



ABL ISLAMIC DEDICATE STOCK FUND
ANNUAL FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2019

Annual REPORT



ABL Asset Management
Discover the potential

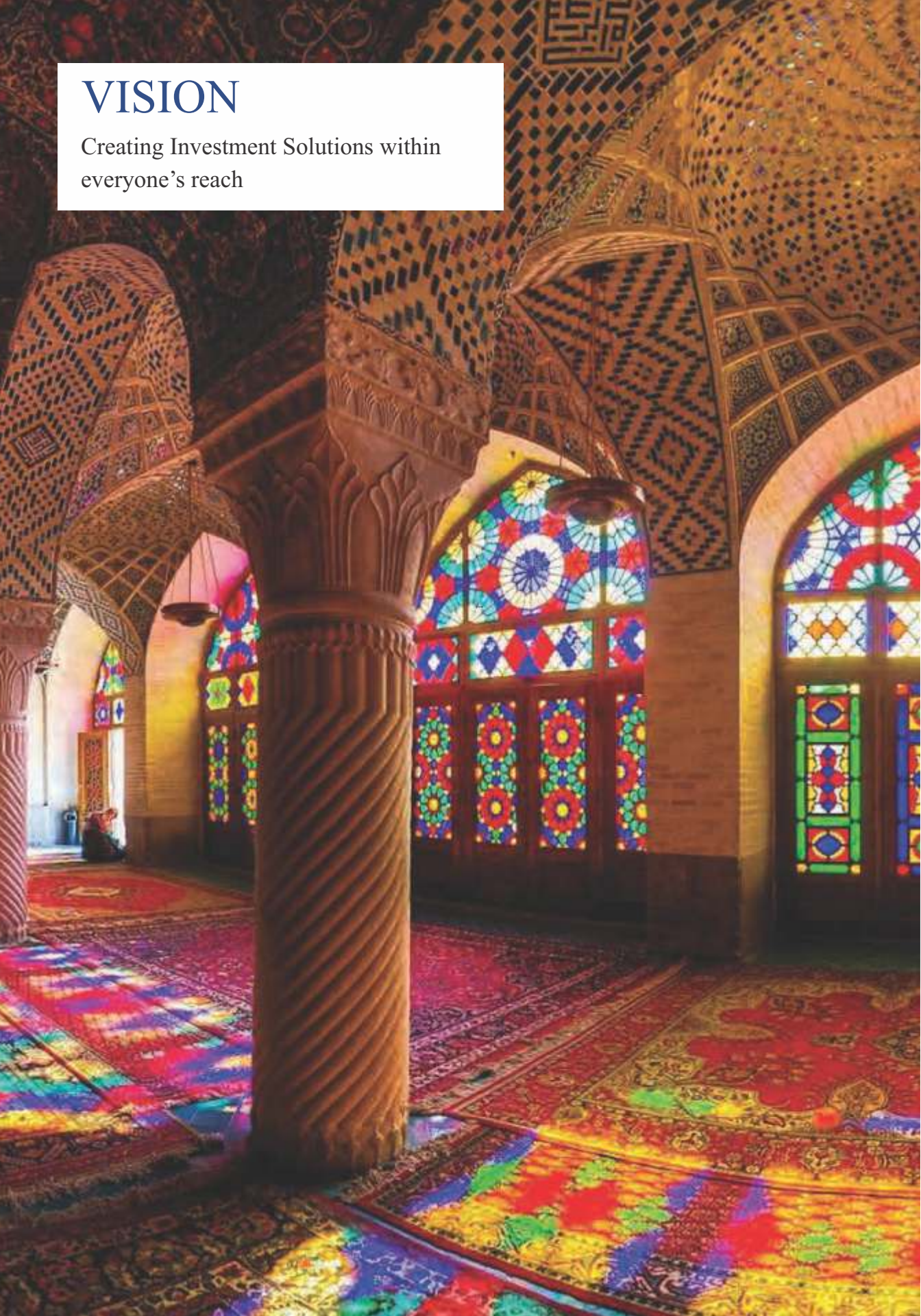


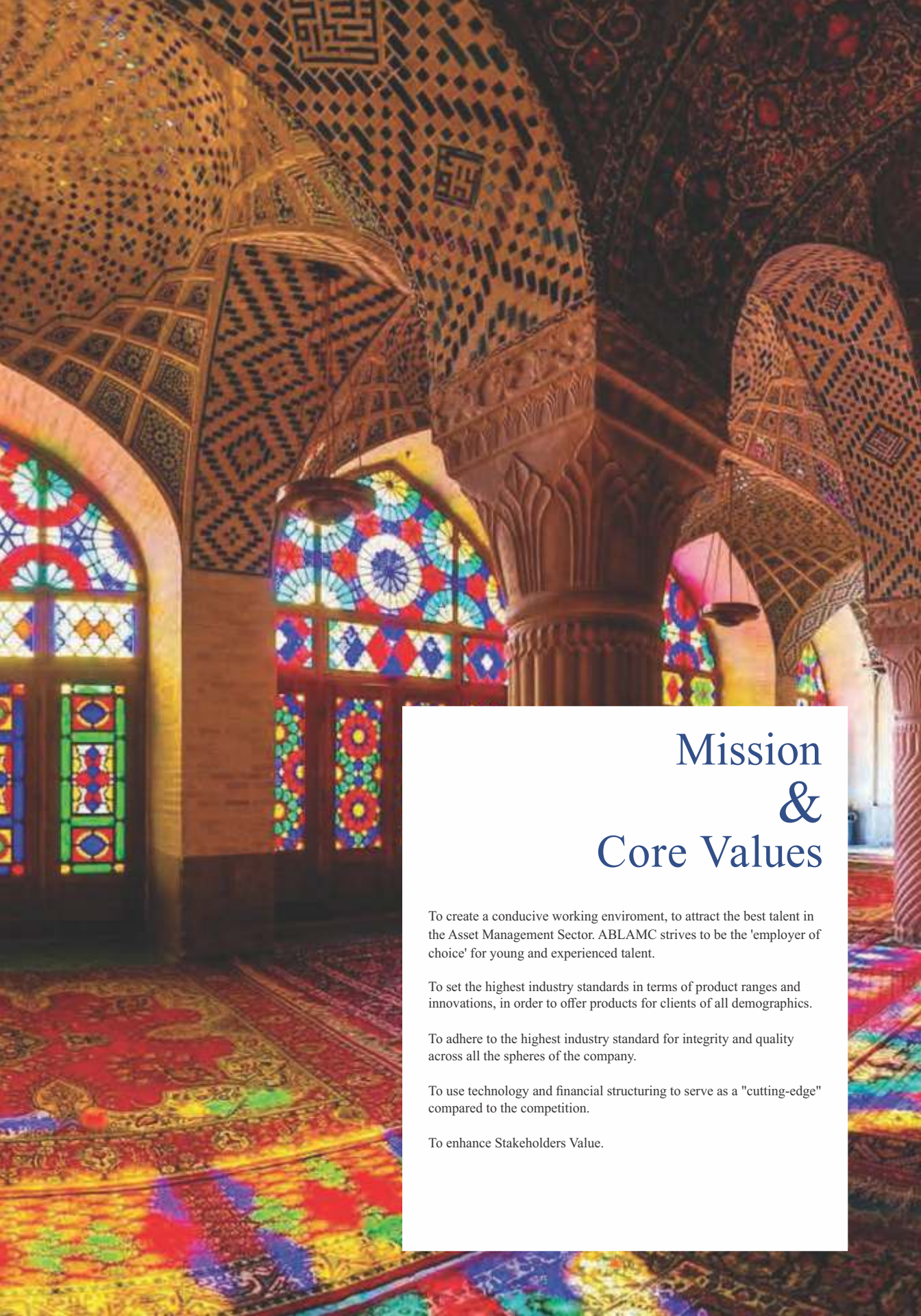
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VISION

Creating Investment Solutions within everyone's reach





Mission & Core Values

To create a conducive working environment, to attract the best talent in the Asset Management Sector. ABLAMC strives to be the 'employer of choice' for young and experienced talent.

To set the highest industry standards in terms of product ranges and innovations, in order to offer products for clients of all demographics.

To adhere to the highest industry standard for integrity and quality across all the spheres of the company.

To use technology and financial structuring to serve as a "cutting-edge" compared to the competition.

To enhance Stakeholders Value.



FUND'S INFORMATION

Management Company:	ABL Asset Management Company Limited Plot/Building # 14, Main Boulevard, DHA, Phase - VI, Lahore - 54810	
Board of Directors	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
Audit Committee:	Mr. Muhammad Kamran Shehzad Mr. Muhammad Waseem Mukhtar Mr. Pervaiz Iqbal butt	Chairman Member Member
Human Resource and Remuneration Committee	Mr. Muhammad Waseem Mukhtar Mr. Pervaiz Iqbal butt Mr. Alee Khalid Ghaznavi Mr. Muhammad Kamran Shehzad	Chairman Member Member Member
Chief Executive Officer of The Management Company:	Mr. Alee Khalid Ghaznavi	
Chief Financial Officer & Company Secretary:	Mr. Saqib Matin	
Chief Internal Auditor:	Mr. Kamran Shehzad	
Trustee:	MCB Finanacial Services Ltd. 4th Floor, Perdesi House, Old Queens' Road, Karachi - 74400.	
Bankers to the Fund:	Allied Bank Limited Bank Islami Pakistan Limited	
Auditor:	A. F. Ferguson & Co Chartered Accountants State life Building No. 1-C, I. I. Chundrigar Road, Karachi.	
Legal Advisor:	Ijaz Ahmed & Associates Suite # 7, 11th zamzama street, Phase-V, DHA, Karachi.	
Registrar:	ABL Asset Management Company Limited. L - 48, Defence Phase - VI, Lahore - 74500	

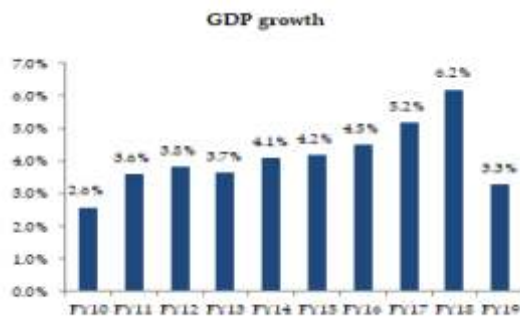


REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of ABL Asset Management Company Limited, the management company of ABL Islamic Dedicated Stock Fund (ABL-IDSF), is pleased to present the Audited Financial Statements of ABL Islamic Dedicated Stock Fund for the year ended 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.

ISLAMIC EQUITY MARKET REVIEW

Pakistan stock market (PSX) showed negative performance in FY19 for another year against continued positive returns for the previous 8 years. KMI-30 index (benchmark for Shariah compliant funds) declined by 23% to close the year at 54,118 points. This lackluster performance was largely attributable to political and economic uncertainty during the election year. Monetary tightening (575bps hike during FY19), massive PKR/USD devaluation (31.7%) and economic indiscipline compelled foreign investors to remain net sellers in the local bourse with net outflows of USD 355.9 million in FY19. On the other hand, individuals came out as the major ally of the market with net buying of USD 165.6 million. The major laggards among KMI-30 stocks were PPL/LUCKY/POL, contributing 1,836.91/1,229.3/1,179.7, respectively, to the index fall. In contrast, DAWH & Engro Corp. supported the index by positively contributing 350 and 37 points to the index change. Decline in oil prices 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 coupled with sharp PKR depreciation) along with pricing indiscipline were major reasons behind the underperformance of the cement sector. On the trading front, average daily volumes of KMI-30 index increased by 19% to reach 53.48 million shares in FY19 against 44.8 million shares last year. 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%.

SECTOR OVERVIEW

The outgoing fiscal year was quite an eventful year for the banking sector. State Bank of Pakistan (SBP) increased the policy rate by 575 bps to 12.25% during FY19. However, the sector declined by 15% during the current year marginally out-performing the benchmark KSE-100 Index. Charge of pension related liabilities, deposit insurance premium, provisions against overseas loan portfolios, absence of capital gains, and super tax on 2017 profits marred the profitability of the sector during the year under review. On the contrary rising interest rates, lean domestic provisions and reversal of WWF and pension related liabilities (for specific banks) gave a lift to profitability of the sector. Slow expansion of NIMs, potential risks of rise in domestic NPLs as a result of higher interest rates, regulatory concerns pertaining to the implementation of IFRS-9, Treasury Single Account, and 1.5% increase in Total CAR requirement from 2019 kept the performance of the sector at the local bourse in check.

E&P sector with its weightage of 15% in KSE-100 posted a negative performance of 26% in FY19. A 15%YoY hike in crude pricing against the previous year and a 31.7% PKR devaluation worked in the favor of the sector. Crude production witnessed a plunge of ~2% over the year amid curtailed flows from Nashpa and Tal block especially Makori East, Mamikhel, and Manzalai. Meanwhile, gas production also slashed by 1% over the year in consideration. Furthering this, there was an extensive exploratory activity in the past year with various discoveries from OGDC including Chanda-1, Mela-5 and Mangrio-1 while PPL led the pack with news of flows where notable fields include Dharian-1, Unarpur-1, and Hadaf-1 to name a few. Moreover, an increase in exploratory licenses disbursed was observed for the past year and an average 35.7% success rate of the past two years makes us optimistic on accretion in reserve life to another 6-8 years on the go. Amid other news, an 18th attempt of exploration was incurred at an offshore site at Indus Basin namely Kekra-1. After a few months of drilling commencing in 3QFY19, the drilling terminated on May 18, 2019 after absence of success despite the target depth having reached.

Economic slowdown was felt across all sectors and Oil Marketing Companies (OMCs) were no exception. The sector continued to face competition from smuggled Iranian products while companies were more focused in expanding their storage capacities. Additionally, the demand for petroleum products was seen declining that can be attributed to decrease in automobiles sales, higher fuel prices and shifting of power plants from FO to RLNG. Lower volumes, inventory losses and exchange losses put further pressure on profits during the year.

Cement sector nosedived in FY19 with negative annual return of 47% (with 31% negative return in 4QFY19) as compared to negative 19%YoY return by the benchmark index. This is in addition to the negative 42% return in the FY18. The dismal performance of the sector was on the back of sluggish construction activities in the country. The government released worth PKR 500 billion on account of Public Sector Development Fund (PSDP) against the budgeted PKR 800 billion whereas the provinces spent PKR 700 billion compared to a budgeted amount of PKR 850 billion. Though, the government has set a PSDP target of PKR 701 billion for FY20, the target is still lower than the released amount in FY18. The prices in the north zone nosedived due to new capacities coming online during the year. The price touched PKR 470/bag in the north side which impacted the north players. In addition to this, the rising input cost amid PKR devaluation (31.7%YoY) increased the cost of imported coal. During the year, SBP

implemented the contractionary monetary policy and raised the policy rates that increased the financing cost for the companies. On the dispatches front, the sector witnessed a marginal negative performance where cumulative dispatches dropped by 1% during the 9MFY19 (reported by APCMA), settling at 34.5 million tons compared to 34.8 million tons in the SPLY. Though, the overall dispatches could not improve but we get to see a hefty increase in the exports where total exports of the sector elevated by 49%YoY during 9MFY19. The exports were up due to the clinker demand from overseas because of the cheaper pricing post devaluation. Going forward, we expect the sector to remain under pressure on the back of i) volatile north side cement prices once expansion related dispatches hit the market that include KOHAT, PIOC and LUCK with 2.3, 2.4 and 2.5 million tons respectively ii) lower demand amid sluggish government and private sector spending iii) higher input cost post devaluation hitting fuel, power and packing cost iv) additional FED of PKR 25 per bag v) higher expected distribution cost after implementation of amended Axle Load rules by PKR 20-30 per bag, and vi) surging finance cost due to higher interest rates.

Fertilizer sector remained in the limelight during FY19 as the new government tried to resolve the long pending issue of GIDC by presenting a mechanism whereby the companies were to pay half of what should have been paid and the government would reduce the rate to half going forward. However it could not materialized. In order to ensure a healthy urea stock, 100,000 tons of urea was imported along with providing subsidized LNG to Agritech and Fatima Fert. Moreover, the issue of pending subsidy receivable remains unresolved. Urea prices were increased to pass on the impact of increased gas prices. Urea sales posted a meager increase of 1% to 5.32 million tons as compared to 5.28 million tons of 11MFY19 whereas a decline of 10% was seen in DAP off takes.

Textile sector outperformed the benchmark KSE-100 index by ~7% during FY19. The sector posted a negative return of 12% as compared to 19% decline in the PSX. Although, PKR depreciated by 31.7% against the greenback during the said period but margins remained under pressure as a result of 15%YoY higher oil prices and uptick in cotton prices (up 25%YoY to average at PKR 8,628/maund in FY19). During the year, Government of Pakistan announced incentives for textile sectors which include subsidized gas at USD 6.5 per mmbtu and power tariff at USc 7.5/Kwh but slower disbursements of sales tax refunds kept the performance of the sector in check. On the export front, according to the available figures, textile exports remained flat at USD 12.3 billion during 11MFY19.

FY19 hailed as a decent year for Chemical players due to improved international margins. The average PVC Ethylene core delta stood at USD 400/ton for FY19, up by 18%YoY while PTA-PX margins improved by 26.6% to USD 179/ton. Moreover, sharp devaluation (31.7%) of PKR against USD propped the profitability of sector as the local players compete directly with the imports and have the leverage to increase the price of their product in line with import parity price. Increase in gas prices by 30% negatively impacted the sector's profitability, however; the impact was absorbed by increase in prices of end product. Going forward, we expect margins to remain strong as new capacities of the inputs (ethylene and PX) have come online while demand for end product is expected to remain strong.

Automobile sector faced a number of challenges during FY19, which halted the growth momentum. Total auto sales declined by 12%YoY to 289,636 units. The year started with unfavorable regulatory regime where non-filers were barred purchasing new cars that dented the local car sales. Further, during the year PKR depreciated by 31.7% forcing the auto manufacturers to raised car prices multiple times whereas the rising interest rates made car leasing even more expensive. However, during the year, the government reintroduced procedures of payment for import of used cars under gift and baggage schemes, which was appreciated by the local industry. During the year, car sales decline by 7.3%YoY to 239,625 units, while tractor sales decline by 29.1%YoY to 50,011 units.

Steel sector remained under pressure during FY19 mainly due to increase in inputs costs (scrap, billet & HRC) as PKR depreciated 31.7% against the green bag. Moreover increase in gas price by 30% negatively impacted those players like International Steel (ISL) with captive gas fired power plants. Furthermore, economic slowdown led to soft demand for steel products while additional capacities came online to substitute the imports (flat steel capacity of the country increased by 550,000 tons and long steel capacity increased by 400,000 tons). The decline in demand for long steel products is directly related to slowdown in construction activities in both private and public sectors on the back of higher interest rate and lower public sector development program spending owing to fiscal pressures and lower revenue collection. Similarly, the situation for flat steel producers was no different as shrinkage in disposable income led to decrease in demand for white goods, automobiles & three wheelers. Moreover, dumping from Russia and China negatively impacted the pricing power of the local player and forced them to offer discounts in the range of 3,000 to 5,000 per ton hurting the profitability to a great extent. Going forward, the picture seems gloomy for the steel sector as power tariffs are expected to increase by 12% from July 1, 2019 while interest rates are also expected to go up further.

Independent Power Producers (IPPs) underperformed the market by 5% where the sector posted a negative return of 24%YoY while the benchmark KSE-100 index reported a negative return of 19%YoY. This dismal performance of the sector can be attributed to prevailing political & economic uncertainty in the country. Although, IPPs provide a natural hedge against PKR/USD devaluation, rising interest rates and inflation but the prevailing circular debt affected the dividend paying capacity of power companies which ultimately dampened the investor sentiment. The new government is trying to address this issue by issuing Sukuks. Talking about the companies, HUBC (-15%YoY), EPQL (-39%YoY) and NCPL (-38% YoY) predominantly dragged down the power sector return. The HUBC has gone into expansion which has reduced its dividend paying capacity. Further, the equity financing cost has increased the financial burden of the company resulting in lower profitability during the year. Moreover, the right issue also adjusted the price downwards and contributed to the negative return.

FUND PERFORMANCE

ABL-IDSF delivered a negative return of 16.93% against the benchmark return of negative 23.84%, reflecting an outperformance of 6.91%. During the year under review, ABL Islamic Dedicated Stock Fund's AUM decreased to Rs. 687.54 at June'19 from Rs. 1692.57 million at June'18.

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 # 13 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. 22 of the Financial Statements.

AUDITORS

M/s. A.F. Fergusons & Co. (Chartered Accountants), have been re-appointed as auditors for the period ending June 30, 2019 for ABL Islamic Dedicated Stock Fund (ABL-IDSF).

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 (MCB Financial Services 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 provide capital appreciation to investors of 'Fund of Funds' schemes by investing in Shariah compliant equity securities.

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.

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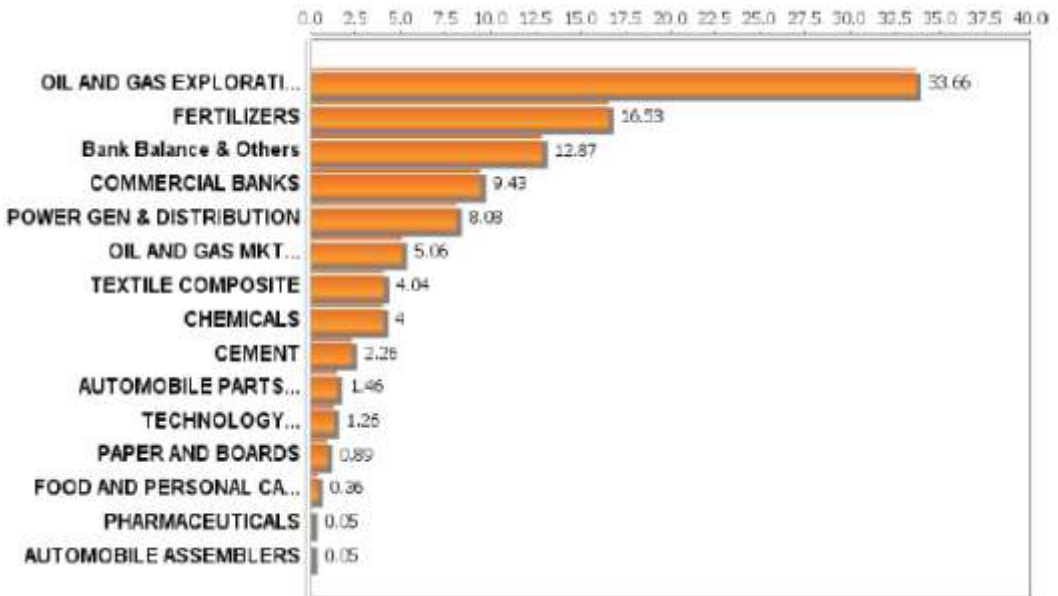
FUND PERFORMANCE

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OUTLOOK AND STRATEGY

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ABL-IDSF vs BENCHMARK (12m ROLLING RETURNS)





PERFORMANCE TABLE

	2019	2018	2017
	----- (Rupees in '000) -----		
Net Assets	687,542	1,692,567	2,737,089
Net (loss) / Income	(196,076)	(379,205)	76,107
	----- (Rupees per unit) -----		
Net Assets value	7.0038	8.4308	10.2860
Interim distribution	-	-	-
Final distribution	-	0.2048	-
Distribution date final	-	August 07, 2017	-
Closing offer price	7.0038	8.4308	10.2860
Closing repurchase price	7.0038	8.4308	10.2860
Highest offer price	8.7322	10.5261	11.7271
Lowest offer price	6.7925	7.9804	9.9476
Highest repurchase price per unit	8.7322	10.5261	11.7271
Lowest repurchase price per unit	6.7925	7.9804	9.9476
	----- Percentage -----		
Total return of the fund			
- capital growth	-16.93%	-18.45%	2.86%
- income distribution	-	2.05%	0.00%
Average return of the fund			
First Year	-16.93%	-16.40%	-
Second Year	-30.55%	-	-
Since inception	-28.57%	-14.01%	2.86%

Disclaimer

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

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

ABL ISLAMIC DEDICATED STOCK FUND


Report of the Trustee Pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

ABL Islamic Stock Dedicated Fund, an open-end Scheme established under a Trust Deed dated 16 November 2016 executed between ABL Asset Management Company Limited, as the Management Company and MCB Financial Services Limited, as the Trustee. The Securities & Exchange Commission of Pakistan (SECP) approved the appointment of MCB Financial Services Limited as the trustee of fund on 10th November 2016.

1. ABL Asset Management Company Limited, the Management Company of ABL Islamic Dedicated Stock Fund has, in all material respects, managed ABL Islamic Dedicated Stock Fund during the year ended 30th June 2019 in accordance with the provisions of the following:

- (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
- (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
- (iii) the creation and cancellation of units are carried out in accordance with the deed;
- (iv) and any regulatory requirement

Karachi: September 12, 2019



Khawaja Anwar Hussain
Chief Executive Officer
MCB Financial Services Limited

4th Floor, Perdesi House, 2/1, R-Y-16, Old Queens Road, Karachi - 74200
Direct Nos. 021-32430485, 32415454, 32415204, 32428731 PABX No. 021-32419770, Fax No. 021-32416371
Website: <http://www.mcbfsl.com.pk>

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



August 30, 2019

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

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

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

Keeping in view the above; we certify that:

We have reviewed all the investment and operational activities of the fund including all transactions and found them to comply with the Shariah guidelines. On the basis of information provided by the management company, all operations of the fund for the year ended June 30, 2019 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in ABL Islamic Dedicated Stock Fund (ABL-IDSF) managed by ABL Asset Management Company are halal and in accordance with Shariah principles.

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

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

A handwritten signature in blue ink, appearing to read "Iqbal Ahmad Aijaz".

Mufti Iqbal Ahmad Aijaz
Member Shariah Council



A handwritten signature in blue ink, appearing to read "Faraz Younus Bandukda".

Faraz Younus Bandukda, CFA
Chief Executive

Al-Hilal Shariah Advisors (Pvt) Limited





INDEPENDENT AUDITOR'S REPORT

To the Unit holders of ABL Islamic Dedicated Stock Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ABL Islamic Dedicated Stock Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2019, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2019, and of its financial performance, its cash flows and transactions for the year then ended 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	Net Asset Value (NAV) (Refer note 5 to the financial statements)	
	<p>The investments constitute the most significant component of the NAV. The investments of the Fund as at June 30, 2019 amounted to Rs 608.677 million.</p> <p>The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2019 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> tested the design and operating effectiveness of the key controls for valuation of investments; obtained independent confirmations for verifying the existence of the investment portfolio as at June 30, 2019 and reconciled it with the books and records of the Fund. Where such confirmations were not available,

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S. No.	Key Audit Matter	How the matter was addressed in our audit
		alternate audit procedures were performed; and <ul style="list-style-type: none"> re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.

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, 2010

**ABL ISLAMIC DEDICATED STOCK FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2019**

	2019	2018
	-----Rupees in '000-----	
ASSETS		
Bank balances	4 30,817	183,023
Investments	5 608,677	1,516,112
Dividend and other receivable	6 5,892	5,827
Advance and deposits	7 2,603	4,603
Preliminary expenses and floatation costs	8 533	749
Receivable against sale of units	30,000	-
Receivable against sale of investments	20,059	-
Total assets	698,581	1,710,314
LIABILITIES		
Payable to ABL Asset Management Company Limited - Management Company	9 4,216	7,355
Payable to MCB Financial Services Limited - Trustee	10 61	129
Payable to the Securities and Exchange Commission of Pakistan	11 1,248	1,847
Accrued expenses and other liabilities	12 5,514	8,416
Total liabilities	11,039	17,747
NET ASSETS	687,542	1,692,567
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	687,542	1,692,567
CONTINGENCIES AND COMMITMENTS		
	13	
	----- Number of units -----	
NUMBER OF UNITS IN ISSUE	98,167,194	200,760,311
	----- Rupees -----	
NET ASSET VALUE PER UNIT	7.0038	8.4308

The annexed notes 1 to 31 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



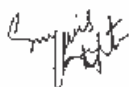
Pervaiz Iqbal Butt
Director

ABL ISLAMIC DEDICATED STOCK FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019

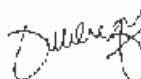
	2019	2018
Note	-----Rupees in '000-----	
INCOME		
Profit earned	9,252	12,399
Dividend income - net	57,346	76,639
Loss on sale of investments - net	(93,765)	(264,116)
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.2 (126,017)	(141,179)
Total loss	(219,782)	(405,295)
	(153,184)	(316,257)
EXPENSES		
Remuneration of ABL Asset Management Company Limited - Management Company	9.1 26,284	38,860
Punjab Sales Tax on remuneration of the Management Company	9.2 4,205	6,077
Accounting and operational expenses	9.3 1,315	1,944
Selling and marketing expenses	9.4 5,258	7,776
Remuneration of MCB Financial Services Limited - Trustee	1,099	1,513
Sindh Sales Tax on remuneration of the Trustee	143	197
Annual fees to the Securities and Exchange Commission of Pakistan	1,248	1,847
Securities transaction cost	1,823	3,142
Auditors' remuneration	14 435	570
Amortisation of floatation costs	8.1 216	216
Legal and professional charges	108	117
Printing charges	213	155
Shariah advisory fee	501	488
Bank charges	44	46
Total operating expenses	42,892	62,948
Net loss for the year before taxation	(196,076)	(379,205)
Taxation	16 -	-
Net loss for the year after taxation	(196,076)	(379,205)
Earning / (loss) per unit	17 -	-
Allocation of net income for the year		
Net income for the year after taxation	-	-
Income already paid on units redeemed	-	-
	-	-
Accounting income available for distribution:		
-Relating to capital gains	-	-
-Excluding capital gains	-	-
	-	-

The annexed notes 1 to 31 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

**ABL ISLAMIC DEDICATED STOCK FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018
	-----Rupees in '000-----	
Net loss for the year after taxation	(196,076)	(379,205)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	<u>(196,076)</u>	<u>(379,205)</u>

The annexed notes 1 to 31 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

**ABL ISLAMIC DEDICATED STOCK FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	2019			2018		
	Capital value	Undistributed loss	Total	Capital value	Undistributed income / (loss)	Total
	----- Rupees ' 000 -----					
Net assets at beginning of the year	2,040,156	(347,589)	1,692,567	2,660,981	76,108	2,737,089
Issue of 66,339,617 units (2018: 74,578,854 units)						
- Capital value (at net asset value per unit at ex - net asset value)	663,396	-	663,396	765,347	-	765,347
- Element of loss	(156,549)	-	(156,549)	(107,227)	-	(107,227)
Total proceeds on issuance of units	506,847	-	506,847	658,120	-	658,120
Redemption of 168,932,734 units (2018: 139,916,655 units)						
- Capital value (at net asset value per unit at ex - net asset value)	1,689,327	-	1,689,327	1,437,006	-	1,437,006
- Element of income	(373,531)	-	(373,531)	(158,061)	-	(158,061)
Total payments on redemption of units	1,315,796	-	1,315,796	1,278,945	-	1,278,945
Total comprehensive loss for the year	-	(196,076)	(196,076)	-	(379,205)	(379,205)
Distribution during the year	-	-	-	-	(44,492)	(44,492)
Net assets at end of the year	<u>1,231,207</u>	<u>(543,665)</u>	<u>687,542</u>	<u>2,040,156</u>	<u>(347,589)</u>	<u>1,692,567</u>

Undistributed (loss) / income brought forward

- Realised	(206,410)	247,684
- Unrealised	(141,179)	(171,576)
	<u>(347,589)</u>	<u>76,108</u>

Distribution during the year

Accounting income available for distribution:

- Relating to capital gains	-	-
- Excluding capital gains	-	-
	<u>-</u>	<u>-</u>

Net loss for the year after taxation

	<u>(196,076)</u>	<u>(379,205)</u>
--	------------------	------------------

Undistributed loss carried forward

	<u>(543,665)</u>	<u>(347,589)</u>
- Realised	(417,648)	(206,410)
- Unrealised	(126,017)	(141,179)
	<u>(543,665)</u>	<u>(347,589)</u>

(Rupees)

(Rupees)

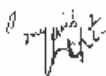
Net assets value per unit at beginning of the year

Net assets value per unit at end of the year

	<u>8.4308</u>	<u>10.2860</u>
	<u>7.0038</u>	<u>8.4308</u>

The annexed notes 1 to 31 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

**ABL ISLAMIC DEDICATED STOCK FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018
Note	-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year before taxation	(196,076)	(379,205)
Adjustments for non-cash and other items:		
Profit earned	(9,252)	(12,399)
Dividend income - net	(57,346)	(76,639)
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	126,017	141,179
Amortisation of preliminary expenses and floatation costs	216	216
	59,635	52,357
Decrease / (increase) in assets		
Other receivable	-	(1,332)
Advance and deposits	2,000	(2,000)
	2,000	(3,332)
(Decrease) / increase in liabilities		
Payable to ABL Asset Management Company Limited - Management Company	(3,139)	(1,033)
Payable to MCB Financial Services Limited - Trustee	(68)	(66)
Payable to the Securities and Exchange Commission of Pakistan	(599)	1,006
Accrued expenses and other liabilities	(2,902)	5,205
	(6,708)	5,112
Payment of preliminary expenses and floatation cost	-	(1,080)
Profit received	9,602	12,231
Dividend received	56,931	86,225
Net amount received on purchase and sale of investment	761,359	942,137
Net cash generated from operating activities	686,743	714,445
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issuance of units during the year	476,847	658,120
Payments against redemption of units during the year	(1,315,796)	(1,278,945)
Cash dividend paid	-	(44,492)
Net cash used in financing activities	(838,949)	(665,317)
Net (decrease) / increase in cash and cash equivalents	(152,206)	49,128
Cash and cash equivalents at the beginning of the year	183,023	133,895
Cash and cash equivalents at the end of the year	4 30,817	183,023

The annexed notes 1 to 31 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

ABL ISLAMIC DEDICATED STOCK FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 ABL Islamic Dedicated Stock Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on November 17, 2016 between ABL Asset Management Company Limited (ABL AMCL) as the Management Company and MCB Financial Services Limited (MCBFSL) as the Trustee. The Trust Deed was executed in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The Securities and Exchange Commission of Pakistan (SECP) authorised constitution of the Trust Deed vide letter no. AMCW / ABLAMC / 305 / 2016 dated November 10, 2016 in accordance with the requirement 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 The Securities and Exchange Commission of Pakistan (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 a Shariah compliant equity scheme by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009. The units of the Fund were initially offered for public subscription at a par value of Rs 10 per unit. Thereafter, the units are being offered for public subscription on a continuous basis from December 14, 2016 and are transferable and redeemable by surrendering them to the Fund.

1.3 The objective of ABL Islamic Dedicated Stock Fund is to provide capital appreciation to investors of 'Fund of Funds' schemes by investing in Shariah compliant equity securities.

1.4 The title to the assets of the Fund is held in the name of MCB Financial Services Limited as the Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the 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 IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and 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 year:

Effective from July 01, 2018, 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. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. The ECL has an impact on all the assets of the Fund which are exposed to credit risk. However, majority of the assets of the Fund that are exposed to credit risk pertain to counter parties which have high credit rating. Therefore, the management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognized in the "Income Statement". The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

IFRS 9 requires securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis to be recognized as FVPL. The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the Fund's investment portfolio in equity securities continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost.

The adoption of IFRS 9 did not have any impact on classification and measurement of financial assets and financial liabilities on the date of its adoption.

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 as applicable in Pakistan 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 years.

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), provision for SWWF (note 12.1) and provision for taxation (notes 3.14 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 the 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. These policies have been applied consistently to all the years presented except for the change in accounting policy as explained in note 2.2 to these financial statements.

3.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts.

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 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

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

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 end.

3.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the application 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 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 SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year 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

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date on which the transaction takes place.
- Unrealised appreciations / (diminutions) in the value of investments classified as "Financial Assets as at fair value through profit of loss" are included in the income statement in the period in which they arise.
- Dividend income is recognised when the Fund's right to receive the same is established.
- Profit on bank deposits is recognised on an accrual basis

3.12 Expenses

All expenses including management fee and trustee fee are recognised in the Income Statement on an accrual basis.

Name of the Investee Company	Number of shares					Balance as at June 30, 2019			Market value as a percentage of		Holding as a percentage of paid-up capital of investee company
	As at July 1, 2018	Purchased during the year	Bonus / right shares received during the year	Sold during the year	As at June 30, 2019	Carrying value	Market value	Appreciation / (diminution)	Net assets of the Fund	Total market value of investments	

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

OIL AND GAS EXPLORATION COMPANIES

Oil and Gas Development Company Limited (Note 5.1.1)	759,100	597,100	-	662,000	694,200	104,077	91,280	(12,797)	13.28%	15.00%	0.02%
Pakistan Oilfields Limited	159,150	52,000	23,180	193,150	41,180	21,735	16,715	(5,020)	2.43%	2.75%	0.01%
Pakistan Petroleum Limited (Note 5.1.1)	669,600	105,000	100,440	567,000	308,040	56,982	44,490	(12,492)	6.47%	7.31%	0.01%
Mari petroleum Company Limited	93,360	9,340	9,284	30,100	81,884	110,595	82,648	(27,947)	12.02%	13.58%	0.07%
						293,389	235,133	(58,256)	34.20%	38.64%	

FERTILIZERS

Engro Corporation Limited (Note 5.1.1)	415,800	151,900	29,520	392,000	205,220	58,597	54,506	(4,091)	7.93%	8.95%	0.04%
Engro Fertilizer Limited (Note 5.1.1)	1,102,000	315,500	-	841,000	576,500	43,367	36,879	(6,488)	5.36%	6.06%	0.04%
Fauji Fertilizer Company Limited	125,000	425,000	-	274,000	276,000	28,477	24,067	(4,410)	3.50%	3.95%	0.02%
						130,441	115,452	(14,989)	16.79%	18.96%	

ENGINEERING

International Steels Limited***	462,000	100,000	-	561,600	400	40	16	(24)	-	-	-
Amreli Steel Limited	422,000	-	-	422,000	-	-	-	-	-	-	-
						40	16	(24)	-	-	-

CEMENT

Kohat Cement Company Limited ***	134,200	-	40,260	170,000	4,460	422	234	(188)	0.03%	0.04%	-
Maple Leaf Cement Factory	495,500	470,000	-	965,500	-	-	-	-	-	-	-
Pioneer Cement Limited	340,000	-	-	340,000	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited	403,800	50,000	-	453,800	-	-	-	-	-	-	-
Lucky Cement Limited (Note 5.1.1)	130,950	76,550	-	166,550	40,950	20,199	15,580	(4,619)	2.27%	2.56%	0.01%
						20,621	15,814	(4,807)	2.30%	2.60%	

PAPER & BOARD

Packages Limited ***	85,450	-	-	85,400	50	24	15	(9)	-	-	-
Century Paper and Board Mills	125,000	86,500	-	12,500	199,000	13,139	6,199	(6,940)	0.90%	1.02%	0.14%
						13,163	6,214	(6,949)	0.90%	1.02%	

AUTOMOBILE ASSEMBLER

Ghandhara Industries Limited ***	7,700	-	7,700	14,700	700	247	61	(186)	0.01%	0.01%	-
Pakistan Suzuki Motor Company Limited ***	8,550	-	-	8,000	550	216	126	(90)	0.02%	0.02%	-
Milat Tractors Limited ***	30,000	-	-	29,850	150	178	129	(49)	0.02%	0.02%	-
						641	316	(325)	0.05%	0.05%	

TECHNOLOGY & COMMUNICATION

Systems Limited	152,500	31,000	18,350	110,000	91,850	8,612	8,815	203	1.28%	1.45%	0.08%
						8,612	8,815	203	1.28%	1.45%	

TEXTILE COMPOSITE

Nishat Mills Limited (Note 5.1.1)	579,200	-	-	303,300	275,900	38,880	25,753	(13,127)	3.75%	4.23%	0.08%
Kohinoor Textile Mills Limited	100,000	-	-	-	100,000	5,499	2,505	(2,994)	0.36%	0.41%	0.03%
						44,379	28,258	(16,121)	4.11%	4.64%	

AUTOMOBILE PARTS & ACCESSORIES

Thal Limited *	38,250	-	-	11,000	27,250	13,013	9,921	(3,092)	1.44%	1.63%	0.03%
General Tyre and Rubber Company of Pakistan ***	35,400	-	4,830	35,400	4,830	472	249	(223)	0.04%	0.04%	-
						13,485	10,170	(3,315)	1.48%	1.67%	

PHARMACEUTICALS

The Searle Company Limited (note 5.1.2) ***	17,110	-	316	15,000	2,426	716	356	(360)	0.05%	0.06%	-
						716	356	(360)	0.05%	0.06%	

POWER GENERATION & DISTRIBUTION

The Hub Power Company Limited (Note 5.1.1)	623,500	333,349	-	301,000	655,849	57,589	51,648	(5,941)	7.51%	8.49%	0.06%
K-Electric Limited **	-	1,100,000	-	-	1,100,000	7,152	4,829	(2,323)	0.70%	0.79%	0.00%
						64,741	56,477	(8,264)	8.21%	9.28%	

COMMERCIAL BANKS

Meezan Bank Limited	1,086,680	175,000	218,002	724,000	755,682	52,991	65,865	12,874	9.58%	10.82%	0.06%
						52,991	65,865	12,874	9.58%	10.82%	

FOOD AND PERSONAL CARE PRODUCTS

Al Shaheer Corporation Limited	-	199,000	-	-	199,000	6,160	2,507	(3,653)	0.36%	0.41%	0.14%
At-Tahur Limited	-	264,748	-	264,748	-	-	-	-	-	-	-
						6,160	2,507	(3,653)	0.36%	0.41%	

CHEMICAL

I.C.I. Pakistan Limited	80,000	2,700	-	62,500	20,200	16,065	10,756	(5,309)	1.56%	1.77%	0.02%
Engro Polymer and Chemicals	210,000	1,052,690	-	625,000	637,690	22,439	17,192	(5,247)	2.50%	2.82%	0.07%
						38,504	27,948	(10,556)	4.06%	4.59%	

Total - June 30, 2019

734,694 608,677 (126,017) 88.51% 100.00%

Total - June 30, 2018

1,657,291 1,516,112 (141,179) 89.58% 100.00%

* ordinary shares face value of Rs 5 each.

** ordinary shares face value of Rs 3.5 each.

*** Nil figure 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:

Particular	2019		2018	
	Number of shares	Rupees in '000	Number of shares	Rupees in '000
Engro Fertilizer Limited	396,500	25,364	396,500	29,702
Engro Corporation Limited	50,000	13,280	-	-
Lucky Cement Limited	30,000	11,414	-	-
Nishat Mills Limited	250,000	23,335	300,000	42,276
Oil and Gas Development Company Limited	600,000	78,894	600,000	93,372
The Hub Power Company Limited	200,000	15,750	100,000	9,213
Pakistan Petroleum Limited	200,000	28,886	200,000	42,968
Sui Northern Gas Pipelines Limited	50,000	3,475	-	-
Pakistan State Oil Company Limited	-	-	100,000	31,821
	<u>1,776,500</u>	<u>200,398</u>	<u>1,696,500</u>	<u>249,352</u>

5.1.2

The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies are liable to withhold five percent of the bonus shares to be issued. The shares so withheld shall only be released if the Fund deposit tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the High Court of Sindh (HCS) in favour of CISs.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the current year. Subsequent to the year ended June 30, 2019, the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of the CISs.

Further, the Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the year were not withheld by the investee companies.

As at June 30, 2019, the following bonus shares of the Fund have been withheld by certain companies at the time of declaration of bonus shares.

V Name of the Company	2019		2018	
	-----Bonus shares-----			
	Number of shares withheld	Market value as at June 30, 2019	Number of shares withheld	Market value as at June 30, 2018
	Rupees in '000		Rupees in '000	
The Searle Company Limited	1,696	249	1,474	500
Pakistan State Oil Company Limited	4,248	721	3,540	1,127
		<u>970</u>		<u>1,627</u>

5.2	Unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	Note	2019	2018
			-----Rupees in '000-----	
	Market value of investments	5.1	608,677	1,516,112
	Carrying value of investments	5.1	<u>(734,694)</u>	<u>(1,657,291)</u>
			<u>(126,017)</u>	<u>(141,179)</u>

6 DIVIDEND AND OTHER RECEIVABLE

Dividend receivable		2,485	2,070
Profit receivable on bank balances		596	946
Other receivable	6.1	<u>2,811</u>	<u>2,811</u>
		<u>5,892</u>	<u>5,827</u>

6.1 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 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 dividend amounts to Rs 2.811 million (2018: Rs 2.811 million).

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 dividend amounts has been shown as other receivables as at June 30, 2019 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

7	ADVANCE AND DEPOSITS	Note	2019	2018
			-----Rupees in '000-----	
	Central Depository Company of Pakistan Limited		103	103
	National Clearing Company of Pakistan Limited		2,500	2,500
	Advance against IPO subscription		-	2,000
			<u>2,603</u>	<u>4,603</u>

8	PRELIMINARY EXPENSES AND FLOATATION COSTS	Note	2019	2018
			-----Rupees in '000-----	
	At the beginning of the year		749	965
	Less: amortisation for the year	8.1	(216)	(216)
	At the end of the year		<u>533</u>	<u>749</u>

8.1 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.

9	PAYABLE TO ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY - RELATED PARTY	Note	2019	2018
			-----Rupees in '000-----	
	Management fee payable	9.1	1,335	2,863
	Punjab Sales Tax on remuneration of the Management Company	9.2	214	458
	Accounting and operational expenses payable	9.3	529	442
	Selling and marketing payable	9.4	2,138	3,592
			<u>4,216</u>	<u>7,355</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 income schemes. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 2% (2018: 2%) per annum of the average net assets of the Fund during the year ended 30 June 2019. The remuneration is payable to the Management Company monthly in arrears.

9.2 During the year, an amount of Rs. 4.205 million (2018: Rs 6.077 million) was charged on account of sales tax on management fee levied through Punjab Sales Tax on Services Act, 2011 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 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 5.258 million (2018: Rs 7.776 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 year.

10	PAYABLE TO MCB FINANCIAL SERVICES LIMITED - TRUSTEE - RELATED PARTY	Note	2019	2018
			-----Rupees in '000-----	
	Trustee fee payable	10.1	54	114
	Sindh Sales Tax payable on trustee fee	10.2	7	15
			<u>61</u>	<u>129</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:

- Up to Rs 1,000 million Rs. 0.09% of the Daily Net Assets or Rs. 250,000 per annum whichever is higher
- Exceeding Rs 1,000 million Rs. 0.9 million plus 0.065% exceeding one billion

10.2 During the year, an amount of Rs 0.143 million (2018: Rs. 0.197 million) was charged on account of sales tax on remuneration of the Trustee levied through Sindh Sales Tax on Services Act, 2011.

11	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2019	2018
			-----Rupees in '000-----	
	Annual fee payable	11.1	<u>1,248</u>	<u>1,847</u>
11.1	In accordance with the NBFC Regulations, 2008, a collective investment scheme classified as a Shariah compliant equity 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.			

12	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2019	2018
			-----Rupees in '000-----	
	Auditors' remuneration payable		220	300
	Brokerage fee payable		590	272
	Printing charges payable		161	100
	Shariah advisory fee payable		42	85
	Charity payable	12.1	2,937	6,077
	Provision for Sindh Workers' Welfare Fund	12.2	1,553	1,553
	Other payable		<u>11</u>	<u>29</u>
			<u>5,514</u>	<u>8,416</u>

12.1 According to the instructions of the Shariah Advisor, income earned by the Fund from prohibited sources should be donated to charitable purposes.

During the year ended June 30, 2019, non-Shariah compliant income amounting to Rs 2.937 million (2018: Rs 7.87 million) was charged as an expense in the books of the Fund. This will be distributed as charity after the approval of the Shariah Advisor. The dividend income is recorded net of amount given as charity.

12.2 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

The Fund has made provision for SWWF from Decemeber 14, 2016 till June 30, 2017 amounting to Rs 1.553 million as the decision in this respect is pending to date. The Fund has not made any provision for SWWF after July 01, 2017 as the registered office of the Management Company of the Fund has been relocated from the Province of Sindh to the Province of Punjab.

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from December 14, 2016 to June 30, 2019, the net asset value of the Fund as at June 30, 2019 would have been higher by Re 0.016 per unit (2018: Re 0.008 per unit).

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2019 and June 30, 2018.

14	AUDITORS' REMUNERATION	2019	2018
		-----Rupees in '000-----	
	Annual audit fee	300	300
	Half yearly review of condensed interim financial statements	100	125
	Sindh Sales Tax on services	20	24
	Out of pocket expenses	<u>15</u>	<u>121</u>
		<u>435</u>	<u>570</u>

15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2019 is 3.27% (2018: 3.24%) which includes 0.44% (2018: 0.44%) representing government levies on the Fund such as sales taxes, 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 a 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 year 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 year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. The Fund has not recorded any tax liability as the Fund has incurred a net loss during the year.

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 EARNING / (LOSS) PER UNIT

Earning / (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, MCB Financial Services 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 year and balances with them as at year end are as follows:

	2019	2018
	-----Rupees in '000-----	
ABL Asset Management Company Limited - Management Company		
Remuneration charged	26,284	38,860
Punjab Sales Tax on remuneration of the Management Company	4,205	6,077
Accounting and operational expenses	1,315	1,944
Selling and marketing expenses	5,258	7,776
Preliminary expenses and floatation costs - paid	-	1,080
MCB Financial Services Limited - Trustee		
Remuneration of the Trustee	1,099	1,513
Sindh Sales Tax on remuneration of the Trustee	143	197
ABL Islamic Financial Planning Fund - Active Allocation Plan		
Issue of 6,861,598 (2018: 15,380,292) units	48,265	137,414
Redemption of 51,578,763 (2018: 53,722,311) units	386,505	485,192
Outstanding 45,286,092 (2018: 90,003,257) units	317,174	758,799

	2019	2018
	-----Rupees in '000-----	
ABL Islamic Financial Planning Fund - Conservative Allocation Plan		
Issue of Nil (2018: 1,339,939) units	-	12,014
Redemption of 1,945,239 (2018: 4,148,949) units	15,843	36,414
Outstanding 477,193 (2018: 2,422,432) units	3,342	20,423
ABL Islamic Financial Planning Fund - Aggressive Allocation Plan		
Issue of 1,297,021 (2018: 10,913,373) units	9,685	96,504
Redemption of 10,092,585 (2018: 12,588,723) units	83,730	108,612
Outstanding 5,641,253 (2018: 14,436,817) units	39,510	121,714
ABL Islamic Financial Planning Fund - Strategic Allocation Plan		
Issue of 10,510,195 (2018: 5,313,084) units	78,480	46,836
Redemption of 27,743,944 (2018: 25,149,841) units	223,850	239,170
Outstanding 7,982,937 (2018: 25,216,686) units	55,911	212,597
ABL Islamic Financial Planning Fund - Strategic Allocation Plan - II		
Issue of 17,093,488 (2018: 8,827,968) units	132,361	77,973
Redemption of 42,795,324 (2018: 22,952,928) units	328,758	214,075
Outstanding 9,873,947 (2018: 35,575,783) units	69,155	299,932
ABL Islamic Financial Planning Fund - Strategic Allocation Plan - III		
Issue of 14,888,587 (2018: 14,766,185) units	116,675	128,298
Redemption of 19,240,166 (2018: 19,874,478) units	153,432	182,280
Outstanding 12,195,169 (2018: 16,546,748) units	85,413	139,500
ABL Islamic Financial Planning Fund - Strategic Allocation Plan - IV		
Issue of 11,403,626 (2018: 18,038,015) units	91,381	159,081
Redemption of 15,536,715 (2018: 1,479,426) units	123,678	13,202
Outstanding 12,425,499 (2018: 16,558,588) units	87,025	139,602.00
ABL Islamic Financial Planning Fund - Capital Preservation Plan I		
Issue of 4,285,102 (2018: Nil) units	30,000	-
Outstanding 4,285,102 (2018: Nil) units	30,012	-

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		
Financial assets at amortised cost	Financial assets 'at fair value through profit or loss'	Total
----- (Rupees in '000) -----		

Financial assets

Bank balances	30,817	-	30,817
Investments	-	608,677	608,677
Dividend and other receivable	3,081	-	3,081
Advance and deposits	2,603	-	2,603
Receivable against sale of units	30,000	-	30,000
Receivable against sale of investments	20,059	-	20,059
	<u>86,560</u>	<u>608,677</u>	<u>695,237</u>

Financial liabilities

2019		
At amortised cost	Total	
----- (Rupees in '000) -----		
Payable to ABL Asset Management Company - Management Company	4,216	4,216
Payable to MCB Financial Services Limited - Trustee	61	61
Accrued expenses and other liabilities	3,961	3,961
	<u>8,238</u>	<u>8,238</u>

2018		
Financial assets at amortised cost	Financial assets 'at fair value through profit or loss'	Total
----- (Rupees in '000) -----		

Financial assets

Bank balances	183,023	-	183,023
Investments	-	1,516,112	1,516,112
Dividend and other receivable	3,016	-	3,016
Advance and deposits	4,603	-	4,603
	<u>190,642</u>	<u>1,516,112</u>	<u>1,706,754</u>

2018	
At amortised cost	Total
----- (Rupees in '000) -----	

Financial liabilities

Payable to ABL Asset Management Company - Management Company	7,355	7,355
Payable to MCB Financial Services Limited - Trustee	129	129
Accrued expenses and other liabilities	6,863	6,863
	<u>14,347</u>	<u>14,347</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 / profit rate risk, currency risk, and price risk.

(i) Yield / profit rate risk

Yield / profit 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 its balances held with banks. 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 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 loss for the year and net assets of the Fund would have been lower / higher by Rs. 0.0060 million.

b) Sensitivity analysis for fixed rate instruments

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

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

----- 2019 -----					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

% ----- (Rupees in '000) -----

On-balance sheet financial instruments

Financial assets

Bank balances	7%- 8%	27,877	-	-	2,940	30,817
Investments		-	-	-	608,677	608,677
Dividend and other receivable		-	-	-	3,081	3,081
Advance and deposits		-	-	-	2,603	2,603
Receivable against sale of units		-	-	-	30,000	30,000
Receivable against sale of investments		-	-	-	20,059	20,059
Sub total		27,877	-	-	667,360	695,237

Financial liabilities

Payable to ABL Asset Management Company Limited - Management Company		-	-	-	4,216	4,216
Payable to MCB Financial Services Limited - Trustee		-	-	-	61	61
Accrued expenses and other liabilities		-	-	-	3,961	3,961
Sub total		-	-	-	8,238	8,238

On-balance sheet gap

	27,877	-	-	659,122	686,999
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Total profit rate sensitivity gap

	27,877	-	-	659,122	686,999
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Cumulative profit rate sensitivity gap

	27,877	27,877	27,877
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----- 2018 -----					
Effective interest rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

% ----- (Rupees in '000) -----

On-balance sheet financial instruments

Financial assets

Bank balances	2.87%- 5.60%	177,718	-	-	5,305	183,023
Investments		-	-	-	1,516,112	1,516,112
Dividend and other receivable		-	-	-	3,016	3,016
Advance and deposits		-	-	-	4,603	4,603
Sub total		177,718	-	-	1,529,036	1,706,754

Financial liabilities

Payable to ABL Asset Management Company Limited - Management Company		-	-	-	7,355	7,355
Payable to MCB Financial Services Limited - Trustee		-	-	-	129	129
Accrued expenses and other liabilities		-	-	-	6,863	6,863
Sub total		-	-	-	14,347	14,347

On-balance sheet gap

	177,718	-	-	1,514,689	1,692,407
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Total profit rate sensitivity gap

	177,718	-	-	1,514,689	1,692,407
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Cumulative profit rate sensitivity gap

	177,718	177,718	177,718
--	---------	---------	---------

(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. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

(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 KMI Meezan Index (KMI 30) index on June 30, 2019, with all other variables held constant, the total comprehensive loss of the Fund for the year would decrease / increase by Rs. 30.434 million (2018: Rs. 75.805 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 and 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 KMI 30 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI 30 Index, 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 KMI 30 Index.

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.

The Fund is exposed to daily settlement of equity securities and daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, 2008, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. However, no borrowing was required to be obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

2019						
Maturity up to						
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)

Financial Assets

Bank balances	30,817	-	-	-	-	30,817
Investments	-	-	-	-	608,677	608,677
Dividend and other receivable	3,081	-	-	-	-	3,081
Advance and deposits	2,603	-	-	-	-	2,603
Receivable against sale of units	30,000	-	-	-	-	30,000
Receivable against sale of investments	20,059	-	-	-	-	20,059
Total assets	86,560	-	-	-	608,677	695,237

Financial liabilities

Payable to ABL Asset Management Company Limited - Management Company	4,216	-	-	-	-	4,216
Payable to MCB Financial Services Limited - Trustee	61	-	-	-	-	61
Accrued expenses and other liabilities	3,741	220	-	-	-	3,961
Total liabilities	8,018	220	-	-	-	8,238

Net assets / (liabilities)

	78,542	(220)	-	-	-	608,677	686,999
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2018						
Maturity up to						
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)

Financial Assets

Bank balances	183,023	-	-	-	-	183,023
Investments	-	-	-	-	1,516,112	1,516,112
Dividend and other receivables	3,016	-	-	-	-	3,016
Advance and deposits	4,603	-	-	-	-	4,603
Total assets	190,642	-	-	-	1,516,112	1,706,754

Financial liabilities

Payable to ABL Asset Management Company Limited - Management Company	7,355	-	-	-	-	7,355
Payable to MCB Financial Services Limited - Trustee	129	-	-	-	-	129
Accrued expenses and other liabilities	6,563	300	-	-	-	6,863
Total liabilities	14,047	300	-	-	-	14,347

Net assets / (liabilities)

	176,595	(300)	-	-	-	1,516,112	1,692,407
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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		2018	
	Balance as per statement of assets and	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
----- Rupees in '000 -----				
Bank balances	30,817	30,817	183,023	183,023
Investments	608,677	-	1,516,112	-
Dividend and other receivables	5,892	3,081	5,827	3,016
Advance and deposits	2,603	2,603	4,603	4,603
Receivable against sale of units	30,000	30,000	-	-
Receivable against sale of investments	20,059	20,059	-	-
	<u>698,048</u>	<u>86,560</u>	<u>1,709,565</u>	<u>190,642</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 with banks and mark-up accrued thereon, is as follows:

Rating	% of financial assets exposed to credit risk	
	2019	2018
AAA	0.64%	0.00%
AA+	1.82%	0.42%
A+	2.32%	10.30%
A	0.00%	0.00%
	<u>4.78%</u>	<u>10.72%</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.

21.1 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, the Fund held the following financial instruments measured at fair values:

2019			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			
608,677	-	-	608,677

Financial assets 'at fair value through profit or loss'
Shares of listed companies - 'ordinary shares'

2018			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			
1,516,112	-	-	1,516,112

Financial assets 'at fair value through profit or loss'
Shares of listed companies - 'ordinary shares'

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 in 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			2018		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Associated companies	8	687,542	100	7	1,692,567	100

24 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2019		2018	
Name of broker	Percentage of commission	Name of broker	Percentage of commission paid
AKD Securities Limited	9.00%	Next Capital Limited	10.75%
Alfalah Securities Private Limited	7.78%	DJM Securities Limited	9.62%
Arif Habib Limited	7.54%	Arif Habib Limited	9.07%
Shajar Capital Pakistan (Private) Limited	6.84%	Optimus Capital Management (Private) Limited	8.43%
BMA Capital Management Limited	6.39%	BMA Capital Management Limited	7.65%
Topline Securities Limited	6.24%	Intermarkets Securities Limited	7.56%
Insight Securities (Private) Limited	6.16%	Topline Securities Limited	6.95%
Khadim Ali Shah Bukhari Securities (Private) Limited	5.81%	Insight Securities (Private) Limited	6.45%
Foundation Securities Private Limited	5.72%	AKD Securities Limited	5.09%
Ismail Iqbal Securities	4.07%	EFG Hermes Pakistan Limited	4.59%

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	MBEcon & 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
Abdul Hayee	Fund Manager	MBA-Executive & CFA	ABL Islamic Stock Fund and ABL Islamic Pension 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	-	-
Other persons					
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 CORRESPONDING FIGURES

Corresponding figures have been re-classified and re-arranged in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

30 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.

31 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



Alea 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). During the financial year, the Management Company on behalf of the Fund did not participate in 30 shareholders' meeting. Moreover, details of summarized proxies voted are as follows:

	Resolutions	For	Against	Abstain	Reason for Abstaining
Number	1	1	-	-	-
(%ages)	100	100	-	-	-

روپے تحے سے 31 مارچ 2019 میں 1,099.66 ملین روپے تک رہ گئے۔

محاسب کار :-

میرز فرگون اینڈ کمپنی (چارٹرڈ اکاؤنٹنٹس) کو اے بی ایل اسلاک ڈیڈیکٹڈ فنڈ (ABL-IDSF) 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 AM2+ سے AM2++ (AM Two Double Plus) قرار دیا۔ متعین کردہ حد بندی کے لحاظ سے مستحکم ہے۔

جانزہ :-

آئیوالے اہم واقعات 2QCY19 میں حصص مارکیٹ کے رخ کا یقین کریں گے۔ (1) پاکستان کے IMF سے مذاکرات / مشاورت (۲) مالی سال 2020 کا بجٹ (۳) 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 جیسے سینٹ / اسٹیل کا دباؤ برقرار رہے گا دوسری طرف پاؤر سلیکٹر IMF سے فائدہ حاصل کر نیوالے میں ہوگا کیونکہ ٹریف میں اضافہ اور سکوک کی پیشکش کی وجہ سے بڑی پلک ریلیف دیکھی جاسکے گی بینکس بھی 2013/14 والا سال دوبارہ دیکھ سکیں گے جب انہوں نے زیادہ پیداوار والی PIB کو 3-5 سال تک کے پابند کر دیا تھا یہ وئی 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 USD تھا) تاہم افراط زر میں بڑھتی رہیگی اس لیے 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، ٹرسٹی (MCB) فنانشل سروسز لمیٹڈ) 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 فریدی
سربراہ

مختم

18 اگست 2019، لاہور

آگے چلے ہوئے ہم امید کرتے ہیں کہ IMF کے تیل آؤٹ لیٹ پر دہشتہ کے بعد بیرونی اکاؤنٹ پر آسانی ہوگی موجودہ اکاؤنٹ کا خسارہ بیرونی ملک کارکنوں کی ترسیلات میں میں رمضان المبارک کے بعد عیدالاضحیٰ 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 اینڈسٹی اسکیم کے اعلان کی توقع ہے تاکہ محصولات کی وصولی کا درازہ 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 KMI-30 انڈیکس میں 12% کے اضافہ کے ساتھ جنوری کے مہینے میں ایک اچھا آغاز کیا جسکی وجہ منی بجٹ میں کچھ مثبت اقدامات کے اعلانات 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 ارننگ، پلوا آمد پر خود کش حملے کے بعد پاکستان اور انڈیا کے ہاؤر پر کشیدگی اور IMF کے پروگرام میں تاخیر کی وجہ سے فروخت شروع کر دی ان ضمنی اقدامات نے سعودی عرب کے ساتھ کئے گئے 20 ارب USD کے معاہدوں کے اثر کو بھی زائل کر دیا اور انڈیکس 3QFY19 میں 3.5% اضافہ کے ساتھ اس سہ ماہی میں 63314 پوائنٹس پر بند ہوا۔

مزید برآں کے سیکٹر کا تجزیہ یہ ظاہر کرتا ہے کہ تیل اور گیس نکالنے والی کمپنیوں کے ساتھ کھاد سیکٹر نے انڈیکس کو آگے بڑھایا اور 3013 اور 1087 کے پوائنٹس کا با لترتیب اضافہ کیا E & P سیکٹر کو سمندر میں ڈرننگ کی وجہ سے بہتر توقعات سے قانکہ ہوا اس برکس پاؤر جنریشن اور ڈسٹریوشن سیکٹر مارکیٹ کو 765 پوائنٹس نیچے لے گیا جس کی وجہ HUBC کی طرف سے کم قیمت پر رائٹس شیئر ز کا اجراء ہوتا ہے۔

مشترکہ فنڈ کی صنعت کا جائزہ :

اوپن اینڈ فنڈ کی صنعت کے زیر انتظام (اثاثہ جات AUM) 3QFY19 کے دوران مستحکم رہے صرف ایک معمولی 0.16% کی گراؤ 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 با لترتیب 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 3QFY19 میں KSE-100 انڈیکس 4.5% بڑھا) جو غیر یقینی معاشی کی صورتحال کی وجہ سے جس نے سرمایہ کاروں کے جذبات کو بھی مجروح کیا۔

فنڈ کی کارکردگی :-

اسے بی ایل اسلامک ڈیڈیکٹڈ فنڈ (ABL-IDSF) نے زیر الجائزہ مدت کے دوران 4.79% کارڈین کیا ہے جبکہ مقرر کردہ معیار 3.50 کا تھا جو کہ 1.29% بہتر پرفارمنس ہے اپنے آغاز سے ہی ABL-IDSF فنڈ نے 18.96% کا منفی ریٹرن دیا ہے جب کے مقررہ کردہ معیار 21.52% - تھا اس لحاظ سے یہ پرفارمنس 2.56% زیادہ ہے۔ اس مدت کے اختتام تک فنڈ تیل اور گیس نکالنے والی کمپنیوں میں (31.39%)، کھاد سیکٹر میں (17.14%) تھا۔ اس مدت کے دوران ABL اسلامک فنڈ کے ماتحت اثاثہ جات 14.33% کم ہو کر جو کہ 31 دسمبر 2018 میں 1,257.21 ملین

آگاہی منجانب منتظمین کمپنی

اسے بی ایل اسلامک ڈیڈیکٹڈ فنڈ (ABL-IDSF) کی انتظامی کمپنی ABL ایسٹ مینجمنٹ کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز نے بی ایل اسلامک ڈیڈیکٹڈ فنڈ کے جامع مالیاتی (غیر محاسبی) حسابات برائے ششماہی 31 مارچ 2019 پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

جانچ و 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 شتم ہوتے ہوئے زرہ مبادلہ کے ذخائر کی وجہ سے دباؤ میں رہی ان تمام عوامل نے PKR/USD کو % 16 کم کر دیا، % 6.78 YoY مہنگائی کر دی اور 425 پوائنٹس پالیسی ریٹ میں اضافہ ہو گیا۔ اگرچہ ہم پر امید ہے کہ معاشی چیلنجز سے نمپٹنے کے لیے خاطر خواہ رد و 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 (YoY CAD) % 23 کے اضافہ کے ساتھ USD 8.84 ارب ڈالر تک پہنچ گیا % 8 YoY کے کم تجارتی خسارہ 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 زر مبادلہ کی ذخائر دباؤ کم ہوا۔ 29 مارچ 2019 تک ملک کے زر مبادلہ کے ذخائر US 17.4 ارب ڈالر ہو گئے۔ مارچ 2019 کے آخر میں چائنہ 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) حادہ سنگ، 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 سونے ملک کی GDP کی نمو کو جامد 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 سب 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 حدف 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 حدف 432 ارب روپے تھا مجموعی طور پر 9MFY19 میں ٹیکس کی وصولی 2681 ارب روپے تک ہو گئی جبکہ وصولی کا حدف 2998 ارب روپے تھا جو کہ 317 ارب روپے کے شارٹ فال کی عکاسی کرتا ہے یا در ہے کے FY19 مالی سال کیلئے ٹیکس کی وصولی کا حدف 4398 ارب روپے تھا۔ بیرونی 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 گریا 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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