

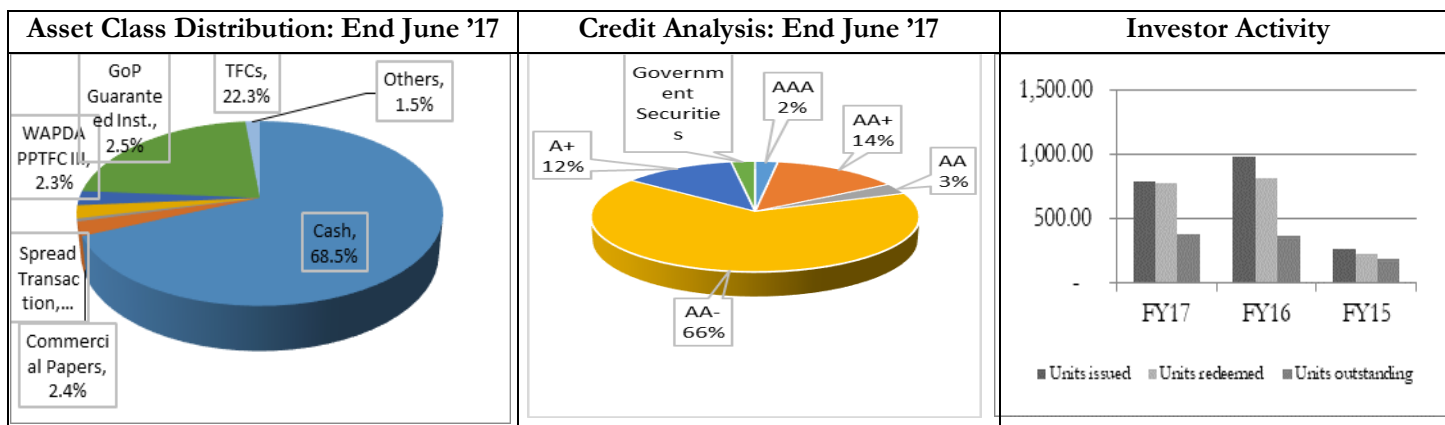
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**Investment Objective**

To earn a superior risk adjusted rate of return by investing in a blend of short, medium and long term instruments, both within and outside Pakistan.

ABL Income Fund		
Rating Category	Latest	Previous
Fund Stability Rating	<b>A(f)</b>	<b>A(f)</b>
	Jan 16, '18	Dec 30, '16
Management Company	ABL Asset Management Company Limited	
Chief Executive	Mr. Alee Khalid Ghaznavi	
Fund Manager	Mr. Fahad Aziz	
Trustee	Central Depository Company of Pakistan Limited	
Front-end Load	1.5% p.a.	
Back-end Load	Nil	
Management Fee	1.5% pa	
Benchmark	6 Month KIBOR	



Launched in September 2008, ABL Income Fund (ABL-IF) is managed by ABL Asset Management and operates as an open end fund for investors who seek competitive risk adjusted rate of return.

The investment committee (IC) is composed of six members which includes the CEO, Chief Investment Officer, CFO, two fund managers and Head of Risk Management. Head of Research attends meetings as an invitee and is not a voting member.

Limits have been defined in the operational policy in order to restrict fund’s exposure to various types of investments and credit quality of the same. A quarter of assets of the fund must be deployed in cash and near cash instruments.

Net assets of the fund increased marginally to Rs. 3.9b (FY16: Rs. 3.7b) by end-FY17; reaching a maximum Rs. 4.04b as at end-Jan’17.

**Table 1: Asset Allocation Summary**

	Average FY17	End June'17	End June'16	Limit
Cash	43.4%	68.5%	38.2%	25%-100%**
Placements with banks	4.4%	0.0%	6.3%	0-75%
T-Bills	5.2%	0.0%	8.7%	0-100%
PIBs	7.7%	0.0%	9.9%	0-100%
Commercial Papers	0.2%	2.4%	0.0%	0-50%
Clean Placements	1.0%	0.0%	0.0%	0-75%
Spread Transaction	7.7%	0.5%	9.0%	0-50%
WAPDA PPTFC III	1.0%	2.3%	0.0%	0-80%
GoP Guaranteed Inst.	2.2%	2.5%	3.2%	0-80%

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## JCR-VIS Credit Rating Company Limited

Technical Partner – IIRA, Bahrain | JV Partner – CRISL, Bangladesh

TFCs	20.9%	22.3%	21.4%	0-75%
Others	6.2%	1.5%	3.4%	-

\*T-Bills, PIBs, GoP Ijarah Sukuk & Govt. backed instruments

\*\*Limit includes Government Securities less than 90 days calculated on the basis of average for each calendar month

Major portion of asset mix was placed in sovereign exposures and TFCs during FY17. The same represented on average 12.9% & 20.9% of net assets during FY17. Investment in TFCs increased to a high of 51.5% in April'17. Major portion of remaining assets are placed as cash & spread transactions. Credit quality of exposures has remained in line with JCR-VIS's criteria for the assigned rating.

**Table2: Credit quality Summary FY17**

	Average	Maximum	Minimum
AAA	6.7%	20.9%	2.4%
AA+	8.9%	26.6%	0.2%
AA	13.1%	33.6%	1.2%
AA-	37.5%	73.5%	11.4%
A+	10.7%	20.1%	1.5%
A	0.0%	0.1%	0.0%
Government Securities	8.7%	25.8%	0.0%

Weighted average maturity of the fund was 608 days (FY16: 803 days) at end-FY17 as opposed to the limit of 4 years. As per internal policy, target duration of the fund has been

set less than 1 year. Average duration during FY17 was reported at 0.23 years while reaching a high 0.69 years as at end-Sept'16. There have been no breaches of internal policy limits and JCRVIS internal duration criteria.

**Table 3: Market risk summary FY17**

	Average	Maximum	Minimum
WAM	608	714	417
Duration	84	252	12

Benchmark of the fund is the average 6 month KIBOR. Fund returns stood at 5.9% (FY16: 7.2%) for FY17; the fund was unable to outperformed its benchmark of 6.1%. Peer ranking of ABL IF stood at 13 out of 20 (FY16: 8 out of 18) in FY17.

**Table 4: Performance Summary**

Performance	FY17	FY16
Total Return	5.9%	7.2%
Benchmark Return	6.1%	6.5%

Total number of investors in the fund decreased to 1,093 (FY16: 1,370) at end-June'17. Retail portion of the fund has decreased to 21% (FY16: 47%) at end-FY17 while unrelated corporate holdings increased to 54% (FY16: 47%) <sup>JCR-VIS</sup>

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### Rating History

Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	01/16/2018	A(f)	Reaffirmed
Fund Stability	12/30/2016	A(f)	Reaffirmed
Fund Stability	12/31/2015	A(f)	Downgrade
Fund Stability	10/16/2014	A+(f)	Reaffirmed
Fund Stability	1/17/2013	A+(f)	Reaffirmed
Fund Stability	1/2/2012	A+(f)	Reaffirmed
Fund Stability	12/31/2010	A+(f)	Reaffirmed