, Lane-13 Bokhari Commercial Area Phase-VI, DHA Karachi.	
Registrar:	ABL Asset Management Company Limited. 11 - B, Lalazar, M. T. Khan Road, Karachi.	

* With effect from July 2, 2014.

** With effect from August 26, 2014

*** With effect from April 22, 2014

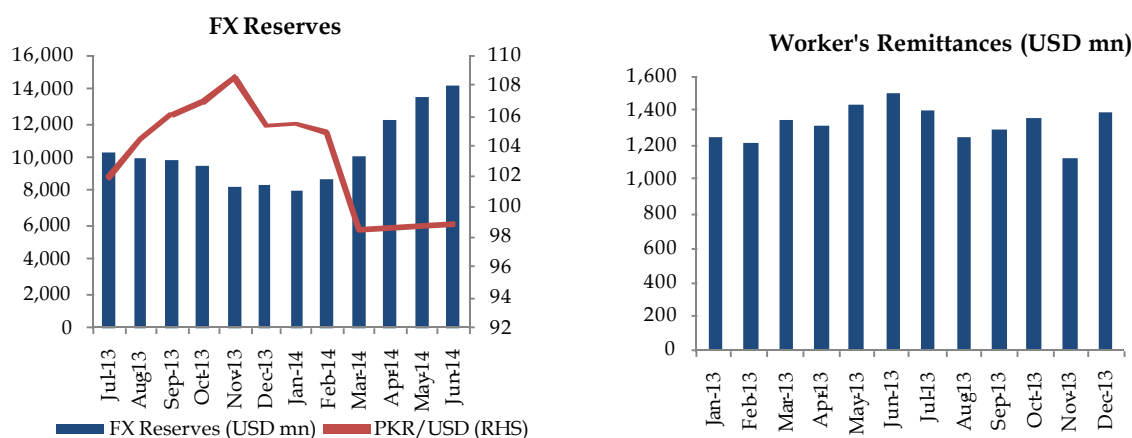
ABL STOCK FUND

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 Audited Financial Statements of ABL Stock Fund for the year ended June 30, 2014.

ECONOMIC PERFORMANCE REVIEW

Pakistan's economic landscape revealed gradual improvement throughout FY14 underpinned by renewed IMF support, significant improvement in PKR/USD parity, stable international oil prices, re-start of privatization process and Pakistan's return to international capital markets through a Eurobond issue. GDP growth, though lower than the target of 4.4% for FY14, grew by 4.1% during the year against 3.7% in FY13 which is the highest rate achieved since FY09. Most of the growth in GDP can be attributed to growth in industrial sector (5.84% in FY14 against 1.37% in FY13); however, growth in agriculture (2.12% in FY14 against 2.88% in FY13) and services sector (4.29% in FY14 against 4.85% in FY13) remained lackluster during the year. In a bid to meet IMF program targets, the government tightened its spending limit during the year and managed to reduce fiscal deficit to 5.8% of GDP which is a major improvement against budgetary target of 6.3% and last year's deficit of 8.2%. Provisional numbers suggest that revenues grew by 16.5%YoY which is also the highest growth rate in the last decade. Total revenue collection in FY14 stood at PKR2,260billion which translates into a shortfall of PKR15billion from twice-revised collection target of PKR2,275billion. Despite this shortfall, the budgetary account received support from privatization proceeds and Eurobond inflows which helped bring down the fiscal deficit.

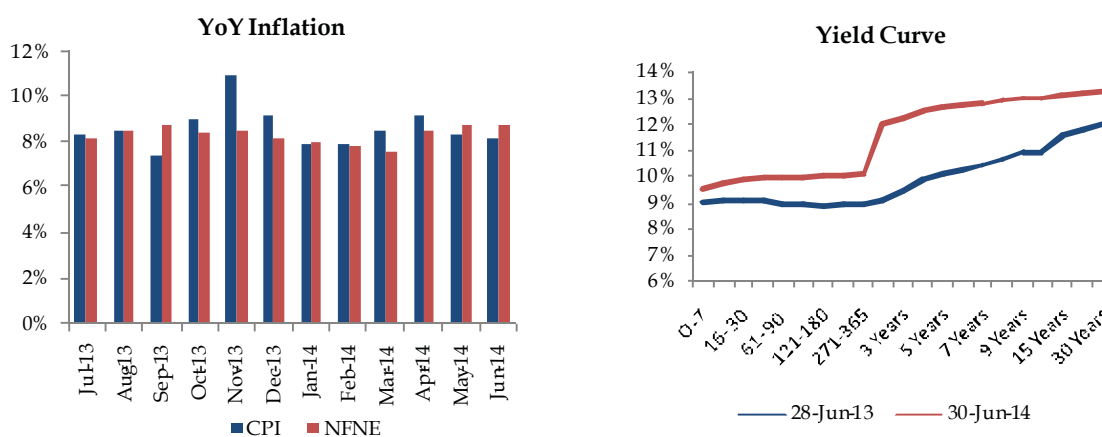


On the external account front, further deterioration was witnessed in the current account deficit which clocked-in at USD2.925billion in FY14 compared to USD2.496billion recorded in FY13. Increase in deficit was on account of lackluster growth in exports due to PKR appreciation and failure to reap full benefits of GSP+ status granted by the EU during the year. Deterioration in trade deficit was partially offset by increase in remittances which stood at highest ever level of USD15.832billion and stable oil prices during the year. On the other hand, overall balance of payment recorded a surplus of USD3.843billion due to inflow of USD2billion in financial account from issuance of Eurobonds and USD1.5billion inflows in the capital account attributed to financial assistance from KSA during the year. These inflows coupled with dollar inflows from other sources such as proceed from 3G & 4G auction, USD330million from sale of Government's stake in UBL and USD674million inflow from Coalition Support Fund helped the country end FY14 with impressive FX reserves level of USD14.139billion of which USD9.095billion were held by SBP while the rest were held by commercial banks. Improvement in FX reserves is encouraging given the

fact that the country ended FY13 with low reserves level of USD11.02billion and touched an alarmingly low level of USD7.98billion at the end of January 2014. As a result of a number of large foreign inflows, especially assistance received from KSA, rupee discontinued its downward trajectory and appreciated slightly by 0.84% to end the year at PKR98.78 vs. the dollar.

The monetary policy also moved in sync with the tight fiscal stance. The State Bank of Pakistan in an effort to curb inflation and meet IMF program requirements adopted a cautious course during the year and increased benchmark interest rate by 50bps to 9.5% in September 2013 and further by 50bps to 10% in November 2013 MPS. As a result, average CPI in FY14 clocked-in at 8.62% well below IMF's forecast of 10% inflation for the year. Government borrowings for budgetary support also improved and stood at PKR302.970billion during FY14 of which PKR196.884billion was from the central bank whereas the rest was from commercial banks.

The wheels have started to turn but Pakistan's economy will require continuous efforts and policy decision making in 2014-15. The fragile macroeconomic & geopolitical situation will be the key headwinds marring GDP growth in FY15. The current account deficit has started to expand due to poor export growth and the PKR revaluation does not bode well for the balance of payment position. Reemergence of energy circular debt, ongoing restructuring/sell-off of PSEs and the need for sustainable development spending to develop infrastructure to facilitate growth in the country will require a much bigger effort on tax collection side. Planned hike in energy tariffs and withdrawal of subsidies will keep inflation in the limelight but high base effect is expected to contain CPI inflation below 8% in FY15. The privatization process needs to gather steam and will play a vital role in keeping FX reserves and Rupee at a healthy level. Interest rates are likely to stay at current levels for some time as we see little room for SBP to start monetary easing program.



MARKET OVERVIEW

Equities continued their bull run during FY14 with KSE-100 index gaining 41% to close at an all-time high of 29,653 points. With this performance, the benchmark index of the country secured its place in the top ten highest yielding equity indices around the globe as ranked by Bloomberg. Post-election euphoria, continuing foreign inflows, improving macros and attractive corporate valuations remained the major drivers of equities' performance during the year. Average traded volume during the year rose by 8%YoY to 216mn whereas average traded value at the local bourse witnessed an increase of 52%YoY to clock-in at USD 85mn/day. Net foreign portfolio investment rose to USD256mn during the year against an inflow of USD211mn (excluding share buyback by Unilever for delisting) in FY13. Most of the foreign inflow during the year can be attributed to increase in Pakistan's weight in the MSCI FM index due to reclassification of Qatar and UAE to MSCI EM index which prompted foreign funds to rebalance their FM portfolios accordingly.

Strong growth in corporate earnings coupled with strong foreign interest propelled market to all-time high levels at the end of the year with banks leading the way (+58%YoY on the back of improving NIMs) followed by Cements (+51%YoY due to improvement in net retention prices in the local market) and textiles (+30%YoY on granting of GSP+ status to Pakistan). Heavyweight Oil & Gas sector managed to post a return of only 20%YoY due to chronic circular debt issue in the energy chain as well as weak oil prices. Going forward, we expect equities to continue to perform strongly during 2014-15 due to robust growth in corporate profitability and substantial foreign interest in Pakistan's equities.

SECTOR OVERVIEW

Banking sector profitability remained subdued during FY14 as average banking spreads for FY14 declined to 6.16% compared to 6.53% in FY13 despite 100bps increase in policy rate to 10%. The slight decline is largely attributed to tightening of minimum deposits rate (MDR) requirements by SBP. One of the key highlights of the year was SBP linking the MDR payable on PLS accounts with the interest rate corridor-floor (Repo rate) and effective 1st October 2013, banks are liable to pay at least 50bps below SBP Repo rate (currently at 7%) on monthly average balance of PLS accounts. Overall, banking deposits depicted a healthy growth of 10% during FY14 to close the year at PKR8.1 trillion. In contrast to previous years, most of the deposits were channeled into advances this year (IDR fell to 54% from 56.4% in FY13) resulting in advances growth of 11%YoY during FY14. Furthermore, slight improvement in asset quality was witnessed during FY14 (NPL's declined by 2.2% to PKR602billion in 9MFY14) and coverage ratio of the sector improved to 78.1% in March 2014 from 74.5% in June 2013. Overall, sector profitability improved as most of the big banks reported increase in their ROE to around 20% in 9MFY14.

Geopolitical uncertainty kept international oil prices volatile during FY14 as benchmark Arab Light traded in the range of USD102-117/bbl in FY14. The average for the year stood at USD 109.14/bbl, up 0.34%YoY, which combined with a meager 1% PKR depreciation helped post increase in earnings of Pakistan E&P sector. Overall, oil production posted strong growth of 10% while gas production fell by 3% during the year. The sector aggressively pursued exploration and drilled 102 wells during FY14 while hitting 19 successful discoveries. On the downstream side, government cleared circular debt stock at the start of its tenure by issuing PIBs which offered some respite to the sector (especially PSO) but this quick-fix proved to be temporary and the menace of circular debt resurfaced again to cripple PSO's liquidity. Due to this temporary resolution, sector's volumes grew by 7%YoY primarily driven by 11%YoY uptick in furnace oil sales along with 15%YoY growth in MS volumes. At present, failure to find permanent solution of impending cash flow problems poses risk of earnings downgrade for the sector.

IPPs also started FY14 comfortably due to temporary resolution of circular debt. Improvement in liquidity situation resulted increased in generation by 8%YoY to 95,148GWh in FY14. Despite decline in subsidy to PKR220billion and increase in weighted average tariff to PKR13.48/Kwh from 8.86 PKR/KWh, the government failed to control the circular debt which resurfaced and currently hovers at around PKR300 billion. Resultantly, as many as 15 IPPs have decided to invoke sovereign guarantees to recover their payments leaving Government with no option but to issue temporary payments (PKR40billion to PSO and IPPs) to ensure better electricity supply.

Cement industry witnessed some ripples at the start of FY14 with Lucky Cement's resignation from APCMA raising concerns over the sustainability of pricing arrangement among cement manufacturers. Chink in APCMA's armor became visible after DGKC's announcement of expansion in the South where Lucky and ACPL are the major players. However the situation was salvaged when Lucky Cement re-joined APCMA with its CEO assuming the post of chairman APCMA. Since then pricing arrangement has remained strong to date with average price increase of 7%YoY during the period. Overall profitability of the sector remained robust with average increase of 7.3%YoY in 9MFY14 aided by depressed international coal prices (average 77.5USD/ton; down 8.5%YoY) and sustained

pricing arrangement. On the volumes front, local dispatches depicted an upward momentum, rising by 4.3%YoY (26.14mn ton) mainly due to higher PSDP spending; whereas exports continued its downward trajectory, falling by 2.8%YoY (8.13mn ton) on account of 17% decline in exports to Afghanistan.

For fertilizer manufacturers, gas availability improved in FY14. Engro Fertilizers started getting additional supply of 60mmcf/d gas from Mari field from July 2013 which allowed it to run both plants. Resultantly, industry urea sales reported an impressive growth of 10% YoY to close the year at 5,691k tons during FY14 compared to 5,185k tons in FY13 while total DAP off take witnessed a dip of 4%YoY to 730K tons during FY14 primarily due to non-availability of gas to Fauji Fertilizer Bin Qasim.. In January 2014, government raised GIDC on feed stock from PKR 197/mmbtu to PKR 300/mmbtu. The impact was only partially passed on (Urea price increased from PKR 1,722/bag to PKR 1,786/bag) which had a negative impact on profitability of the sector. In January 2014, ECC approved gas supply to Engro at concessionary rates; however, the decision has not yet been implemented. Moreover, recently government imposed GIDC on companies having fixed price contracts (FATIMA & ENGRO) which can significantly impair profitability of the sector in the near future.

Recent data updated by Pakistan Cotton Ginner's Association suggests that cotton output increased by 3.7% to 13.4mn bales in FY14 as against 12.9mn bales in FY13 while cotton prices increased by 10% to average at PKR7,201 per 40kg. Despite economic woes, volatile law & order situation and energy crisis, textile sector remained in the limelight due to GSP plus status awarded to Pakistan effective from Jan 1, 2014. However PKR appreciation against US dollar, import of cheaper yarn from India and low quantum of orders from China kept affecting textile manufacturers. In FY14, country's textile exports surged by 5%YoY to USD13.74 billion against USD13.05 billion in the same period last year.

FY14 was a fabulous year for automobile sector as PKR appreciation against Japanese Yen & US dollar resulted in healthy margin expansion for local manufacturers, while launch of new models (CITY Aspire, Civic & WAGON-R) also generated excitement. However, delays in finalization of Auto Policy II by the government remained a key concern for the stakeholders. Autos sales including cars & LCVs remained flat at 137K units in FY14 compared to 135K units last year primarily due to higher imported car inventory coupled with higher taxes imposed in Federal Budget FY14 (1% higher GST, 10% FED on 1800cc plus cars and higher registration costs). Sales of Suzuki Motors and Honda Cars increased by 2.6% and 11.5% primarily due to launch of new Wagon-R & CITY models, whereas Indus Motors recorded a decline of 10%YoY due to dip in Corolla sales in anticipation of launch of its new variant. Imported cars recorded a dip of 51% with total imports standing at 22K units in FY14, compared to 45K units in FY13.

MUTUAL FUND INDUSTRY REVIEW

Open-end mutual fund industry witnessed significant improvement of 17.4%YoY to close FY14 with AUMs of PKR414 billion. The year saw a significant number of new fund launches, especially in the capital protected category. Once again, money market mutual funds bagged the largest slice of the pie despite recording a 6.4% decline in AUMs on YoY basis and closed the year at PKR119 billion compared to PKR127 billion at the end of FY13. The decline in money market funds' popularity can be attributed to single digit returns which forced investors to shift their funds to relatively riskier but higher-yielding instruments like income and equity funds.

Equity funds, on the other hand, posted a strong growth of 27%YoY to close the year at PKR89 billion mainly on account of strong returns provided by the local bourse during the last couple of years fuelled by strong foreign inflows and corporate profitability. As is evident from flow of funds in various types of mutual funds categories, AUMs of equity instruments have surpassed the previously popular income funds.

FUND PERFORMANCE

During the year under review, ABL Stock Fund's AUMs increased by 42.2% to Rs.1,114.21 million. This reflects a net increase in AUMs, that is, after adjusting for growth related to market performance. ABL-SF delivered an absolute return of 32.90% during the year ended June 30, 2014 beating its benchmark KSE-30 index by a massive 694 basis points. Since its inception on June 28th, 2009, ABL-SF has consistently ranked amongst top performing funds in the equity markets of Pakistan and it continued to do well during the period under review. Bulk of fund's performance is derived from investments in dividend paying, high quality stocks and large capital gains earned from allocations in attractively priced small to mid-cap stocks.

DIVIDEND

The Board of Directors of the management company on June 23, 2014 approved and declared final dividend distribution of Rs.3.2571 per unit (32.57% of the par value of Rs.10) for ABL-SF for the year ended June 30, 2014.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Board of Directors states that:

1. Financial Statements present fairly the state of affairs, the results of operations, cash flows and the changes in unit holder's fund;
2. Proper books of accounts of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgments;
4. Relevant International Accounting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 & Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the Trust Deed and directives issued by the Securities and Exchange Commission of Pakistan, have been followed in the preparation of the financial statements;
5. The system of internal control is sound in design and has been effectively implemented and monitored;
6. There have been no significant doubts upon the Funds' ability to continue as going concern;
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
8. Performance table of the Fund is given on page # 16 of the Annual Report;
9. There is no statutory payment on account of taxes, duties, levies and charges outstanding other than already disclosed in the financial statements;
10. The statement as to the value of investments of Provident Fund is not applicable in the case of the Fund as employees retirement benefits expenses are borne by the Management Company;
11. There have been no trades in the units of the Fund's carried out by the Directors, CEO, CFO, CIA and the Company Secretary and their spouse excepts as disclosed below and in notes to the financial statements;

S. No	Name	Designation	Issued	Redeemed	Bonus Units
1	Sheikh Mukhtar Ahmed	Director	1,019,194.84	-	298,084.63
2	Mr. Khawaja Almas	Director	1,097,602.67	1,097,602.67	-

12. Meeting of the Board of Directors of the Management Company are held at least once in every quarter. During the year six meeting were held. The 32nd, 33rd, 34th, 35th, 36th and 37th Board of Directors meetings were held on August 06, 2013, October 30, 2013, December 13, 2013, January 13, 2014, February 07, 2014 and April 22, 2014 respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

S. No	Name of Director	Number of Meeting Held	Attended	Leave Granted	Meeting not Attended
1	Sheikh Mukhtar Ahmed	6	6	-	-
2	Muhammad Waseem Mukhtar	6	5	1	36th
3	Tariq Mahmood*	6	6	-	-
4	Kamran Nishat	6	5	1	34th
5	M. Shakeb Murad	6	2	4	32nd, 34th, 36th, 37th
6	M. Jawaid Iqbal	6	4	2	33rd, 34th
7	Khawaja Muhammad Almas**	6	6	-	-
8	Farid Ahmed Khan***	6	6	-	-

*Appointed as new director vide circular resolution dated July 12, 2013.

**Resigned from the services as Director on the Board of ABL AMCL which has been approved on July 02, 2014.

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

13. Meeting of the Board's Human Resource and Remuneration of the Management Company needs to be held at least three times in year. During the year Two meeting were held. The 13th and 14th meetings of the Board's Human Resource and Remuneration Committee were held on February 14, 2014, March 12, 2014 and respectively. Information in respect of attendance by directors in the meetings is given below:

S. No	Name of Director	Number of Meeting Held	Attended	Leave Granted	Meeting not Attended
1	Mr. M. Jawaid Iqbal	2	2	-	-
2	Mr. Kamran Nishat	2	2	-	-
3	Mr. Farid Ahmed Khan	2	2	-	-

*Resigned from the services of the Board of ABL AMCL held on July 02, 2014

14. Meeting of the Board's Audit Committee of the Management Company are held at least once in every quarter. During the year Four meeting were held. The 25th, 26th, 27th, and 28th meetings of the Board's Audit Committee were held on August 6, 2013, October 30, 2013, February 06, 2014 and April 22, 2014 respectively. Information in respect of attendance by directors in the meetings is given below:

S. No	Name of Director	Number of Meeting Held	Attended	Leave Granted	Meeting not Attended
1	Mr. Kamran Nishat	4	3	1	27th
2	Mr. Muhammad Waseem Mukhtar	4	4	-	-
3	Mr. Khawaja Muhammad Almas*	4	4	-	-

*Resigned from the services of the Board of ABL AMCL held on July 02, 2014

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

S. No	Particulars	Units Held on June 30, 2014
1	Associated Companies, undertakings and related parties	
	• ABL Asset Management Company Limited	2,996,440
	• Allied Bank Limited	10,000,000
	• Ibrahim Agencies (Pvt) Ltd.,	15,424,758
2	Mutual Funds	Nil
3	Directors and their spouse(s) and minor children	1,317,280
4	Executives	Nil
5	Public Sector Companies and corporations	Nil
6	Others Corporates	2,015,853
7	Bank, DFIs, NBFCs, Insurance Companies, Takaful, Modaraba and Pension Fund	38,549,312
8	Shareholders holding five percent or more voting rights in the listed company	Not Applicable

AUDITORS

M/s. KPMG Taseer Hadi & Co. (Chartered Accountants), on the recommendation of the Audit Committee of the Board of Directors being eligible for appointment have been appointed as auditors for the year ending June 30, 2015 for ABL Stock Fund (ABL-SF).

FUND STABILITY RATING

JCR-VIS Credit Rating Company Ltd. (JCR-VIS) on February 18, 2014 assigned MFR 3-Star (based on Three Year weighted average ranking) to ABL-SF, which denotes 'average performance'.

MANAGEMENT QUALITY RATING

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

OUTLOOK

Amid political noise and a weak macro environment, signs of economic revival are evident in the economic landscape. Stable near-term oil prices, smooth running of IMF program, stable FX reserves level, successful start of the privatization program and serious efforts to tackle the energy sector problems are expected to act as catalyst for growth going ahead. However, in order to achieve this, the Government will have to put populist politics on the side and take tough decisions on energy subsidies, broadening of tax base, law and order situation and complete overhaul of public sector enterprises.

We believe that Pakistan's economy can break the shackles of anemic growth rates and the investment climate can improve considerably if the Government maintains fiscal discipline. If the recovery continues, we see the possibility of discount rate cut in first half of FY15. Hence, we will align our portfolio accordingly play the yield curve movement and adopt an active trading strategy in order to optimize returns.

ACKNOWLEDGEMENT

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

For & on behalf of the Board



Farid Ahmed Khan
Chief Executive Officer

Karachi, August 26, 2014

ABL STOCK FUND

FUND MANAGER'S REPORT

OBJECTIVE

To provide higher risk adjusted returns over the long term by investing in a diversified portfolio of equity instruments offering capital gain and dividends.

MARKET OVERVIEW

Equities continued their bull run during FY14 with KSE-100 index gaining 41% to close at an all-time high of 29,653 points. With this performance, the benchmark index of the country secured its place in the top ten highest yielding equity indices around the globe as ranked by Bloomberg. Post-election euphoria, continuing foreign inflows, improving macros and attractive corporate valuations remained the major drivers of equities' performance during the year. Average traded volume during the year rose by 8%YoY to 216mn whereas average traded value at the local bourse witnessed an increase of 52%YoY to clock-in at USD 85mn/day. Net foreign portfolio investment rose to USD256mn during the year against an inflow of USD211mn (excluding share buyback by Unilever for delisting) in FY13. Most of the foreign inflow during the year can be attributed to increase in Pakistan's weight in the MSCI FM index due to reclassification of Qatar and UAE to MSCI EM index which prompted foreign funds to rebalance their FM portfolios accordingly.

Strong growth in corporate earnings coupled with strong foreign interest propelled market to all-time high levels at the end of the year with banks leading the way (+58%YoY on the back of improving NIMs) followed by Cements (+51%YoY due to improvement in net retention prices in the local market) and textiles (+30%YoY on granting of GSP+ status to Pakistan). Heavyweight Oil & Gas sector managed to post a return of only 20%YoY due to chronic circular debt issue in the energy chain as well as weak oil prices. Going forward, we expect equities to continue to perform strongly during 2014-15 due to robust growth in corporate profitability and substantial foreign interest in Pakistan's equities.

FUND PERFORMANCE

ABL-SF returned 32.9% to its investors during FY14, outperforming its benchmark KSE-30 index by 694 basis points. ABL-SF, which ranks amongst the best performing stock funds since its inception, continued to earn superior returns backed by strong stock selection and controlled trading tactics.

ABL-SF, as at June 30, 2014, was nearly 69.6% invested in equities and the rest in cash and cash equivalents. Higher cash is due to last minute booking of sale in the fund which added cash in the books - investment levels were raised subsequently. Equity investments were mainly concentrated in Oil & Gas, and Banking sectors with exposures of 23.0% and 17.0% respectively. Oil & Gas sector is an ideal match for enterprising investors pursuing higher dividend yields, superior business dynamics and strong growth prospects while banking sector serves as a close proxy to economic health, which seems to be on the mend at present.

ABL-SF announced a full year dividend @ Rs.3.2571/unit for the period ended June 30, 2014. Fiscal Year 2014, overall, was a rewarding year for ABL Stock Fund investors and we will strive to better our performance in times to come.

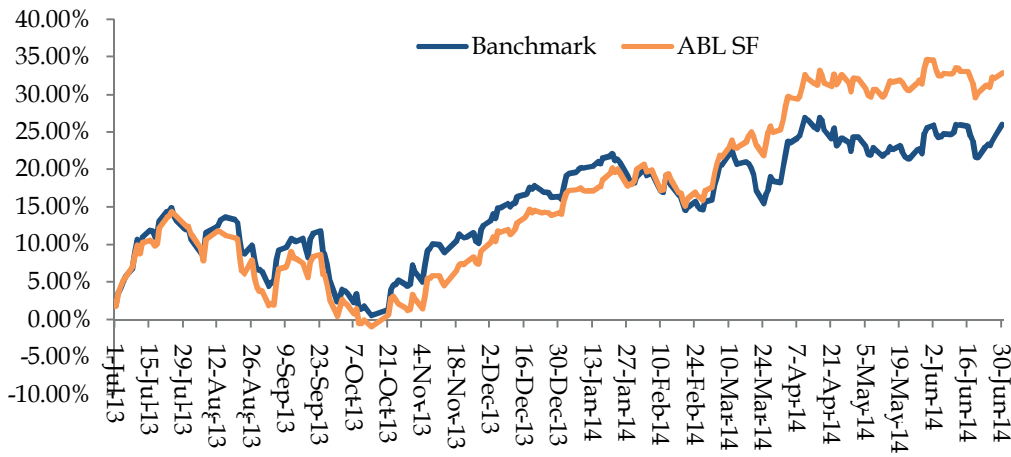
FUTURE OUTLOOK AND STRATEGY

Looking ahead, we believe key drivers of market performance will be successful execution of the government's

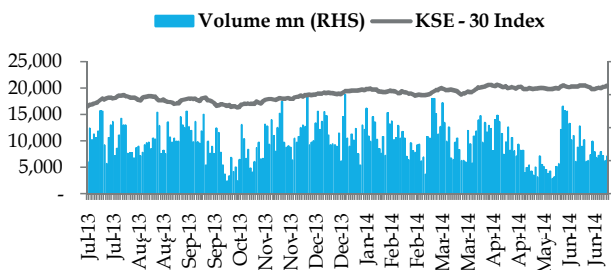


privatization program, foreign interest in frontier markets and outcome of the military operation in Northern Waziristan. Local investors will also favor the market in near to midterm on back of consistent foreign flows, strong corporate profitability with large payout expectations and government’s undying resolve to fix energy chain.

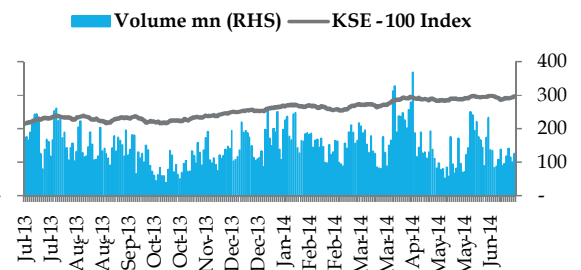
Pakistan equity market trades at an attractive 2014E P/E of 8.3x and offers dividend yield of 5.6%. Long term results for equity investors since 2008 crash have been very impressive owing to attractive valuations, abundant liquidity in the system and strong corporate earnings growth. Although valuations have re-rated, the strength of underlying macro and corporate fundamentals assures us that equities will continue to perform well. Investors should continue to add Pakistan equities in their portfolios.



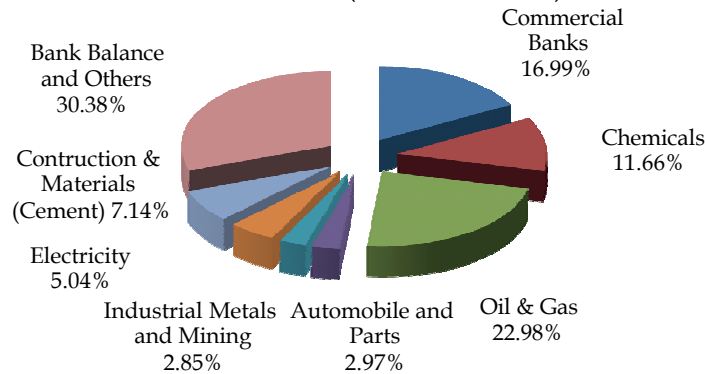
KSE - 30 (Volume and Index)



KSE - 100 (Volume and Index)



Sector Allocation (% of Total Assets)



ABL STOCK FUND

PERFORMANCE TABLE

	June 2014	June 2013	June 2012	June 2011	June 2010
	(Rupees in '000)				
Net Assets	1,114,205	783,388	255,749	642,032	376,158
Net Income	248,721	280,795	54,303	139,931	112,454
	(Rupees per unit)				
Net Assets value	11.4246	15.9750	10.2491	10.0408	10.0134
Interim distribution	-	-	-	-	-
Final distribution	3.5271	5.3270	2.4077	2.928	3.2813
Distribution date final	June 23,2014	August 06,2013	June 25,2012	June 29,2011	June 28,2010
Closing offer price	11.6531	16.4543	10.5566	10.3420	10.3138
Closing repurchase price	11.4246	15.9750	10.2491	10.0408	10.0134
Highest offer price	18.8211	17.4915	13.8094	13.6462	15.3833
Lowest offer price	11.2241	10.7908	9.6120	10.2011	10.3082
Highest repurchase price per unit	18.2729	16.9820	13.4072	13.2487	14.9352
Lowest repurchase price per unit	11.0040	10.4765	9.3320	9.9040	10.0080
	Percentage				
Total return of the fund					
- capital growth	40.42%	55.87%	2.27%	-0.12%	0.134%
- income distribution	35.27%	0.0%	24.08%	29.28%	32.81%
Average return of the fund					
First year	32.90%	55.87%	26.34%	29.16%	32.72%
Second year	107.15%	96.93%	63.19%	71.06%	-
Third year	161.72%	154.36%	116.49%	-	-
Forth year	238.05%	237.44%	-	-	-
Fifth year	348.45%	236.71%	116.02%	-	-
Since Inception	347.50%	-	-	-	-
Weighted average Portfolio duration in days	0	0	0	0	0

Disclaimer

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

ABL STOCK FUND

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shakra-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

We Central Depository Company of Pakistan Limited, being the Trustee of ABL Stock Fund (the Fund) are of the opinion that ABL Asset Management Company Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2014 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: September 23, 2014



ABL STOCK FUND

REVIEW REPORT TO THE UNIT HOLDERS



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 enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of ABL Asset Management Company Limited, the Management Company of **ABL Stock Fund** (the Fund) for the year ended June 30, 2014 to comply with the Listing Regulation No.35 (Chapter XI) 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 (**ABL Asset 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of the Fund's related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended June 30, 2014.

Further, we highlight below an instance of non-compliance with the requirements of the Code as reflected in paragraph reference where it has been stated in the Statement of Compliance:

Paragraph reference	Description
21	A transaction for redemption of units of the Fund was carried out by a director of the Fund during the closed period.

A. Ferguson & Co.

Chartered Accountants

Dated: September 12, 2014

Karachi

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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ABL STOCK FUND

STATEMENT OF COMPLIANCE BY ABL STOCK FUND WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2014

This statement is being presented to comply with the Code of Corporate Governance (“the Code”) contained in Regulation No. 35 (Chapter XI) of the listing regulations of the Karachi Stock Exchange Limited (Guarantee) 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 Karachi Stock Exchange, in the following manner:

1. The Management Company encourages representation of independent, non-executive directors. At June 30, 2014 the Board includes:

Category	Names
Executive Director	Mr. Farid Ahmed Khan (deemed director u/s 200 of Companies Ordinance, 1984)
Independent Directors	Mr. Kamran Nishat Mr. Shakeb Murad
Non-Executive Directors	Mr. Sheikh Mukhtar Ahmed Mr. Muhammad Waseem Mukhtar Mr. Tariq Mahmood Mr. M. Jawaid Iqbal Mr. Khawaja Muhammad Almas

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Management Company.
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year a casual vacancy occurred on the Board which has been simultaneously filled by the Board on July 12, 2013.
5. The Management Company has prepared a ‘Code of Conduct’ and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.

6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which these were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), other executive and non-executive directors have been taken by the Board. There is no executive director of the Management Company other than the CEO.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before such meetings. The minutes of the meetings were appropriately recorded and circulated.
9. Two directors have obtained certification under the 'Board Development Series' program conducted by Institute of Corporate Governance. The directors are conversant with the relevant laws applicable to the company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities.
10. The Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit continued their services and no change in these positions were made during this financial year.
11. The Directors' Report of the Fund for the year ended June 30, 2014 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by the CEO and CFO of the Management Company before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the units of the Fund other than those disclosed in the Directors' Report, pattern of unit holding and notes to the financial statements.
14. The Management Company has complied with all the applicable corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors of the Management Company, including the Chairman of the Committee who is an independent director.
16. The meetings of the Audit Committee were held once in every quarter and prior to the approval of interim and final results of the Fund as required by the Code. The terms of reference of the Audit Committee have been approved in the meeting of the Board and the Committee has been advised to ensure compliance with those terms of reference.
17. The Board has formed Human Resource and Remuneration Committee. It comprises four members, of whom three are non-executive directors and the chairman of the Committee is a non-executive director.

18. The Board has set up an effective internal audit function within the Management Company.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partner of the firm, their spouse and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the NAV of the Fund's units, was determined and intimated to directors, employees and the Stock Exchange. However a transaction relating to redemption of units was carried out by one of the directors on July 31, 2013 which falls within the closed period.
22. Material / price sensitive information has been disseminated among all market participants at once through the Stock Exchange.
23. We confirm that all other material principles enshrined in the Code have been complied with.

For and on behalf of the Board



Farid Ahmed Khan
Chief Executive Officer

Karachi, August 26, 2014

ABL STOCK FUND

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



A. F. FERGUSON & CO.

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **ABL Stock Fund** (hereinafter referred to as the 'Fund'), which comprise the statement of assets and liabilities as at June 30, 2014, 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 notes.

Management Company's responsibility for the financial statements

The Management Company (**ABL Asset Management Limited**) 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.

Auditors' 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 auditors' 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 the 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 financial position of the Fund as at June 30, 2014 and of its financial performance, cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

A. Ferguson & Co.

Chartered Accountants

Engagement Partner: **Noman Abbas Sheikh**

Dated: September 12, 2014

Karachi

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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ABL STOCK FUND

STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2014

	Note	June 30, 2014	June 30, 2013
----- Rupees in '000-----			
ASSETS			
Balances with banks	4	410,303	87,063
Investments	5	964,118	708,391
Dividend and profit receivable	6	1,249	1,332
Advances and security deposits	7	9,080	2,600
Receivable against sale of investments		-	2
Preliminary expenses and floatation costs	8	-	715
Total assets		1,384,750	800,103
LIABILITIES			
Payable to ABL Asset Management Company Limited - Management Company	9	7,647	4,122
Payable to Central Depository Company of Pakistan Limited - Trustee	10	136	140
Payable to Securities and Exchange Commission of Pakistan	11	731	414
Dividend payable		32,573	-
Accrued expenses and other liabilities	12	16,447	11,539
Payable against purchase of investments		213,011	-
Payable against redemption of units		-	500
Total liabilities		270,545	16,715
NET ASSETS		1,114,205	783,388
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		1,114,205	783,388
CONTINGENCIES AND COMMITMENTS			
	13	----- Number of units -----	
NUMBER OF UNITS IN ISSUE	14	97,526,569	49,038,380
----- Rupees -----			
NET ASSETS VALUE PER UNIT		11.4246	15.9750
FACE VALUE PER UNIT		10.0000	10.0000

The annexed notes 1 to 28 form an integral part of these financial statements.


FARID AHMED KHAN
 CEO

For ABL Asset Management Company Limited
 (Management Company)


SHAKEB MURAD
 DIRECTOR

ABL STOCK FUND

INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2014

	Note	For the year ended June 30, 2014	For the year ended June 30, 2013
----- Rupees in '000-----			
INCOME			
Dividend income		41,374	21,468
Capital gain on sale of equity and other investments - net		150,331	118,855
Income from government securities - net		1,357	-
Profit on deposits with banks		6,838	3,342
		199,900	143,665
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	5.3	62,760	75,651
Total income		262,660	219,316
EXPENSES			
Remuneration of ABL Asset Management Company Limited - Management Company	9.1	22,985	13,060
Sindh sales tax on remuneration of the Management Company	9.2	4,266	2,090
Federal excise duty on remuneration of the Management Company	9.3	3,678	189
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	10.1	1,535	894
Annual fee - Securities and Exchange Commission of Pakistan	11.1	731	414
Brokerage and securities transaction costs		5,160	3,646
Auditors' remuneration	15	489	400
Amortisation of preliminary expenses and floatation costs	8	715	717
Printing charges		83	150
Annual rating fee		125	110
Listing fee		50	30
Settlement and bank charges		251	52
Other expenses		-	1,153
Total operating expenses		40,068	22,905
Net income from operating activities		222,592	196,411
Element of income and capital gains included in prices of units issued less those in units redeemed - net		31,056	90,114
Provision for Workers' Welfare Fund	12.1	(4,927)	(5,730)
Net income before taxation		248,721	280,795
Taxation	16	-	-
Net income after taxation		248,721	280,795
Other comprehensive income		-	-
Total comprehensive income		248,721	280,795
Earnings per unit	17		

The annexed notes 1 to 28 form an integral part of these financial statements.


FARID AHMED KHAN
CEO

For ABL Asset Management Company Limited
(Management Company)


SHAKEB MURAD
DIRECTOR

ABL STOCK FUND

DISTRIBUTION STATEMENT

FOR THE YEAR ENDED JUNE 30, 2014

	For the year ended June 30, 2014	For the year ended June 30, 2013
	----- Rupees in '000-----	
Undistributed income brought forward comprising of:		
- Realised income	217,352	2,686
- Unrealised income	<u>75,651</u>	<u>3,531</u>
	<u>293,003</u>	<u>6,217</u>
 Distributions during the year		
- Rs 5.3270 per unit on August 6, 2013		
- Cash distribution	(53,273)	-
- Issue of 16,878,820 bonus units	(205,361)	-
 - Rs 3.5271 per unit on June 23, 2014		
- Cash distribution	(32,573)	-
- Issue of 14,907,989 bonus units	(166,023)	-
	(457,230)	-
 Element of income and capital gains included in prices of units issued less those in units redeemed - net	54,463	5,991
 Net income after taxation	248,721	280,795
 Undistributed income carried forward	<u>138,957</u>	<u>293,003</u>
 Undistributed income carried forward comprising of:		
- Realised income	76,197	217,352
- Unrealised income	<u>62,760</u>	<u>75,651</u>
	<u>138,957</u>	<u>293,003</u>

The annexed notes 1 to 28 form an integral part of these financial statements.


FARID AHMED KHAN
CEO

For ABL Asset Management Company Limited
(Management Company)


SHAKEB MURAD
DIRECTOR

ABL STOCK FUND

STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND

FOR THE YEAR ENDED JUNE 30, 2014

	For the year ended June 30, 2014	For the year ended June 30, 2013
	----- Rupees in '000-----	
Net assets at the beginning of the year	783,388	255,749
Issue of 70,733,538 units (2013: 54,487,696 units)	913,692	767,120
Redemption of 54,032,158 units (2013: 30,402,580 units)	(714,694)	(430,162)
	198,998	336,958
Issue of 31,786,809 bonus units (2013: Nil)	371,384	-
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net		
- amount representing income and capital gains transferred to income statement	(31,056)	(90,114)
- amount representing income and capital gains transferred to distribution statement	(54,463)	(5,991)
	(85,519)	(96,105)
Capital gain on sale of equity and other investments - net	150,331	118,855
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	62,760	75,651
Other net income	35,630	86,289
	248,721	280,795
Distributions during the year		
- Rs 5.3270 per unit on August 6, 2013		
- Cash distribution	(53,273)	-
- Issue of 16,878,820 bonus units	(205,361)	-
- Rs 3.5271 per unit on June 23, 2014		
- Cash distribution	(32,573)	-
- Issue of 14,907,989 bonus units	(166,023)	-
	(457,230)	-
Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to distribution statement - net	54,463	5,991
Net assets at the end of the year	1,114,205	783,388

The annexed notes 1 to 28 form an integral part of these financial statements.


FARID AHMED KHAN
CEO

For ABL Asset Management Company Limited
(Management Company)


SHAKEB MURAD
DIRECTOR


ABL
Stock Fund

 ABL Asset Management
Discover the potential

ABL STOCK FUND

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2014

	Note	For the year ended June 30, 2014	For the year ended June 30, 2013
----- Rupees in '000-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income before taxation		248,721	280,795
Adjustments for non-cash and other items:			
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net		(62,760)	(75,651)
Dividend income		(41,374)	(21,468)
Element of income and capital gains included in prices of units issued less those in units redeemed - net		(31,056)	(90,114)
Amortisation of preliminary expenses and floatation costs		715	717
Federal excise duty on remuneration of the Management Company		3,678	189
Provision for Workers' Welfare Fund		4,927	5,730
		<u>122,851</u>	<u>100,198</u>
(Increase) / decrease in assets			
Investments		(192,967)	(394,709)
Profit receivable		(258)	(480)
Receivable against sale of investments		2	755
Advances and security deposits		(6,480)	-
		<u>(199,703)</u>	<u>(394,434)</u>
Increase / (decrease) in liabilities			
Payable to ABL Asset Management Company Limited - Management Company		(153)	1,235
Payable to Central Depository Company of Pakistan Limited - Trustee		(4)	82
Payable to Securities and Exchange Commission of Pakistan		317	40
Payable against purchase of investments		213,011	-
Accrued expenses and other liabilities		(19)	571
		<u>213,152</u>	<u>1,928</u>
Dividend received		41,715	21,068
		<u>178,015</u>	<u>(271,240)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from issue of units		913,692	767,120
Payments against redemption of units		(715,194)	(429,662)
Cash distribution paid		(53,273)	-
Net cash generated from financing activities		<u>145,225</u>	<u>337,458</u>
Net increase in cash and cash equivalents		<u>323,240</u>	<u>66,218</u>
Cash and cash equivalents at the beginning of the year		87,063	20,845
Cash and cash equivalents at the end of the year	4	<u><u>410,303</u></u>	<u><u>87,063</u></u>

The annexed notes 1 to 28 form an integral part of these financial statements.


FARID AHMED KHAN
CEO

For ABL Asset Management Company Limited
(Management Company)


SHAKEB MURAD
DIRECTOR

ABL STOCK FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

1 LEGAL STATUS AND NATURE OF BUSINESS

ABL Stock Fund (the Fund) was established under a trust deed executed on April 23, 2009 between ABL Asset Management Company Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Securities and Exchange Commission of Pakistan (SECP) authorised the constitution of the Trust Deed vide letter no. NBFC-II/DD/ABLAMC/422/09 on April 10, 2009 in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate issued by the SECP on December 7, 2007. The Registered office of the Management Company is situated at 11-B, Lalazar, M.T Khan Road, Karachi.

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

The Fund has been categorised as an open-end equity scheme as per the criteria laid down by the SECP for categorisation of Collected Investment Schemes (CISs).

The objective of the Fund is to provide higher risk adjusted returns to investors by investing in diversified portfolio of equity instruments.

The JCR-VIS Credit Rating Company Limited has assigned Management Quality Rating of 'AM2 (stable outlook)' to the Management Company as at June 21, 2013 and Fund Performance Rating MFR 3-Star (JCR VIS) (Based on one year weighted average ranking), MFR 3-Star (JCR VIS) (Based on three years weighted average ranking) as at December 31, 2013.

The assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) 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 the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of the IFRSs, 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 and amended standards and interpretations that are mandatory for accounting periods beginning July 1, 2013 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.

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

There are certain new and amended standards and interpretations that are mandatory for the accounting periods beginning on or after July 1, 2014 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 the financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise the judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a higher degree of judgments or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- i) Classification and valuation of financial assets (notes 3.2 and 5)
- ii) Impairment of financial assets (note 3.2.5)

2.5 Accounting convention

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

2.6 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

3.1 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried in the statement of assets and liabilities at cost.

3.2 Financial assets

3.2.1 Classification

The Fund classifies its financial assets in the following categories: financial assets 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. The management determines the classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

Investments are classified as follows:

a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profits from short-term fluctuations in prices are classified as 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 recognised at fair value and transaction costs are expensed out in the income statement.

3.2.4 Subsequent measurement

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

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

- **Basis of valuation of equity securities**

The 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.

- **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 the changes in the fair value and on sale 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 the fair value of available for sale financial assets are taken to other comprehensive income until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised in other comprehensive income is shown as part of net income for the year.

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.

Gains or losses are recognised in the income statement when the financial assets carried at amortised cost are derecognised or impaired.

3.2.5 Impairment

The Fund assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets is impaired. The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

The amount of provision for certain debt securities is determined based on the provisioning criteria specified by the SECP.

In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of an equity security below its cost is considered as an objective evidence of impairment. In case of impairment of available for sale securities, the cumulative loss previously recognised in other comprehensive income is removed therefrom and shown as part of income before taxation. Impairment losses recognised in the income statement on equity securities are only reversed when the equity securities are derecognised.

For certain other financial assets, a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The provision against these amounts is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company in accordance with the requirements of the Securities and Exchange Commission of Pakistan.

3.2.6 Derecognition

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

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. These 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, cancelled or expired.

3.4 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.

3.5 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 the obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

3.6 Collateral

Cash collateral provided by the Fund is identified in the statement of assets and liabilities as margin cash and is not included as a component of cash and cash equivalents. For collateral other than cash, if the party to whom the collateral is provided has the right by contract or custom to sell or re-pledge the collateral, the Fund classifies that asset in its statement of assets and liabilities separately from other assets and identifies the asset as pledged collateral. Where the party to whom the collateral is provided does not have the right to sell or re-pledge, a disclosure of the collateral provided is made in the notes to the financial statements.

3.7 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

3.8 Taxation

The income of the Fund is exempt from income tax under clause 99 of the 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 to the unit holders.

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 differences 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 does not account for deferred tax, if any, 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.

3.9 Proposed distributions

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

3.10 Issue and redemption of units

Units issued are recorded at the offer price as per constitutive documents. The offer price is determined by the Management Company after realisation of subscription money.

The offer price represents the net asset value per unit as of the close of the business day plus the allowance for sales load, provision for transaction costs and any provision for duties and charges, if applicable.

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

3.11 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 the prices of the units issued less those units redeemed is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

The Fund records that portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting year which pertains to unrealised income / (loss) held in the unit holder's fund and undistributed income / (loss) of the Fund in a separate reserve account and any

amount remaining in this reserve account at the end of accounting year (whether gain or loss) is included in the amount available for distribution to the unit holders.

The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting year is recognised in the income statement.

3.12 Net assets value per unit

The Net Asset 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 end.

3.13 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 equity and other investments are included in the income statement on the date at which the sale 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 are included in the income statement in the year in which they arise.

Note	June 30, 2014	June 30, 2013
----- Rupees in '000-----		

4 BALANCES WITH BANKS

Saving accounts	4.1	<u>410,303</u>	<u>87,063</u>
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- 4.1 These accounts carry mark-up at rates ranging from 7.0% to 9.30% (2013: 6.00% to 9.50%) per annum. Deposits in these accounts include Rs. 408.923 million (2013: Rs. 84.083 million) maintained with Allied Bank Limited, a related party and carry mark up at rate of 9.30% (2013: 9.50%).

Note	June 30, 2014	June 30, 2013
----- Rupees in '000-----		

5 INVESTMENTS

Financial assets at fair value through profit or loss - net
- Listed equity securities

5.1	<u>964,118</u>	<u>708,391</u>
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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, 2014			Market value as a percentage of net assets of the Fund	Market value as a percentage of total market value of investments	Market value as a percentage of paid-up capital of investee company
	As at July 01, 2013	Purchased during the year	Bonus shares received during the year	Sold during the year	As at June 30, 2014	Carrying value	Market value	Appreciation/ (diminution)			
Rupees in '000											
Oil and gas											
Attock Petroleum Limited	-	26,900	-	-	26,900	15,209	15,866	657	1.42%	1.65%	1.91%
National Refinery Limited	-	146,500	-	146,500	-	-	-	-	-	-	-
Oil and Gas Development Company Limited	276,200	328,600	-	429,800	175,000	45,737	45,724	(13)	4.10%	4.74%	0.11%
Pakistan Oilfields Limited	139,500	104,000	-	63,600	179,900	91,693	103,317	11,624	9.27%	10.72%	4.37%
Pakistan Petroleum Limited	333,000	278,200	57,400	332,000	336,600	68,117	75,513	7,396	6.78%	7.83%	0.38%
Pakistan State Oil Company Limited	217,260	387,700	11,476	416,200	200,236	71,431	77,862	6,431	6.99%	8.08%	2.87%
						292,187	318,282	26,095	28.56%	33.02%	
Chemicals											
Engro Corporation Limited	371,800	729,900	-	755,000	346,700	63,316	61,889	(1,427)	5.55%	6.42%	1.20%
Fatima Fertilizer Company Limited	1,220,000	3,136,500	-	2,810,500	1,546,000	45,281	44,834	(447)	4.02%	4.65%	0.21%
Fauji Fertilizer Company Limited	50,000	647,100	-	697,100	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	739,000	-	739,000	-	-	-	-	-	-	-
Arif Habib Corporation Limited	-	2,687,000	-	723,000	1,964,000	47,203	54,678	7,475	4.91%	5.67%	1.21%
Engro Fertilizer Limited	-	522,970	-	522,970	-	-	-	-	-	-	-
						155,800	161,401	5,601	14.48%	16.74%	
Industrial Metals and Mining											
International Industries	-	797,500	-	-	797,500	41,169	39,428	(1,741)	3.54%	4.09%	3.29%
						41,169	39,428	(1,741)	3.54%	4.09%	
Construction and materials											
D.G. Khan Cement Company Limited	784,500	547,500	-	1,004,500	327,500	28,293	28,807	514	2.59%	2.99%	0.66%
Fauji Cement Limited	2,301,000	3,775,500	-	5,569,500	507,000	7,799	9,755	1,956	0.88%	1.01%	0.07%
Fecto Cement Limited	120,500	-	-	120,500	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	2,319,000	2,999,500	-	3,311,500	2,007,000	53,585	60,310	6,725	5.41%	6.26%	1.14%
Lucky Cement Limited	-	227,600	-	227,600	-	-	-	-	-	-	-
						89,677	98,872	9,195	8.88%	10.26%	
General industrials											
Packages Limited	45,500	104,700	-	150,200	-	-	-	-	-	-	-
Automobile And Parts											
Indus Motor Company	-	63,300	-	63,300	-	-	-	-	-	-	-
Pakistan Suzuki Motor Company	-	184,000	-	34,000	150,000	36,000	41,083	5,083	3.69%	4.26%	4.99%
						36,000	41,083	5,083	3.69%	4.26%	
Food Producers											
Engro Foods Limited	-	145,000	-	145,000	-	-	-	-	-	-	-
Habib Sugar Mills Limited	-	50,000	-	50,000	-	-	-	-	-	-	-
Personal goods (Textiles)											
Nishat Mills Limited	523,000	262,000	-	785,000	-	-	-	-	-	-	-
Nishat (Chunian) Limited	-	379,150	-	379,150	-	-	-	-	-	-	-
Gadoon Textile Limited	38,000	-	-	38,000	-	-	-	-	-	-	-
Pharma and Bio Tech											
Ferozsons Laboratories Limited	-	114,000	-	114,000	-	-	-	-	-	-	-
Fixed line Telecommunications											
Pakistan Telecommunication Company Limited	800,000	12,000	-	812,000	-	-	-	-	-	-	-
Electricity											
Nishat Power Limited	770,000	354,000	-	1,124,000	-	-	-	-	-	-	-
Hub Power Company Limited	1,154,500	1,272,000	-	1,238,200	1,188,300	68,851	69,801	950	6.26%	7.24%	0.60%
Nishat Chunian Power Limited	-	200,000	-	200,000	-	-	-	-	-	-	-
						68,851	69,801	950	6.26%	7.24%	
Commercial Banks											
Bank Al Habib Limited	-	801,500	38,950	458,000	382,450	14,549	17,203	2,654	1.54%	1.78%	0.15%
MCB Bank Limited	-	415,900	980	198,700	218,180	61,572	65,749	4,177	5.90%	6.82%	0.59%
Habib Metropolitan Bank Limited	-	517,500	-	148,500	369,000	9,562	11,878	2,316	1.07%	1.23%	0.11%
United Bank Limited	203,000	414,030	-	617,030	-	-	-	-	-	-	-
Bank Alfalah Limited	-	3,054,000	-	1,410,000	1,644,000	42,065	45,210	3,145	4.06%	4.69%	0.34%
National Bank of Pakistan	1,500	2,029,500	-	899,500	1,131,500	66,958	70,413	3,455	6.32%	7.30%	0.33%
Faysal Bank Limited	-	500,000	-	500,000	-	-	-	-	-	-	-
Meezan Bank Limited	-	573,500	-	-	573,500	22,968	24,798	1,830	2.23%	2.57%	0.25%
						217,674	235,251	17,577	21.12%	24.39%	
Non Life Insurance											
IGI Insurance Limited	8,000	-	-	8,000	-	-	-	-	-	-	-
Technology Hardware and Equipment											
Avanceon Limited	-	130,000	-	130,000	-	-	-	-	-	-	-
Total - June 30, 2014						901,358	964,118	62,760	86.53%	100.00%	
Total - June 30, 2013						632,740	708,391	75,651	90.44%	100.00%	

5.1.1 The above investment includes shares having a market value (in aggregate) amounting to Rs 91.346 million (2013: Rs 37.714 million) 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. The details of shares which have been pledged are as follows:

- D.G Khan Cement Company Limited : 50,000 (2013: Nil) shares.
- Engro Corporation Limited : 50,000 (2013: Nil) shares.
- Fauji Fertilizer Company Limited: Nil (2013: 8,000) shares.
- Oil & Gas Development Company Limited: Nil (2013: 15,000) shares.
- Pakistan Oilfields Limited: 63,000 (2013: 33,000) shares.
- Pakistan Petroleum Limited: 90,000 (2013: 60,000) shares.
- Pakistan State Oil Company Limited: 30,000 (2013: Nil) shares.
- The Hub Power Company Limited: 170,000 (2013: 70,000) shares.

5.2 Government securities - Market Treasury Bills

Issue date	Tenor	Face value			As at June 30, 2014			Market value as a percentage of total net assets	Market value as a percentage of total market value of investments
		As at July 01, 2013	Purchased during the year	Sold / matured during the year	As at June 30, 2014	Carrying value	Market value		
----- Rupees in '000 -----									
May 30, 2013	12 months	-	50,000	50,000	-	-	-	-	-
November 28, 2013	3 months	-	25,000	25,000	-	-	-	-	-
February 20, 2014	3 months	-	100,500	100,500	-	-	-	-	-
		-	175,500	175,500	-	-	-	-	-

5.3 Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net

	Note	June 30, 2014	June 30, 2013
----- Rupees in '000 -----			
Market value of securities		964,118	708,391
Less: carrying value of securities		901,358	632,740
		<u>62,760</u>	<u>75,651</u>

6 DIVIDEND AND PROFIT RECEIVABLE

Dividend receivable		242	583
Profit receivable on deposit balances with banks		1,007	749
		<u>1,249</u>	<u>1,332</u>

7 ADVANCE AND SECURITY DEPOSITS

National Clearing Company of Pakistan Limited		2,500	2,500
Central Depository Company of Pakistan Limited		100	100
Advance against book building of shares	7.1	6,480	-
		<u>9,080</u>	<u>2,600</u>

7.1 This represents 25% advance for the purchase of 120,000 equity shares of Pakistan Petroleum Limited.

	Note	June 30, 2014	June 30, 2013
8 PRELIMINARY EXPENSES AND FLOATATION COSTS		----- Rupees in '000-----	
Opening balance		715	1,432
Less: amortised during the year		<u>(715)</u>	<u>(717)</u>
Closing balance		<u>-</u>	<u>715</u>

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. As per the requirements 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

Remuneration of the Management Company	9.1	1,967	2,083
Sales load		163	83
Preliminary expenses and floatation costs		717	1,434
Sindh sales tax payable on remuneration of the Management Company	9.2	933	333
Federal excise duty on remuneration of the Management Company	9.3	<u>3,867</u>	<u>189</u>
		<u>7,647</u>	<u>4,122</u>

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 3 percent of the average annual net assets of the Fund and thereafter an amount equal to 2 percent of such assets of the Fund. In the current year, the Management Company has charged remuneration at the rate of 3 percent till June 27, 2014 (completion of five years) and thereafter a charge of 2 percent (2013: 3 percent) of the average annual net assets of the Fund. The amount of remuneration is being paid monthly in arrears.

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

9.3 As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax as explained in note 9.2, further levy of FED may result in double taxation, which does not appear to be the spirit of the law.

The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies together with their respective Collective Investment Schemes through their trustees, through a Constitutional Petition filed in the Honourable Sindh High Court (SHC) during September 2013 challenging the levy of FED. In this respect, the SHC has issued a stay order against the recovery of FED and the hearing of the petition is still pending.

Pending decision of the SHC, the Fund is not making payments for FED. However, the Fund, as a matter of abundant caution, has made full provision in respect of FED effective June 13, 2013 aggregating to Rs 3.867 million (Including Rs 3.678 million for the current year). Had the provision not been made the net asset value per unit of the Fund as at June 30, 2014 would have been higher by Re 0.0397 per unit.

	Note	June 30, 2014	June 30, 2013
10 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		----- Rupees in '000-----	
Trustee fee	10.1	<u>136</u>	<u>140</u>
		<u><u>136</u></u>	<u><u>140</u></u>

- 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:

The tariff structure applicable to the Fund as at June 30, 2014 was as follows:

Net Assets Value (NAV)	Tariff per annum
Upto Rs 1,000 million	Rs 0.7 million (2013: Rs 0.7 million) or 0.20% (2013: 0.20%) per annum of NAV whichever is higher.
Exceeding Rs 1,000 million	Rs 2 million (2013: Rs 2 million) plus 0.10% (2013: 0.10%) per annum of NAV exceeding Rs. 1,000 million.

11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Annual fee	11.1	<u>731</u>	<u>414</u>
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- 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 at the rate of 0.095 percent of the average annual net assets of the scheme.

12 ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration		296	285
Rating fee		120	110
Brokerage and other charges		793	586
Provision for Workers' Welfare Fund	12.1	14,924	9,997
Other payables		<u>314</u>	<u>561</u>
		<u><u>16,447</u></u>	<u><u>11,539</u></u>

12.1 Provision for Workers' Welfare Fund

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

been filed by certain CISs through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

During the year ended June 30, 2011, 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 the Court.

During the year ended June 30, 2012, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008, had declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Honourable Sindh High Court (SHC) passed an order declaring that the amendments introduced in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in the WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the Court. In a recent judgement, Peshawar High Court (PHC) has also held these amendments to be ultra vires as they lacked the essential mandate to be introduced and passed through the Money Bill under the Constitution. Without prejudice to the above, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs 14.924 million (including Rs 4.927 million for the current year) in these financial statements. Had the same not been made the net asset value per unit of the Fund as at June 30, 2014 would have been higher by Re 0.1530 per unit.

CONTINGENCIES AND COMMITMENTS

13 There were no contingencies and commitments outstanding as at June 30, 2014.

	June 30, 2014	June 30, 2013
	----- Number of Units -----	
14 NUMBER OF UNITS IN ISSUE		
Total units in issue at the beginning of the year	49,038,380	24,953,264
Add: units issued	70,733,538	54,487,696
Add: bonus units issued	31,786,809	-
Less: units redeemed	<u>(54,032,158)</u>	<u>(30,402,580)</u>
Total units in issue at the end of the year	<u>97,526,569</u>	<u>49,038,380</u>
	June 30, 2014	June 30, 2013
	----- Rupees in '000-----	

15 AUDITORS' REMUNERATION

Annual audit fee	240	220
Half yearly review fee	120	110
Other certification	60	50
Out of pocket expenses	69	20
	<u>489</u>	<u>400</u>

16 TAXATION

The income of the Fund is exempt from income tax as per 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 to the unit holders. The management has already distributed 90% of the Fund's net accounting income earned by the year end to the unit holders. Accordingly, no provision in respect of taxation has been made in these financial statements.

The Fund is also exempt from the provision of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

17 EARNINGS PER UNIT

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

18 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2014, all the financial assets carried on the statement of assets and liabilities are categorised either as loans and receivables or financial assets at fair value through profit or loss. All the financial liabilities carried on the statement of assets and liabilities are categorised as other financial liabilities i.e. liabilities other than at fair value through profit or loss.

	-----As at June 30, 2014-----		
	Loans and receivables	At fair value through profit or loss	Total
	-----Rupees in '000-----		
Financial assets			
Balances with banks	410,303	-	410,303
Investments	-	964,118	964,118
Dividend and profit receivable	1,249	-	1,249
Advances and security deposits	9,080	-	9,080
	<u>420,632</u>	<u>964,118</u>	<u>1,384,750</u>
	-----As at June 30, 2014-----		
	At fair value through profit or loss	Other financial liabilities	Total
	-----Rupees in '000-----		
Financial liabilities			
Payable to ABL Asset Management Company Limited - Management Company	-	7,647	7,647
Payable to Central Depository Company of Pakistan Limited - Trustee	-	136	136
Accrued expenses and other liabilities	-	1,523	1,523
Payable against purchase of investments	-	213,011	213,011
Dividend payable	-	32,573	32,573
	<u>-</u>	<u>254,890</u>	<u>254,890</u>

-----As at June 30, 2013-----			
	Loans and receivables	At fair value through profit or loss	Total
----- Rupees in '000 -----			
Financial assets			
Balances with banks	87,063	-	87,063
Investments	-	708,391	708,391
Dividend and profit receivable	1,332	-	1,332
Security deposits	2,600	-	2,600
Receivable against sale of investments	2	-	2
	90,997	708,391	799,388

-----As at June 30, 2013-----			
	At fair value through profit or loss	Other financial liabilities	Total
----- Rupees in '000 -----			
Financial liabilities			
Payable to ABL Asset Management Company Limited - Management Company	-	4,122	4,122
Payable to Central Depository Company of Pakistan Limited - Trustee	-	140	140
Accrued expenses and other liabilities	-	1,542	1,542
Payable against redemption of units	-	500	500
	-	6,304	6,304

19 TRANSACTIONS WITH CONNECTED PERSONS

- 19.1 Connected persons / related parties 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, Allied Bank Limited - Staff Provident Fund, Cyan Limited, Cyan Limited - Employees Provident Fund, Ibrahim Fibres Limited, Ibrahim Agencies (Private) Limited, Arabian Sea Country Club, Muller and Phipps Pakistan (Private) Limited and CFA Association of Pakistan being entities under common management and / or directorship, funds under management, the Central Depository Company of Pakistan limited being the Trustee of the Fund and the directors and officers of the Management Company.
- 19.2 Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with the market rates.
- 19.3 Remuneration of the Management Company is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 19.4 Remuneration of the Trustee is determined in accordance with the provisions of the Trust Deed.

	For the year ended June 30, 2014	For the year ended June 30, 2013
	----- Rupees in '000-----	
19.5 Details of transactions during the year		
ABL Asset Management Company Limited - Management Company		
Bonus of 1,384,024 units (2013: Nil)	16,141	-
Redemption of Nil units (2013: 1,523,266 units)	-	25,000
Remuneration	22,985	13,060
Preliminary expenses and floatation costs	715	717
Sindh sales tax on remuneration of the Management Company	4,266	2,090
Federal excise duty on remuneration of the Management Company	3,678	189
Allied Bank Limited		
Profit on bank deposits	6,715	2,842
Cash distribution paid	85,841	-
Bank charges	85	37
Ibrahim Agencies (Private) Limited		
Bonus of 2,395,981 units (2013: Nil)	26,683	-
Issue of 13,028,777 units (2013: Nil)	174,000	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	1,535	894
Settlement charges	146	70
DIRECTORS OF THE MANAGEMENT COMPANY		
Mr. Sheikh Mukhtar Ahmad		
Bonus of 298,085 units (2013: Nil)	3,320	-
Issue of 1,019,195 units (2013: Nil)	12,000	-
Mr. Khawaja Muhammad Almas		
Issue of 1,097,603 units (2013: Nil)	19,994	-
Redemption of 1,097,603 units (2013: Nil)	19,711	-
KEY MANAGEMENT PERSONNEL		
Executives		
Redemption of Nil units (2013: 49,739 units)	-	580
	June 30, 2014	June 30, 2013
19.6 Details of amounts outstanding as at year end	----- Rupees in '000-----	
ABL Asset Management Company Limited - Management Company		
Remuneration payable	1,967	2,083
Preliminary expenses and floatation costs payable	717	1,434
Sales load payable	163	83
Outstanding 2,996,440 units (2013: 1,612,416 units)	34,233	25,757
Sindh sales tax on remuneration of the Management Company	933	333
Federal excise duty on remuneration of the Management Company	3,867	189

	June 30, 2014	June 30, 2013
	----- Rupees in '000-----	
Allied Bank Limited		
Profit receivable on saving accounts	1,002	603
Bank balance	408,923	84,083
Units held 10,000,000 (2013: 10,000,000 units)	114,246	159,739
Ibrahim Agencies (Private) Limited		
Units held 15,424,758 (2013: Nil)	176,222	-
Sindh Province Pension Fund *		
Units held 2013: 5,295,937 units	-	84,603
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	136	140
Security deposit	100	100
DIRECTOR OF THE MANAGEMENT COMPANY		
Mr. Sheikh Mukhtar Ahmad		
Units held 1,317,280 (2013: Nil units)	15,049	-

* Current year figure has not been presented as the entity was not classified as connected person / related party as at June 30, 2014

20 PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

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

S. No.	Name	Designation	Experience in years	Qualification
1	Farid Ahmed Khan	Chief Executive Officer	20	CFA
2	Muhammad Imran	Chief Investment Officer	15	MBA
3	Abid Jamal	Head of Research	10	CFA
4	Kamran Aziz	Fund Manager	6	CFA
5	Faizan Saleem	Fund Manager	7	MBA

20.1 Mr. Kamran Aziz is the Fund Manager of the Fund. He is also managing ABL Islamic Income Fund and ABL Islamic Stock Fund.

21 TRANSACTIONS WITH BROKERS / DEALERS

List of top 10 brokers by percentage of commission charged during the year ended June 30, 2014

S. No.	Particulars	Percentage
1	Arif Habib Limited	9.80%
2	Elixir Securities Pakistan (Private) Limited	9.24%
3	Foundations Securities (Private) Limited	8.23%
4	JS Global Capital Limited	7.73%
5	Fortune Securities (Private) Limited	7.72%
6	Topline Securities (Private) Limited	6.89%
7	AKD Securities Limited	6.75%
8	Taurus Securities Limited	6.42%
9	BMA Capital Management Limited	5.86%
10	KASB Securities Limited	4.86%

List of top 10 brokers by percentage of commission charged during the year ended June 30, 2013

S. No.	Particulars	Percentage
1	Fortune Securities (Private) Limited	11.97%
2	AKD Securities Limited	11.20%
3	BMA Capital Management Limited	9.18%
4	Arif Habib Limited	7.76%
5	JS Global Capital Limited	7.52%
6	Optimus Capital Management (Private) Limited	6.38%
7	Topline Securities (Private) Limited	6.19%
8	NAEL Capital (Private) Limited	4.38%
9	Foundations Securities (Private) Limited	4.34%
10	Invest & Finance Securities Limited	4.25%

22 PATTERN OF UNIT HOLDING

-----As at June 30, 2014-----

Category	Number of unit holders	Number of units held	Net assets value of the amount invested	Percentage of total investment
Rupees in '000				
Individuals	388	23,415,264	267,513	24.01%
Associated companies / directors	4	29,738,478	339,750	30.49%
Insurance companies	2	4,323,348	49,393	4.43%
Bank / DFIs	1	7,041,262	80,444	7.22%
Retirement funds	18	30,992,364	354,075	31.78%
Others	3	2,015,853	23,030	2.07%
	416	97,526,569	1,114,205	100.00%

As at June 30, 2013

Category	Number of unit holders	Number of units held	Net assets value of the amount invested	Percentage of total investment
Rupees in '000				
Individuals	338	13,606,453	217,364	27.75%
Associated companies / directors	2	11,612,416	185,508	23.68%
Insurance companies	3	2,516,798	40,206	5.13%
Retirement funds	16	20,049,408	320,289	40.89%
Others	2	1,253,305	20,021	2.55%
	361	49,038,380	783,388	100.00%

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

The 32nd, 33rd, 34th, 35th, 36th and 37th Board of Directors meetings were held on August 06, 2013, October 30, 2013, December 13, 2013, January 13, 2014, February 07, 2014 and April 22, 2014 respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

S.No.	Name	No. of meetings			Meetings not attended
		Held	Attended	Leave granted	
Directors					
1	Sheikh Mukhtar Ahmed	6	6	-	-
2	Muhammad Waseem Mukhtar	6	5	1	36th
3	Tariq Mahmood ***	6	6	-	-
4	Kamran Nishat	6	5	1	34th
5	M. Shakeb Murad	6	2	4	32nd, 34th, 36th, 37th
6	M. Jawaid Iqbal	6	4	2	33rd, 34th
7	Khawaja Muhammad Almas	6	6	-	-
8	Farid Ahmed Khan*	6	6	-	-
Other persons					
1	Saqib Matin**	6	6	-	-

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

** Attended BOD meetings as the Company Secretary.

*** Appointed as new Director of ABL Asset Management Company Limited in the 33rd Meeting to the Board of Directors held on October 30, 2013.

24 FINANCIAL RISK MANAGEMENT

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

24.1 Market risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the 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 the regulations laid down by the Securities and Exchange Commission of Pakistan.

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

24.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

24.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Fund is mainly exposed to interest rate risk on balances held with banks

a) Sensitivity analysis for variable rate instruments

Presently, the Fund does not hold any variable rate instrument except for balances in certain saving accounts the interest rate of which in certain circumstances is 7.0% to 9.30%.

b) Sensitivity analysis for fixed rate instruments

Presently, the Fund does not hold any fixed rate instrument that may expose the Fund to any material interest rate risk.

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 financial instruments is based on settlement date.

Particulars	As at June 30, 2014					Total
	Effective yield / interest rate	Exposed to yield / interest risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and up to one year	More than one year		
%	Rupees in '000					
On-balance sheet financial instruments						
Financial assets						
Balances with banks	7.0 - 9.30	410,303	-	-	-	410,303
Investments		-	-	-	964,118	964,118
Dividend and profit receivable		-	-	-	1,249	1,249
Advances and security deposits		-	-	-	9,080	9,080
Sub total		410,303	-	-	974,447	1,384,750
Financial liabilities						
Payable to ABL Asset Management Company Limited - Management Company		-	-	-	7,647	7,647
Payable to Central Depository Company of Pakistan Limited-Trustee		-	-	-	136	136
Accrued expenses and other liabilities		-	-	-	1,523	1,523
Payable against purchase of investments		-	-	-	213,011	213,011
Dividend payable		-	-	-	32,573	32,573
Sub total		-	-	-	254,890	254,890
On-balance sheet gap (a)		410,303	-	-	719,557	1,129,860
Off-balance sheet financial instruments						
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		410,303	-	-	719,557	1,129,860
Cumulative interest rate sensitivity gap		410,303	410,303	410,303		

Particulars	As at June 30, 2013					Total
	Effective yield / interest rate	Exposed to yield / interest risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and up to one year	More than one year		
%	Rupees in '000					
On-balance sheet financial instruments						
Financial assets						
Balances with banks	6.0 - 9.50	87,063	-	-	-	87,063
Investments		-	-	-	708,391	708,391
Dividend and profit receivable		-	-	-	1,332	1,332
Advances and security deposits		-	-	-	2,600	2,600
Receivable against sale of investments		-	-	-	2	2
Sub total		87,063	-	-	712,325	799,388
Financial liabilities						
Payable to ABL Asset Management Company Limited - Management Company		-	-	-	4,122	4,122
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	140	140
Accrued expenses and other liabilities		-	-	-	1,542	1,542
Payable against redemption of units		-	-	-	500	500
Sub Total		-	-	-	6,304	6,304
On-balance sheet gap (a)		87,063	-	-	706,021	793,084
Off-balance sheet financial instruments						
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		87,063	-	-	706,021	793,084
Cumulative interest rate sensitivity gap		87,063	87,063	87,063		

24.1.3 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 primarily exposed to equity price risk because of investments held and classified by the Fund on the statement of assets and liabilities 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 based on the net assets, or issued capital of the investee company and sector exposure limit.

In case of 5% increase / decrease in KSE 100 index on June 30, 2014, net income for the year would increase decrease by Rs 48.206 million (2013: Rs 9.574 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 increase / decrease of equity index by 5% with all other variables held constant and with an assumption that all the Fund's equity instruments will move 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 aforementioned sensitivity analysis is not necessarily indicative of the effects on the Fund's net assets of future movements in the level of KSE 100 index.

24.2 Credit risk

Credit risk represents the risk of a loss if counter parties fail to perform as contracted. The Fund's credit risk mainly arises from deposits with banks and financial institutions and credit exposure arising as a result of dividend receivable on equity securities. 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 National Clearing Company System. 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 assignment 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.

24.2.1 The analysis below summarises the credit rating quality of the Fund's financial assets as at June 30, 2014:

Balances with banks and investment made by the Fund by rating category

Bank Name	Rating agency	Latest available published rating	Percentage of bank balance
Banks			
Allied Bank Limited	PACRA	AA+	99.66%
Askari Bank Limited	PACRA	AA	0.01%
Bank Alfalah Limited	PACRA	AA	0.18%
MCB Bank Limited	PACRA	AAA	0.02%
United Bank Limited	JCR-VIS	AA+	0.02%
Standard Chartered Bank (Pakistan) Limited	PACRA	AAA	0.11%
			100.00%

There are no financial assets that are past due or impaired.

24.2.2 Concentration of credit risk

The Fund mainly deals in equity securities which are primarily subject to price risk. The concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of other financial instruments comprise of bank balances which are broadly diversified and kept with credit-worthy counterparties / Banks and financial institutions thereby mitigating any significant concentrations of credit risk.

The Fund's major asset balance is held with a Bank. The management believes that this is a credit-worthy counterparty.

24.3 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 to the Fund.

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. The Fund's policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily realised. The Fund's listed securities are considered readily realisable as they are listed on the Stock Exchanges.

In order to manage the Fund's overall liquidity, the Fund may withhold daily redemption requests in excess of ten percent of 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 indicates 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 undiscounted cash flows.

Particulars	-----As at June 30, 2014-----			
	Upto three months	More than three months and upto one year	More than one year	Total
----- Rupees in '000 -----				
Liabilities				
Payable to ABL Asset Management Company Limited - Management Company	7,647	-	-	7,647
Payable to Central Depository Company of Pakistan Limited - Trustee	136	-	-	136
Accrued expenses and other liabilities	1,523	-	-	1,523
Payable against purchase of investments	213,011	-	-	213,011
Dividend payable	32,573			32,573
	254,890	-	-	254,890

Particulars	-----As at June 30, 2013-----			
	Upto three months	More than three months and upto one year	More than one year	Total
----- Rupees in '000 -----				
Liabilities				
Payable to ABL Asset Management Company Limited - Management Company	3,405	-	717	4,122
Payable to Central Depository Company of Pakistan Limited - Trustee	140	-	-	140
Accrued expenses and other liabilities	1,542	-	-	1,542
Payable against redemption of units	500	-	-	500
	5,587	-	717	6,304

25 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability can be 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 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 the carrying values as the items are either short term in nature or periodically repriced.

International Financial Reporting Standard 7 'Financial Instruments: Disclosure' requires the Fund to classify assets 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 assets or liabilities, whether directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- inputs for assets or liabilities 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, 2014 -----				
Level 1	Level 2	Level 3	Total	
----- Rupees in '000 -----				
ASSETS				
Financial assets at fair value through profit or loss				
- Investment in listed equity securities	964,118	-	-	964,118

----- As at June 30, 2013 -----				
Level 1	Level 2	Level 3	Total	
----- Rupees in '000 -----				
ASSETS				
Financial assets at fair value through profit or loss				
- Investment in listed equity securities	708,391	-	-	708,391

26 UNIT HOLDERS' FUND RISK MANAGEMENT

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

The Fund has no restrictions or specific funding requirements 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 investments while maintaining sufficient liquidity to meet redemption requests. Such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

As required under the NBFC Regulations, every open end scheme shall maintain minimum fund size (i.e. net assets of the Fund) of Rs. 100 million at all times during the life of scheme. The Fund has maintained and complied with the requirements of minimum fund size during the year.

27 GENERAL

27.1 Figures have been rounded off to the nearest thousand rupees.

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

28 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 26, 2014 by the Board of Directors of the Management Company.


FARID AHMED KHAN
CEO

For ABL Asset Management Company Limited
(Management Company)


SHAKEB MURAD
DIRECTOR