



Allied Finergy Fund

# Annual Report

ANNUAL FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED JUNE 30, 2019



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

<b>Management Company:</b>	ABL Asset Management Company Limited Plot/Building # 14, Main Boulevard, DHA, Phase - VI, Lahore - 54810	
<b>Board of Directors</b>	Sheikh Mukhtar Ahmed Mr. Mohammad Naeem Mukhtar Mr. Muhammad Waseem Mukhtar Mr. Tahir Hassan Qureshi Mr. Pervaiz Iqbal butt Mr. Muhammad Kamran Shehzad Mr. Alee Khalid Ghaznavi	Chairman      CEO/ Director
<b>Audit Committee:</b>	Mr. Muhammad Kamran Shehzad Mr. Muhammad Waseem Mukhtar Mr. Pervaiz Iqbal butt	Chairman Member Member
<b>Human Resource and Remuneration Committee</b>	Mr. Muhammad Waseem Mukhtar Mr. Pervaiz Iqbal butt Mr. Alee Khalid Ghaznavi Mr. Muhammad Kamran Shehzad	Chairman Member Member Member
<b>Chief Executive Officer of The Management Company:</b>	Mr. Alee Khalid Ghaznavi	
<b>Chief Financial Officer &amp; Company Secretary:</b>	Mr. Saqib Matin	
<b>Chief Internal Auditor:</b>	Mr. Kamran Shehzad	
<b>Trustee:</b>	Central Depository Company of Pakistan Limited. CDC-House, Shahrah-e-Faisal, Karachi	
<b>Bankers to the Fund:</b>	Allied Bank Limited JS Bank Limited	
<b>Auditor:</b>	M/S. A.F. Ferguson & Co. Chartered Accountants State life Building No. 1-C I.I Chundrigar Road, Karachi.	
<b>Legal Advisor:</b>	Ijaz Ahmed & Associates Advocates & Legal Consultants No. 7, 11th Zamzama Street, Phase V DHA Karachi.	
<b>Registrar:</b>	ABL Asset Management Company Limited. L - 48, Defence Phase - VI, Lahore - 74500	

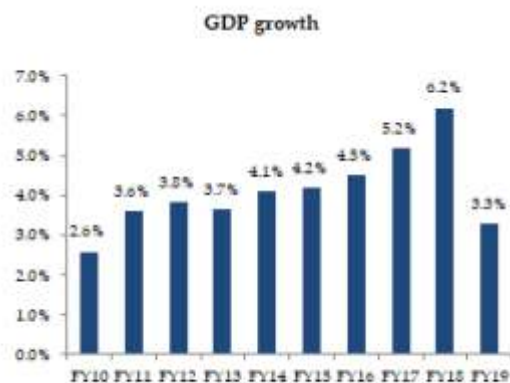


## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of ABL Asset Management Company Limited, the management company of Allied Finergy Fund (AFF), is pleased to present the Audited Financial Statements of Allied Finergy Fund for the year ended on June 30, 2019.

### ECONOMIC PERFORMANCE REVIEW

The outgoing year was an election year where a new political setup came into power. While the initiatives of the new government seemed to serve a noble cause, the seemingly haphazard approach to policy making created a tense environment for all stakeholders of the economy. On the external front, FY19 Current Account of Balance of Payment showed a marked improvement where the deficit stood at USD 13,587 million as compared to USD 19,897 million during the same period last year. Despite a 31.7% PKR/USD devaluation over FY19 following 16% in FY18, exports remained stunted; declining by 1.8% during FY19 while imports also dropped by 8.8%. Apart from the improvement in trade deficit, 9.7% higher remittances from overseas Pakistanis (USD 21,842 million during FY19) added to the relief. However, a continued plunge in the country's foreign exchange reserves, where SBP import cover dropped to around 1.6 months (from 4 months and 2.1 months for FY17 and FY18, respectively), took them to USD 14.4 billion as compared to USD 16.4 billion last year. This includes foreign assistances received from Saudi Arabia, China, and UAE during the latter half of FY19. Apart from arranging alternate sources for funding the external account, an IMF package of USD 6.0 billion during the next 39 months, has now been negotiated, that would potentially unleash the potential of further assistance of USD 38.0 billion from multilateral and bilateral sources over the course of the IMF program.



Pakistan's GDP growth slowed down to 3.2% in FY19 from 5.2% in FY18. This was majorly led by 0.3% contraction in the Manufacturing sector, which itself was a result of sharp monetary and fiscal tightening measures undertaken by the PTI government. Major slowdown was seen in Construction & Allied and Consumer related sectors. Poor cotton crop also dragged the Agriculture segment growth to only 0.9% YoY compared to 3.8% YoY in FY18.

Inflation averaged 7.3% during FY19 compared to 3.9% in FY18 (3.6% average for prior 3 years), where it averaged 8.6% in 2HFY19. Major reasons for the uptick in CPI readings were (i) PKR/USD depreciation of 31.7%, (ii) sharp increases in power and gas tariffs, and (iii) stronger Food inflation at the end of the year. Core inflation, however, was less volatile and averaged 7.9% YoY during the year. In response to (i) strong uptick in inflation, (ii) still-high current account deficit, and (iii) pre-program conditions of IMF, the State Bank of Pakistan (SBP) increased the policy rate by 575bps during the year.



Fiscal deficit remained high at 7.3% of GDP during FY19 because of limited growth in tax revenue while most of the savings were eroded by higher debt servicing. Tax collection in FY19 remained at PKR 3,762 billion against PKR 3,842 billion collected last year, reflecting a decrease of 2.1% YoY. Despite the announcement of amnesty scheme, FBR seems lagged behind its revised tax collection target of PKR 4,150 billion, reflecting a shortfall of PKR 388 billion. The fiscal deficit matter is also being addressed in the recently announced FY20 budget with focus placed on enhancing revenues to PKR 5,500 billion by broadening the tax base.

## MUTUAL FUND INDUSTRY REVIEW

Total Assets under Management (AUMs) of Pakistan’s open-end mutual fund industry continued the declining trend as they posted a decrease of 14%YoY in FY19 from PKR 668 billion to PKR 571 billion, followed by 1.7%YoY decline in FY18. This reduction was predominantly led by the Islamic and conventional Equity categories which slide by 26% and 40%, respectively. Sluggish equity market performance and higher interest rates environment shifted the investor interest in the money market funds, as AUMs under the Islamic money market funds increased by 76% in FY19.

On a cumulative basis, the Equity category (comprising of Equity and Islamic Equity funds) registered a decrease of 32%YoY to close at PKR 165 billion in FY19 compared to PKR 242 billion in FY18. Deteriorating macro-economic situation amid external account pressure, higher interest rates, spiking inflation and hefty PKR/USD devaluation led the weak stock market performance. As a result, conventional equity fund witnessed a fall of 26%YoY to clock-in at PKR 103 billion. Similarly, the Islamic equity funds closed at PKR 62.8 billion after a drop of 40%YoY.

On a cumulative basis, the fixed income category (comprising of income, aggressive income and money market funds) registered a marginal increase of 0.22%YoY to close at PKR 191 billion in FY19 compared to PKR 190.8 billion in FY18. Rising interest rates tend the investors to focus on shorter duration money market funds which witnessed an increase of 9%YoY to PKR 135 billion in FY19 compared to PKR 123 billion in FY18. On the other hand, Islamic income funds AUMs (comprising of Islamic income, Islamic money market and Islamic aggressive income) increased by 38%YoY to PKR 91 billion in FY19 compared to PKR 66 billion in FY18, largely due to increasing investor interest in Islamic investments.

## EQUITY MARKET REVIEW

Financial Year 2019 turned out as an unfavorable year for Pakistan equities where KSE-100 index posted a negative return of 19% to close the year at 33,901 points. The index came to the red zone for two

consecutive years (FY18 & FY19) after 8 consecutive years (FY10-17) of positive returns. This was broadly due to political & economic noise as the new government took office. The KSE -100 index made a high during FY19 and touched 43,556 points on July 30th as the PTI's victory was announced in the general elections held on July 25, 2018. However, delays in policymaking, interest rate hike of 575bps, and significant devaluations (31.7% during FY19) put the index in a downward spiral with some bounce-backs on developments like foreign assistance from Saudi Arabia (USD 3.0 billion), UAE (USD 3.0 billion), China (USD 2.1 billion) & Qatar (USD 1.0 billion) but those too remained short-lived. During the year, PSX managed to keep its place in the MSCI Emerging Market index despite the majority of the constituent stocks falling short of criteria. Foreigners remained net seller of equity worth USD 355.9 million which was largely absorbed by individual with net buying of worth USD 165.6 million. Companies and Insurance corporates also supported the market with net buying of USD 110.5 million and USD 149.7 million, respectively. On the other hand, mutual funds remained net sellers, offloading USD 145.5 million worth of shares. Performance of the market remained lackluster where major index laggards were E&Ps, Banks, and Cements each shedding 1147, 1069 and 1051 points, respectively. Decline in oil prices (21% YoY decline in FY19) due to US-China trade war triggered the underperformance for E&P sector while the banking sector underperformed due to one off pension charges, provision against the foreign portfolio of advances and super tax charge on profits of 2017. Moreover, persistent rise in input cost (higher coal prices due sharp PKR depreciation) along with pricing indiscipline were major reasons behind the underperformance of the cement sector. Average traded value and volume fell to USD 47.3 million (down 37%YoY) and 155.2 million shares (down 11%YoY), respectively. Moving ahead, we expect the market to stabilize as Pakistan has entered the IMF program and will get around USD 38 billion from different multi-lateral agencies in the next 3-years to support its economy. Pakistan Stock Exchange (PSX) closed the period at P/E of 6.3x, and a dividend yield (DY) of 7.3%.

## FUND PERFORMANCE

During the period under review, AFF posted a negative return of 2.12% against a benchmark return of negative 7.18%, reflecting an outperformance of 5.06%.

The Fund was invested 57.41% in equities and 32.50% in cash. AUM of Allied Finergy Fund was recorded at Rs. 447.89 million at 30<sup>th</sup> June 2019.

## 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 # 10 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, 2019 is given in note No. 23 of the Financial Statements.

## AUDITORS

M/s. A.F. Ferguson & Co. (Chartered Accountants), have been appointed as auditors for the year ending June 30, 2019 for ABL Finergy Fund (AFF).

## MANAGEMENT QUALITY RATING

On December 31, 2018, JCR-VIS Credit Rating Company Limited (JCR-VIS) has reaffirmed 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

We expect equities to remain range bound given persistent monetary tightening being observed since start of current calendar year. Continuous monitoring in IMF program to have check on borrowings from SBP for budgetary support, projected increase in utility prices (Gas & Electricity) and ambitious tax revenue target of amounting PKR 5.5 trillion etc. would keep pressure on economic growth. However, healthy projected inflows from external sources post IMF program will help reduce both the deficits i.e. fiscal as well as current account. Prevalent interest rates will improve the NIMs of banking sectors. Besides, substantial depreciation of PKR against greenback during past six months will benefit the E&P and Power sectors as their profitability is linked will dollar index. Contrary to this, cyclical stocks and sectors having imported raw material like Cement, Autos, Steel & Pharma will remain under pressure.

## 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



**Director**



**Alee Khalid Ghaznavi  
Chief Executive Officer**

**Lahore, August 08, 2019**

## FUND MANAGER REPORT

### OBJECTIVE

To seek long term capital appreciation through investments in equity stocks, primarily from the financial and energy sector / segment / industry, fixed income Instruments, Money Market Instruments based on market outlook.

### EQUITY MARKET REVIEW

Financial Year 2019 turned out as an unfavorable year for Pakistan equities where KSE -100 index posted a negative return of 19% to close the year at 33,901 points. The index came to the red zone for two consecutive years (FY18 & FY19) after 8 consecutive years (FY10-17) of positive returns. This was broadly due to political & economic noise as the new government took office. The KSE -100 index made a high during FY19 and touched 43,556 points on July 30th as the PTI's victory was announced in the general elections held on July 25, 2018. However, delays in policymaking, interest rate hike of 575bps, and significant devaluations (31.7% during FY19) put the index in a downward spiral with some bounce-backs on developments like foreign assistance from Saudi Arabia (USD 3.0 billion), UAE (USD 3.0 billion), China (USD 2.1 billion) & Qatar (USD 1.0 billion) but those too remained short-lived. During the year, PSX managed to keep its place in the MSCI Emerging Market index despite the majority of the constituent stocks falling short of criteria. Foreigners remained net seller of equity worth USD 355.9 million which was largely absorbed by individual with net buying of worth USD 165.6 million. Companies and Insurance corporates also supported the market with net buying of USD 110.5 million and USD 149.7 million, respectively. On the other hand, mutual funds remained net sellers, offloading USD 145.5 million worth of shares. Performance of the market remained lackluster where major index laggards were E&Ps, Banks, and Cements each shedding 1147, 1069 and 1051 points, respectively. Decline in oil prices (21% YoY decline in FY19) due to US-China trade war triggered the underperformance for E&P sector while the banking sector underperformed due to one off pension charges, provision against the foreign portfolio of advances and super tax charge on profits of 2017. Moreover, persistent rise in input cost (higher coal prices due sharp PKR depreciation) along with pricing indiscipline were major reasons behind the underperformance of the cement sector. Average traded value and volume fell to USD 47.3 million (down 37%YoY) and 155.2 million shares (down 11%YoY), respectively. Moving ahead, we expect the market to stabilize as Pakistan has entered the IMF program and will get around USD 38 billion from different multi-lateral agencies in the next 3-years to support its economy. Pakistan Stock Exchange (PSX) closed the period at P/E of 6.3x, and a dividend yield (DY) of 7.3%.

### FUND PERFORMANCE

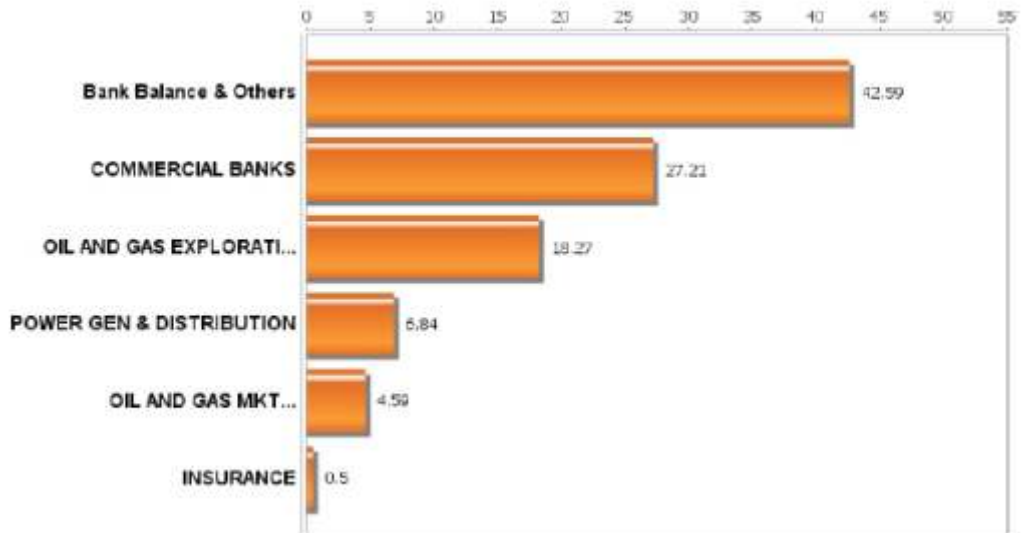
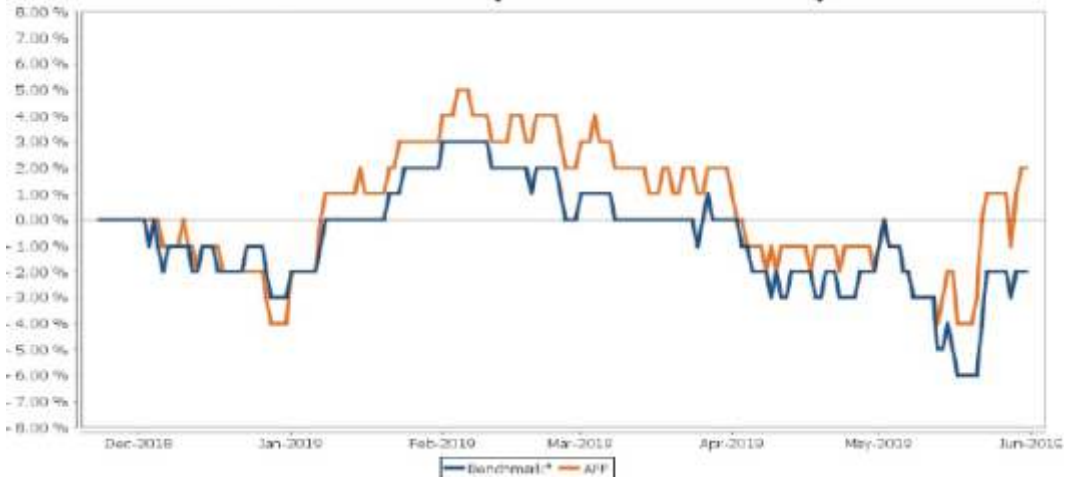
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The Fund was invested 57.41% in equities and 32.50% in cash. AUM of Allied Finergy Fund was recorded at Rs. 447.89 million at 30<sup>th</sup> June 2019.

### OUTLOOK AND STRATEGY

We expect equities to remain range bound given persistent monetary tightening being observed since start of current calendar year. Continuous monitoring in IMF program to have check on borrowings from SBP for budgetary support, projected increase in utility prices (Gas & Electricity) and ambitious tax revenue target of amounting PKR 5.5 trillion etc. would keep pressure on economic growth. However, healthy projected inflows from external sources post IMF program will help reduce both the deficits i.e. fiscal as well as current account. Prevalent interest rates will improve the NIMs of banking sectors. Besides, substantial depreciation of PKR against greenback during past six months will benefit the E&P and Power sectors as their profitability is linked will dollar index. Contrary to this, cyclical stocks and sectors having imported raw material like Cement, Autos, Steel & Pharma will remain under pressure.

### AFF vs BENCHMARK (12m ROLLING RETURNS)



## PERFORMANCE TABLE

**For the period from  
November 23, 2018  
to June 30, 2019**

**Rupees per '000**

Net Assets	447,890
Net Income	(12,775)

**Rupees per unit**

Net Assets value	9.7887
Interim distribution*	-
Final distribution*	-
Distribution date final	-
Closing offer price	10.0824
Closing repurchase price	9.7887
Highest offer price	10.7988
Lowest offer price	9.8809
Highest repurchase price per unit	10.4843
Lowest repurchase price per unit	9.5931

**Percentage**

Total return of the fund	
- capital growth	-3.54%
- income distribution	0.00%
Average return of the fund Since Inception	-3.54%

### Disclaimer

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

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office**

CDC House, 99-B, Block 'B'  
S.M.C.H.S. Main Shakra-e-Faisal  
Karachi - 74400, Pakistan.  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326021 - 23  
URL: [www.cdcpakistan.com](http://www.cdcpakistan.com)  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**ALLIED FINERGY 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 Allied Finergy 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 period ended from November 23, 2018 to June 30, 2019 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.

**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: September 19, 2019.





**INDEPENDENT AUDITOR'S REPORT**

**To the Unit holders of Allied Finergy Fund**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Allied Finergy Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2019, and the income statement, statement of movement in unit holders' fund and cash flow statement for the period from November 23, 2018 to June 30, 2019, 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, 2019, and of its financial performance, its cash flows and transactions for the period from November 23, 2018 to June 30, 2019 in accordance with the 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 in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the 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 is the key audit matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	<b>Net Asset Value (NAV)</b> (Refer notes 4 and 5 to the financial statements)	
	<p>The bank balances and investments constitute the most significant component of the NAV. The bank balances of the Fund as at June 30, 2019 amounted to Rs 158.173 million and investments aggregated to Rs 261.413 million.</p> <p>The existence and proper valuation of investments and existence of bank balances for the determination of NAV of the Fund as at June 30, 2019 was considered a high risk area and</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>tested the design and operating effectiveness of the key controls for valuation of investments;</li> <li>obtained independent confirmations for verifying the existence of the investment portfolio and bank balances as at June 30, 2019 and reconciled it with the books and records of the Fund. Where such confirmations were</li> </ul>

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
 State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
 Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

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S.No.	Key Audit Matter	How the matter was addressed in our audit
	therefore we considered this as a key audit matter.	<p>not available, alternate audit procedures were performed;</p> <ul style="list-style-type: none"> <li>re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and</li> <li>obtained bank reconciliation statements and tested reconciling items on a sample basis.</li> </ul>

#### Other Information

Management 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 Management and Board of Directors of the Management Company for the Financial Statements

Management 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 management 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, management 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 management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the management company is 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 board of directors 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 board of directors 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 board of directors 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**

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

Chartered Accountants  
Karachi  
Date: September 27, 2019

**ALLIED FINERGY FUND  
STATEMENT OF ASSETS AND LIABILITIES  
AS AT JUNE 30, 2019**

	Note	June 30, 2019 Rupees in '000
<b>Assets</b>		
Bank balances	4	158,173
Investments	5	261,413
Dividend and profit receivable	6	2,081
Preliminary expenses and floatation costs	7	3,164
Receivable against sale of investments		1,050
Receivable against sale of units		28,838
Advance and other receivable	8	628
<b>Total assets</b>		<b>455,347</b>
<b>Liabilities</b>		
Payable to ABL Asset Management Company Limited - Management Company	9	5,954
Payable to the Central Depository Company of Pakistan - Trustee	10	85
Payable to the Securities and Exchange Commission of Pakistan	11	282
Accrued expenses and other liabilities	12	1,136
<b>Total liabilities</b>		<b>7,457</b>
<b>NET ASSETS</b>		<b>447,890</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>447,890</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	13	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>45,755,787</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>9.7887</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 Mateen**  
Chief Financial Officer



**Alee Khalid Ghaznavi**  
Chief Executive Officer



**Pervaiz Iqbal Butt**  
Director

**ALLIED FINERGY FUND**  
**INCOME STATEMENT**  
**FOR THE PERIOD FROM NOVEMBER 23, 2018 TO JUNE 30, 2019**

	Note	For the period from November 23, 2018 to June 30, 2019 Rupees in '000
<b>Income</b>		
Profit on savings accounts		16,298
Dividend income		8,164
Gain on sale of investments - net		1,799
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.2	(27,750)
		<u>(25,951)</u>
<b>Total loss</b>		<u>(1,489)</u>
<b>Expenses</b>		
Remuneration of ABL Asset Management Company Limited - Management Company	9.1	5,947
Punjab Sales Tax on remuneration of the Management Company	9.2	952
Accounting and operational charges	9.3	297
Selling and marketing expenses	9.4	1,185
Remuneration of Central Depository Company of Pakistan - Trustee	10.1	595
Sindh Sales Tax on remuneration of the Trustee	10.2	77
Annual fees to the Securities and Exchange Commission of Pakistan	11.1	282
Securities transaction cost		951
Auditors' remuneration	14	225
Listing fee		21
Amortisation of preliminary expenses and floatation costs	7	447
Printing charges		273
Settlement and bank charges		34
<b>Total operating expenses</b>		<u>11,286</u>
<b>Net loss for the period before taxation</b>		<u>(12,775)</u>
Taxation	16	-
<b>Net loss for the period after taxation</b>		<u>(12,775)</u>
<b>Earnings / (loss) per unit</b>	17	-
<b>Allocation of net income for the period</b>		
Net income for the period after taxation		-
Income already paid on units redeemed		-
<b>Accounting income available for distribution:</b>		<u>-</u>
- Relating to capital gains		-
- Excluding capital gains		-

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

For ABL Asset Management Company Limited  
(Management Company)



Saqib Mateen  
Chief Financial Officer



Aleo Khalid Ghaznavi  
Chief Executive Officer



Pervaiz Iqbal Butt  
Director



**ALLIED FINERGY FUND**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS**  
**FOR THE PERIOD FROM NOVEMBER 23, 2018 TO JUNE 30, 2019**

For the period from November 23, 2018 to June 30, 2019		
Capital value	Undistributed loss	Total

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

Issue of 151,506,064 units

- Capital value	1,515,061	-	1,515,061
- Element of income	742	-	742
Total proceeds on issuance of units	1,515,803	-	1,515,803

Redemption of 105,750,277 units

- Capital value	1,057,503	-	1,057,503
- Element of income	(2,365)	-	(2,365)
Total payments on redemption of units	1,055,138	-	1,055,138

Total comprehensive loss for the period - (12,775) (12,775)

Net assets at end of the period 460,665 (12,775) 447,890

Accounting income available for distribution:

- Relating to capital gain	-
- Excluding capital gain	-
	-

Net loss for the period after taxation (12,775)

Distribution for the period -

Undistributed loss carried forward (12,775)

Undistributed loss carried forward

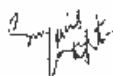
- Realised income	14,975
- Unrealised loss	(27,750)
	<u>(12,775)</u>

**(Rupees)**

Net assets value per unit at end of the period 9.7887

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

For ABL Asset Management Company Limited  
(Management Company)



Saqib Mateen  
Chief Financial Officer



Aleo Khalid Ghaznavi  
Chief Executive Officer



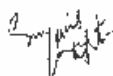
Pervaiz Iqbal Butt  
Director

**ALLIED FINERGY FUND**  
**CASH FLOW STATEMENT**  
**FOR THE PERIOD FROM NOVEMBER 23, 2018 TO JUNE 30, 2019**

	Note	For the period from November 23, 2018 to June 30, 2019 Rupees in '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the period before taxation		(12,775)
<b>Adjustments for:</b>		
Profit on savings accounts		(16,298)
Dividend income		(8,164)
Amortisation of preliminary expenses and floatation costs		447
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.2	27,750
		3,735
<b>Increase in assets</b>		
Advance and other receivable	8	(628)
<b>Increase in liabilities</b>		
Payable to ABL Asset Management Company Limited - Management Company		2,343
Payable to the Central Depository Company of Pakistan - Trustee		85
Payable to the Securities and Exchange Commission of Pakistan		282
Accrued expenses and other liabilities		1,136
		3,846
		(5,822)
Profit on savings accounts received		14,711
Dividend received		7,670
Net amount paid on purchase and sale of investments		(290,213)
<b>Net cash used in operating activities</b>		(273,654)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from issuance of units		1,486,965
Net payments against redemption of units		(1,055,138)
<b>Net cash generated from financing activities</b>		431,827
<b>Net increase in cash and cash equivalents</b>		158,173
<b>Cash and cash equivalents at the end of the period</b>	4	158,173

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

For ABL Asset Management Company Limited  
(Management Company)



Saqib Mateen  
Chief Financial Officer



Aleo Khalid Ghaznavi  
Chief Executive Officer



Pervaiz Iqbal Butt  
Director

# ALLIED FINERGY FUND

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### FOR THE PERIOD FROM NOVEMBER 23, 2018 TO JUNE 30, 2019

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#### 1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Allied Finergy Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on August 09, 2018 between ABL Asset Management Company Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Securities and Exchange Commission of Pakistan (SECP) authorised constitution of the Trust Deed vide letter no. SCD/AMCW/AFF/55/2018 dated August 09, 2018 in accordance with the requirements of the Non-Banking Finance Companies and Notified Entities Regulation, 2008.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at Plot No. 14, Main Boulevard, DHA Phase 6, Lahore. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

1.2 The Fund has been categorised as an open ended asset allocation scheme by the Board of Directors of the Management Company 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 and are transferable and redeemable by surrendering them to the Fund.

1.3 The objective of the fund is to seek long term capital appreciation through investments in equity stocks, primarily from the financial and energy sector / segment / industry, fixed income Instruments, money market instruments based on market outlook.

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

1.5 As per the offering document approved by the SECP, the accounting period, in case of the first such period, shall commence from the date on which the trust property is first paid or transferred to the Trustee. Accordingly, these financial statements have been prepared from November 23, 2018 to June 30, 2019.

1.6 This is the first accounting period of the Fund and hence there are no comparative figures.

#### 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 applicable in Pakistan comprise of:

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

Where 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 the requirements of the Trust Deed differ from the requirements of IFRS, 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 the requirements of the Trust Deed have been followed.

##### 2.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current period:

The Fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities as disclosed in note 3.3.

2.2.1 There are certain other amended standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2018 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

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

The following amendments to published accounting and reporting standards would be effective from the dates mentioned below against the respective amendments:

Standards, interpretations and amendments	Effective date (accounting periods beginning on or after)
- IFRS 9 - 'Financial instruments' (amendment)	January 1, 2019
- IAS 1 - 'Presentation of financial statements' (amendment)	January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendment)	January 1, 2020

The Management is currently in the process of assessing the full impact of these amendments on the financial statements of the Fund.

2.3.1 There are certain other standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2019 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

### 2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future periods.

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 3.3 and 5) and provision for taxation (notes 3.13 and 16).

### 2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments have been carried at fair values.

### 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 Pakistan Rupee, which is the Fund's functional and presentation currency.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 3.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts and other short-term highly liquid investments with original maturities of three months or less.

### 3.3 Financial assets

#### 3.3.1 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

### **3.3.2 Classification and subsequent measurement**

#### **Equity instruments**

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement".

The dividend income for equity securities classified under FVOCI are to be recognised in the Income Statement. However, any surplus / (deficit) arising as a result of subsequent movement in the fair value of equity securities classified as FVOCI is to be recognised in other comprehensive income and is not recycled to the Income Statement on derecognition.

### **3.3.3 Impairment**

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

### **3.3.4 Impairment loss on debt securities**

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors.

### **3.3.5 Regular way contracts**

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

### **3.3.5 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

## **3.4 Financial liabilities**

### **3.4.1 Classification and subsequent measurement**

Financial liabilities are classified and subsequently measured at amortised cost.

### **3.4.2 Derecognition**

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

## **3.5 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 to realise the assets and settle the liabilities simultaneously.

## **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 obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.



### 3.7 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 circulation at the year / period end.

### 3.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption application during business hours of that day. The redemption price is equal to the NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

### 3.9 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the period.

Distributions declared subsequent to the period end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

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

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 element of income is a transaction of capital nature and the receipt and payment of element of income is 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.

### 3.11 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise.
- Interest income on bank balances is recognised on an accrual basis.
- Dividend income is recognised when the right to receive the dividend is established.

### 3.12 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and Trustee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

### 3.13 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 period, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders in cash.

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

### 3.14 Earnings per unit

Earnings per unit is calculated by dividing the net income of the period before taxation of the Fund by the weighted average number of units outstanding during the period.

### 3.15 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistan Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

### 3.16 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 are being amortised over a period of 5 years in accordance with the requirements set out in the Trust Deed of the Fund.

## 4 BANK BALANCES

	Note	June 30, 2019 Rupees in '000
Balances with banks in:		
Savings accounts	4.1	<u>158,173</u>

4.1 This includes balance of Rs 19.801 million maintained with Allied Bank Limited (a related party) that carries profit at 8% per annum. Other savings account of the Fund carries profit at 13.20% per annum.

## 5 INVESTMENTS

	Note	June 30, 2019 Rupees in '000
<b>At fair value through profit or loss</b>		
- Quoted equity securities	5.1	<u>261,413</u>

### 5.1 Investments in equity securities - quoted

Shares of listed companies - fully paid up ordinary shares with a face value of Rs. 10 each unless stated otherwise.

Name of the Investee Company	As at November 23, 2018	Purchased during the period	Bonus / right shares received during the period	Sold during the period	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Appreciation / (diminution)	Market value as a percentage of total investments	Market value as a percentage of net assets	Holding as a percentage of paid-up capital of investee company	Number of shares held		Rupees in '000		Percentage	
<b>Commercial banks</b>																	
Meezan Bank Limited	-	251,000	25,100	40,000	236,100	20,314	20,578	264	7.87%	4.59%	0.02%						
United Bank Limited	-	374,000	-	310,000	64,000	9,149	9,432	283	3.61%	2.11%	0.01%						
Bank Al Habib Limited	-	385,500	-	98,500	287,000	21,767	22,495	728	8.61%	5.02%	0.03%						
Allied Bank Limited (related party)	-	260,500	-	185,400	75,100	7,744	7,887	143	3.02%	1.76%	0.01%						
MCB Bank Limited	-	67,900	-	-	67,900	13,052	11,845	(1,207)	4.53%	2.64%	0.01%						
Bank Al Alfalah Limited	-	585,000	-	60,000	525,000	25,141	22,885	(2,256)	8.75%	5.11%	0.03%						
Bank of Punjab	-	1,351,000	-	620,000	731,000	9,315	6,689	(2,626)	2.56%	1.49%	0.03%						
Habib Bank Limited	-	361,100	-	166,000	195,100	24,763	22,097	(2,666)	8.45%	4.93%	0.01%						
						131,245	123,908	(7,337)	47.40%	27.65%							
<b>Insurance</b>																	
Adamjee Insurance Company Limited	-	100,000	-	35,000	65,000	2,990	2,278	(712)	0.87%	0.51%	0.02%						
						2,990	2,278	(712)	0.87%	0.51%							
<b>Oil &amp; gas exploration companies</b>																	
Mari Petroleum Company Limited	-	16,400	-	640	15,760	19,928	15,907	(4,021)	6.09%	3.55%	0.01%						
Oil and Gas Development Company Limited (Note 5.1.1)	-	475,900	-	169,000	306,900	43,945	40,354	(3,591)	15.44%	9.01%	0.01%						
Pakistan Oilfields Limited	-	72,900	-	53,200	19,700	9,287	7,996	(1,291)	3.06%	1.79%	0.01%						
Pakistan Petroleum Limited	-	323,000	-	191,800	131,200	22,665	18,949	(3,716)	7.25%	4.23%	0.01%						
						95,825	83,206	(12,619)	31.84%	18.58%							
<b>Oil &amp; gas marketing companies</b>																	
Pakistan State Oil Company Limited	-	172,900	-	82,500	90,400	18,209	15,335	(2,874)	5.87%	3.42%	0.02%						
Sui Northern Gas Pipelines Limited	-	188,500	-	108,500	80,000	5,212	5,559	347	2.13%	1.24%	0.01%						
						23,421	20,894	(2,527)	8.00%	4.66%							
<b>Power generation &amp; distribution</b>																	
Hub Power Company Limited (Note 5.1.1)	-	421,500	46,156	117,000	350,656	30,479	27,614	(2,865)	10.55%	6.17%	0.03%						
K - Electric Limited * / **	-	800,000	-	-	800,000	5,203	3,513	(1,690)	1.34%	0.78%	-						
						35,682	31,127	(4,555)	11.89%	6.95%							
<b>Total - June 30, 2019</b>						<u>289,163</u>	<u>261,413</u>	<u>(27,750)</u>	<u>100.00%</u>	<u>58.35%</u>							

\* Ordinary shares have a face value of Rs. 3.5 each

\*\* Nil figures due to rounding off difference

- 5.1.1 The above investments include shares of the following companies which have been pledged with National Clearing Company of Pakistan for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 of 2007 dated October 23, 2007 issued by the Securities & Exchange Commission of Pakistan. The details of shares which have been pledged are as follows:

<b>June 30, 2019</b>	
Number of shares	Rupees in '000
Hub Power Company Limited	60,000
Oil & Gas Development Company Limited	20,000
	<u>80,000</u>
	<u>4,725</u>
	<u>2,630</u>
	<u>7,355</u>

<b>5.2 Unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit or loss</b>	<b>Note</b>	<b>June 30, 2019 Rupees in '000</b>
Market value of investments	5.1	261,413
Less: carrying value of investments	5.1	289,163
		<u>(27,750)</u>

## 6 DIVIDEND AND PROFIT RECEIVABLE

Profit receivable	1,587
Dividend receivable	494
	<u>2,081</u>

## 7 PRELIMINARY EXPENSES AND FLOATATION COSTS

Preliminary expenses and floatation costs incurred	7.1	3,611
Less: amortisation during the period		(447)
At the end of period		<u>3,164</u>

- 7.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are amortised over a period of 5 years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance companies and Notified Entities Regulation, 2008.

<b>8 ADVANCES AND OTHER RECEIVABLE</b>	<b>Note</b>	<b>June 30, 2019 Rupees in '000</b>
Other receivable	8.1	595
Balance in IPS Account		33
		<u>628</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, withholding tax on dividend and profit on bank deposits paid to the Fund 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. The tax withheld on dividends and profit on bank deposits amounts to Rs 0.081 million and Rs 0.514 million respectively.

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 January 28, 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 dividends and profit on bank deposits has been shown as other receivable as at June 30, 2019 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

	Note	June 30, 2019 Rupees in '000
<b>9 PAYABLE TO ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY - RELATED PARTY</b>		
Management fee payable	9.1	753
Punjab Sales Tax payable on remuneration of the Management Company	9.2	121
Accounting and operational charges payable	9.3	235
Selling and marketing expenses payable	9.4	937
Sales and transfer load payable		287
Preliminary expenses and floatation cost payable		3,611
Other		10
		<u>5,954</u>

**9.1** As per NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding 2% of the average annual net assets in case of equity schemes. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 2% per annum of the average net assets of the Fund during the period ended June 30, 2019. The remuneration is payable to the Management Company monthly in arrears.

**9.2** During the period, an amount of Rs. 0.952 million was charged on account of sales tax on management fee levied through Punjab Sales Tax on Services Act, 2012 at the rate of 16% (2018: 16%).

**9.3** Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from June 20, 2019.

However, the management continued to charge expenses at the rate of 0.1 percent of the average annual net assets of the Fund for both the periods i.e from July 1, 2018 to June 19, 2019 and from June 20, 2019 to June 30, 2019, being lower than actual expenses.

**9.4** The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except for fund of 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. Accordingly, the Management Company has charged selling and marketing expenses amounting to Rs. 1.185 million at the rate of 0.4% of the net assets of the Fund being lower than actual expenses chargeable to the Fund for the period.

	Note	June 30, 2019 Rupees in '000
<b>10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED (CDCPL) - TRUSTEE - RELATED PARTY</b>		
Trustee fee payable	10.1	75
Sindh Sales Tax payable on trustee fee	10.2	10
		<u>85</u>

**10.1** The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

**Net Assets Value (NAV)**

Upto Rs 1,000 million

Exceeding Rs 1,000 million

**Tariff per annum**

Rs 0.7 million or 0.20% per annum of NAV whichever is higher.

Rs 2 million plus 0.10% per annum of NAV exceeding Rs. 1,000 million.

10.2 During the period, an amount of Rs 0.077 million was charged on account of sales tax on remuneration of the Trustee levied through Sindh Sales Tax on Services Act, 2011.

	Note	June 30, 2019 Rupees in '000
<b>11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>		
Annual fee payable	11.1	<u>282</u>

11.1 In accordance with the NBFC Regulations, 2008, a collective investment scheme classified as an asset allocation scheme is required to pay to the Securities and Exchange Commission of Pakistan an amount equal to 0.095% of the average annual net assets of the Fund as annual fee.

		June 30, 2019 Rupees in '000
<b>12 ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Auditors' remuneration payable		100
Printing charges payable		74
Brokerage payable		790
Withholding tax payable		151
Listing fee payable		21
		<u>1,136</u>

**13 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at June 30, 2019.

**14 AUDITORS' REMUNERATION**

Annual audit fee	100
Half yearly review of condensed interim financial statements	60
Fee for other certifications	50
Out of pocket expenses	15
	<u>225</u>

**15 TOTAL EXPENSE RATIO**

The Total Expense Ratio (TER) of the Fund as at June 30, 2019 is 2.29% which includes 0.30% representing government levies on the Fund such as sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an equity scheme.

**16 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 the accounting income for the period as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the period derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. The Fund has not recorded any tax liability as the Fund has incurred a net loss during the period.

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

## 17 EARNINGS / (LOSS) PER UNITS

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

## 18 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

18.1 Connected persons include ABL Asset Management Company being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

18.2 Transactions with connected persons are executed on an arm's length basis and essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

18.3 Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008.

18.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

18.5 The details of transactions carried out by the Fund with connected persons during the period and balances with them as at period end are as follows:

	<b>June 30, 2019 Rupees in '000</b>
<b>ABL Asset Management Company Limited - Management Company</b>	
Remuneration charged	5,947
Punjab Sales Tax on remuneration of the Management Company	952
Accounting and operational charges	297
Selling and marketing expenses	1,185
Issue of 42,031,451 units	420,983
Redemption of 29,666,502 units	300,000
Outstanding 12,364,949 units	121,037
<b>Central Depository Company of Pakistan - Trustee</b>	
Remuneration of the Trustee	595
Sindh Sales Tax on remuneration	77
Balance in IPS account	33
<b>Allied Bank Limited</b>	
Profit on saving account	3,045
Issue of 2,502,102 units	25,000
Outstanding 2,502,102 units	24,492
Bank charges	19
<b>Ibrahim Agencies (Private) Limited</b>	
Issue of 900,000 units	9,000
Outstanding 900,000 units	8,810

18.6 Other balances due to / from related parties / connected persons are included in the respective notes to the financial statements.



## 19 FINANCIAL INSTRUMENTS BY CATEGORY

	2019		
	At amortised cost	At fair value through profit or loss	Total
	Rupees in '000		
<b>Financial assets</b>			
Bank balances	158,173	-	158,173
Investments	-	261,413	261,413
Dividend and profit receivable	2,081	-	2,081
Receivable against sale of investments	1,050	-	1,050
Receivable against sale of units	28,838	-	28,838
Advance and other receivable	33	-	33
	<u>190,175</u>	<u>261,413</u>	<u>451,588</u>

### Financial liabilities

	2019	
	At amortised cost	Total
	Rupees in '000	
Payable to ABL Asset Management Company Limited - Management Company	5,954	5,954
Payable to the Central Depository Company of Pakistan - Trustee	85	85
Accrued expenses and other liabilities	964	964
	<u>7,003</u>	<u>7,003</u>

## 20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

### 20.1 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 the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

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

#### (i) Yield / interest rate risk

Yield / 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. As of June 30, 2019, the Fund is exposed to such risk on accrued mark-up on bank deposits. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

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

Presently, the Fund holds accrued mark-up on balances with banks which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the period and net assets of the Fund would have been higher / lower by Rs. 0.0159 million.

#### b) Sensitivity analysis for fixed rate instruments

As at 30 June 2019, the Fund does not hold any fixed rate instrument that may expose the Fund to fair value interest rate risk.

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

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2019 can be determined as follows:

----- 2019 -----						
Effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
-----Rupees in '000-----						
<b>Financial assets</b>						
Bank balances	8% - 13.2%	158,173	-	-	-	158,173
Investments		-	-	-	261,413	261,413
Dividend and profit receivable		-	-	-	2,081	2,081
Receivable against sale of investments		-	-	-	1,050	1,050
Receivable against sale of units		-	-	-	28,838	28,838
Advance and other receivable		-	-	-	33	33
		158,173	-	-	293,415	451,588
<b>Financial liabilities</b>						
Payable to ABL Asset Management Company Limited - Management Company		-	-	-	5,954	5,954
Payable to the Central Depository Company of Pakistan - Trustee		-	-	-	85	85
Accrued expenses and other liabilities		-	-	-	964	964
		-	-	-	7,003	7,003
<b>On-balance sheet gap</b>		158,173	-	-	286,412	444,585
<b>Total interest rate sensitivity gap</b>		158,173	-	-		
<b>Cumulative interest rate sensitivity gap</b>		158,173	158,173	158,173		

## (ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

## (iii) Price risk

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

The Fund is exposed to equity price risk on investments held by the Fund and classified as 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The NBFC Regulations also limit individual equity securities to no more than 15% of net assets and issued capital of the investee company and sector exposure limit to 40% of the net assets.

In case of 5% increase / decrease in KSE 100 index on June 30, 2019, with all other variables held constant, the total comprehensive income of the Fund for the period would decrease / increase by Rs. 13.0707 million and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 Index and 3 months deposit, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE 100 Index and 3 months deposit, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE 100 Index and 3 months deposit.

## 20.2 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.

2019						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000						
<b>Financial assets</b>						
Bank balances	158,173	-	-	-	-	158,173
Investments	-	-	-	-	261,413	261,413
Dividend and profit receivable	2,081	-	-	-	-	2,081
Receivable against sale of investments	1,050	-	-	-	-	1,050
Receivable against sale of units	28,838	-	-	-	-	28,838
Advance and other receivable	33	-	-	-	-	33
	190,175	-	-	-	261,413	451,588
<b>Financial liabilities</b>						
Payable to ABL Asset Management Company Limited - Management Company	5,954	-	-	-	-	5,954
Payable to the Central Depository Company of Pakistan - Trustee	85	-	-	-	-	85
Accrued expenses and other liabilities	864	100	-	-	-	964
	6,903	100	-	-	-	7,003
<b>Net financial assets</b>	<b>183,272</b>	<b>(100)</b>	<b>-</b>	<b>-</b>	<b>261,413</b>	<b>444,585</b>

## 20.3 Credit risk

20.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

2019		
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
Rupees in '000		
Bank balances	158,173	158,173
Investments	261,413	-
Dividend and profit receivable	2,081	2,081
Receivable against sale of investments	1,050	1,050
Receivable against sale of units	28,838	28,838
Advance and other receivable	33	33
	<u>451,588</u>	<u>190,175</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2019 is the carrying amount of the financial assets.

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent controls established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

### 20.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and mark-up accrued thereon. The credit rating profile of balances with banks is as follows:

<b>Rating</b>	<b>% of financial assets exposed to credit risk</b>
	<b>2019</b>
<b>Bank balances</b>	
AAA	4.38%
AA-	30.64%
	<u>35.02%</u>

## 21 FAIR VALUE MEASUREMENT

Fair value is 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. Consequently, differences can arise between carrying values and the fair value estimates.

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

### Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted 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 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 (i.e. unobservable inputs).

As at June 30, 2019 and June 30, 2018, the Fund held the following financial instruments measured at fair values:

----- 2019 -----			
Level 1	Level 2	Level 3	Total
-----Rupees in '000-----			
261,413	-	-	261,413

### Financial assets

At fair value through profit or loss

## 22 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

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

In accordance with the risk management policies as stated in note 20, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

23 UNIT HOLDING PATTERN OF THE FUND

Category	2019		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	325	197,691	44.14%
Associated companies & directors	3	154,339	34.46%
Insurance companies	-	-	-
Banks & DFIs	-	-	-
NBFCs	-	-	-
Retirement Funds	11	89,008	19.87%
Public limited companies	-	-	-
Others	3	6,852	1.53%
	<b>342</b>	<b>447,890</b>	<b>100.00%</b>

24 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

Name of broker	2019 Percentage of commission paid
JS Global Capital Limited	13.05%
Taurus Securities Limited	11.77%
AKD Securities Ltd	9.36%
AL Habib Capital Markets (Private) Limited	9.33%
BMA Capital Management Limited	9.01%
Intermarket Securities Limited	8.39%
Optimus Capital Management (Private) Limited	7.75%
Topline Securities Limited	7.59%
Arif Habib Limited	7.38%
Insight Securities (Private) Limited	6.43%

25 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Following are the details in respect of members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience
Alee Khalid Ghaznavi	Chief Executive Officer	MBA	18
Saqib Mateen	CFO & Company Secretary	ACA & APFA	20
Tanweer Haral	Head of Risk Management	MBA - Banking	24
Fahad Aziz	Head of Fixed Income	MBA - Finance	13
Ali Ahmed Tiwana	Head of Equity	CIMA	9
M. Tahir Saeed	Head of Research	MBA & CFA	7
M. Abdul Hayee	Fund Manager - Equity	MBA-Executive & CFA	11
Abdul Rehman Tahir	Fund Manager - Fixed Income	MBA	8

26 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Ali Ahmed Tiwana	Fund Manager	CIMA	ABL Financial Planning Fund, ABL Islamic Financial Planning Fund, ABL Stock Fund, Mustaqbil Pension Fund and Allied Capital Protected Fund.

## 27 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The 56th, 57th, 58th and 59th Board of Directors meetings were held on September 06, 2018, October 25, 2018, February 06, 2019 and April 30, 2019, 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	
1	Sheikh Mukhtar Ahmed	4	3	1	59th
2	Mohammad Naeem Mukhtar	4	4	-	-
3	Muhammad Waseem Mukhtar	4	3	1	59th
4	Tahir Hasan Qureshi	4	3	1	59th
5	Muhammad Kamran Shehzad	4	4	-	-
6	Pervaiz Iqbal Butt	4	4	-	-
7	Alee Khalid Ghaznavi	4	4	-	-
<b>Other persons</b>					
9	Saqib Mateen*	4	4	-	-

\* Saqib Mateen attended the meetings as Company Secretary.

## 28 RATING OF THE FUND AND THE MANAGEMENT COMPANY

The JCR-VIS Credit Rating Company Limited has determined the asset manager rating of the Management Company of AM2++ (2018: AM2++ on December 29, 2017) on December 31, 2018. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

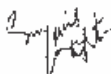
## 29 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 8-August-2019.

## 30 GENERAL

Figures have been rounded off to the nearest (thousand) Rupee unless otherwise stated.

For ABL Asset Management Company Limited  
(Management Company)



Saqib Mateen  
Chief Financial Officer



Alee Khalid Ghaznavi  
Chief Executive Officer



Pervaiz Iqbal Butt  
Director



## DISCLOSURE OF PROXY VOTING

The Board of Directors of ABL Asset Management Company Limited (the Management Company of the fund) have overall responsibility for the implementation of Proxy Voting Policy and Procedures which is available on Management Company's website ([www.ablamc.com](http://www.ablamc.com)). During the financial year, the Management Company on behalf of the Fund did not participate in 15 shareholders' meeting. Moreover, details of summarized proxies voted are as follows:

	<b>Resolutions</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>	<b>Reason for Abstaining</b>
Number	1	1	-	-	-
(%ages)	100	100	-	-	-

## فنڈ کی کارکردگی :-

اے بی ایل فٹری فنڈ (ABL-AFF) نے زیر الجائزہ مدت کے دوران 0.7% - کارٹرن کیا ہے جبکہ مقرر کردہ معیار 0.17% - کا تھا جو کہ 0.10% بہتر پرفارمنس ہے فنڈ کو 155.21% یکنوٹیز میں اور 42.80% کیش میں انویسٹ کیا گیا ABL-AFF کے ماتحت اثاثہ جات دسمبر 2018 میں 508.52 ملین روپے سے کم ہو کر 31 مارچ 2019 میں 449.49 ملین روپے تک رہ گئے۔

## محاسب کار :-

مسیر زفر مومن اینڈ کمپنی (چارٹرڈ اکاؤنٹنٹس) کو اے بی ایل مالیاتی پلاننگ فنڈ (ABL-AFF) کا برائے مالی سال 30 جون 2019 تک محاسب کار مقرر کیا گیا۔

## انتظامی معیار کی درجہ بندی :

31 دسمبر 2018 کو JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے اے بی ایل ایسٹ مینجمنٹ کمپنی لمیٹڈ کی انتظامی معیار کی درجہ بندی کو AM 2 + سے (Two Double Plus) AM2++ قرار دیا۔ متعین کردہ حد بندی کے لحاظ سے مستحکم ہے۔

## جائزہ :-

آئیوالے اہم واقعات 2QCY19 میں حصص مارکیٹ کے رخ کا یقین کرینگے۔ (1) پاکستان کے IMF سے مذاکرات / مشاورت (2) مالی سال 2020 کا بجٹ (3) FATF میں ترقی ہمارے خیال میں IMF کو کرنسی میں رد و بدل اور پالیسی ریٹ میں اضافہ سے مطمئن ہو جانا چاہئے تاہم بجلی اور گیس کے نرخوں میں نظر ثانی کی جاسکتی ہے ترقیاتی اخراجات چیک میں رہیں گے۔ اس طرح سائیکلک شعبوں جسے سینٹ / اسٹیل کا دہاؤ برقرار رہے گا دوسری طرف ہاؤسنگ اور سلیکٹر IMF سے فائدہ حاصل کر نیوالے میں ہوگا کیونکہ ٹیرف میں اضافہ اور سکوک کی پیشکش کی وجہ سے بڑی پلک ریلیٹ کھسی جاسکی گئے ٹیکس بھی 2013/14 والا سال دو بارہ دیکھ سکیں گے جب انہوں نے زیادہ پیداوار والی PIB کو 3-5 سال تک کے پابند کر دیا تھا بیرونی سلیکٹر زیادہ نمبر دکھائے گا اور ہم اوسطاً موجودہ اکاؤنٹ کے خسارے کو 700 ملین USD تک دیکھیں گے (سال 18 میں اوسطاً مالی خسارہ 5.0% ارب USD تھا) تاہم افراط زر میں انچ اب جاری رہی اسلئے کہ گزشتہ کچھ ہفتوں سے تیل کی عالمی قیمتیں مسلسل بڑھ رہی ہیں۔

## توثیق :

ہم اپنے گرانقدر سرمایہ کاروں کا شکریہ ادا کرتے ہیں جنہوں نے ہم پر اپنا اعتماد کیا منتظمین بھی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کا، ٹرٹی سینٹرل ڈیپازٹری کمپنی کا اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کا ان کی مسلسل رہنمائی اور معاونت پر مشکور ہیں۔ منتظمین انتظامی اراکین کی جانب سے کی گئی کاوشوں کو بھی سراہتے ہیں۔

## برائے اور منجانب منتظمین :

علی خالد غزنوی

سربراہ

متم

8 اگست 2019ء، لاہور

آگے چلنے ہوئے ہم امید کرتے ہیں کہ IMF کے تیل آؤٹ چیلنج پر دھچکا کے بعد بیرونی اکاؤنٹ پر آسانی ہوگی موجودہ اکاؤنٹ کا خسارہ بیرونی ملک کارکنوں کی ترسیلات میں میں رمضان المبارک کے بعد عید الفطر کے موقع پر زیادتی کی وجہ سے اور روپے کی قیمت میں کمی کی وجہ سے درآمدات میں کمی کی وجہ سے کنٹرول میں رہنے کی توقع ہے۔ مہنگائی اسٹیٹ بینک کے دیئے گئے حدف کے مطابق 75%-6.5% تک رہنے کی توقع ہے۔ گورنمنٹ کی طرف سے ایک اور ٹیکس ایبسنٹی اسکیم کے اعلان کی توقع ہے تاکہ محصولات کی وصولی کا دروازہ وسیع ہو جائے اور مالی خسارے کو کم کیا جائے مالی سال 2020 کا بجٹ بھی ملک کے مستقبل میں ایک اہم کردار ادا کرے گا ان تمام عناصر کو ایک طرف رکھتے ہوئے سازگار سیاسی ماحول چیزوں کو پلان کے مطابق چلانے میں ایک بنیادی محرک ہوگا۔

## مارکیٹ کا جائزہ:

3Q FY19 نے KSE-100 انڈیکس میں 10% کے اضافہ کے ساتھ جنوری کے مہینے میں ایک اچھا آغاز کیا جسکی وجہ منی بجٹ میں کچھ مثبت اقدامات کے اعلانات (بینکنگ، کھاد، اور آٹوموبائل سیکٹر) کے لیے کئے گئے تھے مزید یہ کہ دوست ممالک سے مالی معاونت اور کچھ حوصلہ مند اقدامات بڑی معیشت کے محاذ پر۔ بہر حال یہ صورت حال تھوڑے عرصے کے لیے رہی کیونکہ سرمایہ کاروں نے غیر تسلی بخش کارپوریٹ انرنگ، پلوامہ پر خودکش حملے کے بعد پاکستان اور انڈیا کے ہاڈر پر کشیدگی اور IMF کے پروگرام میں تاخیر کی وجہ سے فروخت شروع کر دی ان منفی اقدامات نے سعودی عرب کے ساتھ کئے گئے 20 ارب USD کے معاہدوں کے اثر کو بھی زائل کر دیا اور انڈیکس 3Q FY19 میں 3.5% اضافہ کے ساتھ اس سہ ماہی میں 38649 پوائنٹس پر بند ہوا۔ سرمایہ کاری کے محاذ پر بیرونی ملک سرمایہ کار اور مقامی میوچل فنڈ مختلف سمتوں میں تھے جہاں بیرونی سرمایہ کاروں کی طرف سے خریداری 31 USD ملین تک پہنچی گئی وہاں میوچل فنڈ نے اتنی مقدار (ملین USD 31) کی ماییت کے شیئرز اس سہ ماہی میں فروخت کر دیئے۔ اسی طرح بروکرز اور بینکس DFII خریدار تھے جبکہ افراد اور کمپنیاں مارکیٹ میں سرمایہ کاری کرنے سے گریز ان تھیں کاروباری طرف اس سہ ماہی مارکیٹ کم از کم رہی جہاں اوسط واپیم YoY 39% سے گرتے ہوئے 131 ملین شیئرز تک آیا جبکہ اوسط کاروباری ماییت YoY 49% تک گرتے ہوئے 41 ملین USD تک آگئی مزید برآں کے سیکٹر کا تجزیہ یہ ظاہر کرتا ہے کہ کمرشل بینکس، تیل اور گیس نکالنے والی کمپنیوں کے ساتھ کھاد سیکٹر نے انڈیکس کو آگے بڑھایا اور 814,919 اور 617 پوائنٹس کا ہالترتیب اضافہ کیا، پہلے والے، (ٹیکسٹ) نے بڑھتی ہوئی شرح سود کو فائدہ اٹھایا جبکہ E & P سیکٹر کو سمندر میں ڈرنگ کی وجہ سے بہتر توقعات سے فائدہ ہوا اس برعکس پاؤڈر جزیٹیشن اور ڈسٹری بیوٹن سیکٹر مارکیٹ کو 336 پوائنٹس نیچے لے گیا جس کی وجہ HUBC کی طرف سے کم قیمت پر رائٹس شیئرز کا اجراء ہوتا ہے۔

## مشترکہ فنڈ کی صنعت کا جائزہ:

اوپن اینڈ فنڈ کی صنعت کے زیر انتظام (اثاثہ جات AUM) 3Q FY19 کے دوران مستحکم رہے صرف ایک معمولی 0.16% کی گراؤٹ کا مظاہرہ کیا (630 ارب روپے سے 629 ارب روپے) جس کی بنیادی اصل وجہ غیر یقینی معاشی صورتحال اور کلیاتی معاشیات کے محرکات کی بہتری تھی جو کہ گزشتہ سال اسی مدت کے برعکس ہے جب اثاثہ جات AUM میں 10% کا اضافہ ہوا اور یہ مارچ 2018 کے اختتام تک 704 ارب روپے تک پہنچ گئے۔ ایکویٹی فنڈز جس میں کنوینشنل اور اسلامک ایکویٹی شامل ہے نے اچھی خاصی کمی کا مظاہرہ کیا اور اثاثہ جات میں ہالترتیب 11.6% اور 14.7% کی کمی کے ساتھ 123 ارب اور 83.9 ارب روپے پر بند ہوئے یہ کمی بنیادی طور پر مارکیٹ کی خراب کارکردگی کی طرف منسوب کی جاسکتی ہے (جب جنوری کے اثر کے باوجود 3Q FY19 میں KSE-100 انڈیکس 4.5% بڑھا) جو غیر یقینی معاشی صورتحال کی وجہ سے جس نے سرمایہ کاروں کے جذبات کو بھی مجروح کیا اسی طرح فکسڈ انکم کنگری (جو انکم، ایگری سوا انکم اور منی مارکیٹ فنڈز پر مشتمل ہے) نے 3Q FY19 میں 2.5% کی کمی ظاہر کی اور دسمبر 2018 میں 200 ارب روپے کے مقابلے میں مارچ 2019 میں 195 ارب روپے تک رہ گئے۔

## آگاہی منجانب منتظمین کمپنی

اسے بی ایل ایف ڈی لٹریچر فی فنڈ (ABL-AFF) کی انتظامی کمپنی ABL ایسٹ منجمنٹ کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز نے بی ایل ایف ڈی لٹریچر فی فنڈ کے جامع مالیاتی (غیر محاسبی) حسابات برائے ششماہی 31 مارچ 2019 پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

### جائزہ برائے اقتصادی کارکردگی

ملک کے بڑے معاشی عوامل نے 9MFY19 کے دوران ایک مسابقتی ماحول پیدا کیے رکھا ملک کی معیشت موجودہ اکاؤنٹ کے بہت زیادہ خسارے، بڑھتے ہوئے مالی عدم توازن اور تیزی سے ختم ہوتے ہوئے زرمبادلہ کے ذخائر کی وجہ سے دباؤ میں رہی ان تمام عوامل نے PKR/USD کو % 16 کم کر دیا، % 6.78 YoY مہنگائی کردی اور 425 پوائنٹس پالیسی ریٹ میں اضافہ ہو گیا۔ اگرچہ ہم پر امید ہے کہ معاشی چیلنجز سے نمٹنے کے لیے خاطر خواہ ردو بدل کیا جا چکا ہے۔ جیسا کہ ملک نے بنیادی اصلاحات کے پروگرام کا آغاز کر دیا ہے بڑے عالمی معاہدات کے ساتھ جیسا کہ IMF جو درمیان میں ہے معیشت آگے بڑھنے کی طرف گامزن ہو چکی ہے۔ 8MFY19 میں ملک کا موجودہ اکاؤنٹ کا خسارہ % 23 YoY (CAD) کے اضافہ کے ساتھ USD 8.84 ارب ڈالر تک پہنچ گیا % 8 YoY کے کم تجارتی خسارے کی وجہ سے سامان تجارت اور خدمات میں ترقی دیکھی گئی اگرچہ 8MFY19 میں برآمدات USD 19.45 ارب تک رہیں اور خدمات اور سامان تجارت کی درآمدات میں کمی (% 4.58 YoY) اور بیرون ملک کارکنوں کی ترسیلات میں تیزی نے موجودہ اکاؤنٹ کے خسارے کو (CAD) کو کنٹرول کرنے میں معاونت کی اس کی وجہ سے بیرونی اکاؤنٹ پر اور زرمبادلہ کی ذخائر دباؤ کم ہوا۔ 29 مارچ 2019 تک ملک کے زرمبادلہ کے ذخائر US 17.4 ارب ڈالر ہو گئے۔ مارچ 2019 کے آخر میں چانس سے قرضہ ملنے والی رقم کی وجہ سے یہ ذخائر US 2.1 ارب ڈالر تک اور بڑھ گئے۔

ملک میں مارچ 2019 میں پانچ سال کی سب سے زیادہ مہنگائی رہی جو کہ % 9.41 تھی پچھلے سال اسی مدت میں % 3.25 تھی۔ مہنگائی میں یہ اضافہ قابل استعمال غذائی آئٹم اور ناقابل غذائی آئٹم کی طرف منسوب کیا جا سکتا ہے۔ جس (کنزیومر پرائز انڈیکس) میں % 2.97 کا حصہ ڈالا ہے اس کے بعد ٹرانسپورٹ (% 0.80 کا حصہ)، پانی، بجلی، گیس اور پیٹرول (% 3.31 کا حصہ) 9MFY19 میں اوسط CPI % 6.78 YoY تک آ گیا جبکہ پچھلے سال اسی مدت کے دوران % 3.78 YoY تک تھا۔ اسٹیٹ بینک نے 9MFY19 کے دوران مہنگائی کو نیچے لانے کیلئے پالیسی ریٹ میں % 4.25 تک اضافہ کر دیا۔ دوسری طرف بڑھتی ہوئی شرح سود نے ملک کی GDP کی نمو کو جاہد کر دیا عالمی ادارے جیسے کہ ورلڈ بینک IMF اور موڈی نے GDP کی نمو کو FY19 کیلئے % 4 سے بھی نیچے شمار کیا یہ سست روی بالکل درست ہے اس لیے کہ اسٹیٹ بینک کے فراہم کردہ اعداد و شمار کے مطابق 7MFY19 کی مدت کے دوران بڑی صنعتیں % 2.30 YoY تک گھٹ گئیں۔















مالیاتی مجوزہ پر FY19 کے دوران ملک میں ایک بڑے مالی خسارے آنے کی امید ہے اگرچہ حکومت پاکستان مالی خسارہ کم کرنے کے لیے سخت اقدامات کر رہی ہے جو محصولات کے حذف کی وصولی میں ناکامی نے مشکل بنا دیا ہے مارچ 2019 میں محصولات کی وصولی % 5.14 YoY کی کمی کے ساتھ 351 ارب روپے ہوئی مارچ 2019 میں 357 ارب روپے ٹیکس کی وصولی پہنچ گئی % 5.14 YoY کم جبکہ محصولات کی وصولی کا حذف 432 ارب روپے تھا مجموعی طور پر 9MFY19 میں ٹیکس کی وصولی 2681 ارب روپے تک ہو گئی جبکہ وصولی کا حذف 2998 ارب روپے تھا جو کہ 317 ارب روپے کے شارٹ فال کی عکاسی کرتا ہے یاد رہے کہ FY19 مالی سال کیلئے ٹیکس کی وصولی کا حذف 4398 ارب روپے تھا۔ بہرونی اکاؤنٹ ڈیبٹ سروس کی بہت زیادہ قیمت، ہماری مالی خسارے، انتہائی مہنگائی اور کم GDP نمو کی وجہ سے پاکستانی روپیہ امریکن ڈالر کے مقابلے میں گر گیا روپے کی قدر میں 9MFY19 میں % 16 کی کمی واقع ہوئی ہے جبکہ % 22 YoY کے مقابلے میں جو کہ گزشتہ سال اسی مدت میں 140.78 روپے پر تھا۔



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