

January 2, 2017

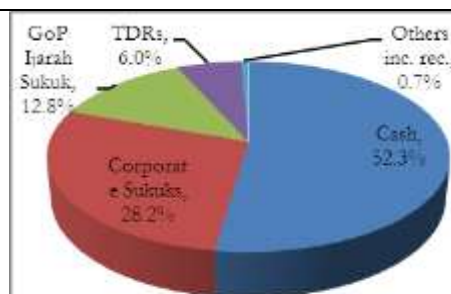
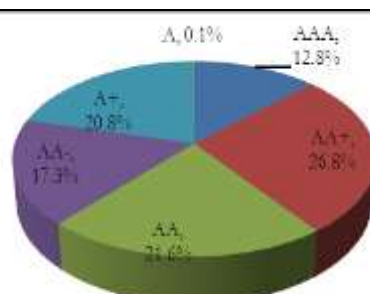
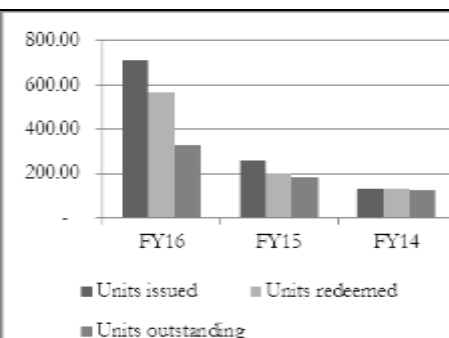
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Investment Objective

To provide investors with an opportunity to earn higher income over the medium to long term by investing in a diversified portfolio comprising Shari'ah compliant money market and debt instruments.

ABL Islamic Income Fund

Rating Category	Latest	Previous
Fund Stability Rating	A(f) Dec 30, '16	A(f) Dec 31, '15
Management Company	ABL Asset Management Company Limited	
Chief Executive	Mr. Alee Khalid Ghaznavi	
Fund Manager	Mr. Asif Mobin	
Trustee	Central Depository Company of Pakistan Limited	
Front-end Load	1.5%	
Management Fee	1% p.a.	
Benchmark	Average 6 month deposit rate of 3 Islamic banks	

Asset Class Distribution: End June '16**Credit Analysis: End June '16****Investor Activity (units in millions)**

ABL Islamic Income Fund (ABL-IIF) was launched in 2010 as a Shari'ah compliant investment vehicle. The investment committee (IC), responsible for managing the fund in accordance with the regulations, includes five members that comprise the CEO, Chief Investment Officer, Head of Research and two fund managers. Head of Risk attends meetings but is not a voting member.

Within the Shari'ah category, the fund's exposure limits and minimum rating criteria of the investment avenues were already specified in order to minimize credit risk. Placements in banks, DFIs and other institutions (TDRs) were split into two categories, minimum rating 'A' with a maturity of less than 6 months and minimum rating 'A' with a maturity exceeding 6 months. The

limits have been set at 0-75% and 0-15% of net assets, respectively.

There was significant activity in issuance of units during FY16 as investors' showcased preference to ABL IIF. Net assets of the fund followed a M-o-M increasing trend amounting to Rs. 3.3b (FY15: Rs. 1.8b) at end-FY16.

On average basis, approximately 50.9% of net assets were held as cash & bank balances during FY16. The fund placed 22.2% of net assets (on annual average) in corporate Sukuk. Maximum investment in GoP Ijarah Sukuk reached 28.7% at end-Feb'16 while full year average for FY16 stood at 14.3%. At end-FY16, corporate sukuk investments were made in Engro Fertilizer Limited and K-Electric Limited. Subsequently, exposure has been built in Basel 3 Tier 2 Sukuk issued

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by Meezan Bank Limited representing 9.56% of total assets at end-Nov'2016.

Table 1: Asset allocation summary

	Avg FY16	End June'16	End June'14	Limit
Cash & bank balances	50.9%	52.3%	59.5%	0-50% (A), 0-75% (A+ & above) TL 25%-100%*
Corporate Sukuk	22.2%	28.2%	22.9%	0-50% (A+), 0-15% (A-) TL 50%
GoP Ijarah Sukuk (including govt. guaranteed instruments)	14.3%	12.8%	6.2%	0 -75%
Term Deposits (TDRs)	11.5%	6.0%	10.5%	0 -75% (A – Mat. <6 months), 0 -15% (A – Mat. >6 months)
Others assets	1.1%	0.7%	0.9%	

* Based on monthly average calculated on a daily basis

Table 2: Credit Quality Summary FY16

	Average	Maximum	Minimum
AAA (incl. GoP Sukuks)	12.6%	23.7%	0.2%
AA+	15.7%	26.8%	0.0%
AA	13.7%	26.3%	0.1%
AA-	5.4%	17.3%	0.0%
A+	30.4%	43.1%	20.8%
A	18.7%	43.9%	0.0%

Weighted average time to Maturity (WAM) of the fund amounted to 341 days (FY15: 423 days) at end-FY16. Increase in the WAM to a maximum 445 days at end-March'16.

Performance of the fund is benchmarked against average 6 month deposit rate of three A rated Islamic banks. In line with the historical trend, the fund continued to surpass the benchmark by posting annualized return of 5.8% as compared to benchmark return of 5.1%. ABL-IIF ranked 2 out of 12 amongst peers for FY16.

Table 3: Performance summary

Performance	FY16	FY15
Total Return	5.8%	8.7%
Benchmark Return	5.1%	6.6%
Peer Group Average	5.1%	7.1%

Total number of investors partially increased to 1,165 (FY15: 1,073) at end-FY16 with retail representing 65% (FY15: 69%) of net assets. The remaining portion is largely held by unrelated corporates (FY16: 31%, FY15: 30%). However, despite sizeable retail, Top 10 investor concentration increased to 53% (FY15: 29%) at end-FY16. Significant increase in concentration is attributed towards new associate investment through ABL Fund of Fund schemes^[JCR-VIS]

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Rating History

Rating Type	Rating Date	Medium to Long Term	Outlook	Rating Action
Fund Stability	12/30/2016	A(f)		Reaffirmed
Fund Stability	12/31/2015	A(f)		Reaffirmed
Fund Stability	10/16/2014	A(f)		Downgrade
Fund Stability	1/17/2013	A+(f)		Reaffirmed
Fund Stability	1/10/2012	A+(f)		Reaffirmed
Fund Stability	10/27/2011		Rating Watch - Developing	Rating Watch-Developing