

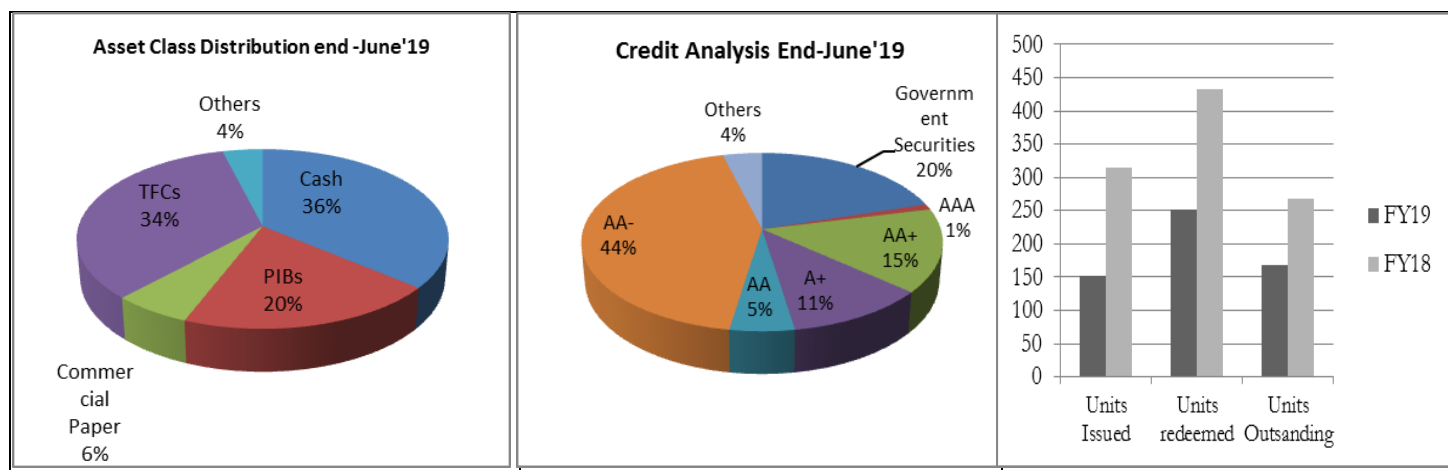
4th March 2020

Analyst: Maham Qasim

**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> <i>Jan 20, '20</i>	<b>A(f)</b> <i>Jan 16, '18</i>
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 an open ended fund, managed by ABL Asset Management with an Management Quality Rating of AM2++ (VIS) The fund aims to provide its investors with competitive risk adjusted rate of returns.

Maximum and minimum limits have been stated in the Investment Policy Statement (IPS). In order to restrict the fund's exposure in various investments and credit quality, quarter of the fund's asset must be allocated in cash and cash equivalents. Maximum allowable exposure in Margin Trading System (MTS) is capped at 40% in order to comply with the requisites of the IPS and VIS criteria.

**Table 1: Asset allocation Summary**

	Average FY19	End June'19	End June'18	Limit
Cash	42%	36%	68%	25%-100%**
MTS exposure	3%	0.0%	0.0%	0-40%
Placements with banks	0.0%	0.0%	0.0%	0-75%
T-Bills	12%	0.0%	0.0%	0-100%
PIBs	13%	20%	0.0%	0-100%
Commercial Papers	6%	6%	0.0%	0-50%
Clean Placements	0.0%	0.0%	0.0%	0-75%
Spread Transaction	0.0%	0.0%	0.0%	0-50%
WAPDA PPTFC III	3%	0.0%	2%	0-80%

GoP Guaranteed Inst.	2%	0.0%	0.0%	0-80%
TFCs	37%	34%	28%	0-75%
Others	3%	4%	2%	N/A

\*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

The fund's asset allocation plan majorly remained concentrated in its cash balances and TFCs. At end-June'19 cash and TFC placements amounted to 36% and 34% respectively, remaining chunk of investment portfolio was invested in PIBs. TFC placements were reported to be at the highest at end-Dec'18 at 62% (FY18: end-April 32.8%) manifesting an increase. Barring two instances in the months of Aug'19 and Oct'19 ABL-IF complied with the asset allocation criteria for the assigned ratings.

Credit quality exposures remained in line with the requisites of VIS's criteria for the assigned ratings however, from the months of Nov'18-Oct'19 there have been instances where the fund witnessed deviation. Maximum investment in others was capped at highest of approximately 17% at end-Feb'19. On an average basis the fund parked 54% of its assets in AA- rated avenues.

**Table2: Credit quality Summary FY19**

	Average	Maximum	Minimum
AAA	13%	49%	1%
AA+	12%	45%	4%
AA	5%	7%	3%
AA-	32%	54%	7%
A+	19%	33%	8%
A	0%	0%	0%
Others	6%	17%	2%
Government Securities	17%	39%	0%

Weighted Average maturity (WAM) of the fund was 813 days (FY18: 592 days) at end-FY19 As per internal policy, target duration of the fund has been capped at 1 year. At end-June'19 duration increased and was reported at 186 days (FY18: 40 days) Duration of the fund was maximum at end-March'19 at 266 days, average duration was reported at 106 days there has been no change in strategy.

**Table 3: Market risk summary FY19**

	Average	Maximum	Minimum
	865	1575	602
Duration	106	266	18

Benchmark return of the fund is determined from the average 6 month KIBOR. At end-June'19 the fund generated a return of 7.12% (FY18: 4.67%) improving since the preceding year however, ABL-IF was unable to out-perform its benchmark of 10.31% (FY18: 6.35%). At end-Nov'19 the return of the fund stood at 9.35% underperforming its benchmark of 13.48%

**Table 4: Performance Summary**

Performance	Nov'19	FY19	FY18
Return	9.35%	7.12%	4.67%
Benchmark Return	13.48%	10.31%	6.35%
Relative Ranking	14/20	20/20	18/20

At end June'19 total number of investors in the fund witnessed a decrease to 1,274 (FY18: 1,328).

Fund Rankings stood at 20 out of a total of 20 funds at end-June'19 (FY18: 26/29). However rankings improved as of at end-Nov'19, ABL-IF stood at 14 out of a total of 20 relative to its peers.

Retail portion of the fund has increased to 20% (FY18: 18%), associate portion witnessed an increase of 66%(FY18: 52%) and portion of unrelated corporates significantly decreased to 14% (FY18: 30%).

**Rating History**

Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	1/20/2020	A(f)	Reaffirmed
Fund Stability	1/16/2019	A(f)	Reaffirmed
Fund Stability	1/16/2018	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

Financial Summary		(amounts in PKR millions)	
<b><u>BALANCE SHEET</u></b>		<b>FY18</b>	<b>FY19</b>
Paid Up Capital		N/A	N/A
Total Equity		N/A	N/A
<b><u>INCOME STATEMENT</u></b>			
Total Income		246	184
Profit Before Tax		168	132
Profit After Tax		168	132
<b><u>RATIO ANALYSIS</u></b>			
Current Ratio (x)		N/A	N/A
Gearing (x)		N/A	N/A