

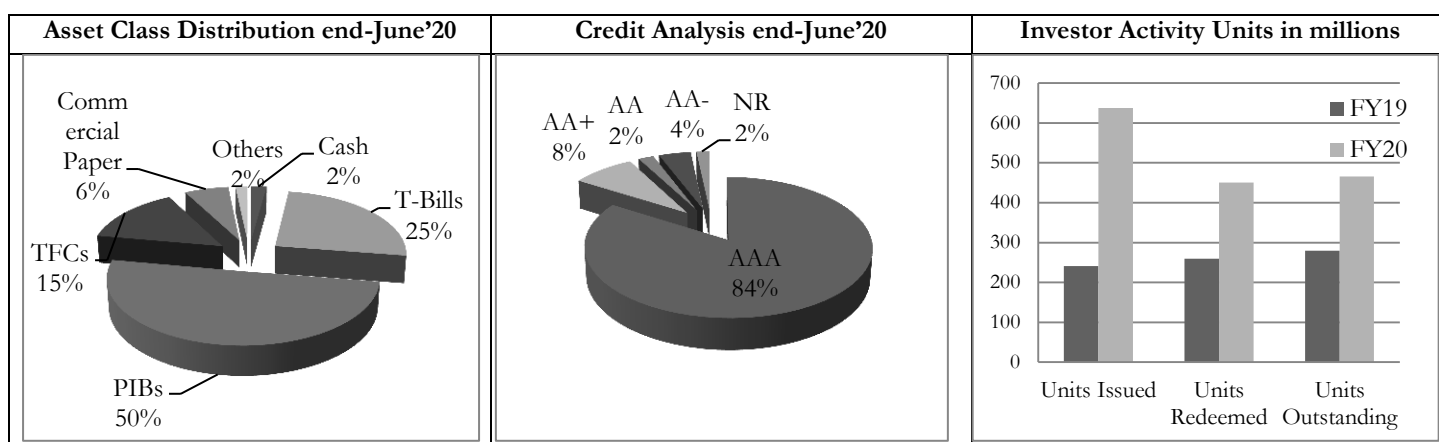
*Dec 31, 2020*

**Analyst:** Asfia Aziz  
Batool Zaidi

**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	<b>AA-(f)</b>	<b>A+(f)</b>
	<i>31 Dec, '20</i>	<i>Jan 20, '20</i>
Management Company	ABL Asset Management Company Limited	
External Auditor – Fund	A.F.Ferguson and Company Chartered Accountants	
Chief Executive	Mr. Alee Khalid Ghaznavi	
Fund 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	



Launched in November 2011, ABL Government Securities Fund (ABL-GSF) commenced as an open end mutual fund. The fund aims to primarily place its investments in a blend of short and long term debt instruments and government securities.

As per the IPS and offering document, 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 include Cash, TDRs and Corporate TFCs within stipulated limits

At end-June'20, net assets of the fund substantially increased to Rs. 4.7b (FY19: Rs. 2.8b).

**Table 1: Offering Document (extract)**

Asset Class	Entity Rating	Instrument Rating	Exposure Limit (% of NAV)
Government Securities including Reverse Repo against Government Securities	N/A	N/A	70%-100%
Cash in Bank Accounts (excluding term deposits) and Government Securities of less than 90 days Maturity	AA- in case of banks	N/A	0%-50% & 0%-100% for T-bills
Term Finance Certificates / Sukuk / Commercial Papers	AA-	AA-	0%-20%
Reverse Repo (upto six months only) against Government Securities	A	N/A	0%-50%
Any instrument security being an authorized investment under trust deed or which is allowed by SECP	AA-	AA-	As specified by the Commission

**Asset Allocation:**
**Table 2: Asset allocation summary**

	FY19	FY20	Average FY20
Cash	39%	2%	29%
T-Bills	41%	25%	41%
PIBs	10%	50%	15%
TFCs	9%	14%	11%
Commercial Paper	1%	6%	3%
Others including receivable	0.9%	2%	2%

During FY20, the fund's major allocation was placed in T-bills and PIBs at 25% and 50% respectively. On month-on-month average analysis the fund managed to park 29% of its assets in cash and approximately 56% in government backed securities. Remaining investment portfolio comprised commercial paper and TFC holdings.

**Credit Quality:**
**Table 3: Credit quality summary FY20**

	Average	Maximum	Minimum
AAA	69%	92%	26%
AA+	5%	5%	2%
AA	3%	10%	2%
AA-	21%	53%	4%
Others	2%	11%	1%

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. Average exposure in AAA rated instruments was reported at 69% whereas the fund took 21% exposure in AA- rated instruments. There were no breaches witnessed for the assigned ratings.

**Market Risk:**

WAM of the fund is capped at 4 years while the internal policy duration of the fund is capped at 1-2 year(s). Maximum and minimum were reported at 121 and 1,049 days at end-Oct'19 and end-Jun'20 respectively whereas maximum duration of the fund was 621 days at end-June'20 remaining within the stipulated limits for the assigned ratings.

**Liquidity Profile:**

Total number of investors of the fund increased to 1,822 (FY18: 1,405) while top-10 investors held 38% of the fund's asset base. Concentration by retail investors increased to 49% (FY19: 28%) whereas portion of associates contributed 7% to the net assets of the fund.

**Fund Performance:**
**Table 4: Performance summary**

Performance	FY19	FY20
Return (%)	7.73%	15.40%
Benchmark	9.99%	12.07%
Relative Ranking	5 out of 10	8 out of 12

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) Barring the months of Mar'20 & Apr'20 the fund consistently underperformed its monthly benchmark throughout the period under review.

Rankings of the fund were placed in the second quartile ranked at 8th out of total of 12 funds (FY19: 5/10) during FY20.

**Rating History**

Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<b>RATING TYPE: Fund Stability</b>				
31-Dec-2020	AA-(f)			Upgraded
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

<b>BALANCE SHEET</b>	FY19	FY20
Paid Up Capital	N/A	N/A
Total Equity	N/A	N/A
<b><u>INCOME STATEMENT</u></b>		
Total Income	259	620
Profit Before Tax	199	534
Profit After Tax	199	534
<b><u>RATIO ANALYSIS</u></b>		
Current Ratio (x)	N/A	N/A
Gearing (x)	N/A	N/A