

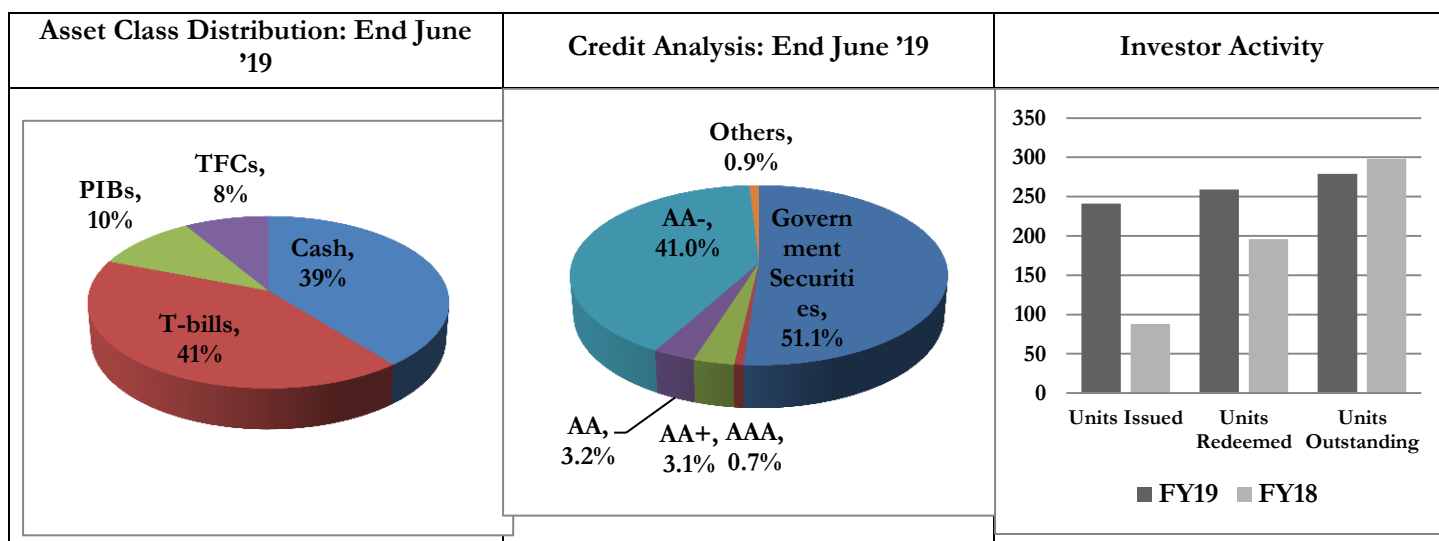
March 4, 2020

Analyst: Maham Qasim

Investment Objective

To deliver optimal risk adjusted returns by investing mainly in a combination 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) |
| | Jan 20, '20 | Jan 16, '18 |
| Management Company | ABL Asset Management Company Limited | |
| External Auditor – Fund | A.F.Ferguson and Company Chartered Accountants | |
| Chief Executive | Mr. Alee Khalid Ghaznavi | |
| Portfolio Manager | Mr. Fahad Aziz | |
| Trustee | Central Depository Company Ltd. | |
| Front-end Load | 1.5% | |
| Back-end Load | Nil | |
| Management Fee | Class B unit 1.25% | |
| Benchmark | 6 Months PKRV rates | |



include Cash, TDRs and Corporate TFCs within the limits stated in the appendix below.

Launched in November 2011, ABL Government Securities Fund (ABL-GSF) was commenced as an open end mutual fund. The fund aims to primarily place its investments in government securities. The fund is managed by ABL Asset Management (ABL AMC) which has an ‘AM2++’ (VIS).

Cash placements amounted to 38.6% decreasing from the preceding year (FY18: 44.7%) There has been an increase in PIB exposure during the year by 10.3% (FY18: 0.0%). Further, TDR placements reduced to 0% at end-June'19 (FY18: 5.6%) No investments were made in Money Market placements during the year.

At end-June'19, net assets of the fund decreased to 2.8b (FY18: 3.1b) As per requirements stated in the IPS, the fund must deploy at least 70% of its assets in government securities based on monthly average investments to be calculated on a daily basis. Other Asset Allocation avenues

Table 1: Asset allocation summary

| | Average FY19 | End-June'19 | End-June'18 | Limits |
|-------------------------|--------------|-------------|-------------|----------|
| Cash | 41.1% | 38.6% | 44.7% | 0-50% |
| TDRs | 1.4% | 0.0% | 5.6% | 0-15% |
| T-Bills | 41.3% | 40.8% | 40.7 | 70-100%* |
| PIBs | 6.1% | 10.3% | 0.0% | 70-100%* |
| TFCs | 10.5% | 8.5% | 8.7% | 0-20% |
| Money Market Placements | - | - | - | 0-50% |
| Others including rec. | 0.8% | 0.93% | 0.3% | - |

* Based on monthly average investment to be calculated on a daily basis

The fund's offering document points to a conservative credit risk profile suggesting that it restricts and limits its primary exposure in sovereign instruments in order to preserve a liquid asset mix.

Table 2: Credit quality summary FY19

| | Average | Max | Min |
|-----------------------|---------|-------|-------|
| Government Securities | 46.9% | 59.5% | 39.7% |
| AAA | 3.3% | 18.3% | 0.0% |
| AA+ | 4.8% | 18.8% | 2.3% |
| AA | 3.6% | 4.3% | 3.0% |
| AA- | 41.0% | 51.3% | 31.3% |
| A+ | 0.0% | 0.0% | 0.0% |

Maximum and minimum Weighted Average Maturity (WAM) were reported at 633 and 353 days respectively. WAM of the fund increased and was reported at 452 days (FY18: 328 days) at end-June'19. Internal policy duration limit for the fund is 1-2 years, duration at end-June'19 was reported 153 days, maximum and minimum duration were capped at 277 days and 11 days at end-Feb'19 and end-Oct'18 respectively, therefore complying with the IPS.

Table 3: Market risk summary FY19

| | Average | Max | Min |
|----------|---------|-----|-----|
| WAM | 437 | 633 | 353 |
| Duration | 102 | 277 | 11 |

Performance of the fund is measured against weighted average of (70% average six month PKRV rates and 30% average 3 months' deposit rates of 'AA-' & above rated banks) The fund consistently underperformed its monthly benchmark throughout the year barring three instances in Aug'19, Sep'19 and Oct'19 where the fund outperformed its monthly benchmark.

Rankings of the fund stood at 5/10 at year end-June'19, (FY18: 3/9). Rankings remained to be stagnant at end-Nov'19.

Table 4: Performance summary

| Performance | Nov'19 | FY19 | FY18 |
|------------------|--------|-------|-------|
| Return (%) | 9.48% | 7.73% | 5.09% |
| Benchmark | 13.36% | 9.99% | 6.2% |
| Relative Ranking | 6/10 | 5/10 | 3/9 |

Total number of investors of the fund increased to 1405 (FY18: 1345) Retail concentration increased to 28% (FY18: 20.64%) whereas portion of investments by unrelated corporates significantly decreased to 55% from 71% in the preceding year.

Rating History

| Rating Date | Medium to Long Term | Outlook | Short Term | Rating Action |
|------------------------------------|---------------------|---------|------------|---------------|
| RATING TYPE: Fund Stability | | | | |
| 20-Jan-20 | A+(f) | | | Upgraded |
| 16-Jan-19 | A(f) | | | Reaffirmed |
| 16-Jan-18 | A(f) | | | Reaffirmed |
| 30-Dec-16 | A(f) | | | Reaffirmed |
| 31-Dec-15 | A(f) | | | Downgrade |
| 13-Aug-14 | A+(f) | | | Reaffirmed |
| 17-Jan-13 | A+(f) | | | Reaffirmed |
| 09-Jan-12 | A+(f) | | | Initial |
| 13-Aug-14 | A+(f) | | | Reaffirmed |

| BALANCE SHEET | FY18 | FY19 |
|-------------------------|------|------|
| Paid Up Capital | N/A | N/A |
| Total Equity | N/A | N/A |
| INCOME STATEMENT | | |
| Total Income | 200 | 259 |
| Profit Before Tax | 146 | 199 |
| Profit After Tax | 146 | 199 |
| RATIO ANALYSIS | | |
| Current Ratio (x) | N/A | N/A |
| Gearing (x) | N/A | N/A |