

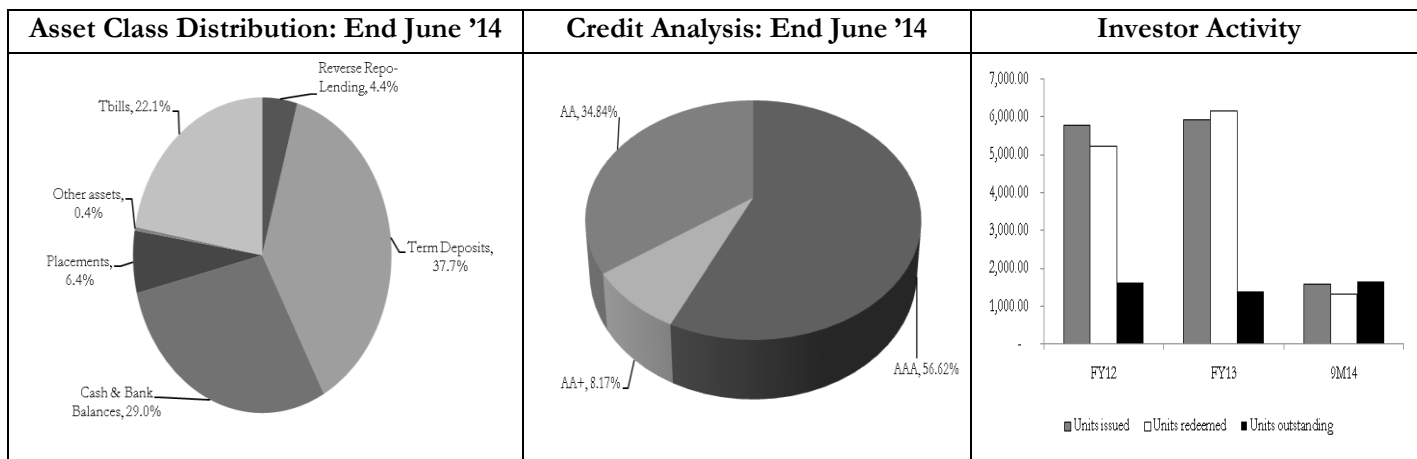
August 29, 2014

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Investment Objective

The objective of the fund is to provide consistent returns and maintain high liquidity by investing in a combination of money market and sovereign debt instruments.

ABL Cash Fund		
Rating Category	Latest	Previous
	AA(f)	AA(f)
Fund Stability Rating	Aug 13, '14	Jan 17, '13
Management Company	ABL Asset Management Company Limited (ABL AMC)	
Chief Executive	Mr. Farid Ahmed Khan, CFA	
Fund Manager	Mr. Faizan Saleem	
Trustee	Central Depository Company of Pakistan Limited	
Front-end Load	Nil	
Back-end Load	Nil	
Management Fee	10% of Annualized Gross Return (subject to Upper Cap of 1.25% & Lower Cap of 1%)	
Benchmark	50%- Average of 3 Month Bank Deposit Rate & 50% - 3M PKRV (net of expenses)	



Launched in July 2010, ABL Cash Fund (ABL-CF) is designed as an open-end money market fund. Net assets of ABL-CF were reported at Rs. 15.4b at end FY14 (FY13: Rs. 14b). Fund size featured some variation over the year and was recorded at a maximum of Rs. 18.4b at end Nov-13. By end July 2014, fund size has declined notably to Rs. 11.2b, primarily on account of withdrawal by a related party.

In line with its mandate, the fund’s exposure to various sources of risks has been maintained at low end of the risk spectrum, both by policy and as also manifested in actual asset allocation. As per investment policy, pre-defined exposure limits are in place for each investment avenue.

Previously, at least half of the assets were to be held as T-bills; the minimum requirement in this respect has been scaled down to 25%. All credit exposures are subject to minimum rating of ‘AA’. The investment policy limits are presented in the following table:

Table 1: Operational Investment Policy

Asset Class	Minimum rating	Exposure Range
Treasury Bills	-	25-100%
Term deposits	AA	0-70%
Money market placements		0-50%
Reverse repo		0-50%
Commercial papers		0-10%

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Cash in bank accounts		0-50%
COIs, COMs, & CODs issued by NBFCs	AAA	0-10%

Actual asset allocation has been maintained in line with the policy limits stipulated above. On month-end average basis, almost 62% of assets were deployed in T-bills during FY14.

Table 2: Asset allocation (as a proportion of total assets)

Asset Allocation	Average FY14	End-Jun'14	End-Jun'13
Cash and bank balances	8%	29%	18%
Govt Securities (T-Bills & PIBs)	62%	22%	40%
TDRs & Placements (including reverse repo)	28%	49%	41%

To minimize losses resulting from volatility in benchmark rate, the fund's weighted average maturity (WAM) is capped at 90 days. Moreover, the fund may only invest in instruments having maximum maturity of 6 months. ABL-CF was in compliance with the said stipulation throughout FY14. Target duration of the fund is also 90 days. Highest WAM was reported at 79 days at end-July 2013 when the fund's exposure to T-bills was also on the higher side at 70%.

Benchmark of the fund is defined as equal weighted average of 3 month deposit rate and 3 month PKRV rate (net of expenses). Returns of ABL-CF continued to be higher than the benchmark, as is the case with peer funds. Net return of the fund was comparable to peer funds. Accounting for management fee and FED expense, gross return ranking of the fund stacked favorably against peers.

Total number of investors increased to 1,284 (FY13: 1,058) with proportion of retail clients marginally increasing to 8.6% (FY13: 8.2%) by end-FY14. Contribution from corporates declined to 27% (FY13: 31%) while share of FIs increased to 9% (FY13: 5%). Unit holding pattern has room for improvement, with top ten investors holding 69% of the outstanding units at end-FY14. Liquidity profile of the fund is nevertheless considered strong with assets deployed in low risk and short term instruments^{JCR-VIS}

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Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<u>RATING TYPE: Fund Stability Management Quality</u>				
13-Aug-14	AA(f)			Reaffirmed
17-Jan-13	AA(f)			Downgrade
06-Apr-12	AA+(f)			Harmonised
31-Dec-11	AA+(f)			Reaffirmed
25-Nov-10	AA+(f)			Final
29-Jul-10	AA+(f)			Preliminary