

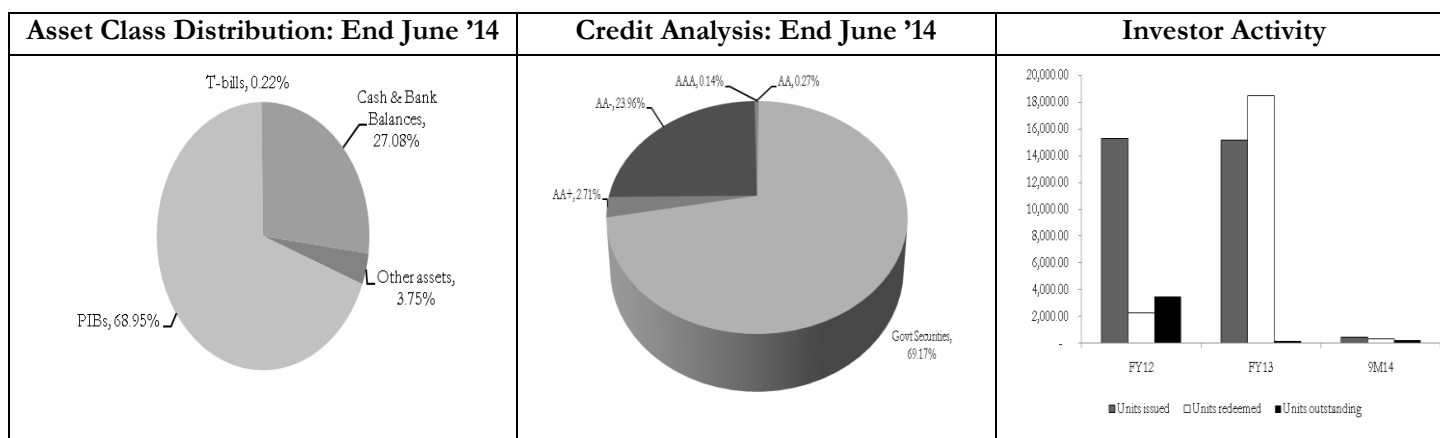
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Investment Objective

To deliver optimal risk adjusted returns by investing mainly in mix of short to long term Government Securities and other debt instruments.

ABL Government Securities Fund		
Rating Category	Latest	Previous
Fund Stability Rating	A+(f)	A+(f)
	Aug 13, '14	Jan 17, '13
Management Company	ABL Asset Management Company Limited	
External Auditor – Fund	A.F.Ferguson and Company Chartered Accountants	
Chief Executive	Mr. Farid Ahmed Khan, CFA	
Portfolio Manager	Mr. Faizan Saleem	
Trustee	Central Depository Company Ltd.	
Front-end Load	1.5%	
Back-end Load	Nil	
Management Fee	Class B unit 1.25%	
Benchmark	70% 6M KIBOR & 30% average 3M deposit rates of AA- and above rated banks	



ABL Government Securities Fund (ABL-GSF) was launched in November 2011 as an open end income scheme. As per its mandate, assets are primarily deployed in government paper. Net assets of the fund grew to Rs. 4.4b (FY13: Rs. 1.8b) by end-FY14; the increase was mostly witnessed in the last quarter of the out-going financial year.

ABL-GSF is designed to invest in both short and long term instruments with a minimum of 70% assets to be parked in government paper. Other permissible investment avenues include reverse repo against government paper and placements with financial institutions under various modes; previously allowed exposure to corporate debt instruments has been eliminated from the policy document. Another change in the policy document has been the increase in target duration from 1 year to 2 years.

While as per month end balances, allocation to government paper averaged 78% during FY14, it varied in the range of 53% to 97% i.e. dropping below the minimum 70% limit. Within the government paper portfolio, the fund mostly carried T-bills until February 2014; since March 2014, the composition changed in favor of PIBs.

Table 1: Asset Allocation of the fund (as a % of total assets)

Asset Allocation	Average FY14	End-Jun'14	End-Jun'13
Cash and bank balances	10%	27%	43%
Govt Securities (T-bills & PIBs)	78%	69%	30%
TDRs & Placements	5%	0%	26%

*As a proportion of total assets

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Since the fund changed its asset mix from short term to long term instruments, actual duration of the fund stood considerably higher at 509 days at end June 2014. This has increased the fund's exposure to interest rate risk and adverse movement in market benchmark rates could affect the valuation of portfolio holdings. Given the interest rate volatility in the market in the past and its impact on bond prices, impact of the same on the fund's risk profile may need to be closely monitored.

Benchmark for the fund is defined as the weighted average of 70% average six month PKRV rates and 30% average 3 months deposit rates of 'AA-' & above rated banks. The fund outperformed its benchmark during FY14. ABL-GSF performed well above peer median.

Table 2: Performance of the fund

Performance	FY14	FY13	FY12
Return (%)	9.2%	11.8%	10.9%
Benchmark	8.8%	8.8%	10.5%
Median Return in Peer Group	8.5%	10.9%	10.9%

Unit-holding pattern features concentration with top 10 investors holding 69% of outstanding units at end-FY14. There were a total number of 737 (FY13: 510) investors in the fund at end-FY14. Proportion of investment by retail investors was lower at 20% (FY13: 30%). Share from corporate remained on the higher side at 46%. Improving granularity in unit-holder profile is considered important though as such the fund does not face liquidity concerns, given the asset composition^[JCR-VIS]

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

Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<u>RATING TYPE: Fund Stability</u>				
13-Aug-14	A+(f)			Reaffirmed
17-Jan-13	A+(f)			Reaffirmed
09-Jan-12	A+(f)			Initial