

RATED AM2- (JCR-VIS)

 **ABL Asset Management**
Discover the potential

INFOCUS

FUND MANAGER'S REPORT
OCTOBER 2011



A SHINING VICTORY

ABL Asset Management has been
Awarded with 'High Management
Quality' Rating of AM2- (JCR-VIS)

Disclaimer: All investments in Mutual Funds are subject to market risks. The NAV of units may go up or down based on the market conditions. Past performance is not necessarily indicative of future results. Please read the Offering Document of the funds to understand the investment policies and the risks involved.

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.

Fund Manager's Comments

ABL-IF yielded an annualized compounded return of 21.20% for the month of October, an outperformance of 8.95% over its benchmark. Strong monthly performance was attributable to valuation gains emanating from the Discount Rate cut towards the start of the month. In anticipation of a rate cut the duration of the fund was enhanced while placements were locked in at attractive rates with banks. Short term average money market yields, however, remained predominantly at peak levels during the month due to liquidity shortages. This was despite regular injections by SBP through open market operations. As a consequence banks were unable to participate aggressively in the last T-bill auction due to which the SBP had no option but to accept less than the target amount. Growing attractiveness of high yielding assets coupled with strong performance of the ABL-IF contributed to 27% increase in the fund size to close at Rs.5.794 billion.

State Bank of Pakistan reiterated its growth stance by aggressively cutting the discount rate by another 150 bps to 12% in early October. Key objective of the cut is to boost private sector lending, which has remained subdued due to heavy borrowings from the federal government. Despite improvement in some key focal points, such as gradual easing off in inflation (10.96% in October) and lower Govt. borrowing from the central bank, continuous fiscal pressures and worsening current account situation (1QFY12: USD1.2bn deficit +103% YoY) has cast a major doubt over the effectiveness and sustainability of monetary easing stance. Furthermore, acute power shortages and political unrest (start of political campaigning) could also restrain economic growth. Overall the economic situation remains fluid with achievement of major economic targets (fiscal deficit and GDP growth) in jeopardy. Sturdy FX reserves of Pakistan could also come under pressure as IMF repayments start in Feb 2012, especially in absence of foreign aid due to strained Pak/US relationship.

ABL-IF will continue to monitor macroeconomic fundamentals and shift its portfolio accordingly. With inflation seemingly controlled at the 11% mark, further Discount rate cuts cannot be ruled out. As a result duration will be kept at high levels to take advantage of declining interest rates.

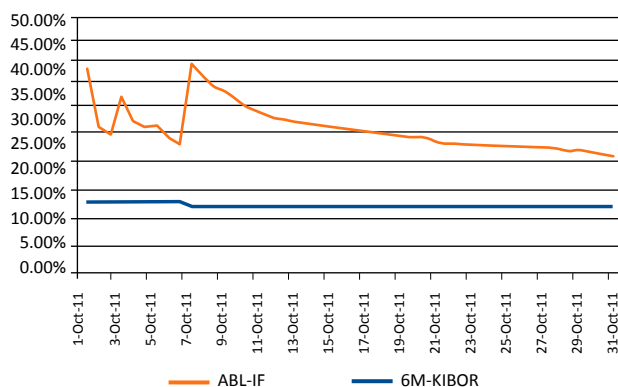
Top TFC/Sukuk Holdings (% of Total Assets) Oct '11

Top TFC/Sukuk Holdings (% of Total Assets)	Oct '11
KAPCO Short Term Sukuk	2.14%
HUBCO Short Term Sukuk	1.71%
Bank Alfalah Ltd - Fixed	1.53%
Faysal Bank - II	0.44%
United Bank Ltd - IV	0.17%

Fund Returns* ABL-IF 6M-KIBOR

Fund Returns*	ABL-IF	6M-KIBOR
FY 2011 to date	15.19%	13.20%
Month to date (MTD)	21.20%	12.25%

* 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 5,794 mn as at October 31 st , 2011
NAV	PKR 10.1867 as at October 31 st , 2011
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

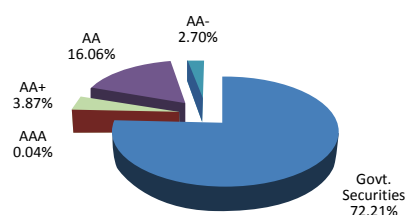
Technical Information

Leverage	NIL
Weighted average time to maturity of net assets	231 days

Asset Allocation (% of Total Assets) Sep '11 Oct '11

Asset Allocation (% of Total Assets)	Sep '11	Oct '11
Cash	34.25%	9.10%
Placement with Banks (TDRs)	8.58%	6.85%
Spread Transactions	0.43%	0.004%
Reverse Repo against all other Securities	0.00%	0.73%
T-Bills	45.13%	71.79%
PIBs	3.90%	0.42%
TFCs	2.72%	2.14%
Short Term Sukuks	4.83%	3.85%
Others including Receivables	0.16%	5.12%

Credit Quality of Portfolio (% of Total Assets)



Other assets account for 5.12% of Total Assets.

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

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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.

Fund Manager's Comments

KSE-100 index appreciated by a meagre 0.9% during October'11 despite a 150bps cut in policy rate and strong corporate results. Key index players, OGDC, FFC, POL and PSO all reported significant improvement in bottom line. However, these positives were overshadowed by continuous tensions in Pak/US relationships, weak foreign flows, and non-resolution of the circular debt issue.

Payouts from energy related public enterprises disappointed investors (circular debt issue) while the decision to issue PIBs/T-Bills to replace the non-complying TFCs of power holding company on the balance sheet of commercial banks was never implemented.

Investors further shied away from banking scrips in anticipation of drop in spreads due to the discount rate cut. The market witnessed a foreign outflow of USD82 mn (including a block deal of 140mn shares of Hub Power Company worth USD 60mn) in the month of October alone, reflecting growing risk averseness towards Pakistan's equity markets from foreign investors in uncertain times for the global economy.

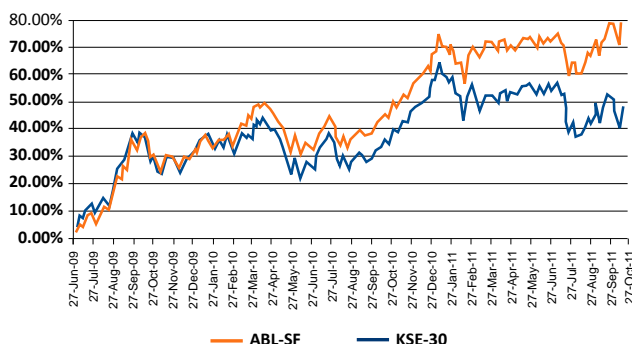
ABL-SF gained 4.29% in Oct'11 against 0.2% appreciation in the benchmark KSE-30 index, which reflects significant outperformance of ~410 basis points. During the month, investment in Oil & Gas sector was increased from 28.8% to 33.3% of the portfolio, exposure in Chemicals sector was decreased from 23.1% to 22.5% and investment in banks was slashed from 11.7% to 4.0%. ABL-SF as of October 31st, 2011 was 85.4% invested in equities and remaining in T-bills and cash.

Looking ahead to November, developments related to gas curtailment issue in the fertilizer sector will be keenly followed by investors. Furthermore, any news related to gas flows from the highly rated Zin block (OGDC has major stake) could be a catalyst for the energy sector. On the economic front, continuation of improvement in inflation figures could trigger a rally in anticipation of another discount rate cut in the November 2011 monetary policy. Conversely foreign flows could take a turn for the worse as health of the global economy continues to deteriorate. Overall we reiterate our preference for high dividend yield plays. However, top growth picks could be targeted if some of the key positives highlighted above materialize and foreign flows improve.

Performance* ABL-SF KSE-30

Performance*	ABL-SF	KSE-30
Year to Date (YTD)*	5.49%	-2.96%
Trailing 12 months*	25.23%	11.44%
Month to Date (MTD)*	4.29%	0.20%

* 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 427.49 mn as at Oct 31 st , 2011
NAV	PKR 10.5923 as at Oct 31 st , 2011
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

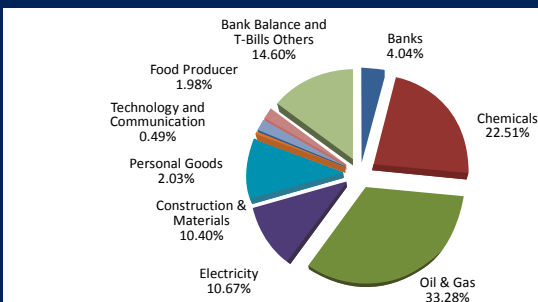
Asset Allocation (% of Total Assets) Sep'11 Oct'11

Stock/Equities	91.05%	85.40%
Cash	2.93%	4.78%
T-Bills	5.01%	6.72%
Others	1.01%	3.10%
Leverage	NIL	NIL

Top Ten Holdings (% of Total Assets) Sep'11 Oct'11

Fauji Fertilizer Company Limited	11.57%	13.98%
Pakistan Oilfields Limited	9.15%	9.42%
Oil & Gas Development Company	5.69%	9.22%
Hub Power Company Limited	9.31%	8.40%
Attock Petroleum Limited	4.41%	8.00%
Lucky Cement Limited	4.77%	7.59%
Pakistan Petroleum Limited	6.37%	5.56%
Fatima Fertilizer Company Limited	5.88%	4.87%
Fauji Fert Bin Qasim	0.00%	3.65%
D.G.K.Cement	0.51%	2.81%

Sector Allocation (% of Total Assets)



Investment Committee Members:

1. Farid A. Khan, CFA – CEO
2. Muhammad Imran – CIO
3. Abid Jamal – Head of Research
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Investment Objective

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

Fund Manager's Comments

ABL-CF yielded an annualized compounded return of 14.60% for the month of October, an improvement of 2.5% over the preceding month. The fund outperformed its benchmark by 6.97% due to active portfolio management and subsequent cut in the discount rate by 150bps. The fund remained heavily invested in T-bills (constituting 91.6% of total assets) entailing high duration, which boosted returns in the form of valuation gains. Money market yields though remained high due to liquidity shortages despite regular OMOs conducted by SBP. Consequently, T-bill auction target was missed in the last auction of the month due to low participation. Fund size increased by a whopping 155.6% to close at Rs.34.324 billion, highlighting ABL-CFs excellent performance and growing investor comfort in the money market category of mutual funds.

State Bank of Pakistan reiterated its growth stance by aggressively cutting the discount rate by another 150 bps to 12% in early October. Key objective of the cut is to boost private sector lending, which has remained subdued due to heavy borrowings from the federal government. Despite improvement in some key focal points, such as gradual easing off in inflation (10.96% in October) and lower Govt. borrowing from the central bank, continuous fiscal pressures and worsening current account situation (1QFY12: USD1.2bn deficit +103% YoY) has cast a major doubt over the effectiveness and sustainability of monetary easing stance. Furthermore, acute power shortages and political unrest (start of political campaigning) could also restrain economic growth. Overall the economic situation remains fluid with achievement of major economic targets (fiscal deficit and GDP growth) in jeopardy. Sturdy FX reserves of Pakistan could also come under pressure as IMF repayments start in Feb 2012, especially in absence of foreign aid due to strained Pak/US relationship.

Going ahead we would continue to monitor macroeconomic variables and change the funds asset allocation accordingly. Our aim is to maintain a high duration, which would benefit returns in the instance of any further rate cut by the SBP.

Basic Fund Information

Fund Type	Open-end
Category	Money Market Fund
Launch Date	July 30 th , 2010
Net Assets	PKR 34,324 mn as at Oct 31 st , 2011
NAV	PKR 10.1330 as at Oct 31 st , 2011
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) (ICR-VIS)
Risk Profile of the Fund	Low
Fund Stability Rating	AA+(f) (ICR-VIS)
Fund Manager	Hammad Ali Abbas

Technical Information

Leverage	NIL
Weighted average time to maturity of net assets	59 days

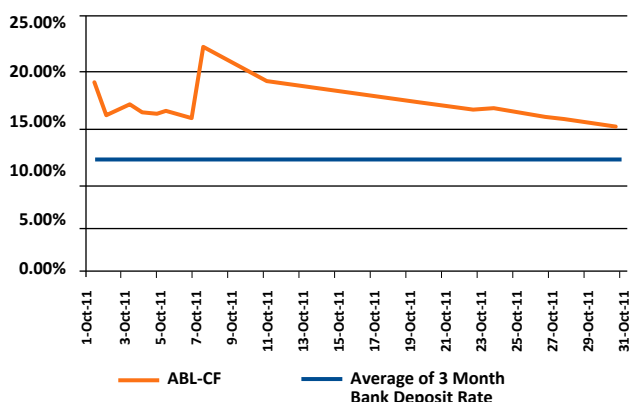
Asset Allocation (% of Total Assets) Sep'11 Oct'11

Asset Allocation	Sep'11	Oct'11
Cash	14.52%	3.77%
Placement with Banks (TDRs)	7.29%	2.90%
Placement with DFIs	2.19%	0.98%
T-Bills	74.15%	91.55%
Short Term KAPCO Sukuk	0.91%	0.36%
Short Term HUBCO Sukuk	0.73%	0.29%
Others including Receivables	0.21%	0.15%

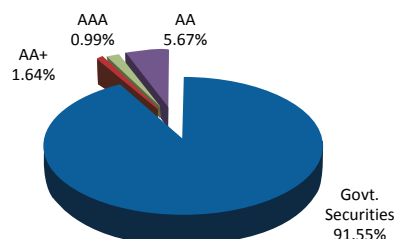
Fund Returns* ABL-CF Benchmark

FY 2011 to date	12.93%	7.84%
Month to Date (MTD)	14.60%	7.63%

* Returns are net of management fee & all other expenses



Credit Quality of Portfolio (% of Total Assets)



Other assets account for 0.15% of Total Assets.

Investment Committee Members:

1. Farid A. Khan, CFA – CEO
2. Muhammad Imran – CIO
3. Abid Jamal – Head of Research
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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.

Fund Manager's Comments

ABL-IIF yielded an annualized compounded return of 11.63% for the month of October, an improvement of 53bps over its previous month's return. The fund continued to outperform its benchmark by 2.95%. Investments were maintained in AA and above rated counters as fresh placements were locked in at competitive rates with Islamic banks. Competitive rates on short term Sukuks continue to support returns despite the recent discount rate cut. As the fund is now converted into the income category more asset classes will be added to the portfolio. Fund size decreased by a meager 0.4% to close at Rs.671.7 million.

State Bank of Pakistan reiterated its growth stance by aggressively cutting the discount rate by another 150 bps to 12% in early October. Key objective of the cut is to boost private sector lending, which has remained subdued due to heavy borrowings from the federal government. Despite improvement in some key focal points, such as gradual easing off in inflation (10.96% in October) and lower Govt. borrowing from the central bank, continuous fiscal pressures and worsening current account situation (1QFY12: USD1.2bn deficit +103% YoY) has cast a major doubt over the effectiveness and sustainability of monetary easing stance. Furthermore, acute power shortages and political unrest (start of political campaigning) could also restrain economic growth. Overall the economic situation remains fluid with achievement of major economic targets (fiscal deficit and GDP growth) in jeopardy. Sturdy FX reserves of Pakistan could also come under pressure as IMF repayments start in Feb 2012, especially in absence of foreign aid due to strained Pak/US relationship.

As the fund's placements stand locked in at higher rates in contrast to discount rate adjusted market yields, we eagerly await fresh issuance of Ijara Sukuk, expected before the end of calendar year, to diversify asset allocation and improve return performance.

Basic Fund Information

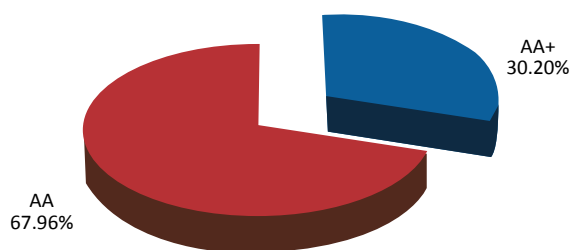
Fund Type	Open-end
Category	Islamic Income Fund
Launch Date	July 30 th , 2010
Net Assets	PKR 671.691 mn as at Oct 31 st , 2011
NAV	PKR 10.1086 as at Oct 31 st , 2011
Benchmark	Average of 6 Month Deposit rates of 3 Islamic Banks
Dealing Days	As Per Banking Days
Cut-off time	4:00 pm
Pricing mechanism	Forward
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 Manager	Hammad Ali Abbas

Technical Information

Leverage	NIL
Weighted average time to maturity of net assets	12 days

Asset Allocation (% of Total Assets)	Sep'11	Oct'11
Cash	39.43%	83.42%
Placements with Banks	43.86%	0.00%
Short Term HUBCO Sukuk	7.31%	7.37%
Short Term KAPCO Sukuk	7.31%	7.37%
Others including Receivables	2.09%	1.84%

Credit Quality of Portfolio (% of Total Assets)



Other assets account for 1.84% of Total Assets

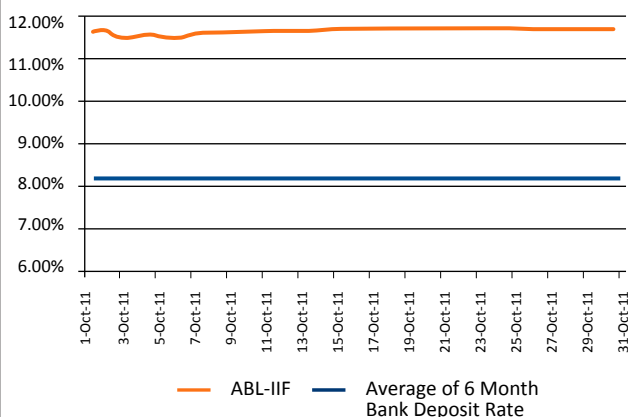
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Fund Returns*

	ABL-IIF	Benchmark
Month to Date (MTD)	11.63%	8.86%

* Returns are net of management fee & all other expenses



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3 steps to Invest in ABL AMC FUNDS

STEP ONE

Contact Us:

- ▶ 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, visit the 30 branches listed on your right which are facilitated by our Investment Consultants or
- ▶ Email us at: contactus@ablamc.com and we will answer all your queries or
- ▶ Visit us on our website www.ablamc.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.

For further details 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)

Name	Contact No.	Branches with Investment Consultants
Karachi		
Furqan Ali Dakhan	0321-2014622	Clifton Branch
Shoab Shoukat	0333-5473547	Foreign Exchange Branch
Raheel Khawar Kamal	0345-2584931	S.I.T.E. Branch
Mushtaq Ur Rehman	0300-2417978	Hyderi Branch
Muhammad Naeem	0321-2393830	Hassan Square Branch
Farhana Masood	0300-3340640	Shahrah-e-Faisal Branch
Shahid Ali Chishti	0300-2127537	Karimabad Branch
Syed Muneeb Hassan	0345-3149239	Bath Island Branch
Muna Sakhawat	0300-2701349	Rashid Minhas Road 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
Malik Faisal Faryad	0300-4619625	Mall Road Branch
Aamir Aslam	0321-4175607	PAF Base Branch
Zahra Sabahat	0321-9440359	Brandreth 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
Arif Raza	0333-8505435	Chaklala Branch
Multan		
Hafiz Tariq	0301-7570040	Chowk Rasheed Branch
Fizza Hassan	0321-4339404	Abdali Road Branch
Saira Habib	0342-7012691	Multan Cantt. Branch
Faisalabad		
Mughees Ahmad Sheikh	0332-8663525	Peoples Colony Branch
Gujranwala		
Sidra Iqbal	0336-4655633	Zia Plaza Branch
Hyderabad		
Haider Abbas	0321-3051874	Civic Center Branch
Sahiwal		
Asif Mehmood	0314-3600421	High Street Branch
Quetta		
Imran Hassan Khan	0345-8165666	Jinnah Road Branch
Sargodha		
Tanzel Maqbool	0331-7660756	New Queens Road Branch

CONTACT US:

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 UAN: (021) 111-ABL-AMC (111-225-262)
 Email: contactus@ablamc.com
 Website: www.ablamc.com



ABL Asset Management

Discover the potential