



**ABL ISLAMIC INCOME FUND**  
FOR THE YEAR ENDED JUNE 30, 2018

# ANNUAL REPORT



**ABL Asset Management**

Discover the potential



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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.

## FUND'S INFORMATION

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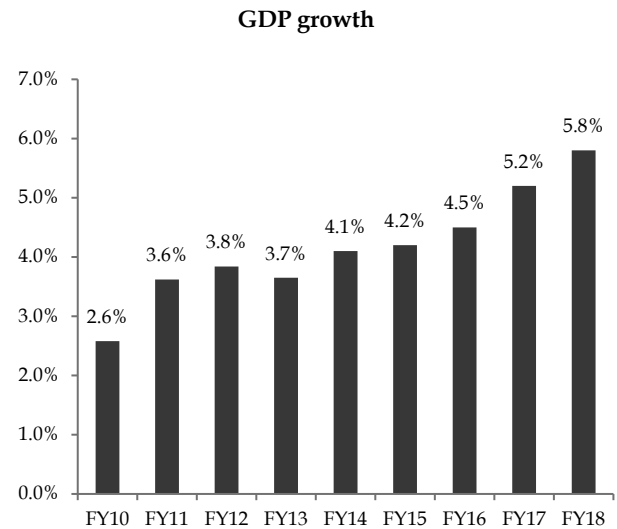
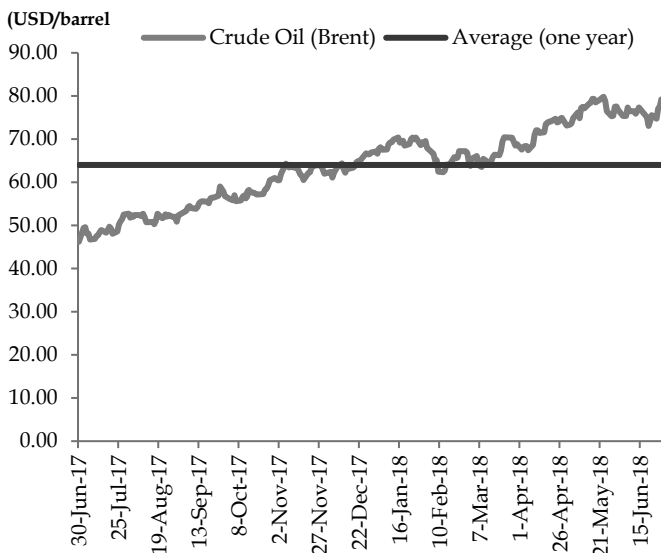
Management Company:	ABL Asset Management Company Limited 14 -MB, DHA Phase-6, Lahore.	
Board of Directors	Sheikh Mukhtar Ahmed Mr. Mohammad Naeem Mukhtar Mr. Muhammad Waseem Mukhtar Mr. Tahir Hasan Qureshi Mr. Pervaiz Iqbal Butt Mr. Muhammad Kamran Shehzad Mr. Alee Khalid Ghaznavi	Chairman      CEO/Director
Audit Committee:	Mr. Muhammad Kamran Shehzad Mr. Muhammad Waseem Mukhtar Mr. Pervaiz Iqbal Butt	Chairman Member Member
Human Resource and Remuneration Committee	Mr. Muhammad Waseem Mukhtar Mr. Muhammad Kamran Shehzad Mr. Pervaiz Iqbal Butt Mr. Alee Khalid Ghaznavi	Chairman Member Member Member
Chief Executive Officer of The Management Company:	Mr. Alee Khalid Ghaznavi	
Chief Financial Officer & Company Secretary:	Mr. Saqib Matin	
Chief Internal Auditor:	Mr. Kamran Shahzad	
Trustee:	Central Depository Company of Pakistan Limited. CDC-House, Shahrah-e-Faisal, Karachi	
Bankers to the Fund:	Allied Bank Limited Bank Al- Falah Limited United Bank Limited Habib Bank Limited	
Auditor:	Deloitte Yousuf Adil Chartered Accountants 134-A, Abubakar Block New Garden Town, Lahore.	
Legal Advisor:	Ijaz Ahmed & Associates Advocates & Legal Consultants No. 7, 11th Zamzama Street, Phase V DHA Karachi.	
Registrar:	ABL Asset Management Company Limited. L - 48, Defence Phase - VI, Lahore - 74500	

## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of ABL Asset Management Company Limited, the management company of ABL Islamic Income Fund (ABL-IIF), is pleased to present the Audited Financial Statements of ABL Income Fund for the year ended June 30, 2018.

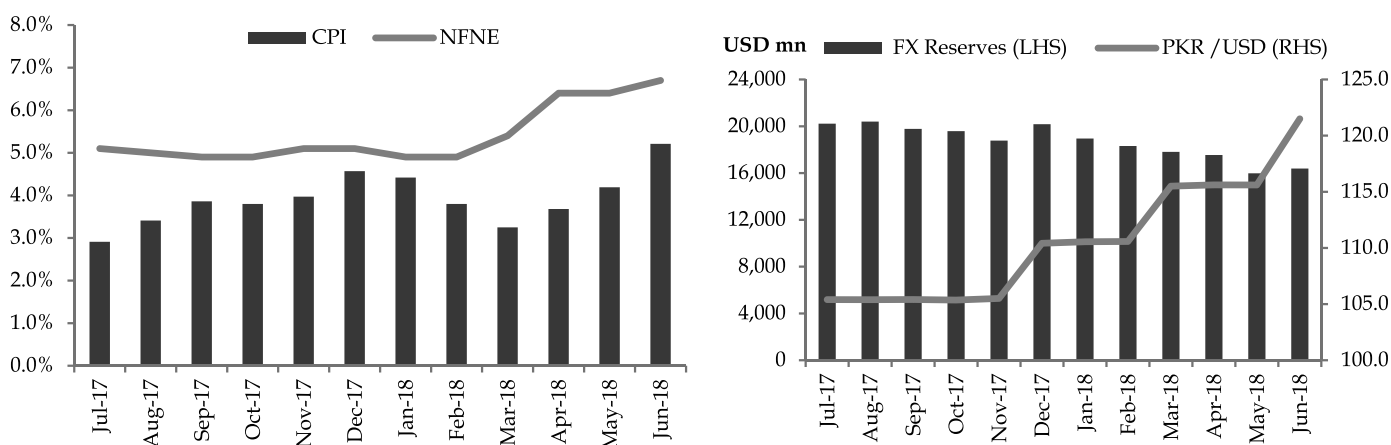
### ECONOMIC PERFORMANCE REVIEW

The major theme for Pakistan's macro-economy in FY18 was proliferating twin deficits leading to quickly-depleting reserves. The government took monetary tightening measures in 2HFY18; however, external account deficits continued to widen, while inflationary pressures mounted towards the end of FY18, all indicators of an over-heating economy. Although missing its ambitious target of 6.0%, GDP growth clocked in at 5.8% in FY18, crossing the 13-year high-watermark with all three constituents on an upward trajectory (services/industrial/ agriculture up 6.4%/5.8%/3.8%YoY). Key catalysts for growth included the ongoing implementation of early harvest infrastructure projects under the ambit of CPEC, net energy supply growth (net generated units up 8.4%YoY for 11MFY18), and sustained credit uptick (11MFY18 private sector credit stock grew 18%YoY, adding PKR 780bn offtake during the period). However, the fiscal deficit as percentage of GDP is expected to clock in at 6.8% of GDP (revised upward from 5.5% of GDP estimate given in May 2018).



The Current Account Deficit (CAD) increased 45%YoY to USD 18bn during FY18. A favorable impact of a strong recovery of exports (up 13.2%YoY in FY18) and 3%YoY higher worker's remittances was more than offset by growing imports (up 15.1%YoY in FY18). The SBP devalued PKR by 15.9% against greenback during FY18 in three rounds, beginning in December 2017 to control the increasing imports, without much avail. Besides the drain from the external account, debt repayments during the period added to the steep slide in foreign exchange reserves. As a result, FY18 saw Pakistan going back to the international capital market, raising USD 1.5bn of 10-year Eurobond at 6.875% and USD 1.0bn 5-year Sukuk at 5.625%.

Despite strong growth, headline inflation has remained well below the government's target of 6.0% YoY for FY18, averaging at 3.9% YoY in FY18 (vs. 4.2% YoY in FY17). However, reversal in international oil prices (Arab light up 24.5% during the fiscal year) and an expensive greenback during 2HFY18 led to buildup of inflationary pressures with CPI reaching 5.2% YoY in June 2018 (Core inflation NFNE at 7.1% YoY vs. 5.5% YoY last year). Subsequently, the SBP raised the policy rate by 75bps in 2HFY18, beginning by 25bps rate hike to 6.00% in January 2018. In March 2018 MPS, however, SBP did not raise the policy rates again, where it reasoned that the effects of the recent PKR depreciation and rebound in exports needed to be gauged before any further rate hikes. However, with core inflation rising to 7.0% in April 2018, SBP raised policy rate by 50bps to 6.50% in May 2018 MPS.



Fiscal deficit for 9MFY18 clocked in at PKR 1,481bn (~4.3% of GDP), reflecting an increase of 20%YoY remaining largely a function of expenditures outpacing revenue collection growth for the period. Growth in development expenditure remained healthy (37%YoY in 9MFY18 beating the 13%YoY growth in current expenditure) supporting the ongoing growth momentum in the economy.

### MUTUAL FUND INDUSTRY REVIEW

Total Assets under management (AUMs) of Pakistan's open-end mutual fund industry posted a slight decline of 2.8% in FY18 from PKR 680bn to PKR 661bn. This decline was predominantly led by the Islamic Equity and Income funds categories which declined by 20% and 16%, respectively. On the other hand, the industry witnessed increasing investor interest in the money market funds, as AUMs under the money market funds increased by 77% in FY18 due to the prevailing rising interest rate environment.

On a cumulative basis, the Equity category (comprising of Equity and Islamic Equity funds) registered a decrease of 16.1%YoY to close at PKR 242bn in June 2018 compared to PKR 288bn in June 2017. Weak stock market performance in FY18, due to worsening macro-economic indicator and political uncertainty, allowed the Equity Funds to post a decline of 12.4%YoY to close at PKR 137bn. Similarly, Islamic equity funds posted a steep decline of 20.4%YoY to reach at PKR 104bn.

### ISLAMIC MONEY MARKET REVIEW

On the Islamic side, money market remained very liquid where placements were made 25-50bps below 6-months Treasury bill (T-Bills) due to massive deposit growth of 17.1%YoY (deposits as on March 30, 2017). Moreover, market share of Islamic Banking Institutions' deposits in overall banking deposits stood at 13.2% by end of March 2017. Similarly, total assets of Islamic Banking in overall banking size also increased to 11.7% by March 2017 as compared to 11.4% in June 2016. During FY17, Govt. of Pakistan (GOP) Ijarah Sukuk 15 worth PKR50 billion matured on June 25, 2017. As a result, State Bank of Pakistan (SBP) conducted Ijarah Sukuk auction on June 29, 2017 and issued Ijarah Sukuks worth PKR71 billion (PKR21 billion in excess of maturity amount) in order to help Islamic Banks to meet statutory liquidity requirements (SLR). The fresh Ijara Sukuks were issued at a fixed rate of 5.24%. This being the first Ijarah Sukuk auction since March 2016, massive participation of PKR167 billion was witnessed with bids ranging from 4.00% to 6.49%. The GOP also issued a USD1.0 billion Ijarah Sukuk in the international market at a rate of 5.5% in October 2016 to raise foreign exchange. There was an increasing trend of Corporate Sukuk issuance as Fatima Fertilizer, Meezan Bank and Pak Elektron issued Sukuks worth PKR19 billion which were oversubscribed due to limited availability of Shariah compliant instruments at attractive rates.

M2 growth for FY17 clocked-in at 13.7% compared to 13.6% in SPLY. Increase in money supply was mainly attributable to increase of 18.3% (up by PKR2,161 billion) in Net Domestic Assets (NDA) as credit to private sector improved by PKR748 billion in FY17 against PKR447 billion in SPLY. Net Foreign Assets (NFA) posted a significant decline of 40.2% to reach at PKR602 billion in FY17 from PKR1,008 billion in SPLY, due to extensive external debt servicing and expanding trade deficit. Govt. borrowing from commercial banks had increased by PKR179 billion in FY17 as compared to an increase of PKR1,278 billion in the SPLY. The Govt. borrowing from SBP increased by PKR908 billion as the completion of the IMF program allowed the Govt. more leeway.

## FUND PERFORMANCE

For the year ended FY'18, ABL Islamic Income Fund's posted a return of 4.37%, significantly outperforming the benchmark return of 2.46% thereby outperforming the benchmark by 191 bps. The Fund's outperformance was achieved by means of generating higher accrual income by placement of funds in bank deposits and TDRs at lucrative rates. The fund's AUM increased by 26.51% during the year to close at PKR 5.019 billion compared to PKR 3.967 billion as on June 30, 2017. Active management of Government and Corporate Sukuks portfolio also added significant alpha to portfolio's core yield.

During the year, we focused the fund focused on realizing gains on the corporate Sukuk portfolio while participating in high quality fresh instruments. The exposure however increased in the specific asset class from 16.70% in FY'17 to 22.01% at the end of FY'18.

At the end of the period, fund comprised of Cash, TDRs and Corporate Sukuks at 59.32%, 17.82% and 22.01% of total assets, respectively.

## ADDITIONAL MATTERS

1. The detail of Directors of the Management Company is disclosed in this Annual Report.
2. Financial Statements present fairly the state of affairs, the results of operations, cash flows and the changes in unit holder's fund;
3. Proper books of accounts of the Fund have been maintained.
4. Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgments;
5. 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;
6. The system of internal control is sound in design and has been effectively implemented and monitored;
7. There have been no significant doubts upon the Funds' ability to continue as going concern;
8. Performance table of the Fund is given on page # 11 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. The pattern of unit holding as at June 30, 2018 is given in note No. 22 of the Financial Statements.

## AUDITORS

M/s. Deloitte Yousuf Adil (Chartered Accountants), have been re-appointed as auditors for the year ending June 30, 2019 for ABL Islamic Income Fund (ABL-IIF).



## FUND STABILITY RATING

JCR-VIS Credit Rating Company Ltd. (JCR-VIS) on January 16, 2018, has reaffirmed the Fund Stability Rating of ABL Islamic Income Fund at 'A(f)' (Single A (f)).

## MANAGEMENT QUALITY RATING

On December 29, 2017, JCR-VIS Credit Rating Company Limited (JCR-VIS) has upgraded the Management Quality Rating of ABL Asset Management Company Limited (ABL AMC) to 'AM2++' (AM-Two-Double Plus) from 'AM2+' (AM Two Plus). Outlook on the assigned rating is 'Stable'.

## OUTLOOK

Both political uncertainty and economic headwinds are expected to carry on into FY19. While on economic side, external vulnerabilities would continue due to high oil prices. As a result, Pak Rupee will most likely continue losing its strength, inflation will gather further traction, and corrective monetary tightening should carry on. With around USD25bn gross financing requirement, Pakistan is expected begin talks with IMF soon. This could result in cut in development spending, de-subsidization of tariffs and reduction in subsidies

Looking at the aforementioned, stock market is expected to remain volatile. With interest rates expected to reach the double digit mark, valuations have started losing their charm. A defensive investment strategy suits prevailing economic environment. Focus on players that have USD linked returns and/or are steeply undervalued i.e E&Ps, Power, Steels, Banks and selected cements. Major derating is possible if hung parliament is formed in the 2018 election.

## 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 Pakistan 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



**ALEE KHALID GHAZNAVI**  
Chief Executive Officer

Lahore, September 6, 2018

## FUND MANAGER REPORT

### OBJECTIVE

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

### ISLAMIC MONEY MARKET REVIEW

On the Islamic side, money market remained fairly liquid where placements were made 25-50bps below 6-months T-Bill due to massive deposit growth of 22.5%YoY (deposits as on March 30, 2018). The market share of Islamic Banking Institutions' deposits in overall banking deposits stood at 14.6% by the end of March 2018 in comparison to 13.7% in June 2017. Similarly, total assets of Islamic Banking in overall banking size also increased to 13.5% by March 2018 as compared to 11.6% in June 2017. No fresh issuance of Ijara Sukuks in local as well as international market took place by the government. On the corporate side, PKR 19,530bn worth of Sukuks were issued by Dawood Hercules Corporation Ltd., International Brands Ltd., Dubai Islamic Bank Pakistan Ltd. and Aspin Pharma (Pvt) Ltd during the FY18.

M2 growth for FY18 clocked-in at 10.6% compared to 13.7% in SPLY. Decrease in money supply was mainly attributable to increase of 17% (up by PKR2,336 bn) in Net Domestic Assets (NDA) as credit to private sector remained subdued in FY18. We also attribute this decrease to increase in government borrowings by 16.6%YoY (PKR 1,495bn) to fund the fiscal deficit. Net Foreign Assets (NFA) posted a significant decline of 132%YoY in FY18 in comparison to 40%YoY decline in SPLY due to extensive external debt servicing. Government borrowing from commercial banks had decreased by PKR 77bn in FY18 as compared to an increase of PKR 179bn in SPLY. Government borrowings from SBP increased by PKR 1,439bn compared to an increase of PKR 908bn in SPLY.

### FUND PERFORMANCE

For the year ended FY'18, ABL Islamic Income Fund's posted a return of 4.37%, significantly outperforming the benchmark return of 2.46% thereby outperforming the benchmark by 191 bps. The Fund's outperformance was achieved by means of generating higher accrual income by placement of funds in bank deposits and TDRs at lucrative rates. The fund's AUM increased by 26.51% during the year to close at PKR 5.019 billion compared to PKR 3.967 billion as on June 30, 2017. Active management of Government and Corporate Sukuks portfolio also added significant alpha to portfolio's core yield. During the year, we focused the fund focused on realizing gains on the corporate Sukuk portfolio while participating in high quality fresh instruments. The exposure however increased in the specific asset class from 16.70% in FY'17 to 22.01% at the end of FY'18.

At the end of the period, fund comprised of Cash, TDRs and Corporate Sukuks at 59.32%, 17.82% and 22.01% of total assets, respectively.

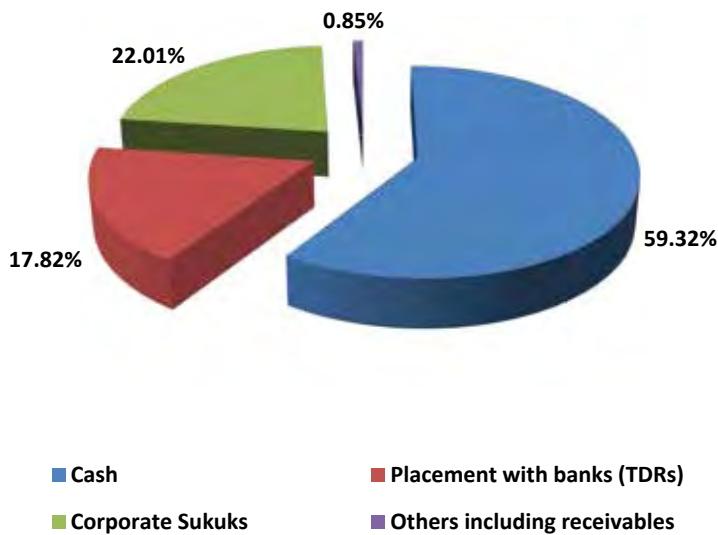
### OUTLOOK AND STRATEGY

While Economic growth remained on track throughout the year, risks related to CPI and Balance of Payments position pose serious challenges to the economy and may dictate the overall direction of monetary and fiscal policies in FY'18. On the external side, widening of trade deficit on account of hike in imports and declining remittances may trigger weaknesses on exchange rate front. Devaluation of PKR may trigger further widening of fiscal deficit along with adverse impact on headline inflation.

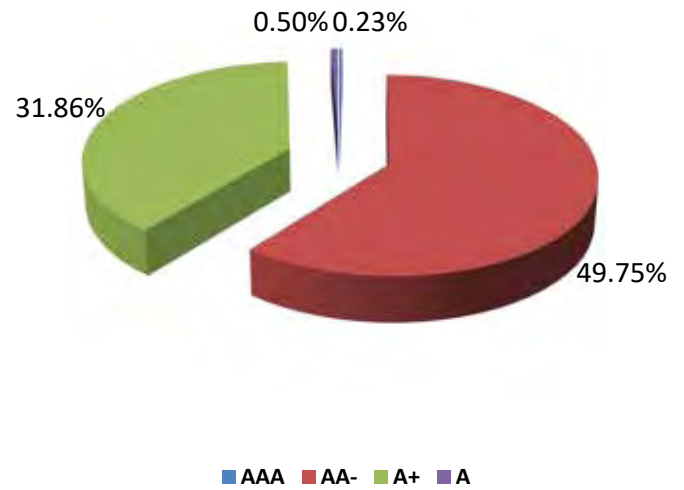
Based on the above assumptions, we believe that SBP will maintain a stable policy rate in FY18 Hence; we will maintain a low duration portfolio while optimizing the accrual base via placement of funds in floating rate instruments along with deposit placements with bank and DFIs.

ABL Islamic Income Fund Performance	FY-2018
Yield	4.37%
Average of 6 Month Deposit Rate of 3 A rated Islamic Banks	2.46%
Weighted Average Time to Maturity of Net Assets (days)	457
Asset under management as at June 30,2016 (PKR mn)	5,019.58
Closing NAV per unit as on June 30,2017 (PKR) (Ex-Dividend)	10.61

Asset Allocation (% of Total Assets)



Credit Quality (% of Total Assets)



## PERFORMANCE TABLE

	June 2018	June 2017	June 2016	June 2015	June 2014
	(Rupees in '000)				
Net Assets	5,019,570	3,967,785	3,276,636	1,832,477	1,270,261
Net Income	254,092	166,526	54,160	140,976	102,044
	(Rupees per unit)				
Net Assets value	10.6100	10.1660	10.0175	10.0282	10.0253
Interim distribution *	0.0000	0.4200	0.5946	-	0.7997
Final distribution	-	-	-	0.8662	0.0426
Final distribution date	-	-	-	June 12, 2015	June 23, 2014
Closing offer price	10.7692	10.3185	10.1678	10.1786	10.1757
Closing repurchase price	10.6100	10.1660	10.0175	10.0282	10.0253
Highest offer price	10.7706	10.7545	10.7545	11.0292	10.3824
Lowest offer price	10.3186	10.1562	10.1657	10.1513	10.1518
Highest repurchase price per unit	10.6114	10.5956	10.5956	10.8662	10.2290
Lowest repurchase price per unit	10.1661	10.0061	10.0155	10.0013	10.0018
	Percentage				
Total return of the fund					
- capital growth	4.37%	1.48%	-0.13%	0.03%	0.46%
- income distribution	0.00%	4.20%	5.95%	8.66%	8.42%
Average return of the fund					
First Year	4.37%	5.68%	5.82%	8.69%	8.88%
Second Year	5.15%	5.92%	7.51%	9.17%	9.46%
Third Year	5.57%	7.18%	8.41%	9.75%	10.65%
Fourth Year	6.72%	8.09%	9.19%	10.86%	11.30%
Fifth Year	7.63%	8.91%	10.36%	11.56%	
Sixth Year	8.48%	8.63%	11.15%		
Seventh Year	9.63%				
Eighth Year / Since Inception	10.49%				
Weighted average Portfolio duration in days	457	573	341	36	9
*Interim distribution					
	2016			2014	
	Date	Rate	Rate	Date	Rate
		Per Unit	Per Unit		Per Unit
	June 21, 2016	Re 0.0345	Re 0.0345	September 27, 2013	Re 0.1868
	June 24, 2016	Re 0.5601	Re 0.5601	December 30, 2013	Re 0.2231
				March 27, 2014	Re 0.2290
				May 30, 2014	Re 0.1608

### Disclaimer

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



## TRUSTEE REPORT TO THE UNIT HOLDERS

### ABL ISLAMIC INCOME 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 Islamic Income 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, 2018 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.

  
**Aftab Ahmed Diwan**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: September 19, 2018



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



August 30, 2018

The purpose of this report is to provide an opinion on the Shariah Compliance of the Fund's investment and operational activities with respect to Shariah guidelines provided.

It is the core responsibility of the Management Company to operate the Fund and invest the amount of money in such a manner which is in compliance with the Shariah principles as laid out in the Shariah guidelines. In the capacity of the Shariah Advisor, our responsibility lies in providing Shariah guidelines and ensuring compliance with the same by review of activities of the fund. We express our opinion based on the review of the information, provided by the management company, to an extent where compliance with the Shariah guidelines can be objectively verified.

Our review of Fund's activities is limited to enquiries of the personnel of Management Company and various documents prepared and provided by the management company.

Keeping in view the above; we certify that:

We have reviewed all the investment and operational activities of the fund including all transactions and found them to comply with the Shariah guidelines. On the basis of information provided by the management company, all operations of the fund for the year ended June 30, 2018 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in ABL Islamic Income Fund (ABL-IIF) managed by ABL Asset Management Company are halal and in accordance with Shariah principles.

May Allah (SWT) bless us and forgive our mistakes and accept our sincere efforts in accomplishment of cherished tasks and keep us away from sinful acts.

For and on behalf of Shariah Supervisory Council of Al-Hilal Shariah Advisors (Pvt.) Limited.

Mufti Irshad Ahmad Aijaz  
Member Shariah Council

For Faqaz Younus Bandukda, CFA  
Chief Executive

#### Al-Hilal Shariah Advisors (Pvt) Limited

Suite# 619, 6th Floor, Clifton Centre, Schon Circle, Block - 5 Clifton,  
Karachi, Pakistan. Tel :+92-21-35305931-37, Web: www.alhilal.com

## **INDEPENDENT ASSURANCE REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES**

We have performed an independent assurance engagement of **ABL Islamic Income Fund (the Fund)** to express an opinion on the annexed Statement of Compliance with Shariah Principles (the Statement) for the year ended June 30, 2018. Our engagement was carried out as required under clause 3A.3 of the Trust Deed of the Fund.

### **Management Company's responsibility**

The Management Company of the Fund is responsible for preparation of the Statement (the subject matter) and for compliance with the Shariah Principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor. This responsibility includes designing, implementing and maintaining internal control to ensure that operations of the Fund and the investments made by the Fund are in compliance with the Shariah Principles.

### **Responsibility of an independent assurance provider**

Our responsibility is to express our opinion on the Statement based on our Independent assurance engagement, performed in accordance with the International Standards on Assurance Engagement (ISAE 3000) 'Assurance Engagement other than Audits or Reviews of Historical Financial Information'. This standard requires that we comply with ethical requirements and plan and perform the engagement to obtain reasonable assurance whether the Statement reflects the status of the Fund's compliance with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor.

The procedure selected depend on our judgment, including the assessment of the risks of material non-compliances with the Shariah Principles.

In making those risk assessments, we have considered internal controls relevant to the Fund's compliance with the principles in order to design procedures that are appropriate in the circumstances, for gathering sufficient appropriate evidence to determine that the Fund was not materially non-compliant with the principles. Our engagement was not for the purpose of expressing an opinion on the effectiveness of the Fund's internal controls. Amongst others, our scope included procedures to:

- Check compliance of specific guidelines Issued by Shariah Advisor relating to charity, maintaining bank account and for making Investments of the Fund ; and

- Check that the Shariah Advisor has certified that the operations of the Fund and Investments made by the Fund during the year ended June 30, 2018 are in compliance with the Shariah Principles.

## Conclusion

In our opinion, the Statement, in all material respects, presents fairly the status of the Fund's compliance with Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor for the year ended June 30, 2018.

*Deloitte Yousuf Adil*  
Chartered Accountants

Date: September 17, 2018  
Lahore



## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

### Report on the Audit of Financial Statements

#### Opinion

We have audited the financial statements of **ABL Islamic Income Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2018, and the related income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2018, and of its financial performance, cash flows and transactions for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund and ABL Asset Management Company Limited (the Management Company) in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Following are the key matters:

S. No	Key audit matters	How the matter was addressed in our audit
1	<p><b>Valuation and existence of investment</b></p> <p>As disclosed in note 5 to the financial statements, investments amounted to Rs. 2.011 billion as at June 30, 2018.</p> <p>These investments represent a significant item on the statement of assets and liabilities. The Fund invests principally in 'sukuk certificates' and their valuation and existence is a significant area during our audit.</p> <p>Further, the Fund may have included investments in its financial statements which were not owned by Fund.</p>	<p>We performed the following steps during our audit of investments:</p> <ul style="list-style-type: none"> <li>independent testing of valuations by using the rates determined by the Mutual Fund Association of Pakistan; ensuring the existence of number of certificates by comparing the internal records with Central Depository Company (CDC) account records; and</li> <li>performing purchases and sales testing on a sample of trades made during the year to obtain evidence regarding movement of certificates during the year.</li> </ul>
2	<p><b>Changes in accounting policy as a result of Changes to Non-Banking Finance Companies and Notified Entities Regulation, 2008</b></p> <p>As disclosed in note 3.10, to the financial statements, on August 03, 2017, SECP issued SRO no. 756(1)/2017 whereby certain amendments were made in the Non-Banking Finance Companies and Notified Entities Regulation, 2008 (the NBFC Regulations). Such amendments introduced definition of Element of Income, and required certain additional disclosures in income statement and statement of movement in unit holders' fund together with removal of requirement to present distribution statement separately.</p> <p>The abovementioned amendments require significant changes in the calculation, accounting, presentation and disclosure of the 'Element of Income' in the financial statements, which have been applied as a change in accounting policy prospectively in accordance with the clarification issued by the Securities and Exchange Commission of Pakistan. Considering the significance of the above factors, we have treated these changes as Key Audit Matter.</p>	<p>In order to address the matter we have:</p> <ul style="list-style-type: none"> <li>Held discussions with management regarding the amendments made in the NBFC Regulations, the resulting changes required in the financial statements and how the systems were updated to cater for the amendments;</li> <li>Obtained account holder wise movement of all unit holders of the Fund and for a sample of unit holders, verified the movement in terms of units and value (including net asset value per unit) by checking supporting documents to ensure that element of income and income already paid on units redeemed is accurate. Also prepared quantitative reconciliation of units reported; and</li> <li>Checked adequacy of presentation and disclosure requirements including element of income in the financial statements as per the requirements of Schedule V of the NBFC Regulations.</li> </ul>

## Information Other than the Financial Statements and Auditor's Report Thereon

The Management Company is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Management Company and Those Charged with Governance for the Financial Statements

The Management Company is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance of the Management Company are responsible for overseeing the Fund's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.
- Conclude on the appropriateness of the Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with Those Charged with Governance of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide Those Charged with Governance of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with Those Charged with Governance of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Rana M. Usman Khan.

*Deloitte Yousuf Adil*  
Chartered Accountants

Place: Lahore

Date: September 06, 2018

Member of  
Deloitte Touche Tohmatsu Limited

**ABL ISLAMIC INCOME FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT JUNE 30, 2018**

	Note	June 30, 2018	June 30, 2017
----- Rupees in '000 -----			
<b>ASSETS</b>			
Balances with banks	4	3,000,665	2,553,954
Investments	5	2,011,552	1,432,394
Security deposit	6	100	100
Profit receivable	7	36,722	23,517
Other receivable	8	1,136	-
<b>Total assets</b>		<b>5,050,175</b>	<b>4,009,965</b>
<b>LIABILITIES</b>			
Payable to ABL Asset Management Company Limited - Management Company	9	17,519	14,617
Payable to Central Depository Company of Pakistan Limited - Trustee	10	489	392
Payable to Securities and Exchange Commission of Pakistan	11	4,413	3,300
Dividend payable		-	18
Accrued expenses and other liabilities	12	7,209	15,613
Payable against redemption of units		975	8,241
<b>Total liabilities</b>		<b>30,605</b>	<b>42,181</b>
<b>NET ASSETS</b>		<b>5,019,570</b>	<b>3,967,784</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>5,019,570</b>	<b>3,967,784</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	13		
-----Number of units -----			
<b>NUMBER OF UNITS IN ISSUE</b>	14	<b>473,099,934</b>	<b>390,298,322</b>
----- Rupees -----			
<b>NET ASSET VALUE PER UNIT</b>		<b>10.6100</b>	<b>10.1660</b>
<b>FACE VALUE PER UNIT</b>		<b>10.0000</b>	<b>10.0000</b>

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

For ABL Asset Management Company Limited  
(Management Company)

  
**SAQIB MATIN**  
 CHIEF FINANCIAL OFFICER

  
**ALEE KHALID GHAZNAVI**  
 CHIEF EXECUTIVE OFFICER

  
**MUHAMMAD KAMRAN SHEHZAD**  
 DIRECTOR

  
 ABL Islamic Income Fund

 **ABL Asset Management**  
 Discover the potential

# ABL ISLAMIC INCOME FUND

## INCOME STATEMENT

### FOR THE YEAR ENDED JUNE 30, 2018

	Note	June 30, 2018	June 30, 2017
Rupees in '000			
<b>INCOME</b>			
Profit on deposits with banks		232,015	160,628
Income from term deposit receipts		33,851	27,334
Income from sukuks		88,840	71,697
		354,706	259,659
<b>Unrealised income</b>			
Capital gain / (loss) on sale of government securities - net		(15,522)	17,437
Unrealised gain on re-measurement of investments at fair value through profit or loss - held for trading - net	5.2	3,577	24,074
		(11,945)	41,511
<b>Total income</b>		<b>342,761</b>	<b>301,170</b>
<b>EXPENSES</b>			
Remuneration of ABL Asset Management Company Limited - Management Company	9.1	58,837	43,996
Sales tax on remuneration of the Management Company	9.2	9,546	5,817
Federal excise duty on remuneration of the Management Company	9.3	-	-
Reimbursement of selling & marketing expenses to the Management Company	9.5	1,547	-
Reimbursement of operational expenses to the Management Company	9.4	5,883	4,401
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	10.1	5,698	4,572
Sindh sales tax on remuneration of the Trustee	10.2	761	599
Annual fee - Securities and Exchange Commission of Pakistan	11	4,413	3,300
Auditors' remuneration	15	546	509
Legal and professional charges		175	-
Printing charges		315	389
Listing fee		35	55
Annual rating fee		238	232
Shariah advisory fee		488	519
Brokerage and securities transaction costs		286	796
Bank and settlement charges		236	232
<b>Total operating expenses</b>		<b>89,004</b>	<b>65,417</b>
<b>Net income for the year from operating activities</b>		<b>253,757</b>	<b>235,753</b>
Element of income / (loss) and capital gain / (losses) included in prices of units issued less those in units redeemed - net		-	(74,026)
Reversal of provision for Workers' Welfare Fund	12.1	-	9,813
Provision for Sindh Workers' Welfare Fund	12.1	335	(5,015)
<b>Net income for the year before taxation</b>		<b>254,092</b>	<b>166,525</b>
Taxation	16	-	-
<b>Net income for the year after taxation</b>		<b>254,092</b>	<b>166,525</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>254,092</b>	<b>166,525</b>
<b>Earnings per unit</b>	17		
<b>Allocation of net income for the period:</b>			
		254,092	-
		(104,187)	-
		149,905	-
<b>Accounting income available for distribution:</b>			
-Relating to capital gains		-	-
-Excluding capital gains		149,905	-
		149,905	-

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

For ABL Asset Management Company Limited  
(Management Company)

  
SAQIB MATIN  
CHIEF FINANCIAL OFFICER

  
ALEE KHALID GHAZNAVI  
CHIEF EXECUTIVE OFFICER

  
MUHAMMAD KAMRAN SHEHZAD  
DIRECTOR

# ABL ISLAMIC INCOME FUND

## STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND

### FOR THE YEAR ENDED JUNE 30, 2018

	2018				2017			
	Capital Value	Undistributed income	Unrealised appreciation / (diminution) on 'available for sale' investments	Total	Capital Value	Undistributed income	Unrealised appreciation / (diminution) on 'available for sale' investments	Total
<b>Net assets at the beginning of the period</b>	3,902,987	64,797	-	3,967,784	3,270,907	5,729	-	3,276,636
Issue of 809,928,016 (2017: 900,770,628 units)								
- Capital value (at net asset value per unit at the beginning of the period)	8,233,728	-	-	8,233,728				
- Element of income	132,022	-	-	132,022				
Total proceeds on issuance of units	8,365,750	-	-	8,365,750	9,045,651	216,840	-	9,262,491
Redemption of 727,126,404 (2017: 570,249,534 units)								
- Capital value (at net asset value per unit at the beginning of the period)	7,391,967	-	-	7,391,967				
Element of Income	71,902	104,187	-	176,089				
Total payments on redemption of units	7,463,869	104,187	-	7,568,056	8,399,980	290,866	-	8,690,846
Element of income / (loss) and capital gain / (losses) included in prices of units issued less those in units redeemed - net	-	-	-	-	-	74,026	-	74,026
Total comprehensive income for the period	-	254,092	-	254,092	-	166,525	-	166,525
Distribution for the period	-	-	-	-	-	(121,048)	-	(121,048)
Net income for the period less distribution	-	254,092	-	254,092	-	45,477	-	45,477
<b>Net assets at the end of the period</b>	<b>4,804,868</b>	<b>214,702</b>	<b>-</b>	<b>5,019,570</b>	<b>3,916,578</b>	<b>51,206</b>	<b>-</b>	<b>3,967,784</b>
Undistributed income brought forward								
- Realised income		40,723				8,798		
- Unrealised income / (loss)		24,074				(3,069)		
		64,797				5,729		
Accounting income available for distribution								
- Relating to capital loss		-						
- Excluding capital gains		149,905						
		149,905						
Net income for the period after taxation		149,905				166,525		
Distribution during the period		-				(121,048)		
		214,702				51,206		
<b>Undistributed Income carried forward</b>								
- Realised income		211,125				27,132		
- Unrealised income		3,577				24,074		
		214,702				51,206		

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

For ABL Asset Management Company Limited  
(Management Company)

  
SAQIB MATIN  
CHIEF FINANCIAL OFFICER

  
ALEE KHALID GHAZNAVI  
CHIEF EXECUTIVE OFFICER

  
MUHAMMAD KAMRAN SHEHZAD  
DIRECTOR

  
ABL Islamic Income Fund

 ABL Asset Management  
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# ABL ISLAMIC INCOME FUND

## CASH FLOW STATEMENT

### FOR THE YEAR ENDED JUNE 30, 2018

Note	June 30, 2018	June 30, 2017
	Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	254,092	166,525
<b>Adjustments for non-cash and other items:</b>		
Profit on deposits with banks and term deposit receipts	(232,015)	(160,628)
Income from term deposit receipts	(33,851)	(27,334)
Income from sukuks	(88,840)	(71,697)
Capital loss / (gain) on sale of government securities - net	15,522	(17,437)
Unrealised (gain) / loss on re-measurement of investments at fair value through profit or loss - held for trading - net	(3,577)	(24,074)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	74,026
Reversal of Provision for Workers' Welfare Fund	-	(9,813)
Provision for Sindh Workers' Welfare Fund	-	5,015
Federal Excise Duty on remuneration of the Management Company	-	-
	<b>(342,761)</b>	<b>(231,942)</b>
<b>Decrease / (increase) in assets</b>		
Investments - net	(51,103)	340,594
other receivable	(1,136)	-
<b>Increase / (Decrease) in liabilities</b>		
Payable to ABL Asset Management Company Limited - Management Company	2,902	1,297
Payable to Central Depository Company of Pakistan Limited - Trustee	97	69
Payable to Securities and Exchange Commission of Pakistan	1,113	1,440
Accrued expenses and other liabilities	(8,405)	1,112
	<b>(4,292)</b>	<b>3,918</b>
	<b>(145,200)</b>	<b>279,095</b>
Profit received on deposits with bank and term deposit receipts	224,900	153,138
Income received from term deposit receipts	33,498	27,311
Profit received on sukuks	83,103	70,051
	<b>341,501</b>	<b>250,500</b>
<b>Net cash generated from operating activities</b>	<b>196,301</b>	<b>529,595</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(18)	(121,063)
Receipts against issuance of units	8,365,750	9,262,491
Payments against redemption of units	(7,575,322)	(8,715,882)
<b>Net cash from financing activities</b>	<b>790,411</b>	<b>425,546</b>
<b>Net increase in cash and cash equivalents</b>	<b>986,711</b>	<b>955,141</b>
Cash and cash equivalents at the beginning of the year	2,913,954	1,958,813
<b>Cash and cash equivalents at the end of the year</b>	<b>3,900,665</b>	<b>2,913,954</b>

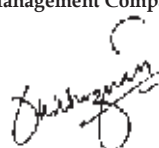
4.3

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

For ABL Asset Management Company Limited  
(Management Company)



SAQIB MATIN  
CHIEF FINANCIAL OFFICER



ALEE KHALID GHAZNAVI  
CHIEF EXECUTIVE OFFICER



MUHAMMAD KAMRAN SHEHZAD  
DIRECTOR



# ABL ISLAMIC INCOME FUND

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2018

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#### 1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 ABL Islamic Income Fund (the Fund) was established under a Trust Deed executed on June 23, 2010 between ABL Asset Management Company Limited (ABL AMCL) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The Fund commenced its operations on July 31, 2010.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules) through a certificate issued by the Securities and Exchange Commission of Pakistan (SECP) on December 7, 2007 which has expired on December 7, 2016, however, the Management Company has applied for the renewal of the said license on November 14, 2016 with SECP but the same has not been renewed till now. The registered office of the Management Company was changed from 11-B Lalazar, M.T. Khan Road, Karachi to Plot No. 14, Main Boulevard, DHA Phase 6, Lahore w.e.f March 15, 2017.

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

The Fund has been categorized as an open-ended Shariah compliant (Islamic) income scheme as per the criteria laid down by the SECP for categorisation of Collective Investment Schemes (CISs).

The objective of the Fund is to invest in liquid Shariah compliant instruments like Shariah compliant government securities, cash and near cash instruments.

1.3 JCR-VIS Credit Rating Company has assigned management quality rating of AM2++ (stable outlook) to the Management Company and fund stability rating of A(f) to the Fund as at January 16, 2018.

1.4 The title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

#### 2. BASIS OF PREPARATION

##### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS standards) issued by International Accounting Standards Board (IASB) as notified under Companies Act, 2017;
- Provisions and directives issued under the Companies Act, 2017; along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust deed.

Where provisions and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

## 2.2 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2018

The following standards, amendments and interpretations are effective for the year ended June 30, 2018. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 7 'Statement of Cash Flows' -  
Amendments as a result of the disclosure initiative.

Effective from accounting period beginning on or after 1 January 2017.

Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses.

Effective from accounting period beginning on or after 1 January 2017.

Certain annual improvements have also been made to a number of IFRSs.

New accounting standards / amendments and IFRS interpretations that are not yet effective for the year ended June 30, 2018

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

Amendments to IFRS 2 'Share-based Payment' -  
Clarification on the classification and measurement of share-based payment transactions.

Effective from accounting period beginning on or after 1 January 2018.

Amendments to IFRS 2 'Share-based Payment' -  
Clarification on the classification and measurement of share-based payment transactions.

Effective from accounting period beginning on or after 1 January 2018.

IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.

An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after 1 January 2018.

IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.

Effective from accounting period beginning on or after 1 July 2018.

Amendments to IFRS 9 'Financial Instruments' -  
Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.

Effective from accounting period beginning on or after 1 January 2019.

IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.

Effective from accounting period beginning on or after 1 July 2018.

IFRS 16 'Leases': This standard will supersede IAS 17 'Leases' upon its effective date.

Effective from accounting period beginning on or after 1 January 2019.

Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.

Effective from accounting period beginning on or after 1 January 2019.

Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

Effective from accounting period beginning on or after 1 January 2019.

Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property.

Effective from accounting period beginning on or after 1 January 2018. Earlier application is permitted.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.

Effective from accounting period beginning on or after 1 January 2018. Earlier application is permitted.

IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.

Effective from accounting period beginning on or after 1 January 2019.

Certain annual improvements have also been made to a number of IFRSs.

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

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

## 2.3 IFRS 9 'Financial Instruments' Impact Assessment

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective from accounting periods beginning on or after July 1, 2018.

Key requirements of IFRS 9 are as follows;

### 2.3.1 Classification and measurement of financial assets

- All recognized financial asset that are within the scope of IFRS9 are required to be subsequently measured at amortised cost or fair value.

- Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods.
- Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are generally measured at FVTOCI.
- All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.
- In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognized by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognized in profit or loss.

### **Classification and measurement of financial liabilities**

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires as follows;

- The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.
- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

### **Impairment of financial assets**

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above provision requirements in relation to debt securities for mutual funds.

### **2.3.2 Impact assessment**

Based on the analysis of Fund's financial assets and liabilities as at June 30, 2018 on the basis of facts and circumstances that exists at that date, the Management Company have assessed the impact of IFRS 9 to the Fund's financial statements as follows;

Listed equity securities classified as financial assets at fair value through profit or loss - held for trading will continue to be measured at fair value through profit or loss upon application of IFRS 9.

Financial assets classified as loans and receivables are held with a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest thereon will continue to be classified and measured at amortised cost upon application of IFRS 9.

## 2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the approved accounting standards requires management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the 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

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

- i) Classification and valuation of investment (notes 3.2.1 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 significant accounting policies applied in the preparation of these financial statements are set out below and have been consistently applied to all the years presented unless otherwise stated.

### 3.1 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and other short-term highly liquid investments with original maturities of three months or less.

### 3.2 Financial assets

#### 3.2.1 Classification

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

#### a) Financial assets at fair value through profit or loss

**These financial assets are acquired principally for the purpose of generating profit from short-term fluctuations in prices.**

#### b) Loans and receivables

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

### c) Available for sale

These are non-derivative financial assets that are designated as available for sale or are not classified as (a) financial assets at fair value through profit or loss or (b) loans and receivables. These are intended to be held for an indefinite period of time and may be sold in response to the needs for liquidity or change in price.

### 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 while the related 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 classified "at fair value through profit or loss" and "available for sale" are valued as follows:

##### - Basis of valuation of debt securities

Debt securities (comprising any security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital and includes term finance certificates, bonds, debentures, sukuk and commercial papers etc.) are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP for the valuation of debt securities. While determining the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The methodology also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

##### - Basis of valuation of government securities

Government securities are valued on the basis of rates published by Mutual Funds Association of Pakistan (MUFAP).

Net gains and losses arising from 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 the other comprehensive income until these are derecognised or impaired. Upon derecognition, the cumulative gain or loss previously recognised directly in the unit holders' fund 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 amortized cost using the effective interest method.

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

### 3.2.5 Impairment

The Management Company assesses at each reporting date whether there is an objective evidence that the Fund's financial assets or a group of financial assets are impaired. 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. 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 the amount is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company. The amount of the provision is the difference between the asset's carrying value and present value of estimated future cash flows, discounted at original effective interest rate.

### 3.2.6 Derecognition

Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all the 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 amortized cost.

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

### 3.4 Offsetting of financial assets and financial liabilities

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

### 3.5 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs have been amortized over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the NBFC Regulations.

### 3.6 Provisions

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

### 3.7 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders (excluding distribution made by issuance of bonus units).

The Fund is also exempt from the provisions of Section 113 (minimum tax) and Section 113C (Alternative Corporate 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 has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

### **3.8 Proposed distributions**

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

### **3.9 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. The Fund also recovers 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 the constitutive documents, applicable to units for which the distributors receive redemption requests during business hours of that day. The redemption price represents the net asset value per unit as of the date the units are so redeemed less any back-end load, provision for transaction costs and any provision for duties and charges, if applicable.

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

The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the determination of "accounting income" as described in regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas the requirement for presentation of 'Distribution Statement' as a part of the financial statements has been deleted in the revised regulation.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealised appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount



remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in amount available for distribution to the unitholders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognised in the Income Statement. The element of income and capital gains included in the prices of units issued less those in units redeemed to the extent that it is represented by distributable income earned during the year is recognised in the income statement and statement of comprehensive income and the element of income and capital gains represented by distributable income carried forward from prior periods is included in the "Statement of Movement in Unitholders' Fund".

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 as required by SECP vide its email dated February 8, 2018. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the income of the ABL Islamic Income Fund would have been lower by Rs. 134.476 million. However, the change in accounting policy does not have any impact on the 'Cash flow Statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

### 3.11 Net asset 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 issue at the year end.

### 3.12 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the sale transaction takes place.
- Unrealised gain / (loss) in the value 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.
- Profit on bank deposits is recognised on accrual basis.
- Income on government securities, debt securities and certificate of deposits is recognised on an accrual basis, using the effective interest rate.

4. BALANCES WITH BANKS	Note	June 30,	June 30,
		2018	2017
		----- Rupees in '000 -----	
Saving accounts	4.1	2,963,551	2,553,569
Current accounts	4.2	37,114	385
		3,000,665	2,553,954

4.1 These saving accounts carry profit at rates ranging from 2.46% to 6.5% (2017: 4.00% to 5.8%) per annum. Deposits in saving accounts include Rs. 0.02 million (2017: Rs. 513.9 million) maintained with Allied Bank Limited, a related party, and carry profit at the rate of 3.00% (2017: 6.00%) per annum.

4.2 Balance in current account is maintained with Allied Bank Limited, a related party.

4.3	Cash and cash equivalents	Note	June 30,	June 30,
			2018	2017
			----- Rupees in '000 -----	
	Balances with banks	4	3,000,665	2,553,954
	Term deposit receipts	5.3	900,000	360,000
			<b>3,900,665</b>	<b>2,913,954</b>

## 5. INVESTMENTS

Financial assets at fair value through profit or loss - held for trading

- GoP Ijara Sukuks	5.1.1	-	402,680
- Other Sukuks	5.1.2	1,111,552	669,714
		<b>1,111,552</b>	<b>1,072,394</b>
Loans and receivables	5.3	900,000	360,000
		<b>2,011,552</b>	<b>1,432,394</b>

### 5.1 Financial assets at fair value through profit or loss - held for trading

#### 5.1.1 GoP Ijara Sukuks

Particulars of the issue / issue date	Maturity Date	Coupon rate in %	Face Value				Balance as at June 30, 2018			Market value as a percentage of net assets	Market value as a percentage of total market value of investments
			As at July 01, 2017	Purchased during the year	Disposed off/matured during the year	As at June 30, 2018	Carrying value	Market value	Unrealized gain / (loss)		
----- Rupees in '000 -----											
GOPIS-19 / June 30, 2017	June 30, 2020	5.24	400,000	611,000	1,011,000	-	-	-	-	-	-
GOPIS-17 / February 15, 2016	March 29, 2019	6.1000	-	-	-	-	-	-	-	-	-
GOPIS-18 / March 29, 2016	March 29, 2019	5.59	-	24,000	24,000	-	-	-	-	-	-
<b>Total - June 30, 2018</b>			<b>400,000</b>	<b>635,000</b>	<b>1,035,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Total - June 30, 2017							400,000	402,680	(2,680)		

#### 5.1.2 Other Sukuks

Particulars of the issue / issue date	Maturity Date	Coupon rate in %	Face Value				Balance as at June 30, 2018			Market value as a percentage of net assets	Market value as a percentage of total market value of investments
			As at July 01, 2017	Purchased during the year	Disposed off/matured during the year	As at June 30, 2018	Carrying value	Market value	Unrealized gain / (loss)		
----- Rupees in '000 -----											
<b>Par value @ 5,000 each</b>											
K-Electric / June 17, 2015	June 17, 2022	3 months KIBOR + 1.00	108,550	4,000	108,550	4,000	4,062	4,055	(7)	0.08%	0.20%
Fatima Fertilizer / November 28, 2016	November 28, 2021	6 months KIBOR + 1.10	157,050	15,904	157,050	15,904	14,170	14,139	(31)	0.28%	0.70%
<b>Par value @ 100,000 each</b>											
IBL Sukuk November 15, 2017	November 15, 2021	1 Year KIBOR + 0.50	-	50,000	40,000	10,000	10,000	10,000	-	0.20%	0.50%
DHCL Sukuk-II March 01, 2018	March 1, 2023	3 months KIBOR + 1.00	-	250,000	64,000	186,000	186,000	186,120	120	3.71%	9.25%
DHCL Sukuks November 16, 2017	November 16, 2022	3 months KIBOR + 1.00	-	624,000	-	624,000	625,713	625,248	(465)	12.46%	31.08%
<b>Par value @ 1000,000 each</b>											
DIB SUKUK July 14, 2017	July 14, 2027	6 months KIBOR + 0.5	-	316,000	50,000	266,000	266,987	270,975	3,988	5.40%	13.47%
Meezan Bank Limited / September 06, 2016	September 22, 2026	6 months KIBOR + 0.5	376,000	25,000	400,000	1,000	1,043	1,015	(28)	0.02%	0.05%
<b>Total - June 30, 2018</b>			<b>641,600</b>	<b>1,284,904</b>	<b>819,600</b>	<b>1,106,904</b>	<b>1,107,975</b>	<b>1,111,552</b>	<b>3,577</b>	<b>0.22</b>	<b>55%</b>
Total - June 30, 2017							641,600	648,320	669,714	21,394	

5.2	Unrealised (loss) / gain on re-measurement of investments classified as financial assets "at fair value through profit or loss - held for trading" - net	Note	June 30, 2018	June 30, 2017
			----- Rupees in '000 -----	
	Market value of securities		1,111,552	1,072,394
	Less: carrying value of securities		(1,107,975)	(1,048,320)
			<u>3,577</u>	<u>24,074</u>
5.3	<b>Loans and receivables</b>			
	Term deposit receipt	5.3.1	<u>900,000</u>	<u>360,000</u>
5.3.1	It carries profit rate ranging from 6.60% to 6.70% (2017: 5.80%) per annum and will mature from July 29, 2018 to August 27, 2018 (2017: September 28, 2017).			
6.	<b>SECURITY DEPOSIT</b>	Note	June 30, 2018	June 30, 2017
			----- Rupees in '000 -----	
	Central Depository Company of Pakistan Limited - Trustee		<u>100</u>	<u>100</u>
7.	<b>PROFIT RECEIVABLE</b>			
	On bank deposits		20,782	13,667
	On term deposit receipt		411	57
	On GoP Ijara Sukuks and on other Sukuks		15,529	9,793
			<u>36,722</u>	<u>23,517</u>
8	<b>OTHER RECEIVABLE</b>			
	Advance tax	8.1	<u>1,136</u>	<u>-</u>

8.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, during the year ended June 30, 2018, withholding tax on profit on bank deposit paid to the Fund and on capital gain on sale of securities was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on dividends and profit on debt has been shown as other receivables as at 30 June 2018 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

9. PAYABLE TO ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY		June 30, 2018	June 30, 2017
		----- Rupees in '000 -----	
	<b>Note</b>		
Remuneration of the Management Company	9.1	4,302	3,262
Sales Tax on remuneration of the Management Company	9.2	1,923	1,757
Federal Excise Duty on remuneration of the Management Company	9.3	8,366	8,366
Sales load payable to the Management Company		8	-
		-	
Reimbursement of operational expenses to the Management Company	9.4	1,373	1,232
Reimbursement of Selling and marketing expenses	9.5	1,547	-
		<u>17,519</u>	<u>14,617</u>

9.1 Under the provisions of the NBFC Regulations, the Management Company of the Fund is entitled to a remuneration of an amount not exceeding 1% of the average daily net assets of the Fund. During the year, the Management Company has charged 1% of the average daily net assets as management fee.

9.2 Management fee payable by the fund to the Management Company was subject to Punjab sales tax at the rate of 16% (2017: Sindh sales tax 13%) through the Sindh Sales Tax on Services Act, 2011 and Punjab Sales Tax on Services Act, 2012 (as amended from time to time).

9.3 Through Finance Act 2013, Federal Excise Duty (FED) was made applicable at the rate of 16% on the remuneration of the Management Company, effective from 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 results in double taxation, which does not appear to be the spirit of the law.

The matter was collectively taken up by the Management Company, along with other asset management companies and trustees of collective investment schemes (CISs), through a constitutional petition filed in the Honorable Sindh High Court (SHC) during September 2013. The SHC has issued a stay order against the recovery of FED and therefore we have not made any payments of FED since its application.

On June 30, 2016 the Honorable Sindh High Court had passed a Judgment that after 18th amendment in the Constitution of Pakistan, the Provinces alone have the legislative power to levy a tax on rendering or providing services, therefore, chargeability and collection of Federal Excise Duty after July 01, 2011 ultra vires to the Constitution of Pakistan. On September 23, 2016 the Federal Board of Revenue (FBR) filed an appeal in the Supreme Court of Pakistan (SCP) against above judgement, which is pending adjudication.

The Management Company, as a matter of abundant caution, has maintained full provision for FED (since June 13, 2013) aggregating to Rs. 8.366 million. Had the provision not been made, the net asset value per unit of the Fund as at June 30, 2018 would have been higher by Re 0.0177 (2017: Re 0.0214) per unit.

Further, through Finance Act, 2016, FED on services rendered by Non-Banking Financial Institutions (NBFIs) including Asset Management Companies, which are already subject to provincial sales tax, has been withdrawn. Therefore, during the current period, provision for FED is not required.

9.4 This represents reimbursement of certain expenses to the Management Company. As per regulation 60(3)(s) of the amended NBFC Regulations dated November 25, 2015, fee and expenses pertaining to registrar services, accounting, operations and valuation services related to a Collective Investment Scheme (CIS) are chargeable to the scheme, maximum upto 0.1% of the average annual net assets or the actual cost whichever is lower. Accordingly, the Management Company has charged 0.1% of the average annual net assets, being the lower amount, to the Fund during the period.

9.5 The SECP vide circular 40 of 2016 dated December 30, 2016 (later amended vide circular 05 of 2017 dated February 13, 2017 and circular 5 of 2018 dated June 4, 2018) has allowed the Asset Management Companies to charge selling

and marketing expenses to all categories of open-end mutual funds (except fund of funds and money market funds) initially for three years (from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense shall be 0.4% per annum of net assets of the fund or actual expenses whichever is lower.

However, during the year, the SECP has further amended the above mentioned circular No. 40 of '2016 vide its circular NO.5 of 2018 dated June 4, 2018. As per the amendment, the Management 'Company is entitled to a reimbursement of fees and expenses in relation to selling and marketing 'expenses to be charged to all categories of open-end mutual funds (except fund of funds and money 'market funds) up to a maximum of 0.4% per annum of net assets of the fund or actual, whichever is 'less.

10. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	June 30, 2018	June 30, 2017
----- Rupees in '000 -----			
Remuneration of the Trustee	10.1	433	347
Sindh Sales Tax payable on remuneration of the Trustee	10.2	57	45
		489	392

10.1 The Trustee is entitled to a monthly remuneration for the services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund. The remuneration is paid to the Trustee monthly in arrears.

**Net Assets Value                      Tariff per annum**

The tariff structure applicable to the Fund as at June 30, 2018 and June 30, 2017 was as follows:

Upto Rs. 1 billion	0.17 percent per annum of net assets value
Rs. 1 billion to Rs. 5 billion	Rs. 1.7 million plus 0.085 percent per annum of net assets exceeding Rs. 1 billion
Over Rs. 5 billion	Rs. 5.1 million plus 0.07 percent per annum of net assets exceeding Rs. 5 billion

10.2 The Government of Sindh and Punjab has levied Sindh Sales Tax at the rate of 13% and 16% respectively (2017: 13% and 16%) on the remuneration of the Trustee through the Finance Act, 2015.

11. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	June 30, 2018	June 30, 2017
----- Rupees in '000 -----			
Annual fee	11.1	4,413	3,300

11.1 Under the provisions of the NBFC Regulations, a collective investment scheme categorised as 'income scheme' is required to pay an annual fee, to the SECP, equal to 0.075% (2017: 0.075%) of the average daily net assets of the scheme under Regulation 62 read with the Schedule II of the NBFC Regulations.

12. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	June 30, 2018	June 30, 2017
----- Rupees in '000 -----			
Auditors' remuneration		370	305
Printing charges		150	150
Provision for Sindh Workers' Welfare Fund	12.1	4,679	5,015
Withholding tax payable		1,938	10,104
Brokerage payable		30	-
Shariah advisory fee payable		42	39
		7,209	15,613

## 12.1 Provision for Workers' Welfare Fund (WWF) and Sindh Workers' Welfare Fund (SWWF)

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 (CISs) / mutual funds whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication.

The Finance Act 2015 incorporated an amendment in WWF Ordinance by excluding CIS from the definition of Industrial Establishment, and consequently CIS are no more liable to pay contribution to WWF with effect from July 1, 2015.

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

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

During the year ended June 30, 2013, the Larger Bench of the Sindh High Court (SHC) issued a judgment in response to a petition in another similar case in which it is held that the amendments introduced in the WWF Ordinance through Finance Acts, 2006 and 2008 do not suffer from any constitutional or legal infirmity.

During the year ended June 30, 2014, the Peshawar High Court on a petition filed by certain aggrieved parties (other than the mutual funds) has adjudicated that the amendments introduced in the Workers Welfare Fund Ordinance, 1971 through the Finance Acts of 1996 and 2009 lacks the essential mandate to be introduced and passed through the money bill under the Constitution of Pakistan and hence have been declared as *ultra vires* the Constitution."

However, the Supreme Court of Pakistan (SCP) passed a judgment on November 10, 2016, deciding that amendments made through the Finance Acts through which WWF was levied are unlawful, as such are not in nature of tax; therefore, it could not be introduced through the money bill. However, the Federal Board of Revenue has filed a review petition in the SCP against the said judgment, which is pending for hearing in the SCP.

Further, the Government of Sindh also introduced levy of the Sindh Workers' Welfare Fund (SWWF) through the Sindh Workers' Welfare Act, 2014. The Mutual Fund Association of Pakistan, in the previous years based on opinion obtained from the tax consultants, concluded that SWWF is not applicable on mutual funds. MUFAP also wrote to the Sindh Revenue Board (SRB) that mutual funds are not establishments and are pass through vehicles; therefore, they do not have any worker and, as a result, no SWWF is payable by them. SRB responded that some funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001, SWWF is payable by them. MUFAP has taken up the matter with the concerned ministry [Sindh Finance Ministry] for appropriate resolution of the matter.

Considering the above developments, the Management Company assessed the position of the Fund with regard to reversal of provision of WWF and recognition of provision of SWWF, and decided that:

- \* The Sindh Workers' Welfare Fund (SWWF) should be recognized from July 01, 2014, and
- \* Provision computed for SWWF should be adjusted against provision of WWF, as the SCP declared WWF unlawful. It was also decided that if any further provision is required, then it should be recognized in books of the Fund. If provision of WWF is in excess of provision required for SWWF, the remaining provision of WWF should be carried forward unless further clarification is received from the MUFAP.

As a result, the Management Company assessed that no further provision is required for SWWF and additional provision of WWF should be carried forward till the matter is cleared.

In the wake of the aforesaid developments, the MUFAP called its Extraordinary General Meeting (EOGM) on January 11, 2017, wherein the MUFAP recommended to its members that effective from January 12, 2017, Workers' Welfare Fund (WWF) recognised earlier should be reversed in light of the decision made by the Supreme Court of Pakistan; and Sindh Workers' Welfare Fund (SWWF) should be recognized effective from May 21, 2015.

MUFAP also communicated the above-mentioned decisions to the Securities and Exchange of Commission (SECP) through its letter dated January 12, 2017, and the SECP through its letter dated February 01, 2017, advised that the adjustment should be prospective and supported by adequate disclosures.

As at June 30, 2018, the provision in relation to SWWF amounted to Rs 4.679 million. Had the provision not been made the net assets value per unit of the Fund as at June 30, 2018 would have been higher by Re 0.00989 per unit.

### 13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2018 and June 30, 2017.

### 14. NUMBER OF UNITS IN ISSUE

	Note	June 30, 2018	June 30, 2017
----- Rupees in '000 -----			
Total units in issue at the beginning of the year		390,298,322	327,090,279
Add: units issued during the year		809,928,016	900,770,628
Less: units redeemed during the year		(727,126,404)	(837,562,585)
Total units in issue at the end of the year	14.1	473,099,934	390,298,322

14.1 All units carry equal rights and are entitled to dividend and share in the net asset value of the Fund.

### 15. AUDITORS' REMUNERATION

Annual audit fee	240	225
Half yearly review fee	105	105
Other certifications	130	80
Out of pocket expenses	71	99
	546	509

## 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 company intends to distribute through cash at least 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 this 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 (EPU)

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

## 18. TOTAL EXPENSE RATIO

In accordance with the Directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the Total Expense Ratio of the Fund for the year ended June 30, 2018 is 1.51% which includes 0.17% representing government levy and SECP fee.

## 19. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

19.1 Connected person / related parties include the Management Company, its parent and the related subsidiaries of the parent, associated companies / undertakings of the Management Company, its parents and the related subsidiaries, other funds managed by the Management Company, post employment benefit funds of the Management Company, post employment benefit funds of the parent, subsidiaries and its associated undertakings. It also includes Central Depository Company of Pakistan Limited being the Trustee of the Fund and the directors and key management personnel of the Management Company.

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

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

19.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

19.5 Transactions with connected persons / related parties	Note	June 30, 2018	June 30, 2017
		----- Rupees in '000 -----	
ABL Asset Management Company Limited - Management Company			
Issue of 2,905,963 (2017: 19,191,120) units		30,000	195,525
Redemption of 2,905,963 (2017: 19,191,120) units		30,819	197,553
Remuneration for the year		58,837	43,996
Sindh Sales Tax on remuneration of the Management Company		9,546	5,817
Reimbursement of operational expenses to the Management Company		5,883	4,401
Reimbursement of selling & marketing expenses to the Management Company		1,547	
Sales load paid		209	492



	Note	June 30, 2018	June 30, 2017
----- Rupees in '000 -----			
<b>Allied Bank Limited - Holding Company of the Management Company</b>			
Bank charges		38	29
Profit on bank deposit		8,870	30,217
<b>ABL Government Securities Fund - Common Management</b>			
Purchase of Meezan Bank Limited Sukuk (Face Value 374,000,000)		-	374,538
Purchase of Fatima Fertilizer Sukuk (Face Value 30,650,000)		-	31,263
<b>Central Depository Company of Pakistan Limited - Trustee</b>			
Remuneration		5,698	4,572
Sindh Sales Tax on remuneration of the Trustee		761	599
Settlement charges		6	36
<b>ABL Asset Management Company Limited - Staff Provident Fund</b>			
Issue of Nil (2017: 445,160) units		-	4,576
Redemption of 932,242 (2017: 168,663) units		9,756	1,700
<b>MCBFSL Trustee - ABL Islamic Financial Planning Fund - Active Allocation Plan</b>			
Under Common Management			
Issue of 61,534,553 (2017: 26,841,281) units		630,583	276,025
Redemption of 22,224,658 (2017: 61,455,772) units		229,459	638,792
<b>MCBFSL Trustee - ABL Islamic Financial Planning Fund - Aggressive Allocation Plan</b>			
Under Common Management			
Issue of 6,034,349 (2017: 15,385,396) units		62,270	158,519
Redemption of 9,338,969 (2017: 9,444,614) units		96,445	97,859
<b>MCBFSL Trustee - ABL Islamic Financial Planning Fund - Conservative Allocation Plan</b>			
Under Common Management			
Issue of 4,990,030 (2017: 54,380,026) units		51,528	558,534
Redemption of 18,964,985 (2017: 59,428,271) units		196,106	610,655
<b>MCBFSL Trustee - ABL Islamic Financial Planning Fund - Strategic Allocation Plan</b>			
Under Common Management			
Issue of 40,229,726 (2017: 928,423) units		412,000	9,414
Redemption of 19,488,214 (2017: 55,208,382) units		203,285	572,652
<b>MCBFSL Trustee - ABL Islamic Financial Planning Fund - Strategic Allocation Plan II</b>			
Under Common Management			
Issue of 49,988,893 (2017: 115,157,779) units		511,000	1,166,981
Redemption of 37,850,546 (2017: 89,838,352) units		391,471	935,062
<b>MCBFSL Trustee - ABL Islamic Financial Planning Fund - Strategic Allocation Plan III</b>			
Under Common Management			
Issue of 29,586,744 (2017: 112,654,887) units		302,000	1,173,376
Redemption of 63,622,422 (2017: 40,184,910) units		663,515	414,945

Note	June 30, 2018	June 30, 2017
	----- Rupees in '000 -----	
<b>MCBFSL Trustee - ABL Islamic Financial Planning Fund - Strategic Allocation Plan IV *</b>		
Under Common Management		
Issue of 67,847,273 (2017: Nil) units	695,732	-
Redemption of 21,019,531 (2017: Nil) units	219,042	-
<b>Muller &amp; Phipps Pakistan (Pvt) Ltd. Officer Gratuity Fund - Common directorship</b>		
Issue of Nil (2017: 154,636) units	1,568	1,568
<b>Muller &amp; Phipps Pakistan (Pvt) Ltd. Staff Provident Fund - Common directorship</b>		
Issue of Nil (2017: 137,749) units	1,397	1,397
<b>Millat Tractors Limited</b>		
Issue of nil units (2017: 78,118,225 units)	-	802,457
Redemption of nil units (2017: 38,448,969 units)	-	406,013
<b>Fauji Fertilizer Bin Qasim Limited *</b>		
Issue of 48,400,570 (2017: Nil) units	500,602	-
<b>KEY MANAGEMENT PERSONNEL</b>		
<b>Executives</b>		
Issue of 1 units (2017: Nil units)	0.01	-
Redemption of Nil units (2017: 129,128 units)	-	1,294
<b>19.6 Balances with connected persons / related parties</b>		
<b>ABL Asset Management Company Limited - Management Company</b>		
Remuneration payable to the Management Company	4,302	3,262
Sindh Sales Tax on remuneration of the Management Company	1,923	1,757
Federal Excise Duty on remuneration of the Management Company	8,366	8,366
Sales load payable to the Management Company	8	-
Operational expenses	1,373	1,232
Selling & marketing expenses	1,547	-
<b>Allied Bank Limited - Holding Company of the Management Company</b>		
Balance in current account	37,114	385
Balance in saving accounts	17	513,637
Profit accrued on bank deposit	-	2,458
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	489	392
Security deposit	100	100
<b>ABL Asset Management Company Limited - Staff Provident Fund</b>		
Outstanding Nil (2017: 932,242) units	-	9,477
<b>MCBFSL Trustee - ABL Islamic Financial Planning Fund - Active Allocation Plan</b>		
Under Common Management		
Outstanding 39,468,082 (2017: 158,187) units	418,756	1,608

	Note	June 30, 2018	June 30, 2017
		----- Rupees in '000 -----	
<b>MCBFSL Trustee - ABL Islamic Financial Planning Fund - Aggressive Allocation Plan</b> Under Common Management Outstanding 7,193,677 (2017: 10,498,297) units		76,325	106,726
<b>MCBFSL Trustee - ABL Islamic Financial Planning Fund - Conservative Allocation Plan</b> Under Common Management Outstanding 11,380,160 (2017: 25,355,115) units		120,744	257,760
<b>MCBFSL Trustee - ABL Islamic Financial Planning Fund - Strategic Allocation Plan</b> Under Common Management Outstanding 30,974,747 (2017: 10,233,235) units		328,642	104,031
<b>MCBFSL Trustee - ABL Islamic Financial Planning Fund - Strategic Allocation Plan II</b> Under Common Management Outstanding 37,457,774 (2017: 25,319,427) units		397,427	257,397
<b>MCBFSL Trustee - ABL Islamic Financial Planning Fund - Strategic Allocation Plan III</b> Under Common Management Outstanding 38,434,298 (2017: 72,469,977) units		407,788	736,730
<b>MCBFSL Trustee - ABL Islamic Financial Planning Fund - Strategic Allocation Plan IV *</b> Under Common Management Outstanding 46,827,742 (2017: Nil) units		496,842	-
<b>Muller &amp; Phipps Pakistan (Pvt) Ltd. Officer Gratuity Fund</b> Outstanding 3,887,919 (2017: 3,887,919) units		41,251	39,525
<b>Muller &amp; Phipps Pakistan (Pvt) Ltd. Staff Provident Fund</b> Outstanding 3,463,347 (2017: 3,463,347) units		36,746	35,208
<b>Millat Tractors Limited</b> Outstanding Nil (2017: 39,669,256) units		-	403,278
<b>Fauji Fertilizer Bin Qasim Limited *</b> Outstanding 48,400,570 (2017: Nil) units		513,530	-
<b>KEY MANAGEMENT PERSONNEL</b>			
<b>Executives</b> Outstanding 547 (2017: 546) units		6	6

\* Prior year comparatives have not been presented for those connected persons / related parties with whom such relationship does not exist as at June 30, 2017.

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	Alee Khalid Ghaznavi	Chief Executive Officer	17	MBA
2	Kashif Rafi	Chief Investment Officer	16	MBA-Finance
3	Saqib Matin	CFO & Company Secretary	19	ACA & APA
4	Fahad Aziz	Fund Manager - Fixed Income	12	MBA-Finance
5	Ali Ahmed Tiwana	Head of Equity	8	CIMA
6	M. Abdul Hayee	Fund Manager - Equity	10	MBA-Executive & CFA
7	Abdul Rehman Tahir	Fund Manager Fixed Income	7	MBA

20.1 Abdul Rehman Tahir is the Fund Manager of the Fund.

21. TRANSACTIONS WITH BROKERS / DEALERS

List of top brokers by percentage of commission charged during the year ended June 30, 2018

S. No.	Particulars	Percentage
1	Next Capital Ltd	45.60%
2	JS Global Capital Ltd	20.10%
3	BMA Capital Management Ltd	16.40%
4	Bright Capital (Pvt.) Ltd	10.68%
5	BIPL Securities Ltd	6.85%
6	Paramount Capital (Pvt.) Ltd	0.25%
7	Vector Capital (Pvt.) Ltd	0.13%

List of top brokers by percentage of commission charged during the year ended June 30, 2017

S. No.	Particulars	Percentage
1	BMA Capital Management Ltd	30.87%
2	Next Capital Ltd	16.41%
3	JS Global Capital Ltd	10.62%
4	KASB Securities Ltd	9.80%
5	Paramount Capital (Pvt.) Ltd	9.64%
6	C & M Management (Pvt.) Ltd	8.03%
7	Vector Capital (Pvt.) Ltd	7.08%
8	Magenta Capital (Pvt.) Ltd	6.46%
9	Elixir Securities Pakistan (Pvt.) Ltd	1.08%

22. PATTERN OF UNIT HOLDING

----- As at June 30, 2018 -----

Category	Number of unit holders	Number of units held	Net asset value of the amount invested	Percentage of total investment
<b>Rupees in '000</b>				
Individuals	1,313	75,906,955	805,370	16%
Associated entities / directors*	7	211,736,480	2,246,515	45%
Insurance companies	1	684,018	7,257	0%
Retirement funds	17	56,425,757	598,675	12%
Public limited companies	3	107,370,038	1,139,192	23%
Others	10	20,976,686	222,562	4%
	<b>1,351</b>	<b>473,099,934</b>	<b>5,019,570</b>	<b>100%</b>

----- As at June 30, 2017 -----

Category	Number of unit holders	Number of units held	Net asset value of the amount invested	Percentage of total investment
<b>Rupees in '000</b>				
Individuals	1,001	110,193,633	1,120,231	28%
Associated entities / directors*	7	144,966,480	1,473,734	37%
Insurance companies	8	25,801,295	262,297	7%
Retirement funds	15	41,620,589	423,116	11%
Public limited companies	1	39,669,256	403,279	10%
Others	9	28,047,069	285,127	7%
	<b>1,041</b>	<b>390,298,322</b>	<b>3,967,784</b>	<b>100%</b>

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

The 52nd, 53rd, 54th and 55th Board of Directors meetings were held on August 23, 2017, October 26, 2017, February 19, 2018 and April 26, 2018, respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

S.No.	Name	Number of meetings			Meetings not attended
		Held	Attended	Leave Granted	
<b>Directors</b>					
1	Sheikh Mukhtar Ahmed	4	4		
2	Mohammad Naeem Mukhtar	4	1	3	52nd, 54th, 55th
3	Muhammad Waseem Mukhtar	4	4		
4	Tahir Hasan Qureshi	4	4		
5	Kamran Nishat*	3	2	1	52nd
6	Muhammad Kamran Shehzad	4	4		
7	Pervaiz Iqbal Butt**	1	1		
8	Alee Khalid Ghaznavi	4	4		
<b>Other persons</b>					
9	Saqib Matin***	4	4	-	-
10	Syed Khalid Hussain**	2	2	-	-

\*Retired in the 10th AGM held on April 2, 2018

\*\*Elected as new director in the 10th AGM

\*\*\*Mr. Saqib Matin attended the meetings as Company Secretary.

## 24. FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2018, 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 at amortized cost.

Particulars	As at June 30, 2018		
	Loans and receivables	Financial assets at fair value through profit or loss	Total

### Financial assets

-----Rupees in '000-----

Balances with banks	3,000,665	-	3,000,665
Investments	900,000	1,111,552	2,011,552
Profit receivable	36,722	-	36,722
Security deposit	100	-	100
	<u>3,937,487</u>	<u>1,111,552</u>	<u>5,049,039</u>

Particulars	As at June 30, 2018		
	At fair value through profit or loss	Amortised cost	Total

### Financial liabilities

-----Rupees in '000-----

Payable to ABL Asset Management Company Limited - Management Company	-	17,519	17,519
Payable to Central Depository Company of Pakistan Limited - Trustee	-	489	489
Dividend payable	-	-	-
Accrued expenses and other liabilities	-	5,271	5,271
Payable against redemption of units	-	975	975
Unit holder's fund	5,019,570	-	5,019,570
	<u>5,019,570</u>	<u>24,254</u>	<u>5,043,825</u>

Particulars	As at June 30, 2017		
	Loans and receivables	Financial assets at fair value through profit or loss	Total

### Financial assets

-----Rupees in '000-----

Balances with banks	2,553,954	-	2,553,954
Investments	360,000	1,072,394	1,432,394
Profit receivable	23,517	-	23,517
Security deposit	100	-	100
	<u>2,937,571</u>	<u>1,072,394</u>	<u>4,009,965</u>

Particulars	As at June 30, 2017		
	At fair value through profit or loss	Amortised cost	Total
<b>Financial liabilities</b>			
-----Rupees in '000-----			
Payable to ABL Asset Management Company Limited - Management Company	-	14,617	14,617
Payable to Central Depository Company of Pakistan Limited - Trustee	-	392	392
Dividend payable	-	18	18
Accrued expenses and other liabilities	-	5,509	5,509
Payable against redemption of units	-	8,241	8,241
Unit holder's fund	3,967,784	-	3,967,784
	<u>3,967,784</u>	<u>28,777</u>	<u>3,996,561</u>

## 25. FINANCIAL RISK MANAGEMENT

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

### 25.1 Market risk

Market 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.

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

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

#### 25.1.1 Currency risk

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

#### 25.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

##### a) Sensitivity analysis for variable rate instruments

Presently, the Fund does not hold any variable rate instrument and is not exposed to cash flow interest rate risk except for balances in profit and loss sharing accounts the interest rate of which ranges between 2.45% to 6.5% per annum.

In case of 1% increase / decrease in the interest rates on profit and loss sharing accounts with banks, the net income would have increased / decreased by Rs. 29.726 million.

As at June 30, 2018, the Fund holds sukuks which exposes the Fund to interest rate risk. In case of increase / decrease in the coupon rates through out the year, with all other variables held constant, the income on these sukuks will fluctuate. In case of 100 basis points increase / decrease in the coupon rates through out the year, the net income for the year and the net assets as at June 30, 2018 would have been higher / lower by Rs. 11.115 million.

As at June 30, 2018 the Fund holds balances in saving accounts the interest rate of which in certain circumstances is 2.45% to 6.5%.

The composition of the Fund's investment portfolio and the MUFAP rates are expected to change over time. Therefore, the sensitivity analysis is not necessarily indicative of the effect on the Fund's net assets due to future movements in interest rates.

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

Particulars	As at June 30, 2018					
	Profit Rate / Coupon Rate	Exposed to Yield / Interest risk			Not exposed to Yield / Interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		

On-balance sheet financial instruments	%	-----Rupees in '000-----				
<b>Financial assets</b>						
Balances with banks	2.46 - 6.50	2,963,550	-	-	37,114	3,000,665
Investments	5.24 - 7.89	4,055	2,007,497	-	-	2,011,552
Profit receivable		-	-	-	36,722	36,722
Security deposit		-	-	-	100	100
<b>Sub total</b>		<b>2,967,605</b>	<b>2,007,497</b>	<b>-</b>	<b>73,937</b>	<b>5,049,039</b>
<b>Financial liabilities</b>						
Payable to ABL Asset Management Company Limited - Management Company		-	-	-	17,519	17,519
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	489	489
Dividend payable		-	-	-	-	-
Accrued expenses and other liabilities		-	-	-	5,271	5,271
Payable against redemption of units		-	-	-	975	975
<b>Sub total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>24,254</b>	<b>24,254</b>
<b>On-balance sheet gap (a)</b>		<b>2,967,605</b>	<b>2,007,497</b>	<b>-</b>	<b>49,683</b>	<b>5,024,785</b>
<b>Off-balance sheet financial instruments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-balance sheet gap (b)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap (a+b)</b>		<b>2,967,605</b>	<b>2,007,497</b>	<b>-</b>	<b>49,683</b>	<b>5,024,785</b>
<b>Cumulative interest rate sensitivity gap</b>		<b>2,967,605</b>	<b>4,975,102</b>	<b>4,975,102</b>		



Particulars	As at June 30, 2017					Total
	Profit Rate / Coupon Rate	Exposed to Yield / Interest risk			Not exposed to Yield / Interest rate risk	
		Upto three months	More than three months and upto one year	More than one year		
	%	-----Rupees in '000-----				

### On-balance sheet financial instruments

#### Financial assets

Balances with banks	4.00 - 5.80	2,553,569	-	-	385	2,553,954
Investments	5.24 - 7.25	113,594	1,318,800	-	-	1,432,394
Profit receivable		-	-	-	23,517	23,517
Security deposit		-	-	-	100	100
<b>Sub total</b>		<b>2,667,163</b>	<b>1,318,800</b>	<b>-</b>	<b>24,002</b>	<b>4,009,965</b>

#### Financial liabilities

Payable to ABL Asset Management Company Limited - Management Company		-	-	-	14,617	14,617
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	392	392
Dividend payable		-	-	-	18	18
Accrued expenses and other liabilities		-	-	-	5,509	5,509
Payable against redemption of units		-	-	-	8,241	8,241
<b>Sub total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>28,777</b>	<b>28,777</b>

<b>On-balance sheet gap (a)</b>		<b>2,667,163</b>	<b>1,318,800</b>	<b>-</b>	<b>(4,775)</b>	<b>3,981,188</b>
<b>Off-balance sheet financial instruments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-balance sheet gap (b)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap (a+b)</b>		<b>2,667,163</b>	<b>1,318,800</b>	<b>-</b>	<b>(4,775)</b>	<b>3,981,188</b>
<b>Cumulative interest rate sensitivity gap</b>		<b>2,667,163</b>	<b>3,985,963</b>	<b>3,985,963</b>		

### b) Sensitivity analysis for fixed rate instruments

The Fund currently does not have any fixed rate instruments that are impacted by market interest rates.

#### 25.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market. At present, the Fund is not exposed to price risk.

#### 25.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investments and balances with banks. The Fund does not foresee any credit risk with respect to GoP Ijara Sukuks since these are securities issued by State Bank of Pakistan on behalf of the Government of Pakistan. The credit risk on other financial assets is limited because the counter parties are mainly companies / financial institutions with reasonably high credit ratings. In addition, the internal risk management policies and investment guidelines (approved by Investment Committee) require the Fund to invest in debt securities that have been rated as investment grade by a well known rating agency.

##### 25.2.1 The analysis below summarises the credit rating quality of the Fund's financial assets as at June 30, 2018:

### Balances with banks by rating category

Name of the Bank	Rating Agency	Latest available published rating	Percentage of Bank Balance
Albaraka Islamic Bank Limited	PACRA	A	0.01%
Allied Bank Limited	PACRA	AA+	0.78%
Askari Bank Limited	PACRA	AA+	0.00%
Bank Alfalah Limited	JCR-VIS	AA+	0.00%
Bank Islami Pakistan Limited	PACRA	A+	29.63%
Dubai Islamic Bank Pakistan Limited	JCR-VIS	AA-	38.42%
Faysal Bank Limited	JCR-VIS/PACRA	AA	0.00%
MCB Islamic Bank Limited	PACRA	AAA	0.85%
Soneri Bank Islami Banking	PACRA	AA-	29.91%
United Bank Limited	JCR-VIS	AAA	0.39%
Sindh Bank Limited	JCR-VIS	AA	0.00%

### Term deposit receipt by rating category

Name of the Bank / Investee Company	Rating Agency	Latest available published rating	Percentage of term deposit receipts
Bank Islami Pakistan Limited	PACRA	A+	50%
Dubai Islamic Bank Pakistan Limited	JCR-VIS	AA-	50%

### Sukuks other than GoP Ijara Sukuks by rating category

Name of the issuer / issue date	Rating Agency	Latest available published rating of the instruments	Percentage of Sukuks
K-Electric / June 17, 2015	JCR-VIS	AA+	0.36%
Fatima Fertilizer / November 28, 2016	PACRA	AA-	1.27%
International Brands Ltd./November 15, 2017	JCR-VIS	AA	0.90%
Dawood Hercules Corporation Ltd/November 16, 2017	PACRA	AA	56.25%
Dawood Hercules Corporation Ltd II/March 01, 2018	PACRA	AA	16.74%
Meezan Bank Limited / September 22, 2016	JCR-VIS	AA	0.09%
Dubai Islamic Bank Pakistan Ltd / July 14, 2017	JCR-VIS	A+	24.38%

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

### Concentration of credit risk

Concentration of risk arises when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Fund's portfolio of the financial instruments is mainly held with various banks, securities issued by the State Bank of Pakistan on behalf of the Government of Pakistan and certain privately placed sukuks.

### 25.2.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation 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 daily cash redemptions at the option of unit holders. The Fund's approach to manage 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 and are considered readily realisable.

The Fund has the ability to borrow in the short term to ensure settlements. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund has the ability to 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.

**25.2.3** 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, 2018			
	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	17,519	-	-	17,519
Payable to Central Depository Company of Pakistan Limited - Trustee	489	-	-	489
Dividend payable	-	-	-	-
Accrued expenses and other liabilities	5,271	-	-	5,271
Payable against redemption of units	975	-	-	975
Unit holder's fund	5,019,570	-	-	5,019,570
	<b>5,043,825</b>	<b>-</b>	<b>-</b>	<b>5,043,825</b>

Particulars	As at June 30, 2017			
	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	14,617	-	-	14,617
Payable to Central Depository Company of Pakistan Limited - Trustee	392	-	-	392
Dividend payable	18	-	-	18
Accrued expenses and other liabilities	5,509	-	-	5,509
Payable against redemption of units	8,241	-	-	8,241
Unit holder's fund	3,967,784	-	-	3,967,784
	<b>3,996,561</b>	<b>-</b>	<b>-</b>	<b>3,996,561</b>

## 26. FAIR VALUE OF FINANCIAL INSTRUMENTS

"Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

The fair value of financial assets and liabilities traded in active market are based on the quoted market price at the close of trading on the period end 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.

### Fair value hierarchy

Fund is required to classify financial instruments 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:

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

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

	As at June 30, 2018			
	Level 1	Level 2	Level 3	Total
Assets	----- Rupees in '000 -----			
Investment in securities - financial assets at fair value through profit or loss - held for trading				
- GoP Ijara Sukuks	-	-	-	-
- Other Sukuks	-	1,111,552	-	1,111,552

	As at June 30, 2017			
	Level 1	Level 2	Level 3	Total
Assets	----- Rupees in '000 -----			
Investment in securities - financial assets at fair value through profit or loss - held for trading				
- GoP Ijara Sukuks	-	402,680	-	402,680
- Other Sukuks	-	669,714	-	669,714

## 27. UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. The 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 as of the close of the business day less any back end load, provision for transaction costs and any provision for duty and charge, if applicable. The relevant movements are shown on the statement of movement in unit holders' fund.

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

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

In accordance with the risk management policies, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests. Such liquidity is 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.

## 28. NON-ADJUSTING EVENTS AFTER REPORTING PERIOD

Subsequent to the year end, the Management Company of the fund has declared final cash dividend of Rs 0.4270 per unit (2017: Rs Nil per unit) on the face value of Rs. 10 each (i.e. 4.27%) amounting to Rs. 196,095,500 (2017: Rs Nil). The financial statements of the Fund for the year ended 30 June 2018 do not include the effect of this distribution which will be accounted for in the financial statements of the Fund for the year ending 30 June 2019.

## 29. GENERAL

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

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

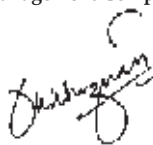
## 30. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 06, 2018 by the Board of Directors of the Management Company.

For ABL Asset Management Company Limited  
(Management Company)



SAQIB MATIN  
CHIEF FINANCIAL OFFICER



ALEE KHALID GHAZNAVI  
CHIEF EXECUTIVE OFFICER



MUHAMMAD KAMRAN SHEHZAD  
DIRECTOR

## مینجمنٹ کوالٹی کی ریٹنگ

29 دسمبر 2017 کو جے سی آر۔ وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ (JCR-VIS) نے اے بی ایل ایسیٹ مینجمنٹ کمپنی لمیٹڈ (ABL AMC) کی مینجمنٹ کوالٹی درجہ بندی 'AM2+' (اے ایم ٹو پلس) سے بڑھا کر 'AM2++' (اے ایم ٹو ڈبل پلس) کر دی ہے۔ دی گئی درجہ بندی (ریٹنگ) کے تحت آؤٹ لک کو مستحکم رکھا گیا ہے۔

## مستقبل کا منظر نامہ

مالی سال 2019 میں، سیاسی بے یقینی اور معاشی مشکلات، دونوں کے جاری رہنے کا خدشہ ہے۔ معاشی محاذ پر، تیل کی بلند قیمتوں کے باعث، بیرونی خطرات درپیش رہیں گے۔ نتیجتاً، پاکستانی روپے کی قدر میں کمی کا رجحان جاری رہے گا، افراط زر مزید زور پکڑے گا اور دستگی کے لیے زری پالیسی میں سختی جاری رہے گی۔ 25 ارب ڈالر کے لگ بھگ مجموعی فنانسنگ کی ضرورت کے پیش نظر، توقع ہے کہ پاکستان جلد آئی ایم ایف کے ساتھ مذاکرات کا آغاز کرے گا۔ اس کے نتیجے میں، ترقیاتی اخراجات میں کٹوتی، ٹیرف پریسبڈی کا خاتمہ اور دیگر سبسڈیز میں کمی متوقع ہے۔

اس ساری صورتحال کے پیش نظر، اسٹاک مارکیٹ میں اونچ نیچ کے رجحان کی توقع ہے۔ شرح سود کے ڈہرے ہندسوں تک پہنچ جانے کی توقعات کے باعث، اسٹاکس اپنی تخمینہ قیمت میں کٹش کھورے ہیں۔ موجودہ معاشی صورتحال میں، سرمایہ کاری کا دفاعی لائحہ عمل اختیار کرنا مناسب ہے۔ ان اسٹاکس پر توجہ مرکوز رکھی جائے جن کا منافع امریکی ڈالر سے منسلک ہے اور ایاتیل کی تلاش و پیداوار (E&P)، بجلی، اسٹیل، بینکس اور سیمنٹ سیکٹر کے منتخب اسٹاکس، شامل ہیں۔ اگر عام انتخابات 2018 میں کوئی ایک جماعت واضح اکثریت حاصل نہ کر پائی تو اسٹاکس کی ریٹنگ میں بڑی کمی ممکن ہے۔

## اعتراف

ہمارے قابل قدر سرمایہ کاروں نے ہم پر جس طرح بھروسے کا اظہار کیا ہے، اس کے لیے ہم ان کے مشکور ہیں۔ بورڈ، مسلسل رہنمائی اور معاونت پر، سیکورٹیز اینڈ ایکس چینج کمیشن آف پاکستان، ٹرسٹی (سینٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ) اور پاکستان اسٹاک ایکس چینج لمیٹڈ کا بھی شکر گزار ہے۔ بورڈ، مینجمنٹ ٹیم کی کاوشوں کو بھی سراہتا ہے۔

بورڈ کی جانب سے



علی خالد غزنوی

چیف ایگزیکٹو آفیسر

لاہور، 6 ستمبر 2018

سکوک پورٹ فولیو کی سرگرم معاملات نے پورٹ فولیو پر خالص منافع میں قابل ذکر اضافہ کیا۔

زیر جائزہ سال کے دوران فنڈ نے منافع پر کارپوریٹ پورٹ فولیو کو فروخت کرنے اور اعلیٰ معیار کے تازہ انشورڈ منٹس میں سرمایہ کاری کرنے پر توجہ مرکوز رکھی۔ البتہ اجراءات کی ایک مخصوص کلاس میں سرمایہ کاری کی شرح مالی سال 2017 میں 16.70 فیصد سے بڑھ کر مالی سال 2018 کے اختتام پر 22.01 فیصد ہو گئی۔

سال کے اختتام پر فنڈ کے کل اثاثہ جات نقد، ڈی آر اور کارپوریٹ سکوک میں بالترتیب 59.32 فیصد، 17.82 فیصد اور 22.01 فیصد پر مشتمل تھے۔ اضافی معاملات

1. اس سال اندر پورٹ میں منجمنٹ کھلی کے ڈائریکٹرز کی تھیلیات درج ہیں۔
2. مالیاتی گوشواروں میں فنڈ کے معاملات، آپریٹرز کے نتائج، قرضات کے بھاراؤ اور منٹ ہولڈرز میں تبدیلیوں کو مختلف طور پر پیش کیا گیا ہے۔
3. فنڈ کے حسابات کے لیے کھاتوں کی کتب کو درست طور پر مرتب کیا گیا ہے۔
4. مالیاتی گوشواروں کی تیاری میں ہر جگہ حسابات کی درست پالیسیوں کا اطلاق کیا گیا ہے اور حسابات کے تخمینے مناسب ترین اور قابل فہم فیصلوں کی بنیاد پر لگائے گئے ہیں۔
5. مالیاتی گوشواروں کی تیاری میں، پاکستان میں لاگو بین الاقوامی حسابات کے معیارات، نان بینکنگ فنانس کمیشنز (اسٹیل اسٹیمٹ اینڈ ریگولیشن) قوانین 2003 اور نان بینکنگ فنانس کمیشنز اینڈ ٹریڈنگ اینڈ ایجنسیز ریگولیشنز 2008 کی پروویڈنٹس ڈیپارٹمنٹ کی ضروریات اور سٹیٹ بینک اینڈ ایکس چینج کمیشن آف پاکستان کی ہدایات پر عمل درآمد کیا گیا ہے۔
6. اندرونی کنٹرول کا نظام کی تشکیل نہایت مضبوط ہے اور اس کا نفاذ اور نگرانی مؤثر طور پر کی جا رہی ہے۔
7. موجودہ حیثیت میں کام جاری رکھنے کے لیے فنڈ کی اہلیت میں کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
8. فنڈ کی کارکردگی کا جائزہ سال اندر پورٹ کے صفحہ نمبر 11 پر دیا گیا ہے۔
9. محصولات، ڈیویڈنڈ، لیویز اور چارجز کی مد میں کوئی رقم واجب الادا نہیں ہے، ماسوائے اس کے جو مالیاتی گوشواروں میں درج ہے۔
10. اس فنڈ میں اپروایٹ فنڈ کی سرمایہ کاری کے حجم کا اسٹیٹ منٹ لاگو نہیں ہوتا، کیونکہ ملازمین کی رجسٹر منٹ کے فوائد پر اٹھنے والے اخراجات منجمنٹ کمپنی برداشت کرتی ہے۔
11. 30 جون 2018 کو پورٹ ہولڈنگ کے طرز کی تفصیل مالیاتی گوشواروں کے نوٹ نمبر 22 میں دی گئی ہے۔

آڈیٹرز

30 جون 2019 کو ختم ہونے والے مالی سال کے لیے، میسرز ڈی پی سی ایف (چارٹرڈ اکاؤنٹنٹس) کا اے بی ایل اسلامک انکم فنڈ (ABL-IIF) کے آڈیٹرز کے طور پر دوبارہ تقرر کیا گیا ہے۔

فنڈ کے منظم ہونے کی ریٹنگ

بے سی آر سی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ (JCR-VIS) نے 16 جنوری 2018 کو اے بی ایل اسلامک انکم فنڈ کی (A(2) (سنگل اے ایف) کی فنڈ اسٹیبلشمنٹ ریٹنگ برقرار رکھی ہے۔

137 ارب روپے مالیت کی سطح پر بند ہوئے۔ اسی طرح، اسلاک ایکویٹی فلڈز میں سالانہ بنیاد پر 20.4 فیصد کی شدید کمی ریکارڈ کی گئی اور یہ 104 ارب روپے کی سطح پر بند ہوئے۔

### اسلاک مٹی مارکیٹ کا جائزہ

اسلاک سائیز پر مٹی مارکیٹ مناسب طور پر سیال رہی، اور کھاتوں میں 22.5 فیصد کی زبردست نمو کے باعث (کھاتے بمطابق 30 مارچ 2018) چھ ماہ کے ٹریڈری شیٹ سے 25 تا 50٪ پمپس کم پر سرمایہ کاری کی گئی۔ مزید برآں، مارچ 2017 کے اختتام پر، مجموعی بینکاری کھاتوں میں، اسلامی بینکاری اداروں کے کھاتوں کا حصہ 13.2 فیصد رہا۔ اسی طرح، مارچ 2017 تک، مجموعی بینکاری حجم میں، اسلامی بینکاری کے اثاثوں کی مجموعی مالیت بڑھ کر 11.7 فیصد ہو گئی، جو کہ جون 2016 کے اختتام پر 11.4 فیصد تھی۔ مالی سال 2017 کے دوران، حکومت پاکستان اجارہ سکوک 15۔ جن کی مالیت 50 ارب روپے تھی، 25 جون 2017 کو بچھوئے۔ اس کے نتیجے میں، اسٹیٹ بینک آف پاکستان نے 29 جون 2017 کو اجارہ سکوک کی نئی کی اور 71 ارب روپے مالیت (بچھوئے والی رقم سے 21 ارب روپے زائد) کے اجارہ سکوک جاری کیے، تاکہ اسلامی بینک، سرمایے کی قانونی ضرورت (SLR) پوری کر سکیں۔ نئے اجارہ سکوک 5.24 فیصد کی گلسڈ شرح منافع پر جاری کیے گئے۔ مارچ 2016 کے بعد، یہ اجارہ سکوک کی پہلی نئی کی ہونے کے باعث، 167 ارب روپے کی بھاری حرکت دیکھی گئی، جس میں بولیوں کی شرح 4.00 فیصد سے لے کر 6.49 فیصد تک رہی۔ حکومت پاکستان نے غیر ملکی ذریعہ حاصل کرنے کے لیے، بین الاقوامی مارکیٹ میں، اکتوبر 2016 میں، 5.5 فیصد کی شرح پر اجارہ سکوک بھی جاری کیا۔ کارپوریٹ سکوک کے اجرا کا بھی بڑھتا ہوا رجحان دیکھا گیا اور فاطمہ فریڈائزر، میزان بینک اور پاک الیکٹران کی جانب سے 19 ارب روپے مالیت کے سکوک جاری کیے گئے، جن کی لیے شرعی اصولوں کے مطابق، پیکش شرح منافع پر محدود اسٹروٹمنٹس کی دستیابی کے باعث، ہدف سے زیادہ پیش کش موصول ہوئی۔

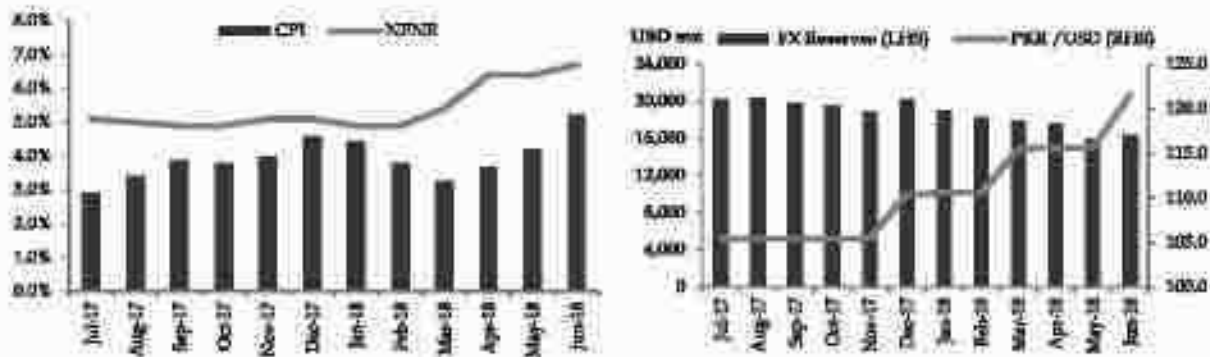
مالی سال 2017 میں M2 میں 13.7 فیصد رہی، جبکہ گزشتہ مالی سال کے اسی عرصے میں 13.6 فیصد اضافہ ہوا تھا۔ پیسے کی رسد بچے کی بڑی بچہ خالص مقامی اثاثہ جات (NDA) میں 18.3 فیصد اضافہ (2,161 ارب روپے اضافہ) ہونا ہے، کیونکہ مالی سال 2017 کے دوران نئی شیعے کو قرضوں کے اجراء میں 748 ارب روپے اضافہ ہوا، جبکہ اس سے گزشتہ سال اسی عرصے میں 447 ارب روپے اضافہ ہوا تھا۔ مالی سال 2017 میں، غیر ملکی قرضہ جات کی بھاری ادائیگی اور بڑھتے ہوئے تجارتی خسارے کے باعث، خالص غیر ملکی اثاثہ جات میں (NFA) میں سالانہ بنیاد پر 40.2 فیصد کی قابل ذکر کمی ہوئی اور یہ 602 ارب روپے کی سطح پر آگئے، جبکہ گزشتہ مالی سال کے اسی عرصے کے دوران یہ 1,008 ارب روپے کی سطح پر تھے۔ مالی سال 2017 کے دوران، کرنشل بینکوں سے حکومتی قرضہ جات میں 179 ارب روپے اضافہ ہوا، جبکہ اس سے گزشتہ مالی سال اسی عرصے میں 1,278 ارب روپے اضافہ ہوا تھا۔ اسٹیٹ بینک آف پاکستان سے حکومتی قرضہ جات میں 908 ارب روپے اضافہ ہوا، کیونکہ آئی ایم ایف پروگرام ختم ہونے کے بعد حکومت کو اس میں زیادہ آزادی حاصل تھی۔

### فلڈ کی کارکردگی

مالی سال 2018 کے دوران، اسے بی ایل اسلاک اکھ فلڈ نے سٹیج مارک 2.46 فیصد شرح منافع کو پیچھے چھوڑتے ہوئے 4.37 فیصد کا شاندار منافع دیا، اس طرح سٹیج مارک کے مقابلے میں 191٪ پمپس بہتر کارکردگی کا مظاہرہ کیا۔ فلڈ کی شاندار کارکردگی کی وجہ، بینک ڈپازٹس اور ٹرم ڈپازٹس ریٹس (TDRs) میں پیکش شرح منافع پر سرمایہ کاری کے ذریعے زیادہ آمدنی حاصل کرنا تھا۔ سال کے دوران، فلڈ کے ذریعہ انتظام مجموعی اثاثہ جات (AUM)، 26.51 فیصد اضافے کے ساتھ 5,019 ارب روپے ہو گئے، جو کہ 30 جون 2017 کو 3,967 ارب روپے کی سطح پر تھے۔ حکومتی اور کارپوریٹ



مضبوط معاشی نمو کے باوجود عمومی مہنگائی کی شرح، مالی سال 2018 کے لیے 6.0 فیصد کے مجموعی ہدف سے کم رہی اور اس دوران سالانہ بنیاد پر مہنگائی کی شرح میں اوسط 3.9 فیصد اضافہ ہوا (مالی سال 2017 میں سالانہ بنیاد پر مہنگائی کی اوسط شرح 4.2 فیصد کے مقابلے میں)۔ البتہ، تیل کی بین الاقوامی قیمتوں میں دوبارہ اضافے (مالی سال کے دوران عرب انٹ کی قیمتیں 24.5 فیصد بڑھ گئیں) اور مالی سال 2018 کی دوسری شش ماہی میں امریکی ڈالر مہنگا ہوجانے کے باعث، مہنگائی کے دباؤ میں اضافہ ہونے لگا اور جون 2018 میں کٹریں ہر پوائنٹ الیکس (CPI) میں سالانہ بنیاد پر اضافے کی شرح بڑھ کر 5.2 فیصد ہو گئی (بنیادی افراط زر یعنی غیر نقدی غیر توانائی (NFNE) مہنگائی سالانہ بنیاد پر 7.1 فیصد کی اوسط شرح سے بڑھ گئی جو گزشتہ مالی سال سالانہ بنیاد پر اوسط 5.5 فیصد رہی تھی)۔ بعد ازاں اسٹیٹ بینک آف پاکستان نے، جنوری 2018 میں 25 ہیر پوائنٹس (bps) اضافے کے ساتھ شروعات کرتے ہوئے، مالی سال 2018 کی دوسری شش ماہی کے دوران، مجموعی طور پر بنیادی شرح سود میں 75 ہیر پوائنٹس (bps) اضافہ کر دیا تاہم، اسٹیٹ بینک آف پاکستان نے، مارچ 2018 کے ذریعے پالیسی بیان میں پالیسی ریٹ میں اضافے کے رجحان کو جاری نہ رکھا، جس کا جو اثر مرکزی بینک نے یہ پیش کیا کہ شرح سود میں مزید اضافے سے پہلے، روپے کی قدر میں حالیہ کی اور برآمدات میں اضافے کے اثرات کو جاننا ضروری ہے۔ البتہ، اپریل 2018 میں بنیادی افراط زر (Core Inflation) کی شرح 7.0 فیصد کی رفتار سے بڑھنے کے بعد، مئی 2018 کے ذریعے پالیسی بیان میں مرکزی بینک نے پالیسی ریٹ 50 ہیر پوائنٹس بڑھاتے ہوئے 6.50 فیصد کر دیا۔



مالی سال 2018 کے ابتدائی 9 ماہ میں مالی خسارہ 1,481 ارب روپے تک پہنچ گیا (مئی ڈی پی کی 4.3 فیصد)۔ جو سالانہ بنیادوں پر 20 فیصد کا اضافہ بنا ہے۔ جس کی بڑی وجہ اس عرصے کے دوران محصولات میں ہونے والے اضافے کے مقابلے میں اخراجات میں ہونے والے اضافے کا زیادہ تیزی سے بڑھنا ہے۔ ترقیاتی اخراجات کی شرح میں صحت مندانہ اضافہ ہوا (مالی سال 2018 کے ابتدائی 9 ماہ میں ترقیاتی اخراجات میں سالانہ بنیادوں پر 37 فیصد اضافے نے جاری اخراجات میں سالانہ بنیاد پر 13 فیصد اضافے کو پیچھے چھوڑ دیا)۔ جس نے صحت میں نمو کے رجحان کو بڑھا دیا۔

### میچونگ فنڈ انٹرنری کا جائزہ

مالی سال 2018 کے دوران، پاکستان کی اوپن اینڈ میچونگ فنڈ انٹرنری کی انتہاست کے تحت مجموعی اثاثہ جات (AUMs) 2.8 فیصد کی معمولی کمی کے بعد 680 ارب روپے سے 661 ارب روپے کی سطح پر آ گئے۔ اس کمی کی بڑی وجہ اسٹاک ایکویٹی اور گھٹنے ٹیکنگ میں ہالترتیب 20 فیصد اور 16 فیصد کی گراوٹ ہے۔ دوسری طرف، اس انٹرنری نے منفی مارکیٹ فنڈز میں سرمایہ کاروں کی دلچسپی کو بڑھتے دیکھا، جیسا کہ مالی سال 2018 کے دوران شرح سود میں اضافے کے رجحان کے باعث، منفی مارکیٹ فنڈز کے زیر انتظام مجموعی اثاثہ جات کی مالیت میں 77 فیصد کا اضافہ دکھایا گیا۔

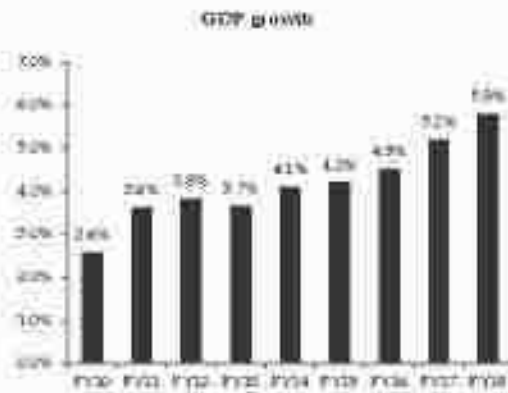
مجموعی طور پر، ایکویٹی کیٹگری (جو کہ ایکویٹی اور اسٹاک ایکویٹی فنڈز پر مشتمل ہے) کی مالیت جون 2018 میں سالانہ بنیاد پر 16.1 فیصد کمی کے بعد 242 ارب روپے ریکارڈ کی گئی، جبکہ جون 2017 میں ان کی مالیت 288 ارب روپے تھی۔ مالی سال 2018 میں، منیٹرو اٹھانک اشاریوں میں پیہا ہونے والی آہری اور سیاسی بیعتی کے باعث اسٹاک مارکیٹ کی کارکردگی کمزور رہی، جس کے باعث ایکویٹی فنڈز سالانہ بنیاد پر 12 فیصد کمی کے بعد

## مجمنٹ کھنی کے ڈائریکٹرز کی رپورٹ

اسے بی ایل ایسٹ مجنٹ کھنی لمیٹڈ کے بورڈ آف ڈائریکٹرز، جو کہ اسے بی ایل ایسٹ ایکٹ (ABL-IIF) کی مجنٹ کھنی ہے، نہایت مسرت کے ساتھ 30 جون 2018 کو انٹرم ہونے والے سال کیلئے الائیڈ بینک آف انڈیا کے آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہیں۔

### اقتصادی کارکردگی کا جائزہ

مالی سال 2018 میں پاکستان کی ٹیکس و معیشت کے لیے سب سے بڑا مسئلہ جزیں پکڑنا جزواں خسارہ رہا، جس کے نتیجے میں غیر ملکی ذرمبادلہ کے ذخائر تیزی سے کم ہو رہے ہیں۔ حکومت نے صورتحال پر قابو پانے کے لیے مالی سال 2018 کی دوسری سیشن ماہی زرعی پالیسی کو سخت کرنے کے اقدامات کیے، البتہ روٹی کھانوں کے خسارے میں اضافے کا رجحان برقرار رہا جبکہ مالی سال 2018 کے اختتامی عرصے میں مہنگائی کے وہاں میں بھی اضافہ ہوا، یہ تمام اشاریے ظاہر کرتے ہیں کہ معیشت اور ہینگ کا حکار ہو رہی ہے۔ اگرچہ معاشی شرح نمو 6.0 فیصد کا قراضہ لانہ ہدف حاصل کرنے میں کامیاب نہ ہو سکی، مالی سال 2018 میں مجموعی قومی پیداوار میں نمو کی شرح 5.8 فیصد رہی اور تین شعبوں (خدمات، صنعت اور زراعت) میں سالانہ بنیاد پر باترتیب 6.4 فیصد، 5.8 فیصد اور 3.8 فیصد اضافہ ہوا) میں بہتری کے ساتھ یہ 13 سال کی بلند ترین سطح میں گر گئی۔ سی پیک کے تحت جلد مکمل ہونے والے ڈھانچے جاتی منصوبوں پر جاری حشرقت، توانائی کی خالص رسد میں اضافہ (مالی سال 2018 کے 11 ماہ میں پیدا کردہ پتھس میں سالانہ بنیاد پر خالصتاً 8.4 فیصد اضافہ ہوا) اور قرضہ جات کے حصول میں مستحکم بنیادوں پر مسلسل اضافہ (مالی سال 2018 کے 11 ماہ میں نئی شیعے کو جاری قرضہ جات میں سالانہ بنیاد پر 18 فیصد اضافہ ہوا، جس سے اس عرصے کے دوران قرضہ جات کا حجم 780 ارب روپے بڑھ گیا) معاشی نمو کی اہم وجوہات رہیں۔ البتہ، مجموعی قومی پیداوار کے تناسب سے مالی خسارہ مئی ڈی پی کا 8.8 فیصد رہنے کی توقع ہے (جو کہ گئی 2018 میں تخمینہ کر دہی ڈی پی کے 5.5 فیصد کے مقابلے میں بڑھ گیا ہے)۔



مالی سال 2018 میں سالانہ بنیادوں پر رواں کھانوں کے خسارے (CAD) میں 45 فیصد اضافہ ہوا اور یہ 18 ارب ڈالر کی سطح تک جا پہنچا۔ برآمدات میں مستحکم اضافے (مالی سال 2018 میں سالانہ بنیادوں پر 13.2 فیصد اضافہ) اور مستند پار پاکستانیوں کی جانب سے بھیجی جانے والی رقم میں سالانہ بنیاد پر 3 فیصد اضافے کے ثبوت رجحان کو بڑھتی درآمدات (مالی سال 2018 میں سالانہ بنیاد پر 13.2 فیصد اضافہ) نے ڈاکھ کر دیا۔ بڑھتی درآمدات پر قابو پانے کے لیے، اسٹیٹ بینک آف پاکستان نے مالی سال 2018 میں دسمبر 2017 سے آغاز کرتے ہوئے، تین مراحل میں امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں مجموعی طور پر 15.9 فیصد کی تاہم اس کا کوئی فائدہ نہ ہوا۔ بیرونی کھاتے پر وہاں کے علاوہ، اس عرصے کے دوران قرضہ جات کی واپسی کے باعث غیر ملکی ذرمبادلہ ذخائر میں شدید کمی دیکھی گئی۔ نتیجتاً، مالی سال 2018 کے دوران ہم نے پاکستان کو بین الاقوامی کھٹل مارکیٹ میں واپس جانے دیکھا، جہاں 6.875 فیصد کی شرح پر 1.5 ارب ڈالر مالیت کا 10 سالہ بیرونی باطل اور 5.625 فیصد کی شرح پر ایک ارب ڈالر مالیت کا 5 سالہ سکوک جاری کیا گیا۔



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