



ABL Asset Management

Discover the potential

GIPS®
COMPLIANT
PERFORMANCE
REPORT
FOR THE PERIOD ENDED
DECEMBER 2010

Table of Contents

Fixed Income Composite

1

Equity Composite

5

Money Market Composite

9

Islamic Money Market Composite

13



**FIXED
INCOME
COMPOSITE**

ABL Asset Management Company Limited (ABL AMC)
Fixed Income Composite

For the Period of September 20,2008 to December 31,2010



Composite : ABL AMC Fixed Income Composite
Benchmark : Average 6 Month KIBOR
Creation Date : September 27, 2010
Reporting Currency : Pak Rupees

	Total Net Return (%)	Benchmark Return (%)	No. of Portfolios	Total Assets at end of period (mn)	Percentage of Firm's assets (%)	Total assets of the Firm at the end of Period (mn)
2QFY11	2.73	3.26	<5	5,946	49%	12,041
1QFY11	2.59	3.15	<5	6,345	69%	9,179
FY10	10.97	12.45	<5	8,360	96%	8,736
FY09*	11.16	10.47	<5	6,872	97%	7,090

*Returns are from September 20, 2008 to June 30, 2009

Compliance Statement

ABL Asset Management Co Ltd claims compliance with the Global Investment Performance Standards (GIPS) and has prepared and presented this report in compliance with the GIPS standards. The Firm ABL AMC has not been independently verified.

Definition of the Firm

ABL Asset Management Company Limited (“ABL AMC” or the “Company” or the “Firm”) is a wholly owned subsidiary of Allied Bank Limited (ABL). ABL AMC is licensed to undertake asset management and investment advisory services by Securities & Exchange Commission of Pakistan (SECP). The firm ABL AMC includes all Collective Investment Schemes under its management, Investment Plans, Separately Managed Accounts and Investment Advisory Mandates.

Policies

ABL AMC’s policies for valuing portfolios, calculating performance and preparing compliant presentations are available on request.

Composite Description

The fixed income composite, as per the SECP defined categorization of funds, can invest in assets entailing a low to medium risk profile with a mid to long term duration. Asset classes consist of Corporate and Sovereign Debt Bonds, Bank Deposits, Treasury Bills, Margin Trading Products, Spread Transactions and Money Market placements with investment grade counters. Currently ABL AMC offers only ABL Income Fund in this composite.

Benchmark

The benchmark of ABL AMC Fixed Income Composite is Average of 6 Months KIBOR and the returns of benchmark are not net of withholding taxes. Prior to November 01, 2010, benchmark for ABL Income Fund was average of 1 month KIBOR.

List of Composites

A list of all composite descriptions is available on request.

Fees

Returns are calculated net of management fees and other expenses (which mainly includes custodial fee, trustee expense, SECP Fee, WWF and other levies).

Fee Schedule

Management Fee is 1.5% of Net Assets and presently there is no Front-end and Back-end load.

Minimum Portfolio Size

The minimum portfolio size for inclusion in any composite is as follows:

For Collective Investment Schemes:	Rs.100 million per fund
For Separately Managed Account:	Rs.50 million per Managed Account

Internal Dispersion

Since number of Portfolios in the composite is only one at the moment (less than five) therefore calculation of internal dispersion is not required.

Ex-Post Standard Deviation

The three-year annualized ex-post standard deviation of the composite and Benchmark is not presented because 36 monthly returns are not yet available.

Key Assumptions

Following are the key assumptions used in portfolio valuation:

Financial Instruments

All the financial assets and financial liabilities are recognized at the time when the Portfolio becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are de-recognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on de-recognizing

of the financial assets and financial liabilities is taken to the income statement in the period in which it arises.

Revenue Recognition

Realized/ unrealized gains (losses) arising on sale of investments are accounted for in the period in which they arise. Income on reverse repurchase, term deposit receipts, certificates of investments, placements and government securities are recognized at the rate of return implicit in the instrument/ arrangement on a time proportionate basis. Profit on bank deposits is recorded on an accrual basis.

Subjective Unobservable Inputs

ABL Asset Management uses subjective unobservable inputs for valuing some of its debt instruments like Term Finance Certificates. The criteria used for valuation is in accordance with the guidelines issued by Regulator through Circular 1 of 2009 (as amended from time to time) and unobservable inputs are disclosed through "Provisioning Policy" on the website of the Company.

Proprietary Assets in the Composite

Proprietary Assets in the composite contains investments of ABL Asset Management Company Limited, its Management and that of Allied Bank Limited (ABL AMC's parent company).

Liability for Income Tax

Under the income tax law in Pakistan, the Fund is regarded as a public company. The income of the Fund is taxable, if the conditions stated under clause 99 of Part 1 of the Second Schedule of Income Tax ordinance, 2001 are not met, at the tax rate applicable to a public company, which is presently as under:

- (a) Dividend income is taxable at the rate of ten percent (10%) for public companies on gross basis.
- (b) Capital gains arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the income tax ordinance, 2001.
- (c) Return from all other sources/ instruments are taxable at the rate of thirty five percent (35%), as applicable to a public company.

Liability for Income Tax, if ninety percent (90%) of the Fund's income is paid as dividend

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realized or unrealized, is distributed amongst the unit holders.

Withholding Tax

Under the provision of Clauses 47(B) of Part 4 of the Second Schedule to the Income Tax Ordinance, 2001, the Fund's income namely, profit on government securities, returns on deposits/ certificates of investment with banks/financial institutions, profits from money market placements, profit from Profit and Loss sharing accounts with Banks of the Fund will not be subject to any withholding tax.

Liability for Worker's Welfare Fund (WWF)

Presently, the Fund is providing for the liability of Worker's Welfare Fund at the rate of two percent of accounting or taxable income, whichever is higher. However, the levy has been challenged in the court of law and the matter is presently pending with the Sindh High Court. Further, the Management Company has undertaken to bear the WWF liability prior to May 27, 2010 on its books since the same has not been provided in the Fund's accounts.

Taxation of Unit Holders & Liability to Zakat

(a) Withholding Tax

Unless exempted from such taxation or applied at a reduced rate under any law or under avoidance of Double Taxation Agreement, cash dividend paid to Unit holders of the Fund will be subject to withholding tax at ten percent (10%) according to the present rates, which may change in future.

(b) Capital Gains

Capital gains arising on disposition of units of the Fund before the period of one year will be subject to withholding Capital Gains Tax at the applicable rates given in the Income Tax ordinance, 2001. As per section 37(A) of the Income Tax ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the units holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.

(c) Zakat levy

Units held by qualifying investors (Sahib-e-Nisab) as per Zakat and Ushr Ordinance, 1980 shall be subject to Zakat (levy) at the rate of 2.5% of the Par value of the Units or repurchase value of units whichever is lower as on valuation date in each Zakat year under Zakat and Ushr Ordinance, 1980, (XVII of 1980), except those exempted or have provided valid Zakat declaration certificate on the format prescribed in the Ordinance. Zakat will be deducted at source from the dividend amount or from the redemption proceeds whichever comes earlier.



**EQUITY
COMPOSITE**

Composite : ABL AMC Equity Composite
 Benchmark : KSE-30 Index
 Creation Date : September 27, 2010
 Reporting Currency : Pak Rupees

	Total Net Return (%)	Benchmark Return (%)	No. of Portfolios	Total Assets at end of period (mn)	Percentage of Firm's assets (%)	Total assets of the Firm at the end of Period (mn)
2QFY11	18.83	19.78	<5	507	4%	12,041
1QFY11	3.91	1.23	<5	369	4%	9,179
FY10	32.72	26.22	<5	376	4%	8,736
FY09*	(0.20)	(0.42)	<5	218	3%	7,090

*Returns are from June 28, 2009 to June 30, 2009

Compliance Statement

ABL Asset Management Co Ltd claims compliance with the Global Investment Performance Standards (GIPS) and has prepared and presented this report in compliance with the GIPS standards. The Firm ABL AMC has not been independently verified.

Definition of the Firm

ABL Asset Management Company Limited ("ABL AMC" or the "Company" or the "Firm") is a wholly owned subsidiary of Allied Bank Limited (ABL). ABL AMC is licensed to undertake asset management and investment advisory services by Securities & Exchange Commission of Pakistan (SECP). The firm ABL AMC includes all Collective Investment Schemes under its management, Investment Plans, Separately Managed Accounts and Investment Advisory Mandates.

Policies

ABL AMC's policies for valuing portfolios, calculating performance and preparing compliant presentations are available on request.

Composite Description

ABL AMC Equity Composite includes Equity Portfolios with equity mandates that aim to provide investors long-term capital appreciation by investing primarily in a mix of listed equities that offer prospects of capital gains and/or attractive dividend potential. The composite currently comprises of only one portfolio, that is, ABL Stock Fund (ABL-SF).

The portfolios in this composite can also make temporary placements in fixed income and money market instruments, at the discretion of Fund Manager, in times of high volatility and/or bearish market outlook.

Benchmark

The benchmark of ABL AMC Equity Composite is KSE-30 Index and returns of Benchmark are not net of withholding taxes. Prior to June 01, 2010 Benchmark for ABL Equity Fund was KSE-100 index.

List of Composites

A list of all composite descriptions is available on request.

Fees

Returns are calculated net of management fees and other expenses (which mainly includes custodial fee, trustee expense, SECP Fee, WWF and other levies).

Fee Schedule

Management Fee is 3.00% of Net Assets with a discretionary 3.00% Front-end load. There is no Back-end load currently.

Minimum Portfolio Size

The minimum portfolio size for inclusion in any composite is as follows:

For Collective Investment Schemes:	Rs.100 million per fund
For Separately Managed Account:	Rs.50 million per Managed Account

Internal Dispersion

Since number of Portfolios in the composite is only one at the moment (less than five) therefore calculation of internal dispersion is not required.

Ex-Post Standard Deviation

The three-year annualized ex-post standard deviation of the composite and Benchmark is not presented because 36 monthly returns are not yet available.

Key Assumptions

Following are the key assumptions used in portfolio valuation:

Financial Instruments

All the financial assets and financial liabilities are recognized at the time when the Portfolio

becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are de-recognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on de-recognizing of the financial assets and financial liabilities is taken to the income statement in the period in which it arises.

Revenue Recognition

Realized/ unrealized gains (losses) arising on sale of investments are accounted for in the period in which they arise. Dividend Income is recognized when the right to receive the dividend is established. Income on government securities is recognized at the rate of return implicit in the instrument/ arrangement on a time proportionate basis. Profit on bank deposits is recorded on an accrual basis.

Proprietary Assets in the Composite

Proprietary Assets in the composite contains investments of ABL Asset Management Company Limited, its Management and that of Allied Bank Limited (ABL AMC's parent company).

Liability for Income Tax

Under the income tax law in Pakistan, the Fund is regarded as a public company. The income of the Fund is taxable, if the conditions stated under clause 99 of Part 1 of the Second Schedule of Income Tax ordinance, 2001 are not met, at the tax rate applicable to a public company, which is presently as under:

- (a) Dividend income is taxable at the rate of ten percent (10%) for public companies on gross basis.
- (b) Capital gains arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the income tax ordinance, 2001.
- (c) Return from all other sources/ instruments are taxable at the rate of thirty five percent (35%), as applicable to a public company.

Liability for Income Tax, if ninety percent (90%) of the Fund's income is paid as dividend

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realized or unrealized, is distributed amongst the unit holders.

Withholding Tax

Under the provision of Clauses 47(B) of Part 4 of the Second Schedule to the Income Tax Ordinance, 2001, the Fund's income namely, dividend, profit on government securities, returns on deposits and profit from Profit and Loss sharing accounts with Banks of the Fund will not be subject to any withholding tax.

Liability for Worker's Welfare Fund (WWF)

Presently, the Fund is providing for the liability of Worker's Welfare Fund at the rate of two percent of accounting or taxable income, whichever is higher. However, the levy has been challenged in the court of law and the matter is presently pending with the Sindh High Court. Further, the Management Company has undertaken to bear the WWF liability prior to May 27, 2010 on its books since the same has not been provided in the Fund's accounts.

Taxation of Unit Holders & Liability to Zakat

(a) Withholding Tax

Unless exempted from such taxation or applied at a reduced rate under any law or under avoidance of Double Taxation Agreement, cash dividend paid to Unit holders of the Fund will be subject to withholding tax at ten percent (10%) according to the present rates, which may change in future.

(b) Capital Gains

Capital gains arising on disposition of units of the Fund before the period of one year will be subject to withholding Capital Gains Tax at the applicable rates given in the Income Tax ordinance, 2001. As per section 37(A) of the Income Tax ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the units holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.

(c) Zakat levy

Units held by qualifying investors (Sahib-e-Nisab) as per Zakat and Ushr Ordinance, 1980 shall be subject to Zakat (levy) at the rate of 2.5% of the Par value of the Units or repurchase value of units whichever is lower as on valuation date in each Zakat year under Zakat and Ushr Ordinance, 1980, (XVII of 1980), except those exempted or have provided valid Zakat declaration certificate on the format prescribed in the Ordinance. Zakat will be deducted at source from the dividend amount or from the redemption proceeds whichever comes earlier.

 A large, stylized orange circle graphic with a white outline and a white ribbon-like tail at the bottom left. The text is centered within the circle.

**MONEY
MARKET
COMPOSITE**

Composite : ABL AMC Money Market Composite
 Benchmark : Average 3 Months Deposit rates of
 AA and above rated Banks
 Creation Date : September 27, 2010
 Reporting Currency : Pak Rupees

	Total Net Return (%)	Benchmark Return (%)	No. of Portfolios	Total Assets at end of period (mn)	Percentage of Firm's assets (%)	Total assets of the Firm at the end of Period (mn)
2QFY11	2.79	1.98	<5	5,130	43%	12,041
1QFY11*	1.83	1.26	<5	2,062	22%	9,179

*Returns are from July 30, 2010 to September 30, 2010

Compliance Statement

ABL Asset Management Co Ltd claims compliance with the Global Investment Performance Standards (GIPS) and has prepared and presented this report in compliance with the GIPS standards. The Firm ABL AMC has not been independently verified.

Definition of the Firm

ABL Asset Management Company Limited ("ABL AMC" or the "Company" or the "Firm") is a wholly owned subsidiary of Allied Bank Limited (ABL). ABL AMC is licensed to undertake asset management and investment advisory services by Securities & Exchange Commission of Pakistan (SECP). The firm ABL AMC includes all Collective Investment Schemes under its management, Investment Plans, Separately Managed Accounts and Investment Advisory Mandates.

Policies

ABL AMC's policies for valuing portfolios, calculating performance and preparing compliant presentations are available on request.

Composite Description

The money market composite consists of low risk, highly liquid money market instruments according to the SECP defined categorization of funds. Asset classes primarily entail short term money market and sovereign debt instruments and short term placement with AA and above rated Financial Institutions. This composite offers stable yet competitive returns consistent with its low duration. Currently ABL AMC offers only ABL Cash Fund in this composite.

Benchmark

The benchmark of ABL AMC Money Market composite is Average 3 Month Deposit rates of AA and above rated Banks and the returns of Benchmark are not net of withholding taxes.

List of Composites

A list of all composite descriptions is available on request.

Fees

Returns are calculated net of management fees and other expenses (which mainly includes custodial fee, trustee expense, SECP Fee, WWF and other levies).

Fee Schedule

Management Fee is 1.25% of Net Assets and presently there is no Front-end and Back-end load.

Minimum Portfolio Size

The minimum portfolio size for inclusion in any composite is as follows:

For Collective Investment Schemes:	Rs.100 million per fund
For Separately Managed Account:	Rs.50 million per Managed Account

Internal Dispersion

Since number of Portfolios in the composite is only one at the moment (less than five) therefore calculation of internal dispersion is not required.

Ex-Post Standard Deviation

The three-year annualized ex-post standard deviation of the composite and benchmark is not presented because 36 monthly returns are not yet available.

Key Assumptions

Following are the key assumptions used in portfolio valuation:

Financial Instruments

All the financial assets and financial liabilities are recognized at the time when the Portfolio becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are de-recognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on de-recognizing of the financial assets and financial liabilities is taken to the income statement in the period

in which it arises.

Revenue Recognition

Realized/ unrealized gains (losses) arising on sale of investments are accounted for in the period in which they arise. Income on reverse repurchase, term deposit receipts, certificates of investments, placements and government securities are recognized at the rate of return implicit in the instrument/ arrangement on a time proportionate basis. Profit on bank deposits is recorded on an accrual basis.

Proprietary Assets in the Composite

Proprietary Assets in the composite contains investments of ABL Asset Management Company Limited, its Management and that of Allied Bank Limited (ABL AMC's parent company).

Liability for Income Tax

Under the income tax law in Pakistan, the Fund is regarded as a public company. The income of the CIS is taxable, if the conditions stated under clause 99 of Part 1 of the Second Schedule of Income Tax ordinance, 2001 are not met, at the tax rate applicable to a public company, which is presently as under:

- (a) Dividend income is taxable at the rate of ten percent (10%) for public companies on gross basis.
- (b) Capital gains arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the income tax ordinance, 2001.
- (c) Return from all other sources/ instruments are taxable at the rate of thirty five percent (35%), as applicable to a public company.

Liability for Income Tax, if ninety percent (90%) of the Fund's income is paid as dividend

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realized or unrealized, is distributed amongst the unit holders.

Withholding Tax

Under the provision of Clauses 47(B) of Part 4 of the Second Schedule to the Income Tax Ordinance, 2001, the Fund's income namely, profit on government securities, returns on deposits/ certificates of investment with banks/financial institutions, profits from money market placements, profit from Profit and Loss sharing accounts with Banks of the Fund will not be subject to any withholding tax.

Liability for Worker's Welfare Fund (WWF)

Presently, the Fund is providing for the liability of Worker's Welfare Fund at the rate of two percent of accounting or taxable income, whichever is higher. However, the levy has been

challenged in the court of law and the matter is presently pending with the Sindh High Court.

Taxation of Unit Holders & Liability to Zakat

(a) Withholding Tax

Unless exempted from such taxation or applied at a reduced rate under any law or under avoidance of Double Taxation Agreement, cash dividend paid to Unit holders of the Fund will be subject to withholding tax at ten percent (10%) according to the present rates, which may change in future.

(b) Capital Gains

Capital gains arising on disposition of units of the Fund before the period of one year will be subject to withholding Capital Gains Tax at the applicable rates given in the Income Tax ordinance, 2001. As per section 37(A) of the Income Tax ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the units holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.

(c) Zakat levy

Units held by qualifying investors (Sahib-e-Nisab) as per Zakat and Ushr Ordinance, 1980 shall be subject to Zakat (levy) at the rate of 2.5% of the Par value of the Units or repurchase value of units whichever is lower as on valuation date in each Zakat year under Zakat and Ushr Ordinance, 1980, (XVII of 1980), except those exempted or have provided valid Zakat declaration certificate on the format prescribed in the Ordinance. Zakat will be deducted at source from the dividend amount or from the redemption proceeds whichever comes earlier.



**ISLAMIC
MONEY
MARKET
COMPOSITE**

Composite : ABL AMC Islamic Money Market Composite
 Benchmark : Average 3 Months Deposit rates of
 any three Islamic Banks
 Creation Date : September 27, 2010
 Reporting Currency : Pak Rupees

	Total Net Return (%)	Benchmark Return (%)	No. of Portfolios	Total Assets at end of period (mn)	Percentage of Firm's assets (%)	Total assets of the Firm at the end of Period (mn)
2QFY11	2.37	1.74	<5	418	3%	12,041
1QFY11*	1.46	1.34	<5	403	4%	9,179

*Returns are from July 30, 2010 to September 30, 2010

Compliance Statement

ABL Asset Management Co Ltd claims compliance with the Global Investment Performance Standards (GIPS) and has prepared and presented this report in compliance with the GIPS standards. The Firm ABL AMC has not been independently verified.

Definition of the Firm

ABL Asset Management Company Limited ("ABL AMC" or the "Company" or the "Firm") is a wholly owned subsidiary of Allied Bank Limited (ABL). ABL AMC is licensed to undertake asset management and investment advisory services by Securities & Exchange Commission of Pakistan (SECP). The firm ABL AMC includes all Collective Investment Schemes under its management, Investment Plans, Separately Managed Accounts and Investment Advisory Mandates.

Policies

ABL AMC's policies for valuing portfolios, calculating performance and preparing compliant presentations are available on request.

Composite Description

The Islamic Money Market Composite entails low risk and short duration shariah compliant assets. Asset classes consist of short term government Sukuks, low duration money market instruments and placements with AA and above rated financial institutions with the condition that all investments should be based on Islamic principles. This composite offers stable yet competitive returns consistent with its low duration. Currently ABL AMC offers only ABL Islamic Cash Fund in this composite.

Benchmark

Benchmark for ABL AMC Islamic Money Market Composite is Average 3 Months Deposit rates of any three Islamic Banks and the returns of Benchmark are not net of withholding taxes.

List of Composites

A list of all composite descriptions is available on request.

Fees

Returns are calculated net of management fees and other expenses (which mainly includes custodial fee, trustee expense, SECP Fee, WWF and other levies).

Fee Schedule

Management Fee is 1.00% of Net Assets and presently there is no Front-end and Back-end load.

Minimum Portfolio Size

The minimum portfolio size for inclusion in any composite is as follows:

For Collective Investment Schemes:	Rs.100 million per fund
For Separately Managed Account:	Rs.50 million per Managed Account

Internal Dispersion

Since the number of Portfolios in the composite is only one at the moment (less than five), therefore calculation of internal dispersion is not required.

Ex-Post Standard Deviation

The three-year annualized ex-post standard deviation of the composite and benchmark is not presented because 36 monthly returns are not yet available.

Key Assumptions

Following are the key assumptions used in portfolio valuation:

Financial Instruments

All the financial assets and financial liabilities are recognized at the time when the Portfolio becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are de-recognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on de-recognizing of the financial assets and financial liabilities is taken to the income statement in the period in which it arises.

Revenue Recognition

Realized/ unrealized gains (losses) arising on sale of investments are accounted for in the period in which they arise. Profit on government securities and certificate of musharaka and modaraba are recognized at the expected rate of return implicit in the instrument/ arrangement on a time proportionate basis. Profit on bank deposits is recorded on an accrual basis.

Proprietary Assets in the Composite

Proprietary Assets in the composite contains investments of ABL Asset Management Company Limited, its Management and that of Allied Bank Limited (ABL AMC's parent company).

Liability for Income Tax

Under the income tax law in Pakistan, the Fund is regarded as a public company for tax purposes. The income of the Fund is taxable, if the conditions stated under clause 99 of Part 1 of the Second Schedule of Income Tax ordinance, 2001 are not met, at the tax rate applicable to a public company, which is presently as under:

- (a) Dividend income is taxable at the rate of ten percent (10%) for public companies on gross basis.
- (b) Capital gains arising on sale of securities, listed on any stock exchange in Pakistan at applicable tax rates in accordance with the income tax ordinance, 2001.
- (c) Return from all other sources/ instruments are taxable at the rate of thirty five percent (35%), as applicable to a public company.

Liability for Income Tax, if ninety percent (90%) of the Fund's income is paid as dividend

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realized or unrealized, is distributed amongst the unit holders.

Withholding Tax

Under the provision of Clauses 47(B) of Part 4 of the Second Schedule to the Income Tax Ordinance, 2001, the Fund's profit namely, profit on government securities, profits on deposits and profit from Profit and Loss sharing accounts with Banks of the Fund will not be subject to any withholding tax.

Liability for Worker's Welfare Fund (WWF)

Presently, the Fund is providing for the liability of Worker's Welfare Fund at the rate of two percent of accounting or taxable income, whichever is higher. However, the levy has been challenged in the court of law and the matter is presently pending with the Sindh High

Court.

Taxation of Unit Holders & Liability to Zakat

(a) Withholding Tax

Unless exempted from such taxation or applied at a reduced rate under any law or under avoidance of Double Taxation Agreement, cash dividend paid to Unit holders of the Fund will be subject to withholding tax at ten percent (10%) according to the present rates, which may change in future.

(b) Capital Gains

Capital gains arising on disposition of units of the Fund before the period of one year will be subject to withholding Capital Gains Tax at the applicable rates given in the Income Tax ordinance, 2001. As per section 37(A) of the Income Tax ordinance, 2001, Capital gains shall be treated as a separate block of income and losses under this head can be adjusted by the units holder from the capital gains in the same tax year. Any unadjusted loss under this head is not allowed to be carried forward to the subsequent tax years.

(c) Zakat levy

Units held by qualifying investors (Sahib-e-Nisab) as per Zakat and Ushr Ordinance, 1980 shall be subject to Zakat (levy) at the rate of 2.5% of the Par value of the Units or repurchase value of units whichever is lower as on valuation date in each Zakat year under Zakat and Ushr Ordinance, 1980, (XVII of 1980), except those exempted or have provided valid Zakat declaration certificate on the format prescribed in the Ordinance. Zakat will be deducted at source from the dividend amount or from the redemption proceeds whichever comes earlier.

CONTACT US:

Helpline 0800 ABL-AM (0800 225 26)
UAN: (021) 111-ABL-AMC (111-225-262)
Email: contactus@ablamc.com
Website: www.ablamc.com



ABL Asset Management

Discover the potential