

INFOCUS

FUND MANAGER'S REPORT FEBRUARY 2012

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ECONOMY AND CAPITAL MARKETS UPDATE

Currency vulnerability the key economic concern

There was not much change in key economic indicators during February, but the ever rising international oil prices further added to the pessimism regarding Pakistan's economic stability. Inflationary pressures are steadily reemerging with CPI increasing by 11.05% YoY in February taking cumulative inflation to 10.79% for 8MFY12, primarily due to rising energy prices. Recent hike in domestic oil prices and power tariff is expected to keep CPI at elevated levels till the end of this fiscal year. Furthermore, the current account remained under pressure (7MFY12 CAD at USD 2,633mn) as the trade gap widened to USD 1,292mn during February 2012 (7MFY12 Trade deficit at USD 9,057mn). Weak external account situation, growing inflationary pressures, and continuous government borrowing (Rs 819bn until Feb 17, 2012) forced the State Bank to adopt a wait and see approach and keep the policy rate unchanged at 12% in the latest monetary policy statement in early February. FX reserves also declined to USD 16.42bn at month end (USD 16.9bn January 2012) as the first scheduled repayment of the IMF loan was released by Pakistan last month. In the absence of foreign aid and inability of the Government to obtain budgeted foreign exchange (Etisalat Payments and glitches in auction of 3G licenses), exchange rate vulnerability is the key economic concern. Overall, we foresee interest rates to remain firm as monetary authorities appear to have little room to stimulate the economy.

Yields on the rise

Money market yields corrected post MPS Announcement on the 11th of February. Investor sentiments towards a Discount rate cut had initially pulled yields down; however status quo decision on the DR led to an increase in both KIBOR and PKRVs. This led to valuation adjustments on bonds and T-bills. Regular SBP interventions in the form of weekly Open Market Operations continued to support market liquidity. Nevertheless, the last T-bill auction of the month attracted minimal participation where the central bank was left with no option but to accept a much less than target amount. Adding to woes was the GoP Ijara Sukuk auction where the SBP accepted PKR38 billion against a target of PKR50 billion in order to maintain cut off levels. With the discount rate seemingly bottomed out for the year, short duration instruments will be the order of the day in the money market.

Equity market hitting 44 month high

Equities remained buoyant on the back of growing optimism related to relaxation in CGT, rally in international equity markets, and improved foreign inflows. Strong results season further improved investor sentiment as Cement, Fertilizers, and Banking sectors posted solid earnings growth while the latter also declared healthy payouts. Overall the market gained 8.4% MoM with the index closing the month at 12,878 points, hitting a 44 month high. With the conclusion of the results season in the next couple of weeks, all eyes will be on the SRO/Presidential Order release to pave way for implementation of proposals regarding CGT relaxation. A smooth implementation is expected to result in an extended rally and further boost volumes. In our view, the market still has plenty of room with the benchmark KSE100 index trading at 2012E P/E of 6.4x and offering prospective 2012 dividend yield of 7.7%. However, any downturn in international equity markets, foreign outflows, and weakening rupee could drag the market.

Economic Summary

	Last Reported Month	Current Month	Previous Month	YTD
CPI Inflation	Feb	11.05%	10.1%	10.79%
Trade Deficit (USD mn)	Jan	1,292	1,171	9,057
Remittances (USD mn)	Jan	1,111	1,085	7,436
Current A/C (USD mn)	Jan	(305)	(14)	(2,633)
FDI (USD mn)	Jan	63	112	594
Tax Collection** (PKR bn)	Feb	130	124	1,105
M2 Growth*	Feb	-	-	5.02%
FX Reserves* (USD bn)	Feb	-	-	16.42

* Latest monthly figures

** Provisional figures

Source: SBP, FBS

Government Securities

Govt. Bonds	6M	1yr	3yr	5yr	10yr
Feb 29, 2012	11.84	11.93	12.34	12.94	13.12
Jan 31, 2012	11.60	11.69	11.96	12.51	12.58
Change (bps)	24	24	38	43	54

*As at January 31, 2012

Source: FMA

Equity Market Performance

	Feb-12	Jan-11	M/M	1yr Low	1yr High
KSE-100 Index	12,878	11,875	8.4%	10,842	12,878
Avg. Daily Vol. (mn)	185	75	146.7%	15	323
Avg. Daily Val. (USD mn)	53	35	51.4%	7	105
2012E PE (x)	6.4				
2012E DY	7.7%				

Source: KSE

FUND MANAGER'S COMMENTS

ABL-IF yielded an annualized compounded return of 8.52% for the month of February, a decline of 4.73% over previous month return and an underperformance of 3.38% against benchmark. As market sentiment corrected after no change in the discount rate, fund returns were marred by valuation adjustments on T-bill and PIB holdings. Being an income fund, ABL IF had a slightly higher duration and the resultant impact of valuation losses dragged its returns down to single digits. Primary investments were in T-bills which constituted 68.2% of assets, followed by bank placements at 19.0%. In order to keep duration in check, minimal investments were made in TFCs constituting 3.0% and PIBs 2.0% of total assets. Fund size remained stable at Rs.5.24 billion.

In view of the prevailing economic conditions, primary investments will be geared towards low duration sovereign debt instruments such as T-bills and GoP Ijara Sukuk which offer lower risk and better tradability. However, the fund will continue to explore investment opportunities in Term Finance Certificates issued by strong banks in order to diversify its portfolio.

INVESTMENT OBJECTIVE

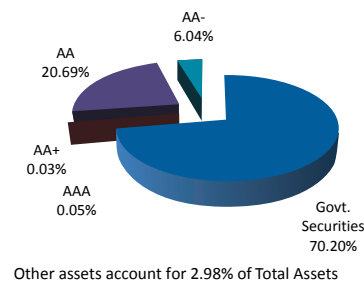
To earn superior risk adjusted rate of return by investing in a blend of short, medium and long term instruments, both within and outside Pakistan.

TOP TFC/SUKUK HOLDINGS (% OF TOTAL ASSETS)	Feb '12
Askari Bank - IV	1.72%
UBL TFC - IV	0.72%
Bank Alfalah Fixed - IV	0.51%

ASSET ALLOCATION (% OF TOTAL ASSETS)	Jan '12	Feb '12
Cash	12.31%	1.11%
Placements with Banks (TDRs)	0.00%	18.96%
Placements with DFIs	0.00%	3.79%
T-Bills	79.37%	68.24%
PIBs	2.08%	1.97%
TFCs	3.49%	2.95%
Short Term Sukuk	1.90%	0.00%
Spread Transactions	0.00%	1.97%
Others Including Receivables	0.85%	1.01%

TECHNICAL INFORMATION	
Leverage	NIL
Weighted average time to maturity of net assets	225 days

CREDIT QUALITY OF PORTFOLIO

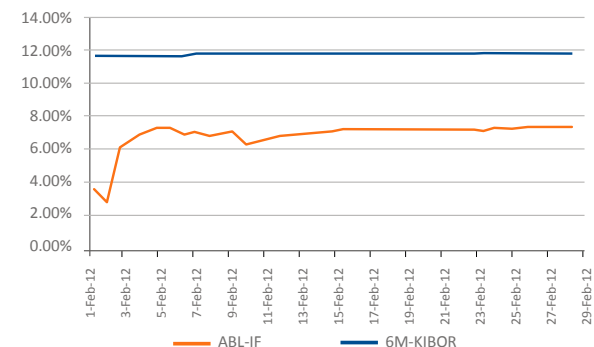


INVESTMENT COMMITTEE MEMBERS

1. Farid A. Khan, CFA – CEO
2. Muhammad Imran – CIO
3. Abid Jamal – Head of Research
4. Hammad Ali Abbas – Fund Manager
5. Kamran Aziz – Fund Manager
6. Faizan Saleem – Fund Manager

FUND RETURNS*	ABL-IF	6M-KIBOR
FY-2012 to date	12.45%	12.57%
February	8.52%	11.90%

* Returns are net of management fee & all other expenses



BASIC FUND INFORMATION

Fund Type	Open-end
Category	Income Fund
Launch Date	September 20 th , 2008
Net Assets	PKR 5,240 mn as at February 29 th , 2012
NAV	PKR 10.1908 as at February 29 th , 2012
Benchmark	6 Month Kibor Average
Dealing Days	As per Banking Days
Cut-off time	4:00 pm
Pricing mechanism	Forward
Management Fee	1.5% p. a.
Front-end load	Nil
Trustee	Central Depository Company of Pakistan Ltd. (CDC)
Auditor	A.F. Ferguson & Co. Chartered Accountants
Asset Manager Rating	AM2- (Stable Outlook) (JCR-VIS)
Risk Profile of the Fund	Low
Fund Stability Rating	A+(f) (JCR-VIS)
Fund Manager	Hammad Ali Abbas

FUND MANAGER'S COMMENTS

ABL-SF returned 9.2% in Feb'12 against 6.6% appreciation in the benchmark KSE-30 index, which reflects an outperformance of 260 basis points. During the month, investment in Oil & Gas sector was decreased from 29.9% to 23.8% of the portfolio, exposure in Chemicals sector was increased from 23.1% to 23.6% and allocation to Banking sector was raised from 13.3% to 14.7%. ABL-SF as of February 29th, 2012 is 85.5% (% total assets) invested in equities and remaining in short term bank deposits.

We continue to maintain high exposure in dividend yielding stocks in Oil and Gas, Power and Fertilizer sectors. Of late we have been allocating capital towards select Banking and Cement stocks on the back of improved earnings profile and cash position. We expect strong corporate earnings and foreign flows to underpin a sustained rally in the equities this year.

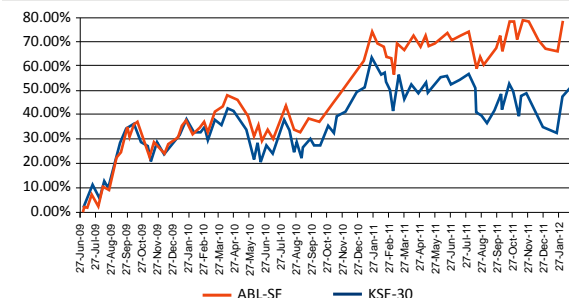
INVESTMENT OBJECTIVE

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

TOP TEN HOLDINGS (% OF TOTAL ASSETS)	Jan '12	Feb '12	SECTOR ALLOCATION (% OF TOTAL ASSETS)
Fauji Fertilizer Company Limited	11.60%	11.30%	
United Bank Ltd	6.14%	8.45%	
Pakistan Oilfields Limited	9.19%	8.19%	
Hub Power Company Limited	6.45%	7.80%	
Engro Corp.	8.07%	6.58%	
Pakistan Petroleum Limited	7.62%	6.08%	
Fatima Fert.Co.	3.43%	5.73%	
D.G.K.Cement	0.84%	4.89%	
Oil & Gas Develop Co.	1.67%	4.76%	
Attock Petroleum Limited	4.63%	3.89%	
ASSET ALLOCATION (% OF TOTAL ASSETS)	Jan '12	Feb '12	INVESTMENT COMMITTEE MEMBERS
Stock/Equities	87.98%	85.46%	1. Farid A. Khan, CFA – CEO
Cash	8.82%	3.76%	2. Muhammad Imran – CIO
T-Bills	0.00%	0.00%	3. Abid Jamal – Head of Research
Others	3.20%	10.78%	4. Hammad Ali Abbas – Fund Manager
Leverage	NIL	NIL	5. Kamran Aziz – Fund Manager
			6. Faizan Saleem – Fund Manager

PERFORMANCE*	ABL-SF	KSE-30
Year to Date (YTD)*	16.05%	2.76%
Trailing 12 months*	24.41%	8.83%
Month to Date (MTD)*	9.20%	6.56%

* Returns are net of management fee & all other expenses



BASIC FUND INFORMATION

Fund Type	Open-end
Category	Equity Scheme
Launch Date	June 28 th , 2009
Net Assets	PKR 306.99 mn as at February 29 th , 2012
NAV	PKR 11.6525 as at February 29 th , 2012
Benchmark	KSE-30
Dealing Days	As Per Local Stock Exchanges
Cut-off Time	4:00 pm
Pricing Mechanism	Forward
Management Fee	3% p. a.
Front-end Load	3%
Trustee	Central Depository Company of Pakistan Ltd.
Auditor	A.F. Ferguson & Co. Chartered Accountants
Asset Manager Rating	AM2- (Stable Outlook) (JCR-VIS)
Risk Profile of the Fund	High
Performance Rating	MFR 5-Star (JCR-VIS) (Based on 2 year weighted average ranking)
Fund Manager	Kamran Aziz

FUND MANAGER'S COMMENTS

ABL-CF yielded an annualized compounded return of 10.16% for the month of February, a decline of 1.43% over its previous month. However, the return still outperformed the benchmark by 3.07%. Despite valuation adjustments on T-bills portfolio, which constitute 82.2% of total assets, returns remained competitive. Market excitement towards a probable cut in the discount rate had dragged money market yields but later reversed sharply after discount rate remained unchanged. These moves caused excessive volatility in month-on-month returns although the fund's duration was kept low at 56 days. Bank placements, which constitute 5.82% of total assets, at attractive rates continued to support baseline returns. Fund size increased by 11.4% to Rs.25.7 billion.

Weak macroeconomic conditions warrant a conservative fund profile. Thus, we will look to maintain low duration in order to mitigate interest rate volatility while seeking trading opportunities in order to boost returns.

INVESTMENT OBJECTIVE

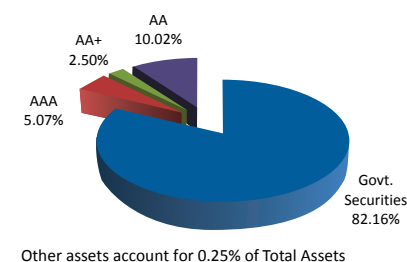
To provide investors, consistent returns with a high level of liquidity, through a blend of money market and sovereign debt instruments.

ASSET ALLOCATION (% OF TOTAL ASSETS)	Jan '12	Feb '12
Cash	14.87%	9.69%
Placements with Banks (TDRs)	8.51%	5.82%
Placements with Banks (MM)	0.00%	1.16%
Placements with DFIs	6.53%	0.00%
Reverse Repo against Govt. Securities	0.00%	0.92%
T-bills	69.32%	82.16%
HUBCO Short Term Sukuk	0.43%	0.00%
Others Including Receivables	0.34%	0.25%

TECHNICAL INFORMATION

Leverage	NIL
Weighted average time to maturity of net assets	56 days

CREDIT QUALITY OF PORTFOLIO

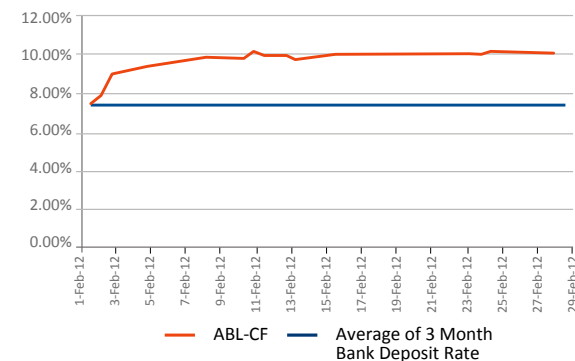


INVESTMENT COMMITTEE MEMBERS

1. Farid A. Khan, CFA – CEO
2. Muhammad Imran – CIO
3. Abid Jamal – Head of Research
4. Hammad Ali Abbas – Fund Manager
5. Kamran Aziz – Fund Manager
6. Faizan Saleem – Fund Manager

FUND RETURNS*	ABL-CF	Average of 3 Month Bank Deposit Rate
FY-2012 to date	11.74%	7.57%
February	10.16%	7.09%

* Returns are net of management fee & all other expenses



BASIC FUND INFORMATION

Fund Type	Open-end
Category	Money Market Fund
Launch Date	July 30 th , 2010
Net Assets	PKR 25,661 mn as at February 29 th , 2012
NAV	PKR 10.1965 as at February 29 th , 2012
Benchmark	Average 3 Month Deposit rates of AA and above rated Banks
Dealing Days	As Per Banking Days
Cut-off time	4:00 pm
Pricing mechanism	Backward
Management Fee	1.25% p. a.
Front-end load	Nil
Trustee	Central Depository Company of Pakistan Ltd. (CDC)
Auditor	A.F. Ferguson & Co. Chartered Accountants
Asset Manager Rating	AM2- (Stable Outlook) (JCR-VIS)
Risk Profile of the Fund	Low
Fund Stability Rating	AA+(f) (JCR-VIS)
Fund Manager	Hammad Ali Abbas



FUND MANAGER'S COMMENTS

During the month of February, ABL GSF delivered an annualized return of 9.93% compared to benchmark return of 10.42%, showing a slight underperformance of 49 bps. This is due to adjustment of PKRV yields after SBP decision to maintain the discount rate at 12% against general market expectation of policy rate cut. Post MPS announcement, the fund remained cautious on the economic front and deployed excess liquidity and T-bills maturities in short to medium term tenor treasury bills at relatively higher rates. Consequently at the end of the month, cash was reduced to 0.94% while T-bills and GoP Ijarah Sukuk were 85.9% & 1.4% (of total assets) respectively. Due to selective duration building, weighted average maturity of the fund increased from 68 days to 85 days.

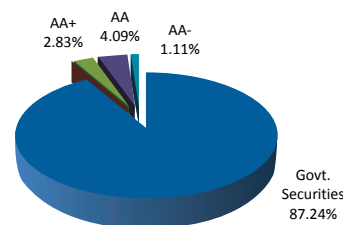
The fund plans to maintain a diversified approach to provide consistent and stable returns and prefer the short to medium end of the yield curve. Going forward, we will continue to look for opportunities to increase the overall yield in the portfolio and enhance our allocation to GoP Ijarah Sukuk.

INVESTMENT OBJECTIVE

The objective of the scheme is to deliver optimal risk adjusted returns by investing mainly in mix of short to long term Government Securities and other debt Instruments.

ASSET ALLOCATION (% OF TOTAL ASSETS)	Jan '12	Feb '12
Cash	5.43%	0.94%
Placements with Banks (TDRs)	0.00%	3.15%
Placements with Banks & DFIs (MM)	8.14%	3.94%
T-bills	84.43%	85.89%
GoP Ijarah Sukuk	1.90%	1.35%
Others Including Receivables	0.10%	4.73%

CREDIT QUALITY OF PORTFOLIO



Other assets account for 4.73% of Total Assets

TECHNICAL INFORMATION

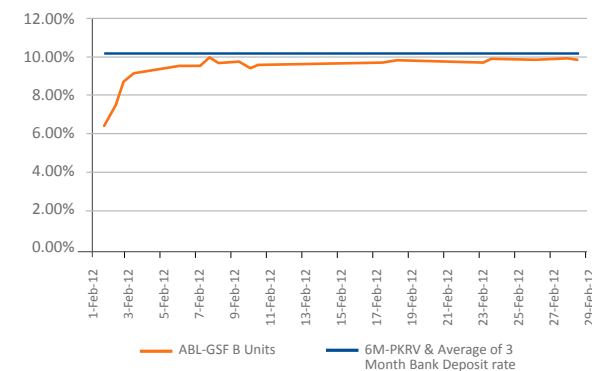
Leverage	NIL
Weighted average time to maturity of net assets	85 days

INVESTMENT COMMITTEE MEMBERS

1. Farid A. Khan, CFA – CEO
2. Muhammad Imran – CIO
3. Abid Jamal – Head of Research
4. Hammad Ali Abbas – Fund Manager
5. Kamran Aziz – Fund Manager
6. Faizan Saleem – Fund Manager

FUND RETURNS*	ABL-GSF B Units	6M-PKRV & Average of 3 Month Bank Deposit rate
Since Inception	11.39%	10.46%
February	9.93%	10.42%

* Returns are net of management fee & all other expenses



BASIC FUND INFORMATION

Fund Type	Open-end
Category	Income Fund
Launch Date	November 30 th , 2011
Net Assets	PKR 31,756 mn as at February 29 th , 2012
NAV	Class - A units 10.1722 as at February 29 th , 2012 Class - B units 10.2265 as at February 29 th , 2012
Benchmark	70% average 6m-PKRV & 30% average 3 Months - deposit rates of AA- & above rated banks
Dealing Days	As per Banking Days
Cut-off time	4:00 pm
Pricing mechanism	Forward
Management Fee	Class-A unit 0.25%, Class-B unit 1.25%
Front-end load	Nil
Trustee	Central Depository Company of Pakistan Ltd. (CDC)
Auditor	A.F. Ferguson & Co. Chartered Accountants
Asset Manager Rating	AM2- (Stable Outlook) (ICR-VIS)
Risk Profile of the Fund	Low
Fund Stability Rating	A+(F) (ICR-VIS)
Fund Manager	Faizan Saleem

FUND MANAGER'S COMMENTS

ABL-IIF yielded a compounded annual return of 10.74% for the month of February, an improvement of 42 bps over the previous month. Returns continued to supersede its benchmark where an outperformance of 3.50% was recorded during the month. The fund has enhanced exposure to GoP Ijara Sukuk which now constitutes 72% of total assets. This stance has led to some improvement in returns whilst entailing minimal volatility. The fund continued to maintain a healthy cash balance at 25.6% of total assets. Fund size continued to improve, closing at Rs.821.3 million, a 3.3% increase compared to the previous month.

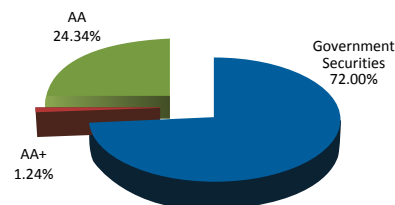
ABL-IIF has built up a decent GoP Ijara Sukuk portfolio and will continue to explore other shariah compliant avenues in order to maintain return competitiveness.

INVESTMENT OBJECTIVE

To provide investors with an opportunity to earn higher income over the medium to long-term by investing in a diversified portfolio consisting of different money market and debt instruments permissible under the Shariah principles.

ASSET ALLOCATION (% OF TOTAL ASSETS)	Jan '12	Feb '12
Cash	59.12%	25.58%
GoP Ijara Sukuk	32.94%	72.00%
HUBCO Short Term Sukuk	6.21%	0.00%
Others Including Receivables	1.73%	2.42%

CREDIT QUALITY OF PORTFOLIO



Other assets account for 2.42% of Total Assets

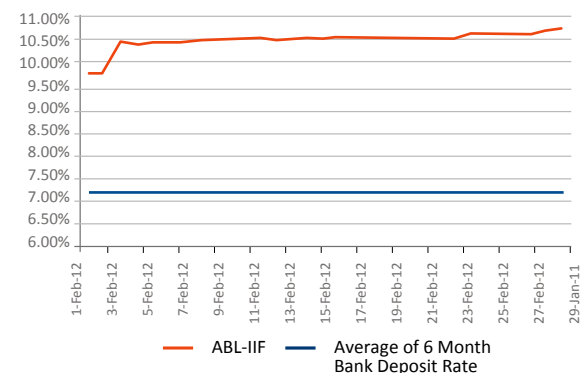
TECHNICAL INFORMATION	
Leverage	NIL
Weighted average time to maturity of net assets	728 days

INVESTMENT COMMITTEE MEMBERS

1. Farid A. Khan, CFA – CEO
2. Muhammad Imran – CIO
3. Abid Jamal – Head of Research
4. Hammad Ali Abbas – Fund Manager
5. Kamran Aziz – Fund Manager
6. Faizan Saleem – Fund Manager

FUND RETURNS*	ABL-IIF	Average of 6 Month Bank Deposit Rate
FY-2012 to date	11.36%	7.83%
February	10.74%	7.24%

* Returns are net of management fee & all other expenses



BASIC FUND INFORMATION

Fund Type	Open-end
Category	Islamic Income Fund
Launch Date	July 30 th , 2010
Net Assets	PKR 821.316 mn as at February 29 th , 2012
NAV	PKR 10.2052 as at February 29 th , 2012
Benchmark	Average of 6 Month Deposit rates of 3 Islamic Banks
Dealing Days	As Per Banking Days
Cut-off time	4:00 pm
Pricing mechanism	Forward
Management Fee	1.0% p. a.
Front-end load	Nil
Trustee	Central Depository Company of Pakistan Ltd. (CDC)
Auditor	A.F. Ferguson & Co. Chartered Accountants
Asset Manager Rating	AM2- (Stable Outlook) (JCR-VIS)
Risk Profile of the Fund	Low
Fund Stability Rating	A+(F) (JCR-VIS)
Fund Manager	Hammad Ali Abbas

To Invest, Please Contact Any Branch of Allied Bank

ABL AMC Head Office: **021-111-ABL AMC (225-262)**, ABL AMC Helpline: **0800 ABL-AM (0800 225 26)**

3 steps to Invest in ABL AMC FUNDS

STEP ONE

- ▶ Call us on our Toll Free number 0800-ABL-AM (225-26) to let our Investment Consultant guide you better or
- ▶ Visit any ABL Branch or for Expert Opinion, call 11 Business development manager listed on your right or
- ▶ Email us at: contactus@ablmc.com and we will answer all your queries or
- ▶ Visit us on our website www.ablmc.com for information and guidance

STEP TWO

Investment Process

Forms

- ▶ Our investment advisors will help you fill the required forms:
 - ▶ Form 1 – Account Opening Form
 - ▶ Form 2 – Investment Form
 - ▶ Know Your Customer Form

Payment Mode

- ▶ Payments can be made through Cheques / Demand Drafts or Pay Orders
- ▶ Payments shall be made in favor of: "CDC-Trustee ABL _____ FUND"

Documents to be attached

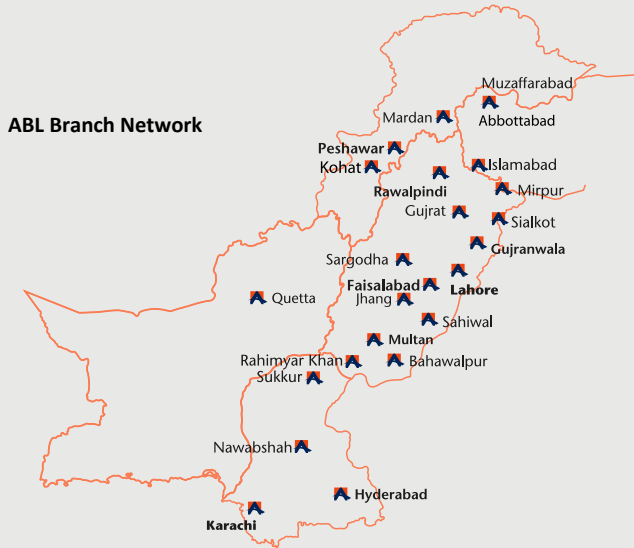
- ▶ **For Individuals:**
 - ▶ Copy of CNIC (In case of Joint Application, CNIC of all applicants is required)
 - ▶ Zakat Affidavit (In case of exemption from Zakat)
 - ▶ Know Your Customer Form
- ▶ **For Corporate:**
 - ▶ Memorandum and Articles of Association/Bye Laws/ Trust Deed
 - ▶ Power of Attorney or other document authorizing the authorized signatory(ies) to sign the application
 - ▶ Board Resolution authorizing the Investment
 - ▶ Copy of CNIC(s) of the Authorized Signatory(ies)

STEP THREE

Submission of Documents

- ▶ You may submit your documents / investment amount at any branch of ABL or drop them / courier them at ABL AMC's Head Office: First Floor, 11-B, Lalazar, MT Khan Road, Karachi
- Once we receive the documents / investment amount a registration number will be generated and allotted. An introductory letter will be dispatched to confirm your investment in ABL AMC Funds.

ABL Branch Network



Name	Contact No.	Branches with Business Development Managers
Karachi		
Furqan Ali Dakhan	0321-2014622	Clifton Branch
Shoaib Shoukat	0333-5473547	Foreign Exchange Branch
Danish Abdul Rauf	0345-2121623	Tariq Road Branch
Lahore		
Muhammad Yasir	0333-4306795	Y-Block, DHA Branch
Waqar Ahmad Paracha	0300-8840151	Kashmir Road Branch
Islamabad		
Iftikhar Hameed Khan	0333-5607962	Blue Area Branch
Zahir Mehmood Khan	0346-9273633	I-8 Markaz Branch
M. Rashid Qayyum	0345-5923766	F-6 Markaz Branch
Faisalabad		
Mughees Ahmad Sheikh	0332-8663525	Peoples Colony Branch
Hyderabad		
Haider Abbas	0321-3051874	Civic Center Branch
Quetta		
Imran Hassan Khan	0345-8165666	Jinnah Road Branch

CONTACT US:

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