



**ABL ISLAMIC ASSET ALLOCATION FUND**  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

# Annual **REPORT**



**ABL Asset Management**

Discover the potential



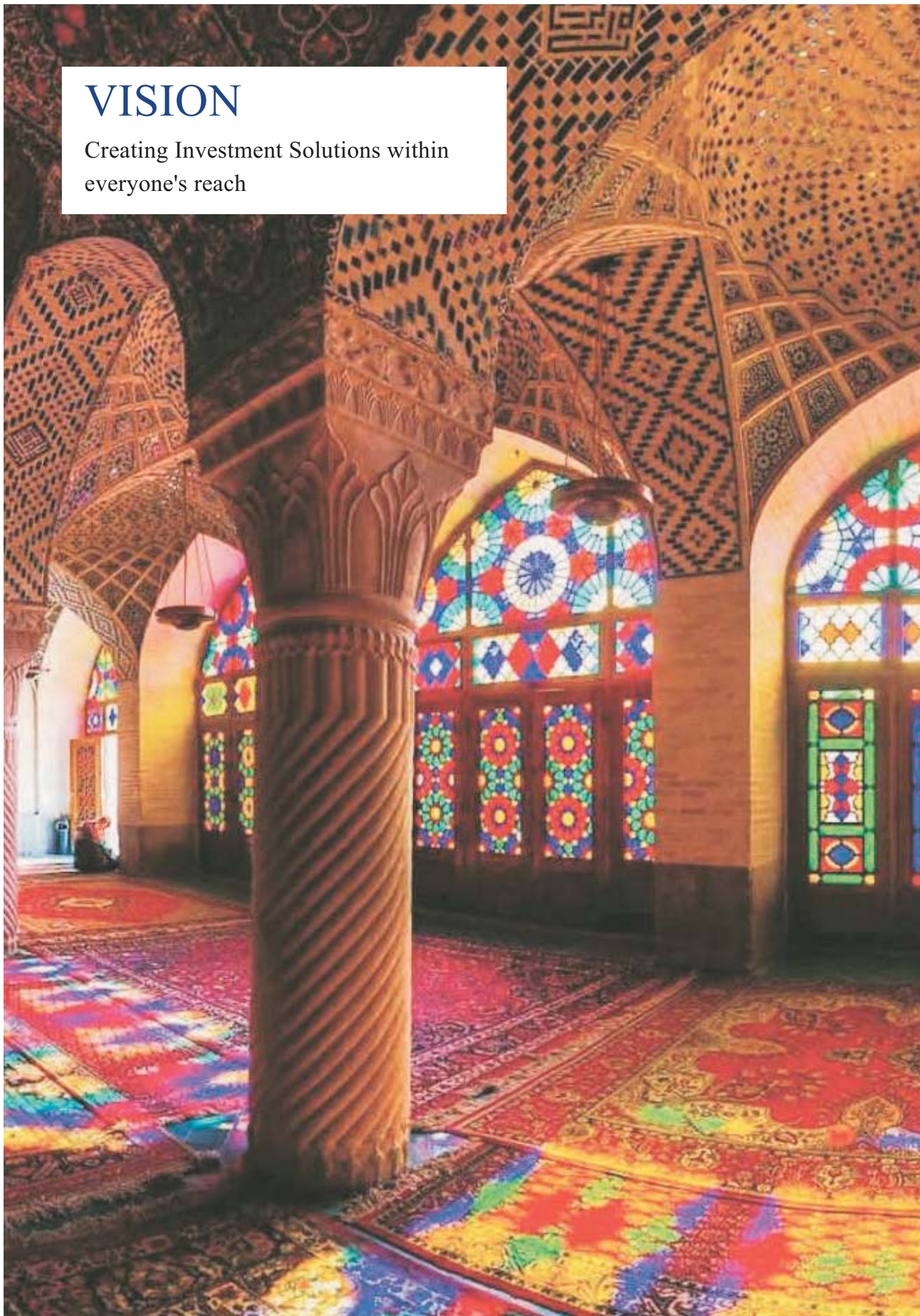
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# VISION

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

<b>Management Company:</b>	ABL Assel Management Company Limited Plot/Building # 14, Main Boulevard, DHA, Phase - VI, Lahore - 54810	
<b>Board of Directors</b>	Sheikh Mukhtar Ahmed Mr. Mohammad Naeem Mukhtar Mr. Muhammad Waseem Mukhtar Mr. Tahir Hassan Qureshi Mr. Pervaiz Iqbal Butt Mr. Muhammad Kamran Shehzad Mr. Alee Khalid Ghaznavi	Chairman Non-Executive Director Non-Executive Director Non-Executive Director Independent Director Independent Director CEO/ Director
<b>Audit Committee:</b>	Mr. Muhammad Kamran Shehzad Mr. Muhammad Waseem Mukhtar Mr. Pervaiz Iqbal Butt	Chairman Member Member
<b>Human Resource and Remuneration Committee</b>	Mr. Muhammad Waseem Mukhtar Mr. Pervaiz Iqbal Butt Mr. Alee Khalid Ghaznavi Mr. Muhammad Kamran Shehzad	Chairman Member Member Member
<b>Chief Executive Officer of The Management Company:</b>	Mr. Alee Khalid Ghaznavi	
<b>Chief Financial Officer &amp; Company Secretary:</b>	Mr. Saqib Matin	
<b>Chief Internal Auditor:</b>	Mr. Kamran Shehzad	
<b>Trustee:</b>	MCB Financial Services Limited 4th Floor, Perdesi House, 2/1 R-Y Old Queens Road, Lalazar, Karachi.	
<b>Bankers to the Fund:</b>	Allied Bank Limited Bank Islami Pakistan Limited	
<b>Auditor:</b>	<b>M/s. A.F. Ferguson &amp; Co.</b> Chartered Accountants State Life Building No. 1-C I.I. Chundrigar Road, Karachi	
<b>Legal Advisor:</b>	Ijaz Ahmed & Associates Advocates & Legal Consultants No. 7, 11th Zamzama Street, Phase V DHA Karachi.	
<b>Registrar:</b>	ABL Asset Management Company Limited. L - 48, Defence Phase - VI, Lahore - 74500	

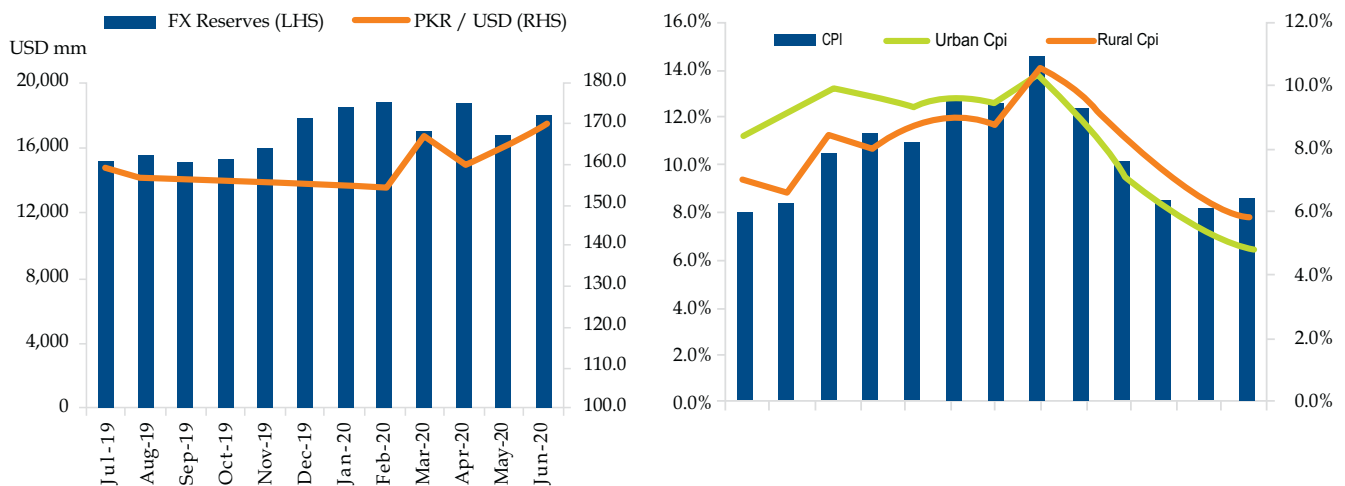


## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of ABL Asset Management Company Limited, the management company of ABL Islamic Asset Allocation Fund (ABL-IAAF), is pleased to present the Audited Financial Statements of ABL Allied Islamic Asset Allocation Fund for the year ended June 30, 2020.

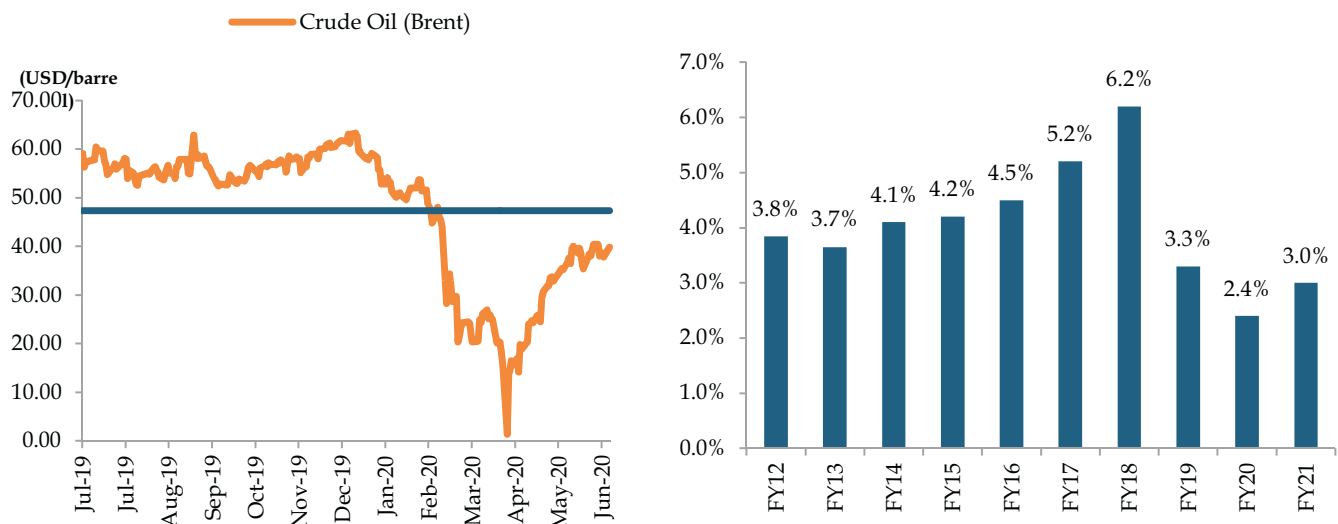
### ECONOMIC PERFORMANCE REVIEW

Lockdown coupled with supply side issues created inflationary pressure in the country as we witnessed a CPI of 8.59%YoY in Jun'20 after achieving 11-month low inflation of 8.22%YoY in May'20. On a monthly basis, inflation inched up by 0.81% compared to 0.32% increase in the preceding month. The food prices witnessed a sharp increase during the month. The average NCPI for FY20 clocked-in at 10.76%YoY against 6.80%YoY in the SPLY. That said, we estimate the average NCPI for FY21 to settle around 7.3%YoY.



The curtailment in current account deficit (CAD) paved the way to a stable BOP position; coming down by 74%YoY to USD 3.28bn during 11MFY20. The imports dropped by 20%YoY to USD 46.63bn while the budgeted by a mere 7%YoY, despite global lockdown, to USD 25.99bn during 11MFY20. However, worker remittances reported an increase of 6%YoY to reach at USD 23.12bn. Threat to worker remittances seems to be over in our view as economic activity is picking up around the globe. However, the CAD may increase in coming months primarily due to higher oil import bill owing to rising international oil prices and permission granted by the Govt. to import furnace oil to cater power demand in the country. Foreign exchange reserves of the country stand at USD 18.79bn as at July 03, 2020; providing an import cover of ~3.09 months. To fight the pandemic, various international institutions including IMF, ADP, WB and the Paris Club along with friendly countries have come forward to help Pakistan resulting in stabilize reserves. On the fiscal side, during FY20, provisional tax collection has reached to PKR 3.98tn, reflecting an increase of ~4%YoY. During the month of Jun'20, tax collection stood at PKR 420bn against its revised target of PKR 398bn.

## GDP growth



Pakistan has reported a negative GDP growth -0.4%YoY in FY20 plunging from 3.3%YoY in FY19. The pandemic has severely affected the economic activities in the 2QCY20; thereby economy could not sustain the positive growth. During the period of Jul-Apr 2020, the large scale manufacturing (LSM) decimated significantly by 8.96%YoY compared to a 2.82% decline in the SPLY. The major contributors to decline were the Textile (-8.68%), Coke and Petroleum Products (21.15%), Iron and Steel Products (-15.68%), Automobile (-41.90%), Pharmaceuticals (-5.31%), and Electronics (-19.74%). Envisaging the condition of the industry and the economy, the government decided to pursue a smart lockdown where all major industries have been allowed to operate. We expect this to avoid GDP contraction in the next financial year; however, the growth rate is not expected to be impressive.

Going forward, especially in the short run, the direction of the market will be set by the upcoming results and the situation of coronavirus pandemic in the country; and its impact on the economy. The incentives announced by the government to support the industry are expected to materialize in the rest of CY20. The prominent ones are the grace period on debt principal to help manage the cash flows while the construction package to boost economic activities; and to create jobs in the country. Apart from these, the policy rate has been reduced substantially to 7%, another big relief to leveraged industries and consumers.

### MUTUAL FUND INDUSTRY REVIEW

Total Assets under management (AUMs) of open end mutual fund posted a substantial growth of 38% during FY20 from PKR 572bn to PKR 788bn, mainly on account of massive inflow in money market fund and fixed income fund. Money market fund including conventional and Islamic, witnessed immense growth of 92% to close the period at PKR 318bn. AUMs of fixed income fund both conventional and Shariah compliant swelled by 66% during the said period. This growth can primarily be attributed to investor's appetite for earning high profits in contractionary monetary policy environment during 9MFY20. In contrast to fixed income, equity market AUMs have declined by 5% during this period. Lock down in country and incremental number of cases of coronavirus makes investor wary regarding investment in risky assets. Turbulence in equity market due to COVID-19 and uncertainty in international oil prices during FY20 contributed in decreasing AUMs of equity funds.

### ISLAMIC EQUITY MARKET REVIEW

Pakistan equity market was hanging in the balance during FY20 as the market had moved up marginally by 1.6%YoY and closed at 54,995. In 1HFY20, KMI-30 showed a tremendous performance and bounced back as one of the best markets in the world and surged by almost 41% but in 2HFY20, the market witnessed the eye-popping drop after the announcement of lockdown in the country. Before the COVID-19 outbreak, the government was

proactively taking measures to support the economy including reducing CAD, raising tax collection, IMF bailout package, strengthening foreign exchange reserve, to name a few. Though, after the outbreak of COVID-19, economic activities were halted to enforce lockdown in the country and KMI-30 had lost almost 24% (14,382points) in a single month (Mar'20) but afterward market managed to recover by 22% on the back of construction package and other business friendly measures taken by the government in the 4QFY20. After almost two months of smart lockdown, economy started to reopen as the government and other institutions were proactively taking measure to revive the economy including i) 625bps reduction in the policy rate and other incentives by SBP ii) corona relief package of PKR 1.3tn by government iii) PKR 50bn package to support agriculture, and iv) no extra burden of taxes in federal budget FY21.

The average traded volume and value increased by 44.1%YoY and 3.5%YoY to 77.1 million and USD25.2 million, respectively. Foreigners remained net seller of USD284.8 million worth of shares. On the local front Individual investors and Insurance companies remained at the forefront with net buying of worth USD213.2 million and USD127.6 million, respectively whereas, Banks/DFI sold USD54.5 million worth of shares. After the incredible first half, the market witnessed the bearish run due to the COVID-19 pandemic where the major index was dragged down by power generation & distribution, oil & gas exploration companies, oil & gas marketing companies, and commercial banks each contributed 1,773, 1,215, 1,025 and 149 points respectively. Going forward, we believe the market will rebound with lockdown ease and economic activity and consumer spending will pick up. The government has taken significant measures to support the economy including construction package, amnesty scheme, tax exemptions, and Naya Pakistan housing scheme which would create positive impact for different sectors especially the construction sector. Now, investors are hopeful about the reports of early progress in developing treatments for the COVID-19 and we expect a sharp recovery in the market during 2HFY21. The market index is trading at an attractive level of 2021E P/E of 7.8x and offering a healthy dividend yield of 6.1%.

## **FUND PERFORMANCE**

For the Year ended FY20, AIAAF delivered a return of 6.86% against a benchmark return of 11.94%, reflecting an underperformance of 5.08%.

The Fund was invested 87.42% in Corporate Sukuk and 10.61% in Cash. During the period ABL IAAF's AUM increased by 825.69% and stood at Rs. 2.1716 billion on 30th June'20 as compared to Rs. 0.2345 billion on 30th June'19.

## **ADDITIONAL MATTERS**

1. The detail of Directors of the Management Company is disclosed in this Annual Report.
2. Financial Statements present fairly the state of affairs, the results of operations, cash flows and the changes in unit holder's fund;
3. Proper books of accounts of the Fund have been maintained.
4. Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgments;
5. Relevant International Accounting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 & Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the Trust Deed and directives issued by the Securities and Exchange Commission of Pakistan, have been followed in the preparation of the financial statements;
6. The system of internal control is sound in design and has been effectively implemented and monitored;



7. There have been no significant doubts upon the Funds' ability to continue as going concern;
8. Performance table of the Fund is given on page # 11 of the Annual Report;
9. There is no statutory payment on account of taxes, duties, levies and charges outstanding other than already disclosed in the financial statements;
10. The statement as to the value of investments of Provident Fund is not applicable in the case of the Fund as employees retirement benefits expenses are borne by the Management Company;
11. The pattern of unit holding as at June 30, 2020 is given in note No. 25 of the Financial Statements.

## AUDITORS

M/s. A.F. Ferguson & Co. (Chartered Accountants), have been re-appointed as auditors for the year ending June 30, 2021 for ABL Islamic Asset Allocation Fund (ABL-IAAF).

## MANAGEMENT QUALITY RATING

On December 31, 2019, 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). Outlook on the assigned rating is 'Stable'.

## OUTLOOK

The KSE-100 index remained under pressure especially during second half of FY20 mainly owing to COVID-19 pandemic. However, the smart lockdown imposed by the sitting govt. all over the country eased off the build-up of new cases recently. In order to provide the much-needed support to the deteriorating economy the incumbent govt. declared the massive rate cuts during past couple of monetary policy announcements. Specific focus on construction sector from the government and pace-up in civil/engineering works on mega dam projects are expected to boost the economic activity across the board. Low international commodities prices have provided the respite to the external account and are expected to keep the inflation in check - most probably in single digit - for next fiscal year. Going forward, the market is expected to improve gradually, however the full swing will remain dependent on the successful implementation of structural reforms by the PTI govt. and effective vaccine announcement to curtail the impact of prevalent pandemic all over the world.

## 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**  
**Lahore, August 18, 2020**



**Alee Khalid Ghaznavi**  
**Chief Executive Officer**



## FUND MANAGER REPORT

### OBJECTIVE

The investment objective of the Fund is to earn a potentially high return through asset allocation between Shari'ah Compliant Equity Instruments, Shari'ah Compliant Fixed Income Instruments, Shari'ah Compliant Money Market Instruments and any other Shari'ah Compliant instrument as permitted by the SECP and Shari'ah Advisor.

### EQUITY MARKET REVIEW

Pakistan equity market was hanging in the balance during FY20 as the market had moved up marginally by 1.6%YoY and closed at 54,995. In 1HFY20, KMI-30 showed a tremendous performance and bounced back as one of the best markets in the world and surged by almost 41% but in 2HFY20, the market witnessed the eye-popping drop after the announcement of lockdown in the country. Before the COVID-19 outbreak, the government was proactively taking measures to support the economy including reducing CAD, raising tax collection, IMF bailout package, strengthening foreign exchange reserve, to name a few. Though, after the outbreak of COVID-19, economic activities were halted to enforce lockdown in the country and KMI-30 had lost almost 24% (14,382points) in a single month (Mar'20) but afterward market managed to recover by 22% on the back of construction package and other business friendly measures taken by the government in the 4QFY20. After almost two months of smart lockdown, economy started to reopen as the government and other institutions were proactively taking measure to revive the economy including i) 625bps reduction in the policy rate and other incentives by SBP ii) corona relief package of PKR 1.3tn by government iii) PKR 50bn package to support agriculture, and iv) no extra burden of taxes in federal budget FY21.

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### ISLAMIC MONEY MARKET REVIEW

During the period under review money market remained the volatile, as SBP's stance moved from monetary tightening to easing. SBP raised interest rates in July19 by 100 bps to combat inflation and attract foreign investments in PKR denominated debt instruments. However, these plans came undone when coronavirus upended the hopes for economic revival and SBP was forced to cut interest rate by 625ps by the end of Jun'20. During FY20, the Government issued Pakistan Energy Sukuk (PES) I and II and raised PKR 200bn in each round



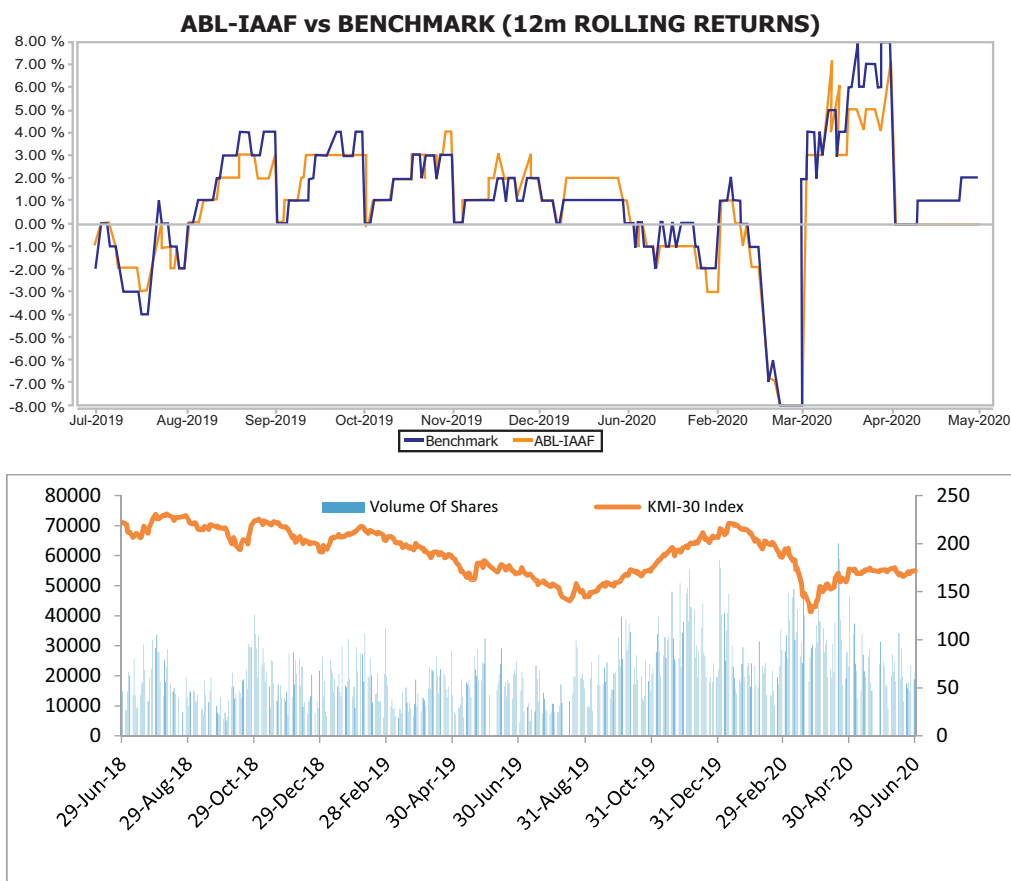
to address circular debt in power sector. PES-1 got listed on Pakistan Stock Exchange on Oct 24, 2019 and offered six month Kibor plus 80bps to be paid semi-annually. The tenor of PES-1 is 10 year. Similarly, Government issued PES-2 in May 2020 at six month KIBOR minus 10bps having maturity of 10 years. Moreover, Government also issued two Ijarah's worth PKR 75bn each. Additionally, Corporate sector also enthusiastically participated in Islamic debt market to meet its capital needs as we have witnessed healthy issuance of Islamic instruments by corporates during FY20.

Pakistan investment bonds (PIBs) trading yields came down from 13.72% to 8.69%, with this the yield curve finally moved into normal slope. During the year, the money market witnessed a seasonal lack of liquidity as SBP continued with frequent open market operations (OMOs). At the end of the period under review, the SBP remained a net lender of worth PKR 1041 billion under a single reverse repo arrangement at a cut-off rate of 7.03%. On the T-bills side, the 3-Month cut off yields decreased from 12.75% to 7.09%. During the period under review participation in 6 & 12M remained high as the market participants' expectation for inflation started to come down as SBP started cutting interest rates. The cut-offs for 12M T-bill came down by ~608bps to 7.05% whereas the bond cut off yields for 3, 5 & 10 years closed at 7.35%, 8.11% & 8.69% respectively.

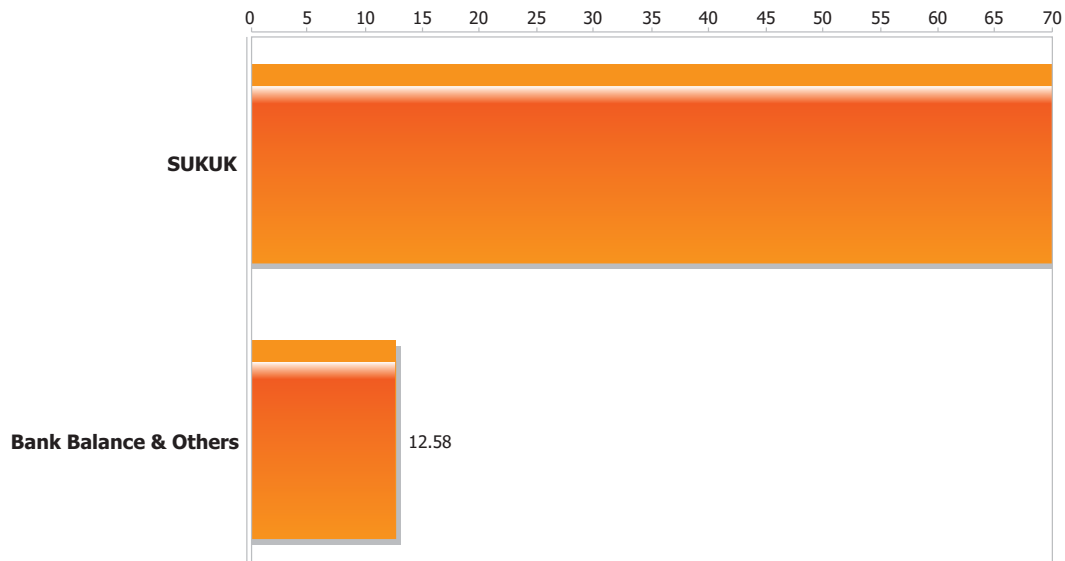
### FUND PERFORMANCE

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## SECTOR ALLOCATION (% OF TOTAL ASSETS)



## OUTLOOK

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## PERFORMANCE TABLE

	June 2020	For the period of May 31, 2018 to June 30, 2019
	------(Rupees per '000)-----	
Net Assets	2,171,566	234,586
Net Income	28,207	(2,892)
	------(Rupees per unit)-----	
Net Assets value	9.8698	9.8887
Interim distribution*	0.6957	0.006
Final distribution	-	0.004
Distribution date final	29-Jun-20	1-Aug-18
Closing offer price	10.2133	10.1854
Closing repurchase price	9.8698	9.8887
Highest offer price	11.3742	10.5306
Lowest offer price	9.7846	9.9287
Highest repurchase price per unit	10.9917	10.2239
Lowest repurchase price per unit	9.4555	9.6395
	-----Percentage-----	
Total return of the fund		
- capital growth	-0.10%	-1.19%
- income distribution	6.96%	0.10%
Average return of the fund		
One Year	6.86%	-1.09%
Two Year	5.69%	-
Since Inception	5.76%	-12.48%

\* Interim Distribution date

### Distribution History

	2020	
	Date	Rate
	June 29, 2020	0.6957

### Disclaimer

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



# MCB FINANCIAL SERVICES LIMITED

## REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

### ABL ISLAMIC ASSET ALLOCATION FUND

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

ABL Islamic Asset Allocation Fund, an open-end Scheme established under a Trust Deed dated 4<sup>th</sup> October 2017 executed between ABL Asset Management Company Limited, as the Management Company and MCB Financial Services Limited, as the Trustee. The fund commenced its operations on 31<sup>st</sup> May 2018.

1. ABL Asset Management Company Limited, the Management Company of ABL Islamic Asset Allocation Fund has, in all material respects, managed ABL Islamic Asset Allocation Fund during the year ended 30<sup>th</sup> June 2020 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

Khawaja Anwar Hussain  
Chief Executive Officer  
MCB Financial Services Limited

Karachi: September 3, 2020

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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

September 16, 2020

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, 2020 comply with the provided Shariah guidelines. Therefore, it is resolved that investments in ABL Islamic Asset Allocation Fund (ABL-IAAF) managed by ABL Asset Management Company are halal and in accordance with Shariah principles.

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

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



Mufti Irshad Ahmad Aijaz  
Member Shariah Council



Faraz Younus Bandukda, CFA  
Chief Executive

**Al-Hilal Shariah Advisors (Pvt) Limited**  
Suite 807, 8<sup>th</sup> Floor, Horizon Towers, Com 2/6, Khayaban-e-Saadi,  
Block 03 Clifton, Karachi  
Tel :+92-21-35305931-37, Web: www.alhilalsa.com



INDEPENDENT AUDITOR'S REPORT

To the Unit holders of ABL Islamic Asset Allocation Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ABL Islamic Asset Allocation Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, and the income statement, 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, 2020, and of its financial performance and its cash flows 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. This matter was 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 this matter.

Following is the key audit matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	<p><b>Net Asset Value</b> (Refer notes 4 and 5 to the annexed financial statements)</p> <p>The bank balances and investments constitute the most significant component of the net asset value (NAV). The bank balances and investments of the Fund as at June 30, 2020 amounted to Rs. 231.064 million and Rs. 1,904.313 million respectively.</p> <p>The existence of bank balances and the existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2020 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"> <li>tested the design and operating effectiveness of the key controls for valuation of investments.</li> <li>obtained independent confirmations for verifying the existence of the investment portfolio and bank balances as at June 30, 2020 and traced balances in these confirmations with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed.</li> </ul>

Affco

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

KARACHI LAHORE ISLAMABAD





S.No.	Key Audit Matter	How the matter was addressed in our audit
		<ul style="list-style-type: none"> <li>re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.</li> <li>obtained bank reconciliation statements and tested reconciling items on a sample basis.</li> </ul>

**Other Information**

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

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

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

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

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

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

Board of directors of the management company is responsible for overseeing the Fund's financial reporting process.

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

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

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

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

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- 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**.

A.F. Ferguson & Co.  
Chartered Accountants  
Karachi

Date: September 24, 2020

**ABL ISLAMIC ASSET ALLOCATION FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT JUNE 30, 2020**

	2020	2019
Note	-----Rupees in '000'-----	
<b>Assets</b>		
Bank balances	4 231,064	40,108
Investments	5 1,904,313	193,714
Security deposits	6 9,039	2,600
Dividend and profit receivable	7 32,455	6,560
Preliminary expenses and floatation costs	8 1,452	1,879
Prepayment and other receivable	9 131	90
<b>Total assets</b>	<b>2,178,454</b>	<b>244,951</b>
<b>Liabilities</b>		
Payable to ABL Asset Management Company Limited - Management Company	10 3,737	6,365
Payable to the MCB Financial Services Limited - Trustee	11 122	25
Payable to the Securities and Exchange Commission of Pakistan	12 71	345
Payable against redemption of units	-	3,031
Accrued expenses and other liabilities	13 2,958	599
<b>Total liabilities</b>	<b>6,888</b>	<b>10,365</b>
<b>NET ASSETS</b>	<b>2,171,566</b>	<b>234,586</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>	<b>2,171,566</b>	<b>234,586</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	14	
	-----Number of units-----	
<b>NUMBER OF UNITS IN ISSUE</b>	<b>220,022,391</b>	<b>23,722,699</b>
	-----Rupees-----	
<b>NET ASSET VALUE PER UNIT</b>	<b>9.8698</b>	<b>9.8887</b>

The annexed notes from 1 to 32 form an integral part of these financial statements.

For ABL Asset Management Company Limited  
(Management Company)



Saqib Matin  
Chief Financial Officer



Alee Khalid Ghaznavi  
Chief Executive Officer



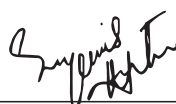
Pervaiz Iqbal Butt  
Director

**ABL ISLAMIC ASSET ALLOCATION FUND  
INCOME STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2020**

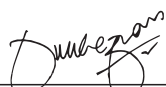
	For the year ended June 30, 2020	For the period from May 31, 2018 to June 30, 2019
Note	-----Rupees in '000-----	
<b>Income</b>		
Profit earned	15 33,817	30,221
Dividend income	2,277	4,375
Gain / (loss) on sale of investments - net	18	(6,627)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.4 1,514	(15,030)
	<u>1,532</u>	<u>(21,657)</u>
<b>Total income</b>	<b>37,626</b>	<b>12,939</b>
<b>Expenses</b>		
Remuneration of ABL Asset Management Company Limited - Management Company	10.1 3,842	9,193
Punjab Sales Tax on remuneration of the Management Company	10.2 615	1,471
Accounting and operational charges	10.3 174	460
Selling and marketing expenses	10.4 2,115	1,839
Remuneration of MCB Financial Services Limited - Trustee	11.1 313	415
Sindh Sales Tax on remuneration of the Trustee	11.2 41	54
Annual fees to the Securities and Exchange Commission of Pakistan	12.1 71	345
Securities transaction costs	838	403
Auditors' remuneration	16 289	330
Legal and professional charges	182	244
Listing fee	28	264
Amortisation of preliminary expenses and floatation costs	8 427	462
Shariah advisory fee	-	42
Printing charges	70	259
Settlement and bank charges	414	50
<b>Total operating expenses</b>	<b>9,419</b>	<b>15,831</b>
<b>Net income / (loss) for the year / period before taxation</b>	<b>28,207</b>	<b>(2,892)</b>
Taxation	18 -	-
<b>Net income / (loss) for the year / period after taxation</b>	<b>28,207</b>	<b>(2,892)</b>
Other comprehensive income	-	-
<b>Total comprehensive income / (loss) for the year / period</b>	<b>28,207</b>	<b>(2,892)</b>
<b>Earnings / (loss) per unit</b>	19	
<b>Allocation of net income for the year / period</b>		
Net income for the period after taxation	28,207	-
Income already paid on units redeemed	(17,436)	-
	<u>10,771</u>	<u>-</u>
<b>Accounting income available for distribution:</b>		
- Relating to capital gains	1,532	-
- Excluding capital gains	9,239	-
	<u>10,771</u>	<u>-</u>

The annexed notes from 1 to 32 form an integral part of these financial statements.

For ABL Asset Management Company Limited  
(Management Company)



Saqib Matin  
Chief Financial Officer



Alee Khalid Ghaznavi  
Chief Executive Officer



Pervaiz Iqbal Butt  
Director

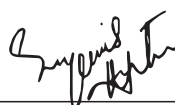


**ABL ISLAMIC ASSET ALLOCATION FUND**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND**  
**FOR THE YEAR ENDED JUNE 30, 2020**

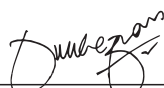
	For the year ended June 30, 2020			For the period from May 31, 2018 to June 30, 2019		
	Capital value	Undistri-buted income / (loss)	Total	Capital value	Undistri-buted income / (loss)	Total
----- Rupees in '000 -----						
Net assets at beginning of the year / period	237,881	(3,295)	234,586	-	-	-
Issue of 603,811,000 (2019: 105,403,033) units						
- Capital value (at ex - net asset value per unit)	5,950,074	-	5,950,074	1,054,488	-	1,054,488
- Element of income	257,207	-	257,207	535	-	535
Total proceeds on issuance of units	6,207,281	-	6,207,281	1,055,023	-	1,055,023
Redemption of 407,511,308 (2019: 81,680,334) units						
- Capital value (at ex - net asset value per unit)	4,015,698	-	4,015,698	818,757	-	818,757
- Element of loss	122,533	17,436	139,969	(1,829)	-	(1,829)
Total payments on redemption of units	4,138,231	17,436	4,155,667	816,928	-	816,928
Total comprehensive income / (loss) for the year	-	28,207	28,207	-	(2,892)	(2,892)
Distribution for the year ended June 30, 2020						
@ Re. 0.6957 per unit on June 29, 2020	(132,779)	(10,062)	(142,841)	(161)	(264)	(425)
(2019: @ Re. 0.006 per unit on July 3, 2018)	-	-	-	(53)	(139)	(192)
(2019: @ Re. 0.004 per unit on August 1, 2018)	(132,779)	(10,062)	(142,841)	(214)	(403)	(617)
<b>Net assets at end of the year / period</b>	<b>2,174,152</b>	<b>(2,586)</b>	<b>2,171,566</b>	<b>237,881</b>	<b>(3,295)</b>	<b>234,586</b>
Undistributed income brought forward						
- Realised		11,735			-	
- Unrealised		(15,030)			-	
		(3,295)			-	
Accounting income available for distribution						
- Relating to capital gains		1,532			-	
- Excluding capital gains		9,239			-	
		10,771			-	
Net income / (loss) for the year / period after taxation		-			(2,892)	
Distribution for the year / period		(10,062)			(403)	
Undistributed income carried forward		(2,586)			(3,295)	
Undistributed income carried forward						
- Realised (loss) / income		(4,100)			11,735	
- Unrealised income / (loss)		1,514			(15,030)	
		(2,586)			(3,295)	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year / period			9.8887			-
Net assets value per unit at end of the year / period			9.8698			9.8887

The annexed notes from 1 to 32 form an integral part of these financial statements.

For ABL Asset Management Company Limited  
(Management Company)



Saqib Matin  
Chief Financial Officer



Alee Khalid Ghaznavi  
Chief Executive Officer



Pervaiz Iqbal Butt  
Director

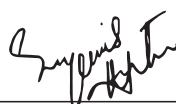


**ABL ISLAMIC ASSET ALLOCATION FUND  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2020**

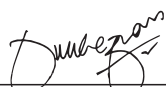
	For the year ended June 30, 2020	For the period from May 31, 2018 to June 30, 2019
Note	Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income / (loss) for the year before taxation	28,207	(2,892)
<b>Adjustments for:</b>		
Profit earned	(33,817)	(30,221)
Dividend income	(2,277)	(4,375)
Amortisation of preliminary expenses and floatation costs	427	462
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.4 (1,514)	15,030
	(37,181)	(19,104)
<b>Increase in assets</b>		
Prepayment and other receivable	(41)	(90)
Security deposits	(6,439)	(2,600)
	(6,480)	(2,690)
<b>Increase in liabilities</b>		
Payable to ABL Asset Management Company Limited - Management Company	(2,628)	4,024
Payable to the MCB Financial Services Limited - Trustee	97	25
Payable to the Securities and Exchange Commission of Pakistan	(274)	345
Accrued expenses and other liabilities	2,359	599
	(446)	4,993
	(15,900)	(19,693)
Profit received on savings accounts and sukuk certificates	6,020	25,563
Dividend received	4,179	2,473
Net amount paid on purchase and sale of investments	(1,709,085)	(208,744)
<b>Net cash used in operating activities</b>	(1,714,786)	(200,401)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash dividend paid	(10,062)	(403)
Receipts from issuance and conversion of units - net of refund of element	6,074,502	1,054,809
Net payments against redemption and conversion of units	(4,158,698)	(813,897)
<b>Net cash generated from financing activities</b>	1,905,742	240,509
<b>Net increase in cash and cash equivalents</b>	190,956	40,108
Cash and cash equivalents at the beginning of the year / period	40,108	-
<b>Cash and cash equivalents at the end of the year / period</b>	4 231,064	40,108

The annexed notes from 1 to 32 form an integral part of these financial statements.

For ABL Asset Management Company Limited  
(Management Company)



Saqib Matin  
Chief Financial Officer



Alee Khalid Ghaznavi  
Chief Executive Officer



Pervaiz Iqbal Butt  
Director

# ABL ISLAMIC ASSET ALLOCATION FUND

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2020

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#### 1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 ABL Islamic Asset Allocation Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on October 04, 2017 between ABL Asset Management Company Limited as the Management Company and MCB Financial Services Limited (MCBFSL) as the Trustee. The Trust Deed has not been revised. Furthermore, the Offering Document of the Fund has been revised through the First Supplement dated May 5, 2020 with the approval of the Securities and Exchange Commission of Pakistan (SECP). The Securities and Exchange Commission of Pakistan (SECP) authorised constitution of the Trust Deed vide letter no. SCD/AMCW/ABLIAAF/26/2017 dated July 25, 2017 in accordance with the requirements of the Non-Banking Finance Companies and Notified Entities Regulation, 2008.

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

1.2 The Fund has been categorised as a shariah compliant asset allocation scheme by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange Limited. The units of the Fund are offered to the public for subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.

1.3 The objective of the Fund is to earn a potentially high return through asset allocation between shariah compliant equity instruments, shariah compliant instruments, shariah compliant money market instruments and any other Shariah compliant instrument as permitted by the SECP and shariah advisor.

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 VIIIA 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 VIIIA 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 VIIIA 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:

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2019. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed 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)
- 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, 2020 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 these financial statements in conformity with the accounting and reporting standards requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgments that have a significant effect on these financial statements of the Fund relate to classification and valuation (notes 3.2 and 5) and provision for taxation (notes 3.14 and 18).

## 2.5 Accounting convention

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

## 2.6 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistan Rupee, which is the Fund's functional and presentation currency.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 unless otherwise stated.

### 3.1 Cash and cash equivalents

These comprise balances with banks in savings and current accounts.

### 3.2 Financial assets

#### 3.2.1 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.

#### 3.2.2 Classification and subsequent measurement

##### Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- amortised cost
- at fair value through other comprehensive income "(FVOCI)"
- at fair value through profit or loss (FVTPL)

based on the business model of the entity.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognised at FVTPL. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVTPL.

### **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.

### **3.2.3 Impairment**

The Fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The Fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

### **3.2.4 Impairment loss on debt securities**

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

### **3.2.5 Regular way contracts**

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

### **3.2.6 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.

## **3.3 Financial liabilities**

### **3.3.1 Classification and subsequent measurement**

Financial liabilities are classified and subsequently measured at amortised cost.

### **3.3.2 Derecognition**

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

## **3.4 Offsetting of financial assets and financial liabilities**

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

## **3.5 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.

### 3.6 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.

### 3.7 Issue and redemption of units

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

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

### 3.8 Distributions to unit holders

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

### 3.9 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.

### 3.10 Revenue recognition

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

### 3.11 Expenses

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

### 3.12 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over a period of 5 years in accordance with the requirements set out in the Trust Deed of the Fund.

### 3.13 Foreign currency translation

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

### 3.14 Taxation

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

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

### 3.15 Earnings per unit

Earnings / (loss) per unit is calculated by dividing the net income of the year before taxation of the Fund by the weighted average number of units outstanding during the year. The determination of earning per unit is not practicable as disclosed in note 19.



4	BANK BALANCES	Note	2020	2019
			Rupees in '000	
	Balances with banks in savings accounts	4.1	231,064	40,108

4.1 This includes balance of Rs 19.698 million (2019: 5.278 million) maintained with Allied Bank Limited (a related party) that carries profit at 6.00% (2019: 8.00%) per annum. Other savings accounts of the Fund carry profit rates ranging from 6.00% to 6.50% (2019: 8.00% to 11.85%) per annum.

5	INVESTMENTS	Note	2020	2019
			Rupees in '000	
<b>At fair value through profit or loss</b>				
	GOP Ijarah sukuk certificates	5.1	150,350	-
	Corporate sukuk certificates	5.2	1,753,963	110,917
	Quoted equity securities	5.3	-	82,797
			<u>1,904,313</u>	<u>193,714</u>

#### 5.1 GOP Ijarah Sukuk Certificates

Name of the security	Profit payments	Maturity date	Profit rate	As at July 1, 2019	Purchases during the year	Sales / maturity during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised appreciation / (diminution)	Percentage in relation to	
				Number of certificates				(Rupees in '000)			Net assets of the Fund	Total market value of investment
GoP Ijarah Sukuk Certificates - XIX (note 5.1.1)	Semi-annually	June 30, 2020	Weighted average 6 months T-Bills	-	2,980	2,980	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XX (note 5.1.1)	Semi-annually	April 30, 2025	Weighted average 6 months T-Bills	-	1,950	400	1,550	148,740	150,350	1,610	6.92%	7.90%
<b>Total as at June 30, 2020</b>								<u>148,740</u>	<u>150,350</u>	<u>1,610</u>	<u>6.92%</u>	<u>7.90%</u>
<b>Total as at June 30, 2019</b>								<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

5.1.1 The nominal value of these sukuk certificates is Rs 100,000 each.

#### 5.2 Corporate Sukuk Certificates

Name of the security	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2019	Purchases during the year	Sales / redemptions during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised appreciation / (diminution)	Percentage in relation to	
				Number of certificates				(Rupees in '000)			Net assets of the Fund	Total market value of investment
<b>COMMERCIAL BANKS</b>												
Dubai Islamic Bank Limited Additional Tier - I (AA-, VIS) (Face value of 5,000 per certificate)	Monthly	Perpetual	3 months KIBOR plus base rate of 1.75%	-	45,000	-	45,000	225,000	225,000	-	10.36%	11.82%
Meezan Bank Limited (AA+, VIS, traded) (Face value of 1,000,000 per certificate)	Semi-annually / At maturity	September 22, 2026	6 months KIBOR plus base rate of 0.50%	30	-	30	-	-	-	-	-	-

Name of the security	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2019	Purchases during the year	Sales / redemptions during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised appreciation / (diminution)	Percentage in relation to	
				----- Number of certificates-----				----- (Rupees in '000) -----			Net assets of the Fund	Total market value of investment
Meezan Bank Limited Additional Tier - I (AA, VIS) (Face value of 1,000,000 per certificate)	Monthly / At maturity	Perpetual	3 months KIBOR plus base rate of 1.75%	-	315	-	315	315,000	315,000	-	14.51%	16.53%
BankIslami Pakistan Limited Additional Tier - I (Face value of 5,000 per certificate)	Monthly / At maturity	Perpetual	3 months KIBOR plus base rate of 2.75%	-	19,500	-	19,500	97,500	97,500	-	4.49%	5.12%
Al Baraka Bank (Pakistan) Limited (A, VIS, traded) (Face value of 1,000,000 per certificate)	Semi-annually / At maturity	August 22, 2024	6 months KIBOR plus base rate of 0.75%	-	110	-	110	110,550	110,550	-	5.09%	5.81%
<b>FERTILIZER</b>												
Dawood Hercules Corporation Limited - I (AA, PACRA, traded) (Face value of 100,000 per certificate)	Quarterly / Semi-annually	November 16, 2022	3 months KIBOR plus base rate of 1.00%	250	-	250	-	-	-	-	-	-
Dawood Hercules Corporation Limited - II (AA, ACRA, traded) (Face value of 100,000 per certificate)	Quarterly / Semi-annually	March 1, 2023	3 months KIBOR plus base rate of 1.00%	234	-	234	-	-	-	-	-	-
Fatima Fertilizer Company Limited (AA-, PACRA, traded) (Face value of 5,000 per certificate)	Semi-annually	November 28, 2021	6 months KIBOR plus base rate of 1.10%	3,488	-	3,488	-	-	-	-	-	-
<b>RKEIL &amp; GAS MATING COMPANIES</b>												
Byco Petroleum Limited (AAA, PACRA, non-traded) (Face value of 100,000 per certificate)	Quarterly	January 18, 2022	3 months KIBOR plus base rate of 1.05%	-	2,705	-	2,705	271,176	271,176	-	12.49%	14.24%
<b>POWER GENERATION &amp; DISTRIBUTION</b>												
K-Electric Limited (AA+, VIS, non-traded) (Face value of 5,000 per certificate)	Quarterly	June 17, 2022	3 months KIBOR plus base rate of 1.00%	-	19,788	2,199	17,589	89,182	89,045	(137)	4.10%	4.68%
Hub Power Company Limited - related party (AA+, PACRA, traded) (Face value of 100,000 per certificate)	Quarterly / Semi-annually	August 22, 2023	3 months KIBOR plus base rate of 1.90%	-	300	-	300	30,450	30,643	193	1.41%	1.61%
<b>PHARMACEUTICALS</b>												
AGP Limited (A+, PACRA, traded) (Face value of 100,000 per certificate)	Quarterly	June 9, 2022	3 months KIBOR plus base rate of 1.30%	-	72	-	72	7,232	7,171	(61)	0.33%	0.38%
Aspin Pharma (Private) Limited (A, VIS, traded) (Face value of 100,000 per certificate)	Quarterly	November 30, 2023	3 months KIBOR plus base rate of 1.50%	-	788	-	788	79,608	79,608	-	3.67%	4.18%
<b>CABLE AND ELECTRICAL GOODS</b>												
Pak Elektron Limited (A+, PACRA, non-traded) (Face value of 1,000,000 per certificate)	Quarterly / At maturity	March 10, 2021	3 months KIBOR plus base rate of 1.50%	-	100	-	100	100,500	100,500	-	4.63%	5.28%

Name of the security	Profit payments / principal redemptions	Maturity date	Profit rate	As at	Purchases	Sales /	As at	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised appreciation / (diminution)	Percentage in relation to	
				July 1, 2019	during the year	redemptions during the year	June 30, 2020				Net assets of the Fund	Total market value of investment
				----- Number of certificates-----				----- (Rupees in '000) -----			----- % -----	

#### CHEMICALS

Engro Polymer and Chemicals Limited (AA, PACRA, non-traded) (Face value of 100,000 per certificate)	Quarterly / At maturity	July 11, 2026	3 months KIBOR plus base rate of 0.90%	150	450	150	450	45,788	45,697	(91)	2.10%	2.40%
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#### MISCELLANEOUS

International Brands Limited (AA, VIS, traded) (Face value of 100,000 per certificate)	Quarterly	November 15, 2021	3 months KIBOR plus base rate of 0.50%	-	1,951	-	1,951	193,184	193,184	-	8.90%	10.13%
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Pakistan Services Limited (Face value of 1,000,000 per certificate)	Semi- annually	March 14, 2024	6 months KIBOR plus base rate of 1.00%	-	189	-	189	188,889	188,889	-	8.70%	9.92%
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Total as at June 30, 2020

1,754,059 1,753,963 (96) 80.78% 92.10%

Total as at June 30, 2019

111,087 110,917 (170) 47.28% 57.26%

5.2.1 Sukuk certificates of Dubai Islamic Bank Pakistan Limited, Meezan Bank Limited, BankIslami Pakistan Limited and Pakistan Services Limited are carried at their cost as they are not valued by MUFAP / at PKISRV.

#### 5.3 Investments in equity securities - quoted

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



Name of the Investee Company	As at July 1, 2019	Purchased during the year	Bonus / right shares during the year	Sold during the year	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Market value as a percentage of total investments	Market value as a percentage of net assets	Paid-up value of shares held as a percentage of total paid-up capital of the Investee Company
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>										
Thal Limited **	-	5,000	-	5,000	-	-	-	-	-	-
<b>CEMENT</b>										
Lucky Cement Limited	-	19,000	-	19,000	-	-	-	-	-	-
Kohat Cement Company Limited	-	20,000	-	20,000	-	-	-	-	-	-
Cherat Cement Company Limited	-	13,000	-	13,000	-	-	-	-	-	-
Pioneer Cement Limited	-	20,000	-	20,000	-	-	-	-	-	-
Maple Leaf Cement Factory	-	190,000	-	190,000	-	-	-	-	-	-
<b>CHEMICALS</b>										
I.C.I. Pakistan Limited	450	3,000	-	3,450	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	100,000	-	-	100,000	-	-	-	-	-	-
Sitara Chemical Industries Limited	-	4,000	-	4,000	-	-	-	-	-	-
Engro Polymer & Chemicals Limited (Note 5.3.1)	353,500	150,000	-	503,500	-	-	-	-	-	-
<b>COMMERCIAL BANKS</b>										
BankIslamic Pakistan Limited	-	100,500	-	100,500	-	-	-	-	-	-
Meezan Bank Limited	168,815	7,000	-	175,815	-	-	-	-	-	-
<b>ENGINEERING</b>										
International Industries Limited	-	20,000	-	20,000	-	-	-	-	-	-
International Steel Limited	-	45,000	-	45,000	-	-	-	-	-	-
<b>FERTILIZER</b>										
Fauji Fertilizer Company Limited	54,000	20,000	-	74,000	-	-	-	-	-	-
Engro Corporation Limited (Note 5.3.1)	30,250	13,000	-	43,250	-	-	-	-	-	-
Engro Fertilizer Limited	105,000	65,000	-	170,000	-	-	-	-	-	-
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>										
Mari Petroleum Company Limited	9,160	1,000	466	10,626	-	-	-	-	-	-
Oil and Gas Development Company Limited (Note 5.3.1)	50,000	65,000	-	115,000	-	-	-	-	-	-
Pakistan Oil fields Limited	-	7,000	-	7,000	-	-	-	-	-	-
Pakistan Petroleum Limited (Note 5.3.1)	18,505	100,000	-	118,505	-	-	-	-	-	-
<b>OIL &amp; GAS MARKETING COMPANIES</b>										
Pakistan State Oil Company Limited	-	48,000	-	48,000	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	-	90,000	-	90,000	-	-	-	-	-	-
<b>PAPER &amp; BOARD</b>										
Century Paper & Board Mills	43,000	-	-	43,000	-	-	-	-	-	-
<b>POWER GENERATION &amp; DISTRIBUTION</b>										
Hub Power Company Limited - related party (Note 5.3.1)	179,357	50,500	-	229,857	-	-	-	-	-	-
K-Electric Limited *	500,000	-	-	500,000	-	-	-	-	-	-
Nishat Power Limited	20,000	-	-	20,000	-	-	-	-	-	-
<b>TEXTILE COMPOSITE</b>										
Nishat Mills Limited	-	45,000	-	45,000	-	-	-	-	-	-
Interloop Limited	-	20,000	-	20,000	-	-	-	-	-	-
Kohinoor Textile Mills Ltd	25,000	40,000	-	65,000	-	-	-	-	-	-
<b>TECHNOLOGY &amp; COMMUNICATION</b>										
Systems Limited	-	18,000	-	18,000	-	-	-	-	-	-
<b>Total as at June 30, 2020</b>						-	-	-	-	-
<b>Total as at June 30, 2019</b>						97,657	82,797	42.74%	35.29%	-

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

\*\* Ordinary shares have a face value of Rs 5 each

5.3.1 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:

Particulars	2020	2019	2020	2019
	---(Numbers of shares)---		---(Rupees in '000)---	
Pakistan Petroleum Limited	-	15,000	-	2,166
Engro Corporation Limited	-	10,000	-	2,656
Hub Power Company Limited	-	100,000	-	7,875
Engro Polymer & Chemicals Limited	-	125,000	-	3,370
Oil & Gas Development Company Limited	-	10,000	-	1,315
	-	260,000	-	17,382

**5.4 Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss**

	Note	2020	2019
		-----Rupees in '000-----	
Market value of investments	5.1, 5.2 & 5.3	1,904,313	193,714
Less: Carrying value of investments	5.1, 5.2 & 5.3	1,902,799	208,744
		<u>1,514</u>	<u>(15,030)</u>

**6 SECURITY DEPOSITS**

Security deposit with :

- Central Depository Company of Pakistan Limited	100	100
- National Clearing Company of Pakistan Limited	2,500	2,500
- Others	6,439	-
	<u>9,039</u>	<u>2,600</u>

**7 DIVIDEND AND PROFIT RECEIVABLE**

Profit receivable on:

Bank balances	955	4,016
Sukuk certificates	31,500	642
Dividend receivable	-	1,902
	<u>32,455</u>	<u>6,560</u>

**8 PRELIMINARY EXPENSES AND FLOATATION COSTS**

Preliminary expenses and floatation costs at the beginning of the year / period

Less: amortisation during the year / period	(427)	(462)
At the end of the year / period	8.1	<u>1,452</u>
		<u>1,879</u>

8.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five 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	PREPAYMENT AND OTHER RECEIVABLE	Note	2020	2019
			-----Rupees in '000-----	
	Prepaid listing fee		-	36
	Advance tax	9.1	131	54
			131	90

- 9.1** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend and profit on debt 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 May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. The tax withheld on dividends and profit on debt amounts to Rs 0.018 million and Rs 0.113 million respectively.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. 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 judgment of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on debt securities and dividend income has been shown as other receivable as at June 30, 2020 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

10	PAYABLE TO ABL ASSET MANAGEMENT COMPANY LIMITED - MANAGEMENT COMPANY - RELATED PARTY	Note	2020	2019
			-----Rupees in '000-----	
	Management fee payable	10.1	255	453
	Punjab Sales Tax payable on remuneration of the Management Company	10.2	41	72
	Accounting and operational charges payable	10.3	67	178
	Selling and marketing expenses payable	10.4	936	712
	Sales and transfer load payable		97	9
	Deposits payable		-	2,600
	Preliminary expenses and floatation cost payable		2,341	2,341
			3,737	6,365

- 10.1** As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company was charging remuneration under the following rates:

Rate applicable from July 1, 2019 to May 4, 2020	Rate applicable from May 5, 2020 to June 30, 2020	2019
2% of the average annual net assets	0.2% of the average annual net assets	2% of the average annual net assets

The remuneration is payable to the Management Company in arrears.

- 10.2** During the year, an amount of Rs. 0.615 million (2019: 1.471 million) was charged on account of sales tax on management fee levied through Punjab Sales Tax on Services Act, 2012. During the year, Punjab sales tax has been charged at the rate of 16%.

- 10.3** In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The Management Company has currently fixed a maximum capping of 0.1% of the average annual net assets of the scheme for allocation of such expenses to the Fund and have charged these expenses till April 30, 2020.



- 10.4 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 a period of three years (i.e from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

During the current year, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board of Directors of the Management Company as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Accordingly, the Management Company has currently determined a capping of 0.4% from July 1, 2019 till August 21, 2019 and 1.40% from August 22, 2019 till April 30, 2020 which is applied to average annual net assets of the Fund. This has also been approved by the Board of Directors of the Management Company.

11	<b>PAYABLE TO MCB FINANCIAL SERVICES LIMITED - TRUSTEE - RELATED PARTY</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
			<b>-----Rupees in '000-----</b>	
	Trustee fee payable	11.1	108	22
	Sindh Sales Tax payable on trustee fee	11.2	14	3
			<b>122</b>	<b>25</b>

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

<b>On net assets:</b>	<b>Tariff per annum</b>
- up to Rs 1,000 million	0.09% per annum of net assets.
- exceeding Rs.1,000 million	Rs 0.9 million plus 0.065% per annum of net assets exceeding Rs 1,000 million.

Accordingly, the Fund has charged trustee fee at the above rates during the year.

- 11.2 During the year, an amount of Rs. 0.041 million @ 13% (2019: 0.054 million @ 13%) was charged on account of sales tax on remuneration of the Trustee levied through Sindh Sales Tax on Services Act, 2011.

12	<b>PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
			<b>-----Rupees in '000-----</b>	
	Annual fee payable	12.1	71	345

- 12.1 In accordance with the NBFC Regulations 2008, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Previously, the rate of annual fee applicable to asset allocation funds was 0.095%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current year.

13	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
			<b>-----Rupees in '000-----</b>	
	Auditors' remuneration payable		206	63
	Printing charges payable		196	222
	Brokerage fee payable		491	69
	Shariah advisor fee payable		42	42
	Charity payable	13.1	137	203
	Withholding tax payable		1,883	-
	Capital gain tax payable		3	-
			<b>2,958</b>	<b>599</b>

- 13.1 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, 2020, non-shariah compliant income amounting to Rs 0.137 million (2019: 0.203 million) was determined by the management. This will be distributed as charity after the approval of the Shariah Advisor. The dividend income is recorded net of amount given as charity.

#### 14 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2020 and June 30, 2019.

	For the year ended June 30, 2020	For the period from May 31, 2018 to June 30, 2019
	-----Rupees in '000-----	
<b>15 PROFIT EARNED</b>		
Profit earned on savings accounts	11,989	20,796
Profit earned on sukuk certificates	21,828	9,425
	<u>33,817</u>	<u>30,221</u>
<b>16 AUDITORS' REMUNERATION</b>		
Annual audit fee	108	108
Half yearly review of condensed interim financial statements	63	63
Fee for other certifications	100	139
Out of pocket expenses	18	20
	<u>289</u>	<u>330</u>

#### 17 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2020 is 2.60% (2019: 3.40%) which includes 0.22% (2019: 0.42%) 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 an asset allocation scheme.

#### 18 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 90% 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 unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2020 to the unit holders in the manner as explained above no provision for taxation has been made in these financial statements 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.

#### 19 EARNINGS / (LOSS) PER UNIT

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

#### 20 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

**20.1** Connected persons include ABL Asset Management Company being the Management Company, the 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.

**20.2** 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.

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

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

**20.5** Accounting and operational charges and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.

**20.6** 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:

	2020	2019
	-----'Rupees in '000-----	
<b>ABL Asset Management Company Limited - Management Company</b>		
Remuneration charged	3,842	9,193
Punjab Sales Tax on remuneration of the Management Company	615	1,471
Accounting and operational charges	174	460
Selling and marketing expenses	2,115	1,839
Issue of Nil (2019: 2,001,578) units	-	20,016
Redemption of 2,001,578 (2019: Nil) units	20,849	-
Outstanding Nil (June 30, 2019: 2,001,578) units	-	19,793
<b>MCB Financial Services Limited - Trustee</b>		
Remuneration of the Trustee	313	415
Sindh Sales Tax on remuneration of the Trustee	41	54
<b>Allied Bank Limited</b>		
Profit on saving account	329	3,827
Bank charges	25	19
Profit receivable	-	3
<b>Pak Qatar Investment Account **</b>		
Issue of 210,056,593 (2019: Nil) units	2,158,614	-
Redemption of 138,464,035 (2019: Nil) units	1,412,142	-
Outstanding 71,592,558 (June 30, 2019: Nil) units	706,604	-
<b>Pak Qatar Individual Family Participant Investment Fund **</b>		
Issue of 359,547,731 (2019: Nil) units	3,696,667	-
Redemption of 237,004,841 (2019: Nil) units	2,417,122	-
Outstanding 122,542,890 (June 30, 2019: Nil) units	1,209,474	-
<b>Barrett Hodgson Pakistan (Private) Limited *</b>		
Issue of 300,284 (2019: 5,003,944) units	-	50,040
Outstanding 5,304,228 (June 30, 2019: 5,003,944) units	-	49,483
<b>Sheikh Rehmat Elahi *</b>		
Issue of Nil (2019: 7,977,547) units	-	79,977
Redemption of Nil (2019: 7,977,547) units	-	78,691
Outstanding Nil (June 30, 2019: Nil) units	-	-
<b>Key Management Personnel</b>		
<b>Chief Executive Officer</b>		
Issue of 300 (2019: 5,004) units	3	50
Outstanding 5,304 (June 30, 2019: 5,004) units	52	49
<b>Executives</b>		
Issue of Nil (2019: 5,004) units	-	50
Redemption of 5,004 (2019: Nil) units	53	-
Outstanding Nil (June 30, 2019: 5,004) units	-	49

\* Current year figure has not been presented as the person is not classified as a related party / connected person of the Fund as at June 30, 2020.

\*\* Prior year figure has not been presented as the person is not classified as a related party / connected person of the Fund as at June 30, 2019.

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



## 21 FINANCIAL INSTRUMENTS BY CATEGORY

### Financial assets

Bank balances	231,064	-	231,064
Investments	-	1,904,313	1,904,313
Security deposits	9,039	-	9,039
Dividend and profit receivable	32,455	-	32,455
	<u>272,558</u>	<u>1,904,313</u>	<u>2,176,871</u>

2020		
At amortised cost	At fair value through profit or loss	Total
----- Rupees in '000 -----		
231,064	-	231,064
-	1,904,313	1,904,313
9,039	-	9,039
32,455	-	32,455
<u>272,558</u>	<u>1,904,313</u>	<u>2,176,871</u>

### Financial liabilities

Payable to ABL Asset Management Company Limited - Management Company	3,737	3,737
Payable to MCB Financial Services Limited - Trustee	122	122
Accrued expenses and other liabilities	1,072	1,072
	<u>4,931</u>	<u>4,931</u>

2020	
At amortised cost	Total
----- Rupees in '000 -----	
3,737	3,737
122	122
1,072	1,072
<u>4,931</u>	<u>4,931</u>

### Financial assets

Bank balances	40,108	-	40,108
Investments	-	193,714	193,714
Security deposits	2,600	-	2,600
Dividend and profit receivable	6,560	-	6,560
	<u>49,268</u>	<u>193,714</u>	<u>242,982</u>

2019		
At amortised cost	At fair value through profit or loss	Total
----- Rupees in '000 -----		
40,108	-	40,108
-	193,714	193,714
2,600	-	2,600
6,560	-	6,560
<u>49,268</u>	<u>193,714</u>	<u>242,982</u>

### Financial liabilities

Payable to ABL Asset Management Company Limited - Management Company	6,365	6,365
Payable to MCB Financial Services Limited - Trustee	25	25
Payable against redemption of units	3,031	3,031
Accrued expenses and other liabilities	599	599
	<u>10,020</u>	<u>10,020</u>

2019	
At amortised cost	Total
----- Rupees in '000 -----	
6,365	6,365
25	25
3,031	3,031
599	599
<u>10,020</u>	<u>10,020</u>

## 22 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.

### 22.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

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

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

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2020, the Fund is exposed to such risk on bank deposits and sukuk certificates. 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 and sukuk certificates which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 19.850 million (2019: 1.510 million).

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

As at June 30, 2020, the Fund holds GOP Ijarah sukuk certificates which are classified as financial assets at fair value through profit or loss' exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by the Financial Markets Association of Pakistan with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been lower / higher by Rs 1.504 million (2019: Nil).

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

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2020 can be determined as follows:

-----2020-----					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / interest rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
----- Rupees in '000 -----					
<b>Financial assets</b>					
Bank balances	6.00% - 6.50%	231,064	-	-	231,064
Investments	6.63% - 14.23%	-	1,904,313	-	1,904,313
Security deposits		-	-	9,039	9,039
Dividend and profit receivable		-	-	32,455	32,455
		231,064	1,904,313	41,494	2,176,871
<b>Financial liabilities</b>					
Payable to ABL Asset Management Company Limited - Management Company		-	-	3,737	3,737
Payable to MCB Financial Services Limited - Trustee		-	-	122	122
Accrued expenses and other liabilities		-	-	1,072	1,072
		-	-	4,931	4,931
<b>On-balance sheet gap</b>		231,064	1,904,313	-	36,563
<b>Total interest rate sensitivity gap</b>		231,064	1,904,313	-	
<b>Cumulative interest rate sensitivity gap</b>		231,064	2,135,377	2,135,377	

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

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

#### Financial assets

Bank balances	8.00% - 11.85%	40,108	-	-	-	40,108
Investments	11.34% - 14.09%	-	110,917	-	82,797	193,714
Security deposits		-	-	-	2,600	2,600
Dividend and profit receivable		-	-	-	6,560	6,560
		40,108	110,917	-	91,957	242,982

#### Financial liabilities

Payable to ABL Asset Management Company Limited - Management Company		-	-	-	6,365	6,365
Payable to MCB Financial Services Limited - Trustee		-	-	-	25	25
Payable against redemption of units		-	-	-	3,031	3,031
Accrued expenses and other liabilities		-	-	-	599	599
		-	-	-	10,020	10,020

#### On-balance sheet gap

40,108      110,917      -      81,937      232,962

#### Total interest rate sensitivity gap

40,108      110,917      -

#### Cumulative interest rate sensitivity gap

40,108      151,025      151,025

#### (ii) Currency risk

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

#### (iii) Price risk

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

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

In case of 5% increase / decrease in KMI Meezan Index (KMI 30) on June 30, 2020, with all other variables held constant, the total comprehensive income / loss of the Fund for the year would decrease / increase by Rs. Nil (2019: 4.140 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

The analysis is based on the assumption that the 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, 2020 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI-30 Index.

## 22.2 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, liabilities that are payable on demand have been included in the maturity grouping of one month:

-----2020-----						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
----- Rupees in '000 -----						
<b>Financial assets</b>						
Bank balances	231,064	-	-	-	-	231,064
Investments	-	100,500	1,120,616	45,697	637,500	1,904,313
Security deposits	-	-	-	-	9,039	9,039
Dividend and profit receivable	32,455	-	-	-	-	32,455
	263,519	-	100,500	1,120,616	45,697	646,539
					646,539	2,176,871
<b>Financial liabilities</b>						
Payable to ABL Asset Management Limited - Management Company	3,737	-	-	-	-	3,737
Payable to MCB Financial Services Limited - Trustee	122	-	-	-	-	122
Accrued expenses and other liabilities	1,072	-	-	-	-	1,072
	4,931	-	-	-	-	4,931
<b>Net financial assets</b>	258,588	-	100,500	1,120,616	45,697	646,539
					646,539	2,171,940
-----2019-----						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
----- Rupees in '000 -----						
<b>Financial assets</b>						
Bank balances	40,108	-	-	-	-	40,108
Investments	-	-	65,848	45,069	82,797	193,714
Security deposits	-	-	-	-	2,600	2,600
Dividend and profit receivable	6,560	-	-	-	-	6,560
	46,668	-	65,848	45,069	85,397	242,982
<b>Financial liabilities</b>						
Payable to ABL Asset Management Limited - Management Company	6,365	-	-	-	-	6,365
Payable to MCB Financial Services Limited - Trustee	25	-	-	-	-	25
Payable against redemption of units	3,031	-	-	-	-	3,031
Accrued expenses and other liabilities	599	-	-	-	-	599
	10,020	-	-	-	-	10,020
<b>Net financial assets</b>	36,648	-	65,848	45,069	85,397	323,962



## 22.3 Credit risk

22.3.1 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:

	2020	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	----- Rupees in '000 -----	
Bank balances	231,064	231,064
Investments	1,904,313	1,753,963
Security deposits	9,039	9,039
Dividend and profit receivable	32,455	32,455
	<u>2,176,871</u>	<u>2,026,521</u>

	2019	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	----- Rupees in '000 -----	
Bank balances	40,108	40,108
Investments	193,714	110,917
Security deposits	2,600	2,600
Dividend and profit receivable	6,560	6,560
	<u>242,982</u>	<u>160,185</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2020 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.

## 22.3.2 Credit quality of financial assets

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

Rating	% of financial assets exposed to credit risk	
	2020	2019
<b>Bank balances</b>		
AAA	2.87%	2.15%
AA+	0.01%	4.23%
A+	7.65%	9.35%
AA	0.07%	-
AA-	-	0.17%
A	0.06%	0.47%

### Sukuk Certificates

	% of financial assets exposed to credit risk	
	2020	2019
AAA	12.71%	-
AA+	5.53%	12.25%
A+	14.01%	-
AA	30.21%	25.86%
AA-	10.45%	7.17%
A	9.03%	-
	<u>92.60%</u>	<u>61.65%</u>

## 23 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.

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

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

### Fair value hierarchy

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

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 : inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 : inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2020 and June 30, 2019, the Fund held the following financial instruments measured at fair values:

### Financial assets

GOP Ijarah sukuk certificates

Corporate sukuk certificates

2020		
Level 1	Level 2	Level 3
----- Rupees in '000-----		
-	150,350	-
-	1,753,963	-
-	<u>1,904,313</u>	-

### Financial assets

Investments in quoted equity securities

Corporate sukuk certificates

2019		
Level 1	Level 2	Level 3
----- Rupees in '000-----		
82,797	-	-
-	110,917	-
<u>82,797</u>	<u>110,917</u>	-

## 24 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

In accordance with the risk management policies as stated in note 22, 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.

## 25 UNIT HOLDING PATTERN OF THE FUND

Category	2020			2019		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	71	83,223	3.83%	99	146,200	62.33%
Associated companies	-	-	-	1	19,792	8.44%
Insurance companies	2	1,916,071	88.24%	1	898	0.38%
Retirement funds	4	19,289	0.89%	4	18,211	7.76%
Public limited companies	2	52,354	2.41%	-	-	-
Others	1	100,629	4.63%	2	49,485	21.09%
	<u>80</u>	<u>2,171,566</u>	<u>100.00%</u>	<u>107</u>	<u>234,586</u>	<u>100.00%</u>

## 26 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

----- 2020 -----		----- 2019 -----	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Next Capital Limited	56.72%	Next Capital Limited	27.66%
Optimus Capital Management (Private) Limited	5.38%	Foundation Securities (Private) Limited	13.56%
Foundation Securities (Private) Limited	3.83%	Arif Habib Limited	9.08%
BIPL Securities Limited	3.79%	Taurus Securities Limited	8.02%
Arif Habib Limited	3.48%	Intermarkets Securities Limited	7.84%
JS Global Capital Limited	3.46%	Optimus Markets (Private) Limited	6.93%
Taurus Securities Limited	3.09%	Alfalah Securities (Private) Limited	6.74%
DJM Securities Limited	3.04%	BMA Capital Management Limited	6.44%
Intermarkets Securities Limited	2.87%	AKD Securities Limited	4.96%
Insight Securities (Private) Limited	2.60%	Topline Securities Limited	4.79%

**27 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 (in years)
Mr. Alee Khalid Ghaznavi	Chief Executive Officer	MBA	19
Mr. Saqib Matin	CFO & Company Secretary	FCA & FPFA	21
Mr. Tanweer Haral	Head of Risk Management	MBA	25
Mr. Fahad Aziz	Head of Fixed Income	MBA	14
Mr. Ali Ahmed Tiwana	Head of Equity	CIMA	10
Mr. M. Tahir Saeed	Head of Research	CFA	8
Mr. M. Abdul Hayee	Fund Manager - Equity	MBA & CFA	12
Mr. Abdul Rehman Tahir	Fund Manager - Fixed Income	MBA	9

**28 NAME AND QUALIFICATION OF THE FUND MANAGER**

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. Abdul Rehman Tahir	Fund Manager - Fixed Income	MBA	ABL Islamic Income Fund and ABL Islamic Cash Fund

**29 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY**

The 60th, 61st, 62nd and 63rd Board of Directors meetings were held on August 08, 2019, October 30, 2019, February 04, 2020 and April 29, 2020, 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	4	-	-
2	Mohammad Naeem Mukhtar	4	4	-	-
3	Muhammad Waseem Mukhtar	4	4	-	-
4	Tahir Hasan Qureshi	4	4	-	-
5	Muhammad Kamran Shehzad	4	3	1	62nd
6	Pervaiz Iqbal Butt	4	4	-	-
7	Alee Khalid Ghaznavi	4	4	-	-
<b>Other persons</b>					
8	Saqib Matin*	4	4	-	-

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

**30 RATING OF THE MANAGEMENT COMPANY**

The VIS Credit Rating Company Limited has determined the asset manager rating of the Management Company of AM2++ (2019: AM2++) on December 31, 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

**31 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Management Company on August 18, 2020.

**32 GENERAL**

**32.1** Figures have been rounded off to the nearest thousand Rupee unless otherwise stated.



### 32.2 Impact of COVID-19

The COVID-19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

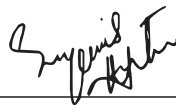
- a) The time period to regularise the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;
- b) Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;
- c) The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;
- d) Time period to ensure compliance with minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;
- e) Time for announcement of daily NAV as per the regulatory requirement is extended from 18:30 pm to the start of the next working day.

### 32.3 Operational risk management

The Management Company is closely monitoring the situation and has invoked required actions to ensure safety and security of the staff and an uninterrupted service to the customers. Business Continuity Plans (BCP) for respective areas are in place and tested. The Management Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network (“VPN”) connections. Further, the Management Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

The Management Company has made an assessment of COVID-19 on the credit risk and liquidity risk and believes that there is no significant impact on the Fund.

For ABL Asset Management Company Limited  
(Management Company)



Saqib Matin  
Chief Financial Officer



Ale Khalid Ghaznavi  
Chief Executive Officer



Pervaiz Iqbal Butt  
Director



## DISCLOSURE OF PROXY VOTING

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The Board of Directors of ABL Asset Management Company Limited (the Management Company of the fund) have overall responsibility for the implementation of Proxy Voting Policy and Procedures which is available on Management Company's website ([www.ablamc.com](http://www.ablamc.com)). During the financial year, the Management Company on behalf of the Fund did not participate in 13 shareholders' meeting. Moreover, details of summarized proxies voted are as follows:

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

منحصر رہے گی۔ اور پوری دنیا میں وبائی امراض کے اثرات کو کم کرنے کے موثر ویکسین یشرفت کی خبروں کے بارے میں پر امید ہیں۔

## اعتراف

ہم اپنے قابل قدر سرمایہ کاروں کا شکریہ ادا کرتے ہیں جنہوں نے ہم پر اعتماد کیا ہے۔ بورڈ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، ٹرسٹی (ایم سی بی فنانشل سروسز لمیٹڈ) اور پاکستان اسٹاک ایکسچینج لمیٹڈ کے انتظامیہ کی ان کی مسلسل رہنمائی اور مدد کے لئے ان کا شکریہ بھی ادا کرتا ہے۔ ڈائریکٹرز انتظامی ٹیم کے ذریعہ کی جانے والی کوششوں کی بھی تعریف کرتے ہیں۔

بورڈ کی طرف سے اور بورڈ کے لئے



ڈائریکٹر

لاہور، 18 اگست، 2020



علی خالد غزنوی  
چیف ایگزیکٹو آفیسر

3. فنڈ کے اکاؤنٹس کی مناسب کتابیں برقرار رکھی گئیں۔

4. مالی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو ہوتی ہیں اور محاسبہ کا تخمینہ معقول اور محتاط فیصلوں پر مبنی ہوتا ہے۔

5. متعلقہ بین الاقوامی اکاؤنٹنگ معیارات ، جیسا کہ پاکستان میں لاگو ہوتا ہے ، غیر بینکاری فنانس کمپنیوں (اسٹیبلشمنٹ اینڈ ریگولیشن) رولز 2003 اور نان بینکنگ فنانس کمپنیوں اور مطلع شدہ اداروں کے ضوابط ، 2008 کی دفعات ، ٹرسٹ ٹیڈ کی شرائط اور جاری کردہ ہدایات مالیاتی بیانات کی تیاری میں سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی پیروی کی گئی ہے۔

6. اندرونی کنٹرول کا نظام ڈیزائن میں مستحکم ہے اور اس کو موثر انداز میں لاگو اور نگرانی کیا گیا ہے۔

7. فنڈ کی تشویش کی حیثیت سے جاری رکھنے کی اہلیت پر کوئی خاص شبہات نہیں ہیں۔

8. فنڈ کی کارکردگی کا جزو سالانہ رپورٹ کے صفحہ # 11 پر دیا گیا ہے۔

9. ٹیکسوں ، ڈیوٹیوں ، محصولات اور محصولات اور مالی معاوضوں میں پہلے ہی انکشاف کے علاوہ دیگر معاوضوں کی وجہ سے کوئی قانونی ادائیگی نہیں ہے۔

10. پروویڈنٹ فنڈ کی سرمایہ کاری کی قیمت کے بارے میں بیان فنڈ کے معاملے میں لاگو نہیں ہوتا ہے کیونکہ ملازمین کی ریٹائرمنٹ کے فوائد کے اخراجات انتظامیہ کمپنی برداشت کرتی ہے۔

11. 30 جون ، 2020 کو یونٹ ہولڈنگز کا پیٹرن مالیاتی گوشوارے کے نوٹ نمبر 25 میں دیا گیا ہے۔

## آڈیٹر

میسرز اے ایف فرگوسن اینڈ کمپنی (چارٹرڈ اکاؤنٹنٹس) اے بی ایل اسلامی اثاثہ مختص فنڈ (اے بی ایل - آئی اے اے ایف) کے لئے 30 جون 2021 کو ختم ہونے والے سال کے لئے بطور آڈیٹر مقرر ہوئے ہیں۔

## مینجمنٹ کمپنی کی کوالٹی کی درجہ بندی

31 دسمبر ، 2019 کو ، JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ (JCR-VIS) نے اے بی ایل ایسٹ مینجمنٹ کمپنی لمیٹڈ (ABL AMC) کی 'AM2 ++ (AM-two-Double Plus)' کی مینجمنٹ کوالٹی ریٹنگ کی تصدیق کردی ہے۔ (اے ایم ٹو پلس پلس) تفویض کردہ درجہ بندی پر آؤٹ لک 'مستحکم' ہے۔

## آؤٹ لک

خاص طور پر COVID-19 وبائی امراض کی وجہ سے مالی سال 20 کے دوسرے نصف حصے کے دوران خاص طور پر KSE-100 انڈیکس دباؤ میں رہا۔ تاہم ، حکومت کی طرف سے مسلط سمارٹ لاک ڈاؤن کی وجہ سے حال ہی میں پورے ملک میں نئے کیسوں کی تشکیل میں کمی پیدا ہوگئی ہے۔ حکومت کی جانب سے پالیسی کے اعلانات میں بڑے پیمانے پر شرح میں کمی کا اعلان کیا تاکہ بگڑتی ہوئی معیشت کو مطلوبہ امداد فراہم کی جا سکے۔ حکومت کی جانب سے تعمیراتی شعبے پر خصوصی توجہ اور میگا ٹیم منصوبوں پر سول / انجینئرنگ کے کاموں میں تیزی لانے کی توقع سے معاشی سرگرمی کو فروغ ملے گا۔ کم بین الاقوامی اجناس کی قیمتوں نے بیرونی اکاؤنٹ کو مہلت مہیا کردی ہے اور توقع ہے کہ اگلے مالی سال کے لئے مہنگائی کو روکنے کا امکان ہے۔ توقع ہے کہ مارکیٹ میں بتدریج بہتری آئے گی ، تاہم تحریک انصاف کی حکومت کی طرف سے پوری قوت ساختی اصلاحات کے کامیاب نفاذ پر



## اسلامی اسٹاک مارکیٹ جائزہ

مالی سال 20 کے دوران پاکستان ایکویٹی مارکیٹ میں توازن برقرار رہا کیونکہ مارکیٹ میں 1.6 فیصد YOY معمولی اضافہ ہوا اور 54,995 پر بند ہوا۔ 1HFY20 میں ، KMI-30 نے زبردست کارکردگی کا مظاہرہ کیا اور دنیا کی بہترین منڈیوں میں سے ایک کے طور پر واپسی فراہم کی اور اس میں لگ بھگ 41 فیصد اضافہ ہوا لیکن 2HFY20 میں ، ملک میں لاک ڈاؤن کے اعلان کے بعد مارکیٹ میں کمی دیکھنے میں آئی۔ COVID-19 پھیلنے سے پہلے ، حکومت معیشت کی حمایت کے لئے تیزی سے اقدامات کر رہی ہے جس میں CAD کو کم کرنا ، ٹیکس وصولی میں اضافہ ، آئی ایم ایف بیل آؤٹ پیکیج ، زرمبادلہ کے ذخائر کو تقویت دینا شامل ہے۔ اگرچہ ، کوویڈ 19 کے پھیلنے کے بعد ، ملک میں لاک ڈاؤن کو نافذ کرنے کے لئے معاشی سرگرمیاں روک دی گئیں اور کے ایم آئی 30 میں ایک ہی مہینے میں (مارچ 20) تقریباً 24 فیصد (14,382 پوائنٹس) کی کمی ہوگئی تھی لیکن اس کے بعد مارکیٹ میں 22 فیصد کی بحالی کا انتظام ہوا تعمیراتی پیکیج اور حکومت کی طرف سے 4QFY20 میں کئے گئے دیگر کاروباری دوستانہ اقدامات کی پشت پر قریب دو ماہ کے سمارٹ لاک ڈاؤن کے بعد ، معیشت دوبارہ کھلنا شروع ہوگئی کیونکہ حکومت اور دیگر ادارے معیشت کو بحال کرنے کے لئے عملی اقدامات اٹھا رہے ہیں جس میں (i) پالیسی کی شرح میں 625bps کمی اور ایس بی پی کے ذریعہ دیگر مراعات (ii) PKR 1.3tn کے کورونا ریلیف پیکیج حکومت (iii) زراعت کی مدد کے لئے پی کے آر 50bn پیکیج ، اور (iv) وفاقی بجٹ مالی سال 21 میں ٹیکسوں کا کوئی اضافی بوجھ نہیں۔

اوسط تجارت کا حجم اور مالیت YoY %44.1 اور YOY %3.5 سے بالترتیب 77.1 ملین اور USD 25.2 ملین تک بڑھ گئی۔ غیر ملکی 284.8 ملین ڈالر کے حصص کا خالص فروخت کنندہ رہے۔ مقامی محاذ پر انفرادی سرمایہ کار اور انشورنس کمپنیاں بالترتیب 213.2 ملین ڈالر اور 1212.66 ملین ڈالر کی خالص خریداری کے ساتھ سرفہرست رہیں ، جبکہ بینکوں / ڈی ایف آئی نے 455 ملین ڈالر کے حصص فروخت کیے۔ ناقابل یقین پہلی ششماہی کے بعد ، مارکیٹ میں تیزی دیکھی گئی جس کی وجہ COVID-19 وبائی امراض ہے جہاں بجلی کی پیداوار اور تقسیم ، تیل اور گیس کی تلاش کمپنیوں ، تیل اور گیس مارکیٹنگ کمپنیوں اور تجارتی بینکوں کی مدد سے اہم انڈیکس گھٹ گیا۔ بالترتیب 1,215 ، 1,025 اور 149 پوائنٹس۔ آگے بڑھتے ہوئے ، ہمیں یقین ہے کہ مارکیٹ لاک ڈاؤن آسانی اور معاشی سرگرمی سے دوچار ہوگا اور صارفین کے اخراجات بڑھ جائیں گے۔ حکومت نے معیشت کی حمایت کے لئے اہم اقدامات اٹھائے ہیں جن میں تعمیراتی پیکیج ، ایمنسٹی اسکیم ، ٹیکس چھوٹ ، اور نیا پاکستان ہاؤسنگ اسکیم شامل ہے جو مختلف شعبوں خصوصاً تعمیراتی شعبے کے لئے مثبت اثرات مرتب کرے گی۔ اب ، سرمایہ کار COVID-19 کے علاج معالجے میں ابتدائی پیشرفت کی خبروں کے بارے میں پر امید ہیں اور ہم 2HFY21 کے دوران مارکیٹ میں تیزی سے بحالی کی توقع کرتے ہیں۔ مارکیٹ انڈیکس x7.8 کے 2021E P/E کی پرکشش سطح پر تجارت کر رہا ہے اور صحت مند منافع بخش پیداوار 6.1% ہے۔

## فنڈ کی کارکردگی

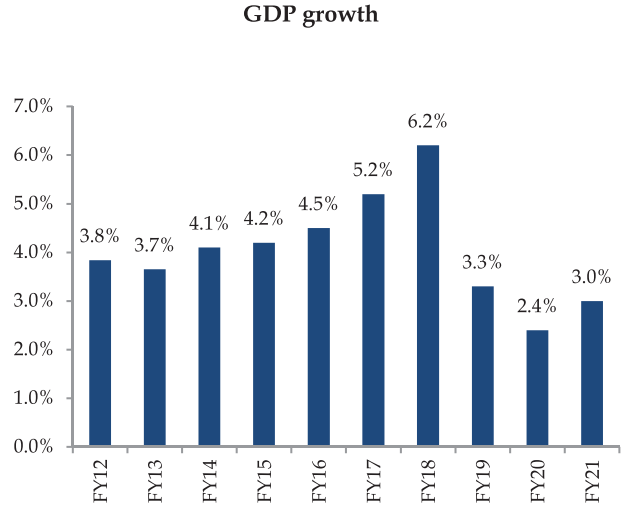
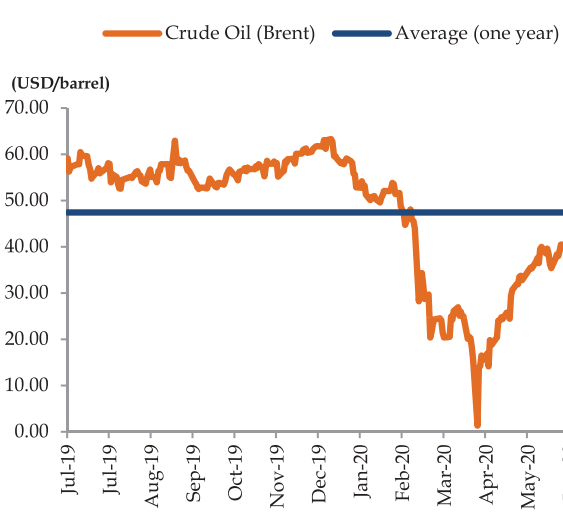
مالی سال 20 کے اختتام پذیر سال کے لئے ، آئی اے اے ایف نے 11.94 فیصد بینچ مارک ریٹرن کے مقابلے میں 6.86 فیصد کی واپسی کی ، جو 5.08 فیصد کی منفی کارکردگی کو ظاہر کرتا ہے۔

فنڈ میں کارپوریٹ سکوک میں 87.42 فیصد اور کیش میں 10.61 فیصد کی سرمایہ کاری کی گئی۔ اس عرصے کے دوران ABL IAAF کی AUM میں 825.69% کا اضافہ ہوا اور یہ 30 جون 19 کو 0.2345 بلین روپے کے مقابلے میں 30 جون 2020 کو 2.1716 بلین روپے رہے۔

## اضافی معاملات

1. انتظامیہ کمپنی کے ڈائریکٹرز کی تفصیل اس سالانہ رپورٹ میں ظاہر کی گئی ہے۔

2. مالی بیانات معاملات کی منصفانہ حالت ، پیش کردہ کارروائیوں ، نقد بہاؤ اور یونٹ ہولڈر کے فنڈ میں بدلاؤ پیش کرتے ہیں۔



پاکستان نے مالی سال 20 میں جی ڈی پی کی منفی نمو -0.4% کی اطلاع دی ہے جو مالی سال 19 میں 3.3% سے ٹوب رہی ہے۔ وبائی مرض نے QCY202 میں معاشی سرگرمیوں کو بری طرح متاثر کیا ہے۔ اس طرح معیشت مثبت نمو کو برقرار نہیں رکھ سکی۔ جولائی-اپریل 2020 کے عرصہ میں ، بڑے پیمانے پر مینوفیکچرنگ (LSM) نے SPLY میں 2.82 فیصد کمی کے مقابلہ میں 8.96% YoY کی نمایاں کمی کی۔ ٹیکسٹائل (-8.68%) ، کوک اور پٹرولیم مصنوعات (21.15%) ، آئرن اینڈ اسٹیل مصنوعات (-15.68%) ، آٹوموبائل (-41.90%) ، دواسازی (-5.31%) ، اور الیکٹرانکس (جنوری میں کمی کو بڑھانے والے اہم شراکت کار تھے۔ -19.74%)۔ صنعت اور معیشت کی حالت کا جائزہ لیتے ہوئے ، حکومت نے سمارٹ لاک ڈاؤن کرنے کا فیصلہ کیا جہاں تمام بڑی صنعتوں کو چلانے کی اجازت دی گئی ہے۔ ہم توقع کرتے ہیں کہ اگلے مالی سال میں یہ جی ڈی پی کے سکڑنے سے بچ سکے گا۔ تاہم ، شرح نمو کے متاثر کن ہونے کی توقع نہیں کی جارہی ہے۔

آگے بڑھتے ہوئے ، خاص طور پر قلیل مدت میں ، مارکیٹ کی سمت آنے والے نتائج اور ملک میں کورونا وائرس وبائی صورتحال کی طرح طے کرے گی۔ اور اس کا اثر معیشت پر پڑتا ہے۔ توقع کی جا رہی ہے کہ حکومت کی جانب سے صنعت کو سپورٹ کرنے کے لئے جو مراعات دی گئیں وہ باقی CY20 میں بھی پوری ہوجائیں گی۔ نمایاں چیز یہ کہ قرض کے پرنسپل پر اضافی رعایتی مدت ملنا جو نقد بہاؤ کو سنبھالنے میں مدد کریں گے جبکہ معاشی سرگرمیوں کو فروغ دینے کے لئے تعمیراتی پیکیج۔ اور ملک میں روزگار کے مواقع پیدا کرنا۔ ان کے علاوہ ، پالیسی کی شرح کو کافی حد تک کم کر کے 7% فیصد کر دیا گیا ہے ، جو صنعتوں اور صارفین کو ایک اور بڑی راحت ہے۔

## میوچل فنڈ انڈسٹری کا جائزہ

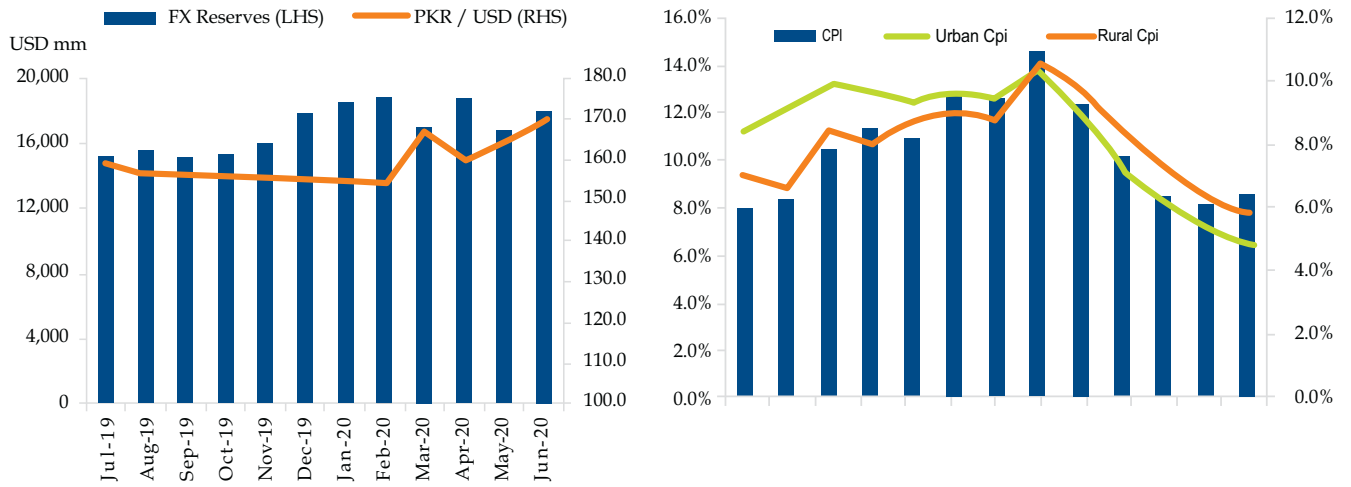
اوپن اینڈ میوچل فنڈ کے زیر انتظام کل اثاثوں میں مالی سال 20 کے دوران bn572 PKR سے bn788 PKR تک 38% کی نمایاں نمو رہی ، خاص طور پر منی مارکیٹ فنڈ اور فیکسڈ انکم فنڈ میں بڑے پیمانے پر آمدنی کی وجہ سے روایتی اور اسلامی سمیت منی مارکیٹ فنڈ میں پی کے آر bn318 سال کے اختتام پر 92% رہی اور اس میں تحاشا اضافہ دیکھنے میں آیا۔ روایتی اور شرعی دونوں کے مطابق فیکسڈ انکم فنڈ کی AUMs نے اس مدت کے دوران 66% تک اضافہ کیا۔ اس نمو کو بنیادی طور پر 9MFY20 کے دوران معاہدہ مندانہ مالیاتی پالیسی ماحول میں اعلیٰ منافع حاصل کرنے کے لئے سرمایہ کاروں کی بھوک کی وجہ قرار دیا جاسکتا ہے۔ مقررہ آمدنی کے برعکس ، اس مدت کے دوران ایکویٹی مارکیٹ AUMs میں 5% کمی واقع ہوئی ہے۔ ملک میں لاک ڈاؤن اور کورونا وائرس کے بڑھتے ہوئے معاملات سے سرمایہ کار پرخطر اثاثوں میں ہونے والی سرمایہ کاری سے محتاط رہتا ہے۔ کوویڈ-19 کی وجہ سے ایکویٹی مارکیٹ میں ہنگامہ خیزی اور مالی سال 20 کے دوران تیل کی بین الاقوامی قیمتوں میں غیر یقینی صورتحال نے ایکویٹی فنڈز کی گھٹتی آئی ایم میں اہم کردار ادا کیا۔

## مینجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ

اے بی ایل اسلامی اثاثہ مختص فنڈ (اے بی ایل - آئی اے ایف) کی انتظامیہ کمپنی، اے بی ایل ایسٹ مینجمنٹ کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز 30 جون، 2020 کو ختم ہونے والے سال کے لئے اے بی ایل اسلامی اثاثہ مختص فنڈ کے آڈٹ شدہ فنانشل اسٹیٹمنٹ پیش کرنے پر خوشی محسوس کرتے ہیں۔

### اقتصادی کارکردگی کا جائزہ

سیلانے کے ضمنی مسائل کے ساتھ لاک ڈاؤن نے ملک میں افراط زر کا دباؤ پیدا کیا کیونکہ جون 2010 میں ہم نے 11 ماہ میں کم شرح افادیت YoY %8.22 حاصل کرنے کے بعد جون 20 میں YoY %8.59 کی سی پی آئی دیکھی۔ مئی 20 میں ماہانہ بنیاد پر، افراط زر میں 0.81% کا اضافہ ہوا ہے جبکہ اس سے پچھلے مہینے میں 0.32 فیصد اضافہ ہوا تھا۔ ماہ کے دوران اشیائے خوردونوش کی قیمتوں میں زبردست اضافہ دیکھا گیا۔ مالی سال 20 کے اوسط IPCN نے SPLY میں YoY %6.80 کے مقابلے میں YoY %10.76 پر کلک کیا۔ ہم تخمینہ رکھتے ہیں کہ مالی سال 21 کے لئے اوسطا NCPI %7.3 YOY رہیں گے۔



کرنٹ اکاؤنٹ خسارے میں کمی (سی اے ڈی) نے ایک مستحکم BOP پوزیشن کی راہ ہموار کر دی۔ 11MFY20 کے دوران YoY %74 کی کمی سے bn3.28 ڈالر تک آیا۔ درآمدات YoY %20 کی کمی سے 46.63 بلین ڈالر رہ گئیں جبکہ عالمی سطح پر لاک ڈاؤن کے باوجود صرف 7 فیصد YoY کی طرف سے MFY2011 کے دوران bn25.99 ڈالر کی قیمت میں کمی ریکارڈ کی گئی۔ تاہم، کارکنوں کی ترسیلات زر میں YoY %6 کا اضافہ ہوا جس کی قیمت bn23.12 ڈالر تک پہنچ گئی۔ ہمارے خیال میں کارکنوں کی ترسیلات زر کو خطرہ ختم ہوتا ہے کیونکہ پوری دنیا میں معاشی سرگرمیاں بڑھ رہی ہیں۔ تاہم، تیل کی بین الاقوامی قیمتوں میں اضافے اور ملک میں بجلی کی طلب کو پورا کرنے کے لئے فرنس آنل درآمد کرنے کی حکومت کی جانب سے دی گئی اجازت کی وجہ سے تیل کی درآمدی زیادہ بل کی وجہ سے سی اے ڈی آنے والے مہینوں میں بڑھ سکتی ہے۔ 03 جولائی 2020 کو ملک کے زرمبادلہ کے ذخائر 18.79 بلین ڈالر ہیں۔ جو 3.09 ماہ کا درآمدی احاطہ فراہم کرتا ہے۔ وبائی مرض سے لڑنے کے لئے، آئی ایم ایف، اے ڈی پی، ڈبلیو بی اور دوست ممالک کے ساتھ ساتھ پیرس کلب سمیت متعدد بین الاقوامی ادارے، پاکستان کی مدد کے لئے آگے آئے ہیں جس کے نتیجے میں ذخائر مستحکم ہوئے ہیں۔ مالی سال کی بات ہے تو، مالی سال 20 کے دوران، عارضی ٹیکس وصولی 3.98tn PKR تک پہنچ گئی ہے، جو %4 YoY کے اضافے کی عکاسی کرتی ہے۔ جون 20 کے مہینے کے دوران، ٹیکس وصولی 398bn PKR کے ترمیم شدہ ہدف کے مقابلے میں 420bn PKR پر رہی۔

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