

## CONTENTS

Fund's Information .....	1
Mission & Vision Statement .....	2
Report of the Directors of the Management Company .....	3
Report of the Fund Manager .....	8
Report of the Trustee to the Unit Holders .....	11
Statement of Compliance with the Code of Corporate Governance .....	12
Auditors' Review Report to the Unit Holders on Statement of Compliance with Best Practices of the Code of Corporate Governance .....	14
Independent Auditors' Report to the Unit Holders .....	15
Statement of Assets and Liabilities .....	16
Income Statement .....	17
Statement of Comprehensive Income .....	18
Distribution Statement .....	19
Statement of Movement in Unit Holders' Funds .....	21
Statement of Cash Flows .....	22
Notes to the Financial Statements .....	23

## FUND'S INFORMATION

<b>Management Company:</b>	Alfalah GHP Investment Management Limited 8-B, 8th Floor, Executive Tower, Dolmen City, Block-4, Clifton, Karachi..
<b>Board of Directors of the Management Company:</b>	<ul style="list-style-type: none"><li>- Ms. Maheen Rahman</li><li>- Syed Ali Sultan</li><li>- Mr. David Burlison</li><li>- Mr. Hanspeter Beier</li><li>- Mr. Amin Dawood Saleh</li><li>- Mr. Muhammad Asif Saad</li><li>- Mr. Abid Naqvi</li></ul>
<b>Head of Finance:</b>	- Syed Hyder Raza Zaidi
<b>Company Secretary:</b>	- Moin Uddin
<b>Audit Committee:</b>	<ul style="list-style-type: none"><li>- Syed Ali Sultan</li><li>- Mr. Abid Naqvi</li><li>- Mr. Amin Dawood Saleh</li></ul>
<b>HR Committee:</b>	<ul style="list-style-type: none"><li>- Syed Ali Sultan</li><li>- Mr. David Burlison</li><li>- Ms. Maheen Rahman</li></ul>
<b>Trustee:</b>	Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', SMCHS, Main Shara-e-Faisal, Karachi
<b>Fund Manager:</b>	- Mr. Muddasir Ahmed
<b>Bankers to the Fund:</b>	Bank Alfalah Limited
<b>Auditors:</b>	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants Progressive Plaza, Beaumont Road P.O.Box 15541, Karachi 75530 Pakistan
<b>Legal Advisor:</b>	Bawaney & Partners Room No. 404, 4th Floor Beaumont Plaza, 6-cl-10 Beaumont Road, Civil Lines Karachi.
<b>Registrar:</b>	Alfalah GHP Investment Management Limited 8-B, 8th Floor, Executive Tower, Dolmen City, Block-4, Clifton, Karachi.
<b>Distributor:</b>	Bank Alfalah Limited
<b>Rating:</b>	Stability Rating AA+ (f) by PACRA

### **MISSION STATEMENT**

"To be the best money management company in Pakistan. We will hold our clients money in sacred trust that has to be actively protected and sustainably nurtured so as to achieve client objectives".

### **VISION STATEMENT**

"To be the leading wealth management firm by offering global investment advice, trust services, family estate planning etc for all Pakistani clients whether based in Pakistan or abroad".

## DIRECTORS' REPORT

### *To our valued Unit Holders,*

The Board of Directors of Alfalah GHP Investment Management Limited is pleased to present you the Annual Report of IGI Money Market Fund for the year ended June 30, 2014.

### **FY14 Economic Review & Outlook**

Economic indicators during FY14 have shown improvement with GDP growing by 4.1%, fiscal deficit remaining within the budgeted target of 5.8% and Forex reserves clocking in at USD14bn compared to USD8bn at 1HFY14 end. The numbers indicate that the government has undertaken some economic reforms; however, the pace of reforms has been slower than required as highlighted by IMF in its latest quarterly report.

### **Privatization and Reform Underway**

One key positive in the reform process has been a restart of the privatization program with secondary public offerings (SPO) of both UBL and PPL. It is expected that additional secondary offerings are in the pipeline with financial advisors for OGDC's international GDR issuance already appointed, while work has commenced for government shareholdings in HBL and ABL banks.

### **Budgetary Growth Targets**

Going forward the government has set a GDP growth target of 5.1% for FY15 representing an incremental 1% growth over FY14 and a 7% GDP growth target for FY17. On the budgetary front, higher tax collection and medium term tax-GDP targets seem optimistic although somewhat concrete measures have been announced to broaden the tax net and focus on direct/indirect taxation methods seems progressive. It does appear that the government is attempting to tackle some key issues; however, actual results will depend on execution of reform process. Further, the continuity of policies is key factor in achieving long term goals of the government; however, the current political noise and resulting political uncertainty has the potential to negatively affect the outcome.

### **Balance of Payments and PKR**

FY14 current account deficit (CAD) number stood at USD2.9bn as opposed to USD2.5bn witnessed in the corresponding period last year (CPLY). The main cause for this higher CAD is the shortfall in Coalition Support Fund (CSF) receipts. This has been offset in the overall balance of payment position due to improvement witnessed in both capital and financial account. Capital account during FY14 stood at US\$1.8bn versus USD0.3bn in the CPLY mainly due to USD1.5bn grant received from Saudi Arabia. Higher bilateral financing and launch of Euro bond has resulted in financial account head augmenting to USD5.2bn versus mere USD0.6bn in the CPLY. The bulk of repayments to IMF from the previous SBA loan has been made, and in FY15, receipts from current EFF loan will cover the projected repayments.

The net impact of the balance of payments improvement has been a hefty appreciation in the PKR of 7% in 3QFY14, making it one of the best performing currencies in the world during CY14. Since then, the PKR has remained relatively stable between PKR 98.50 - 99.50.

### **Inflation and Interest rates**

Cumulative CPI number for FY14 stood at 8.6% which is higher as compared to 7.4% witnessed in FY13. However, compared to previous five years average inflation (FY09-FY13) of 10.5%, FY14's inflation number reflect an overall lower rate of inflation than has been witnessed in the past.

For FY15, the government has set CPI target of 8.0%, which would be an uphill task given the subsidy reduction (electricity & gas tariff hike) and additional taxation measures enforced in the budget. We foresee subdued inflation

during the first half of coming fiscal year on the basis of a higher base effect, and it is likely to jump in the later half due to a hike in energy tariffs, and higher direct/indirect taxes. We do not foresee lower interest rates from current levels. In the past, the regulator has always adopted a hawkish stance in the presence of a depreciating currency and high inflation. Since the currency seems to have stabilized and inflation may remain within Government's targeted range, the probability of a rate hike is likely to resurface only in the later half of upcoming fiscal year.

#### **Equity Market:**

The equity market maintained its upward drive in FY14 with the KSE-100 index giving a return of 41%. This follows the 52% return witnessed in FY13 bringing total absolute return over 24 months to 115%. The stock market in FY14 continued to re-rate on the back of positive economic news and continued foreign flows in the bourses amid doubling of Pakistan's weight in MSCI Frontier Market Index. Forex reserves rebounded after a multi-year low, post re-entry in IMF program, successful Euro bond offering, higher financial aid and resumption of multilateral funding. Resultantly the PKR witnessed strong appreciation at the end of 3QFY14 and stayed steady thereon. Decline in headline inflation along with improving macro-economic indicators resulted in consistent foreign portfolio investment.

Further interest in the market developed with the secondary offerings of UBL and PPL. UBL in particular was able to attract strong foreign interest. FY14 also saw KSE-All Share volumes augment by 7% YoY to average 216mn shares per day, while in contrast, the value traded increased by a higher 51% YoY to PKR8.7bn indicating a broad based rather than select stock/blue chip rally.

Should the privatization process continue at this pace we can expect to see continued participation in the stock market from both domestic and foreign investors. Additionally corporate earnings will continue to dictate the price level of the KSE100 Index.

#### **Money Market:**

Higher inflation numbers and rise in the discount rate from 9% to 10% during 1st half of the year under review pushed money market yields upwards. The government's rising need for liquidity resulted in higher than targeted borrowing from scheduled banks. Despite stable interest rates during rest of the year, financial institutions benefitted from high yields on government bonds due to hefty demand from the government. Participation in PIB auctions was exceptionally strong due to attractive rates across all tenors in particular the 2 to 3 year government bond.

The corporate bond market was also relatively active with new issues being floated in the market by corporates along with increased interest from participants. Demand for higher rated corporate bonds and sukuks especially those issued by financial institutions remained high.

The Islamic bond market witnessed considerable maturities which widened the gap between demand and supply and increased demand for Islamic instruments. Total Government Sukuk issuance was 49.54 bn in the Ijarah auction held in June'14.

The outlook for FY15 could be somewhat different. Lower inflation numbers during 1HFY15 may keep the current discount rate unchanged; however, this is likely to be challenged in the later half where higher expected inflation may prompt the State Bank to turn decidedly hawkish. This would make the challenge of economic growth revival tougher over FY15 although it may lend further stability to the currency. We expect secondary market yields to remain stable with an upward bias over 2HFY15.

#### **Overall outlook**

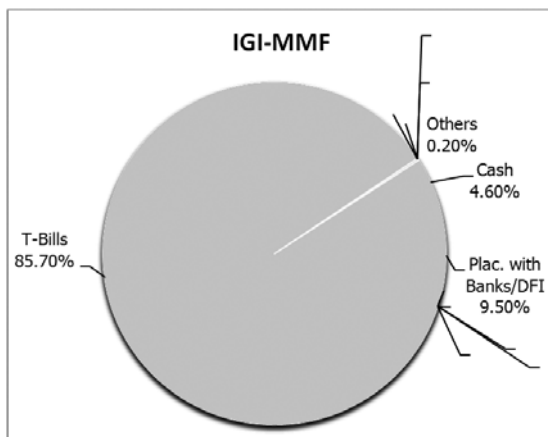
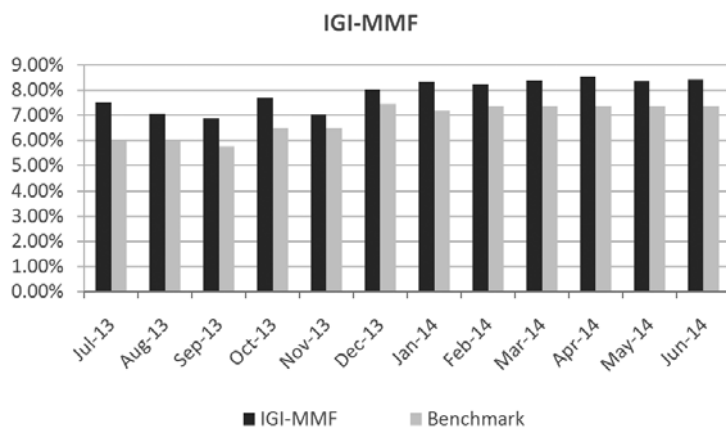
Political stability and a faster pace of economic reform will be key elements of the government's strategy to revive GDP growth over FY15. Significant issues remain unresolved and to a certain level unaddressed - in particular structural issues within the power sector, pace of tax collection and a general reluctance to widen the tax net will all filter into weaker economic growth and a miss in key budgetary targets. Positive developments on the external front need to be matched with stronger revenue generation on the internal side so that the economy may re-rate to an overall better level of growth.

## FUND PERFORMANCE AND REVIEW

### IGI Money Market Fund: Fund Operations and Performance

For the year ended June 31, 2014, the Fund posted an appreciation of 8.18% in NAV against the benchmark return (avg. 3M Deposit rates of 3 "AA" rated banks) of 6.86% and completed the period with net assets amounting to PKR 2,817 million. The Fund maintained a strategy of holding very low cash balances which resulted in significant outperformance to benchmark. Focus remained in short to midterm T-Bills. The bottom line was supported by capturing placements with banks and DFI's at above market rates.

The fund's credit rating stands at "AA+" by PACRA. The fund size on June 30th 2014 stood at PKR 2.817 bn compared to PKR 2.465 bn on June 30th 2013.



### Payout

At the end of the year under review, the fund paid out final cash dividend of Rs.0.5240 per unit translating into 0.5193 bonus units for every 100 units held. This payout was in addition to interim distribution of Rs. 6.8825 per unit making the full year payout of Rs. 7.4065 per unit. This is 97% payout of total earnings as per NBFC regulations.

### Future Outlook

Going forward, the Fund plans to maintain its position in risk-free treasury securities while raising its duration slightly to generate a stable return. The fund will maintain low cash reserves, opting for short term T-Bills and high yielding placements, such as TDRs, COIs etc to bolster the bottom line.

## Corporate Governance

The Management Company is committed to maintain the highest standards of Corporate Governance. Accordingly, the Board of Directors states that:

- a) Financial Statement represents fairly the state of affairs of funds under management of Alfalah GHP Investment Management Limited, the results of their operations, cash flow and the changes in Unit-holders funds.
- b) Proper books of accounts have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon Funds under management of Alfalah GHP Investment Management Limited's ability to continue as a going concern except for IGI Aggressive Income Fund for which appropriate disclosure is given in note # 1.2 to the Financial Statements of the Fund.
- g) There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.
- h) The summary of key financial data is given in annexure (A) in these financial statements.
- i) Details of meetings of the Board of Directors held and the attendance of each director for these meetings are given in note # (iv.) of supplementary non financial information of this annual report.
- j) The pattern of unit holding is given in note # (i.) of supplementary non financial information of this annual report.
- k) The number of units of the Fund held by the Chief Executive, directors, executives and their spouses as at June 30, 2014 as given in note # 21.1
- l) Summary of units acquired/ redeemed during the year by the Chief Executive, director, executives and their spouses during the year ended June 30, 2014 is given in note # 21.1;

## Board of Directors

Name of Director	Designation	Meetings Held	Attended	Leave Granted
Syed Ali Sultan	Chairman	8	7	61ST
Mr. Amin Dawood Saleh	Director	8	8	-
Mr. Kashif Abdur Rahman	Director	4	3	55th BOD
Mr. David Burlison	Director	8	6	56th & 61st
Mr. Suleman Hudda	Director	4	-	54th,55th, 56th, 57th BOD
Mr. Hanspeter Beier	Director	8	4	54th, 56th, 60th, 61st BOD
Mr. Abdul Aziz Anis	Chief Executive Officer	2	2	-
Ms. Maheen Rahman	Chief Executive Officer	6	6	-
Mr. Abid Naqvi	Director	4	4	-
Mr. Asif Saad	Director	4	2	59th & 60th BOD

## Change in Board Members during the period

Name	Designation	Appointed	Resigned
Ms. Maheen Rahman	Chief Executive Officer	Appointed	
Mr. Abid Naqvi	Director	Appointed	
Mr. Asif Saad	Director	Appointed	
Mr. Suleman Hudda	Director	-	Resigned
Mr. Kashif Abdur Rahman	Director	-	Resigned
Mr. Abdul Aziz Anis	Chief Executive Officer	-	Resigned

The Board places on record their thanks and appreciation to outgoing Directors for their valuable contributions in the progress of the Company.

### **Audit Committee Meetings**

Below are the detail of Audit Committee meetings held during the period and attendance of Audit Committee Members.

<b>Member</b>	<b>Meetings Held</b>	<b>Meetings Attended</b>
Mr. Kashif Abdur Rahman	3	3
Mr. Abid Naqvi	3	3
Syed Ali Sultan	6	6
Mr. Amin Dawood Saleh	6	6

### **Acknowledgement**

The Directors express their gratitude to the Securities and Exchange Commission of Pakistan for its valuable support, assistance and guidance. The Board also thanks the employees of the Management Company and the Trustee for their dedication and hard work and the unit holders for their confidence in the Management.

For and on behalf of the Board

August 27, 2014  
Karachi

**Maheen Rahman**  
Chief Executive



## REPORT OF THE FUND MANAGER

### Type of Fund

Open-end Scheme

### Category of Fund

Money Market Scheme

### Investment Objective

To generate competitive returns consistent with low risk from a portfolio constituted of short term instruments including cash deposits, money market placements, and government securities.

### Accomplishment of Objective

The Fund has achieved its objective of generating regular income by investing in mid to low duration fixed income instruments within the guidelines provided under NBFC rules.

### Fund Performance

For the year ended June 31, 2014, the Fund posted an appreciation of 8.18% in NAV against the benchmark return (avg. 3M Deposit rates of 3 "AA" rated banks) of 6.86% and completed the period with net assets amounting to PKR 2,817 million. The Fund maintained a strategy of holding very low cash balances which resulted in significant outperformance to benchmark. Focus remained in short to midterm T-Bills. The bottom line was supported by capturing placements with banks and DFI's at above market rates. The fund's credit rating stands at "AA+" by PACRA. The fund size on June 30th 2014 stood at PKR 2.817 bn compared to PKR 2.465 bn on June 30th 2013.

### Review of the market invested in

Higher inflation numbers and rise in the discount rate from 9% to 10% during 1st half of the year under review pushed money market yields upwards. The government's rising need for liquidity resulted in higher than targeted borrowing from scheduled banks. Despite stable interest rates during rest of the year, financial institutions benefitted from high yields on government bonds due to hefty demand from the government. Participation in PIB auctions was exceptionally strong due to attractive rates across all tenors in particular the 2 to 3 year government bond.

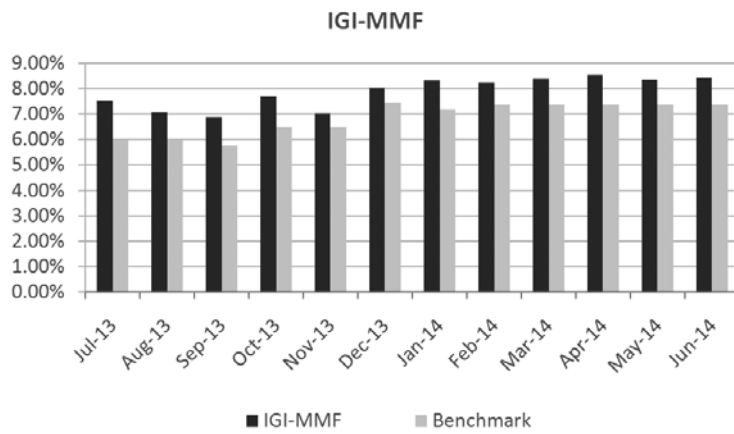
The corporate bond market was also relatively active with new issues being floated in the market by corporates along with increased interest from participants. Demand for higher rated corporate bonds and sukuks especially those issued by financial institutions remained high.

The outlook for FY15 could be somewhat different. Lower inflation numbers during 1HFY15 may keep the current discount rate unchanged; however, this is likely to be challenged in the later half where higher expected inflation may prompt the State Bank to turn decidedly hawkish. This would make the challenge of economic growth revival tougher over FY15 although it may lend further stability to the currency. We expect secondary market yields to remain stable with an upward bias over 2HFY15.

### Benchmark

The Fund's benchmark is Average of 3-Month deposit rate of AA and above rated scheduled banks.

### Performance comparison with Benchmark

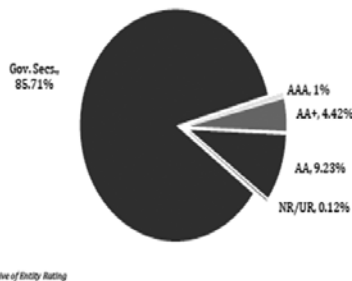


### Strategies and Policies employed during the period

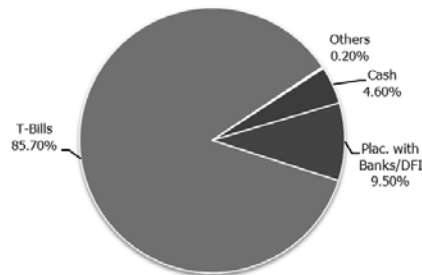
IGI MMF maintained the tried and tested strategy of maintaining very low cash levels. Focus remained in short to mid-term T-Bills, with a shift towards a slightly higher duration in the 2HFY13. The bottom line was supported by capturing placements with banks and DFI's at above market rates. Liquidity was generated through selling of short term papers.

### Portfolio Allocation/Credit Quality

Portfolio Credit Quality



Asset Allocation



### Significant changes in Assets Allocation during the period

IGI MMF shuffled its focus between T-Bills and placements with DFI's and Commercial Banks. The major portion of the portfolio remained with T-Bills.

### Distribution

At the end of the year under review, the fund paid out final cash dividend of Rs.0.5240 per unit translating into 0.5193 bonus units for every 100 units held. This payout was in addition to interim distribution of Rs. 6.8825 per unit making the full year payout of Rs. 7.4065 per unit. This is 97% payout of total earnings as per NBFC regulations.

### Significant changes in the state of the affairs

There were no significant changes in the state of affairs during the period under review.

**Breakdown of unit holdings by size**

Holdings	No. of unit holder	Investment Amount
PkR 01 to 100,000	13	319,864
PkR 100,000 to 1,000,000	27	12,154,509
PkR 1,000,000 to 10,000,000	28	84,254,539
PkR 10,000,000 and above	29	2,719,772,883
<b>Total:</b>	<b>97</b>	<b>2,816,501,795</b>

**Unit Splits**

There were no unit splits during the period.

**Circumstances materially affecting the interest of unit holders**

Any significant change in market rates of the instruments invested in and any significant change in the credit profile of the counterparties can materially affect the interest of unit holders.

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Fund Manager

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office**

CDC House, 99-B, Block 'B'  
S.M.C.H.S. Main Shakra-e-Faisal  
Karachi - 74400, Pakistan.  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326020 - 23  
URL: www.cdcPakistan.com  
Email: info@cdcpak.com



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**IGI MONEY MARKET FUND**

**Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of  
the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We Central Depository Company of Pakistan Limited, being the Trustee of IGI Money Market Fund (the Fund) are of the opinion that Alfalah GHP Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2014 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

**Aftab Ahmed Diwan**  
Officiating Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: October 21, 2014



**STATEMENT OF COMPLIANCE  
WITH THE CODE OF CORPORATE GOVERNANCE  
FOR THE YEAR ENDED 30 JUNE 2014**

This statement is being presented to comply with the Code of Corporate Governance ("the Code") contained in Regulation No. 35 of the listing regulations of the Lahore Stock Exchange Limited ("the Exchange") for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Management Company has applied the principles contained in the CCG in the following manner:

1. The Management Company encourages representation of independent, executive and non-executive directors. At present, the Board includes:

Category	Names
Executive Director	Ms. Maheen Rahman (deemed director u/s 200 of Companies Ordinance, 1984)
Independent Directors	Mr. Asif Saad Mr. Abid Naqvi Mr. Syed Ali Sultan
Non-Executive Directors	Mr. David Burlison Mr. Hanspeter Beier Mr. Amin Dawood Saleh Mr. Asif Saad Mr. Abid Naqvi

The independent directors meets the criteria of independence under clause i (b) of the Code.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Management Company.
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBF1 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year two casual vacancies occurred on the Board on 05 December 2013 which have been filled by the directors on 16 December 2013.
5. The Management Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which these were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), other executive and non-executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before such meetings except for the 56th, 57th and 58th Board meetings. The minutes of the meetings were appropriately recorded and circulated.
9. Three directors have obtained certification under the 'Board Development Series' program conducted by Institute of Corporate Governance.

10. The Board has approved appointment of CFO and Company Secretary, including their remuneration and terms and conditions of employment. However, CFO has resigned from its position on March 28, 2014.
11. The Directors' Report of the Fund for the year ended 30 June 2014 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by the CEO and CFO of the Management Company before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the units of the Fund other than those disclosed in the Directors' Report, pattern of unit holding and notes to the financial statements.
14. The Fund has complied with all the applicable corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors of the Management Company, including the Chairman of the Committee who is an independent director. However during the period, the CFO was the secretary of the Audit Committee.
16. The meetings of the Audit Committee were held once in every quarter and prior to the approval of interim and final results of the Fund as required by the Code. The terms of reference of the Audit Committee have been approved in the meeting of the Board and the Committee has been advised to ensure compliance with those terms of reference.
17. The Board has formed Human Resource and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the Committee is a non-executive director. However, the appointment of the CEO, CFO, and Head of Internal Audit was not considered by the Human Resource and Remuneration Committee prior to approval by the Board.
18. The board has outsourced the internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partner of the firm, their spouse and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the Net asset value of Fund, was not determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through the Exchange.
23. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

Karachi, \_\_\_\_\_

**Maheen Rahman**  
**Chief Executive Officer**

## REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of Alfalah GHP Investment Management Limited (the Management Company) of **IGI Money Market Fund** (the Fund) for the year ended **30 June 2014** to comply with the said Code.

The responsibility for compliance with the Code is that of the Board of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Management Company's compliance with the provisions of the Code in respect of the Fund and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval the Fund's related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended 30 June 2014.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph references where these are stated in the Statement

Paragraph Reference	Description
8	The notices alongwith the agendas of 56th, 57th and 58th Board of Directors' meeting were not circulated atleast seven days before such meetings.
15	The Chief Financial Officer acted as secretary to the Audit Committee in all its meetings conducted during the year.
17	The appointment of the Chief Executive Officer, Chief Financial Officer and Head of Internal Audit was not considered by the Human Resource and Remuneration Committee prior to approval by the Board of Directors.
21	The 'closed period' was not determined and intimated to directors, employees and stock exchange.

August 27, 2014  
Karachi

**EY - Chartered Accountants**

## **INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS**

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of IGI Money Market Fund (the Fund), which comprise the statement of assets and liabilities as at 30 June 2014, and the related statements of income, comprehensive income, cash flows, distribution and movement in unit holders' fund for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### **Management's responsibility for the financial statements**

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of approved accounting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2014 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

#### **Emphasis of matter**

We draw attention to note 15.1 to the accompanying financial statements which explains the contingency with respect to the contribution for Workers' Welfare Fund amounting to Rs.17.029 million for which no provision has been made in the financial statements. In this regard, the Fund expects that the constitutional petition pending in the Honorable High Court of Sindh on the subject will be decided favorably.

Our opinion is not modified in respect of this matter.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

#### **Chartered Accountants**

Audit Engagement Partner: Shabbir Yunus

August 27, 2014  
Karachi



**IGI MONEY MARKET FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
AS AT JUNE 30, 2014

	Note	June 30, 2014	June 30, 2013
		----- (Rupees) -----	
<b>Assets</b>			
Bank balances	7	<b>131,219,740</b>	143,689,954
Investments	8	<b>2,697,438,855</b>	2,327,025,165
Deferred formation cost	9	<b>347,889</b>	736,614
Accrued interest on bank deposits		<b>1,028,275</b>	303,317
<b>Total assets</b>		<b>2,830,034,759</b>	2,471,755,050
<b>Liabilities</b>			
Payable to the Management Company	10	<b>6,318,453</b>	2,040,354
Remuneration payable to the Trustee	11	<b>219,898</b>	212,837
Annual fee payable to the Securities and Exchange Commission of Pakistan	12	<b>2,123,527</b>	2,314,965
Payable on redemption to unit holders		<b>56,490</b>	513,085
Provision for Workers' Welfare Fund	13	<b>4,357,185</b>	-
Accrued and other liabilities	14	<b>457,411</b>	359,977
<b>Total liabilities</b>		<b>13,532,964</b>	5,441,218
<b>Net assets attributable to unit holders</b>		<b>2,816,501,795</b>	2,466,313,832
<b>Unit holders' fund (as per the statement attached)</b>		<b>2,816,501,795</b>	2,466,313,832
<b>Contingencies and commitments</b>	15	----- (Number of units) -----	
<b>Number of units in issue</b>		<b>27,909,081</b>	24,347,042
		----- (Rupees) -----	
<b>Net assets value per unit</b>		<b>100.9170</b>	101.2983

The annexed notes from 1 to 25 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

**IGI Money Market Fund**  
**INCOME STATEMENT**

FOR THE YEAR ENDED JUNE 30, 2014

	Note	June 30, 2014	June 30, 2013
		(Rupees)	
<b>Income</b>			
Finance income	16	267,187,086	312,941,759
Net (loss) / gain on investments classified as 'at fair value through profit or loss' - held-for-trading			
- Net (loss) / gain on sale of investments		(2,604,254)	1,103,340
- Net unrealised (loss) / gain on revaluation of investments		(96,862)	1,561,223
		(2,701,116)	2,664,563
<b>Total income</b>		<b>264,485,970</b>	<b>315,606,322</b>
<b>Expenses</b>			
Remuneration of the Management Company		22,650,831	24,692,929
Sales tax on management fee		3,624,143	3,974,324
Federal excise duty on management fee	17	4,203,995	146,603
Remuneration of the Trustee		2,865,118	3,382,872
Annual fee of the Securities and Exchange Commission of Pakistan		-	-
Brokerage expense		2,123,527	2,314,965
Bank and settlement charges		242,783	360,506
Amortisation of deferred formation cost		218,973	256,770
Auditors' remuneration	18	388,725	388,725
Legal and professional charges		449,944	365,813
Annual listing fee		-	20,178
Annual rating fee		40,000	40,000
Printing charges		220,000	200,000
Provision for Workers' Welfare Fund	13	144,905	145,400
		4,357,185	-
<b>Total expenses</b>		<b>41,530,129</b>	<b>36,289,085</b>
		-	-
<b>Net income from operating activities</b>		<b>222,955,841</b>	<b>279,317,237</b>
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed - net		3,208,045	(11,729,945)
<b>Net income for the year before taxation</b>		<b>226,163,886</b>	<b>267,587,292</b>
Taxation	19	-	-
<b>Net income for the year after taxation</b>		<b>226,163,886</b>	<b>267,587,292</b>

The annexed notes from 1 to 25 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

Chief Executive Officer

Director

**IGI Money Market Fund**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED JUNE 30, 2014*

	<b>June 30, 2014</b>	June 30, 2013
	----- (Rupees) -----	-----
Net income for the year	<b>226,163,886</b>	267,587,292
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b><u>226,163,886</u></b>	<b><u>267,587,292</u></b>

The annexed notes from 1 to 25 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

**IGI Money Market Fund**  
**DISTRIBUTION STATEMENT**  
*FOR THE YEAR ENDED JUNE 30, 2014*

	June 30, 2014	June 30, 2013
	----- (Rupees) -----	
<b>Undistributed income brought forward</b>		
Realised gains	30,045,207	43,753,905
Unrealised gains	1,561,223	48,566
	<b>31,606,430</b>	<b>43,802,471</b>
Total comprehensive income for the year	<b>226,163,886</b>	267,587,292
Final distribution of bonus @ 0.08887 units for every 100 units held, approved on: July 04, 2013 (2012: @ 1.1274 units for every 100 units held approved on: July 05, 2012)	<b>(21,724,866)</b>	(30,678,229)
Final distribution of cash dividend @ Rs.0.8923 per unit held, approved on: July 04, 2013 (2012: @ Rs.1.1319 per unit held approved on: July 05, 2012)	-	(1,664,338)
	<b>(21,724,866)</b>	(32,342,567)
Interim distribution of bonus @ 0.9714 units for every 100 units held approved on: August 03, 2013 (2013: @ 1.0451 units for every 100 units held approved on: July 27, 2012)	<b>(27,632,223)</b>	(29,609,656)
Interim distribution of cash dividend @ Rs.0.9724 per unit approved on: August 03, 2013 (2013: @ Rs.1.0464 per unit approved on: July 27, 2012)	-	(1,538,619)
Interim distribution of bonus @ 0.5124 units for every 100 units held approved on: September 01, 2013 (2013: @ 0.8875 units for every 100 units held approved on: August 30, 2012)	<b>(15,021,081)</b>	(27,325,503)
Interim distribution of cash dividend @ Rs.0.5132 per unit approved on: September 01, 2013 (2013: @ Rs.0.8908 per unit approved on: August 30, 2012)	-	(1,309,826)
Interim distribution of bonus @ 0.4483 units for every 100 units held approved on: September 28, 2013 (2013: @ 0.6720 units for every 100 units held approved on: September 27, 2012)	<b>(12,840,832)</b>	(19,684,163)
Interim distribution of cash dividend @ Rs.0.4493 per unit approved on: September 28, 2013 (2013: @ Rs.0.6749 per unit approved on: September 27, 2012)	-	(992,368)
Interim distribution of bonus @ 0.7614 units for every 100 units held approved on: November 10, 2013 (2013: @ 0.7498 units for every 100 units held approved on: October 30, 2012)	<b>(19,940,100)</b>	(26,812,627)
Interim distribution of cash dividend @ Rs.0.7639 per unit approved on: November 10, 2013 (2013: @ Rs.0.7537 per unit approved on: October 30, 2012)	-	(1,108,235)
Interim distribution of bonus @ 0.3328 units for every 100 units held approved on: November 30, 2013 (2013: @ 0.7271 units for every 100 units held approved on: November 29, 2012)	<b>(7,747,802)</b>	(22,543,713)
Interim distribution of cash dividend @ Rs.0.3341 per unit approved on: November 30, 2013 (2013: @ Rs.0.7312 per unit approved on: November 29, 2012)	-	(1,075,152)
Interim distribution of bonus @ 0.5612 units for every 100 units held approved on: December 27, 2013 (2013: @ 0.6240 units for every 100 units held approved on: December 29, 2012)	<b>(13,107,940)</b>	(18,131,180)
Interim distribution of cash dividend @ Rs.0.5638 per unit approved on: December 27, 2013 (2013: @ Rs.0.6279 per unit approved on: December 29, 2012)	-	(923,260)
Interim distribution of bonus @ 0.8796 units for every 100 units held approved on: February 06, 2014 (2013: @ 0.7346 units for every 100 units held approved on: January 30, 2013)	<b>(25,689,054)</b>	(24,449,537)
Interim distribution of cash dividend @ Rs.0.8837 per unit approved on: February 06, 2014 (2013: @ Rs.0.7392 per unit approved on: January 30, 2013)	-	-

	June 30, 2014	June 30, 2013
	----- (Rupees) -----	
Interim distribution of bonus @ 0.6814 units for every 100 units held approved on: March 08, 2014 (2013: @ 0.5395 units for every 100 units held approved on: February 28, 2013)	<b>(22,137,494)</b>	(17,223,337)
Interim distribution of cash dividend @ Rs.0.6848 per units approved on: March 08, 2014 (2013: @ Rs.0.5431 per unit approved on: February 28, 2013)	-	-
Interim distribution of bonus Nil units (2013: @ 0.3753 units for every 100 units held approved on: March 27, 2013)	-	(9,465,364)
Interim distribution of cash dividend Rs.Nil (2013: @ Rs.0.3787 per unit approved on: March 27, 2013)	-	-
Interim distribution of bonus @ 0.5694 units for every 100 units held approved on: April 05, 2014 (2013: @ 0.7569 units for every 100 units held approved on: April 29, 2013)	<b>(18,344,079)</b>	(16,981,022)
Interim distribution of cash dividend @ Rs.0.5726 per units approved on: April 05, 2014 (2013: @ Rs.0.7644 per unit approved on: April 29, 2013)	-	-
Interim distribution of bonus @ 0.5607 units for every 100 units held approved on: May 05, 2014 (2013: @ 0.7132 units for every 100 units held approved on: June 03, 2013)	<b>(17,204,121)</b>	(15,294,010)
Interim distribution of cash dividend @ Rs.0.5644 per units approved on: May 05, 2014 (2013: @ Rs.0.7216 per unit approved on: June 03, 2013)	-	-
Interim distribution of bonus @ 0.5762 units for every 100 units held approved on: June 05, 2014 (2013: @ 0.6118 units for every 100 units held approved on: June 27, 2013)	<b>(17,674,868)</b>	(12,969,194)
Interim distribution of cash dividend @ Rs.0.5803 per units approved on: June 02, 2014 (2013: @ Rs.0.6206 per unit approved on: June 27, 2013)	<b>(12,684)</b>	-
Interim distribution of bonus @ 0.5193 units for every 100 units held approved on: June 30, 2014 (2013: @ Nil)	<b>(14,537,416)</b>	-
Interim distribution of cash dividend @ Rs.0.5240 per units approved on: June 30, 2014 (2013: @ Rs.Nil)	<b>(11,453)</b>	-
	<b>(233,626,013)</b>	(279,779,333)
<b>Undistributed income carried forward</b>	<b>24,144,303</b>	31,610,430
<b>Undistributed income carried forward at end of the year</b>		
- Realised gains	<b>24,241,165</b>	30,049,207
- Unrealised (losses) / gains	<b>(96,862)</b>	1,561,223
	<b>24,144,303</b>	31,610,430

The annexed notes from 1 to 25 form an integral part of these financial statements.

**For Alfalah GHP Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

**IGI Money Market Fund**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND**  
FOR THE YEAR ENDED JUNE 30, 2014

	June 30, 2014	June 30, 2013
	----- (Rupees) -----	
<b>Net assets at beginning of the year</b> [Net asset value: Rs.101.2983 per unit (2013: Rs.101.5329 per unit)]	<b>2,466,313,832</b>	2,901,171,326
Amount realised / unrealised on issuance of 34,752,091 units (2013: 45,254,186 units)	<b>3,506,011,928</b>	4,566,322,608
Issuance of 2,325,772 bonus units in respect of final and interim distributions (2013: 2,696,145 units)	<b>233,603,252</b>	271,167,535
Amount paid / payable on redemption of 33,515,824 units (2013: 52,176,986 units)	<b>(3,378,755,671)</b>	(5,271,885,541)
	<b><u>2,827,173,341</u></b>	<u>2,466,775,928</u>
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed - net	<b>(3,208,045)</b>	11,729,945
Total comprehensive income for the year before capital gains - realised and unrealised	<b>228,865,002</b>	264,922,729
Net (loss) / gain on sale of investments classified as 'at fair value through profit or loss' - held-for-trading	<b>(2,604,254)</b>	1,103,340
Net unrealised (loss) / gain on investments classified as 'at fair value through profit or loss' - held-for-trading	<b>(96,862)</b>	1,561,223
Total comprehensive income for the year	<b>226,163,886</b>	267,587,292
<b>Distributions made during the year</b>		
Final distribution of bonus units	<b>(21,724,866)</b>	(30,678,229)
Final distribution of cash dividend	-	(1,664,338)
Interim distribution of bonus units	<b>(211,878,384)</b>	(240,489,306)
Interim distribution of cash dividend	<b>(24,137)</b>	(6,947,460)
	<b>(233,627,387)</b>	(279,779,333)
Net total comprehensive income less distributions for the year	<b>(7,463,501)</b>	(12,192,041)
<b>Net assets at end of the year</b> [Net asset value: Rs.100.9170 per unit (2013: Rs.101.2983 per unit)]	<b><u>2,816,501,795</u></b>	<u>2,466,313,832</u>

The annexed notes from 1 to 25 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

**IGI Money Market Fund**  
**STATEMENT OF CASH FLOWS**  
*FOR THE YEAR ENDED JUNE 30, 2014*

	June 30, 2014	June 30, 2013
Note	----- (Rupees) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year after taxation	226,163,886	267,587,292
<b>Adjustments for:</b>		
Net loss / (gain) on sale of investments classified as 'at fair value through profit or loss' - held-for-trading	2,604,254	(1,103,340)
Net unrealised loss / (gain) on investments classified as 'at fair value through profit or loss' - held-for-trading	96,862	(1,561,223)
Amortisation of deferred formation cost	388,725	388,725
Provision for Worker's Welfare Fund	4,357,185	-
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units redeemed - net	<u>(3,208,045)</u>	<u>11,729,945</u>
	<b>230,402,867</b>	<b>277,041,399</b>
<b>Increase in assets</b>		
Investments	<u>(519,032,158)</u>	<u>(701,398,713)</u>
Accrued interest on bank deposits	<u>(724,958)</u>	<u>404,474</u>
	<b>(519,757,116)</b>	<b>(700,994,239)</b>
<b>Decrease in liabilities</b>		
Payable to the Management Company	<u>4,278,099</u>	<u>(256,662)</u>
Remuneration payable to the Trustee	<u>7,061</u>	<u>(64,988)</u>
Annual fee payable to the Securities and Exchange Commission of Pakistan	<u>(191,438)</u>	<u>(275,968)</u>
Payable on redemption to unit holders	<u>(456,595)</u>	<u>(3,837,932)</u>
Accrued and other liabilities	<u>97,434</u>	<u>(1,144,697)</u>
	<u>3,734,561</u>	<u>(5,580,247)</u>
<b>Net cash used in operating activities</b>	<b>(285,619,688)</b>	<b>(429,533,087)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	<u>(24,137)</u>	<u>(8,611,798)</u>
Amounts received on issue of units	<u>3,506,011,928</u>	<u>4,566,322,608</u>
Payment made against redemption of units	<u>(3,378,755,671)</u>	<u>(5,271,885,541)</u>
<b>Net cash generated from / (used in) financing activities</b>	<b>127,232,120</b>	<b>(714,174,731)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>1,669,665,777</b>	<b>2,813,373,595</b>
<b>Cash and cash equivalents at end of the year</b>	20 <u><b>1,511,278,209</b></u>	<u><b>1,669,665,777</b></u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

## **IGI Money Market Fund**

### **NOTES TO THE FINANCIAL STATEMENTS**

*FOR THE YEAR ENDED JUNE 30, 2014*

#### **1. LEGAL STATUS AND NATURE OF BUSINESS**

IGI Money Market Fund (the Fund) was constituted under Trust Deed dated March 04, 2010, between IGI Funds Limited (Former Management Company), incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust deed was registered with Sub-Registrar on March 04, 2010.

During the current year, on October 15, 2013, the management rights of the Fund were transferred from IGI Funds Limited (Former Management Company) to Alfalah GHP Investment Management Limited (the Management Company) by means of Securities & Exchange Commission of Pakistan sanctioned order No. SCD/NBFC-II/IGIFL & AFGHP/742/2013. The registered address of the Management Company is situated at 8th Floor, Executive Tower, Dolmen Mall, Block-4, Clifton, Karachi.

The Fund was registered by the Securities and Exchange Commission of Pakistan (SECP) as a notified entity under Regulation 44 of the Non Banking finance Companies and Notified Entities Regulations, 2008 "NBFC Regulations" vide its letter No. NBFC-II/AD/IGI/MMF/218 dated March 18, 2010 and Offering Document was approved by SECP under Regulation 54 of the NBFC Regulations, vide its letter No. NBFC-II/JE/IGI/MMF/354 dated May 03, 2010. The Fund was initially offered for public subscription from May 25, 2010 to May 27, 2010.

The Fund is an open end mutual fund and is listed on Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The Fund primarily invests in Government Securities, Certificates of Investment, Certificates of Deposit, Certificates of Musharika, Term Deposit Receipts, Commercial Papers, reverse repurchase transactions, etc. The Fund primarily is categorised as Money Market Scheme and is subject to guidelines prescribed by SECP.

Title to the assets of the Fund is held in the name of CDC as Trustee of the Fund.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned 'AM3+' rating to the Management Company as of June 20, 2014.

PACRA has assigned a rating of AA+(f) to the scheme as of February 24, 2014.

#### **2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the NBFC Rules, the Non Banking Finance Companies and Notified Entities Regulation, 2008 (the NBFC Regulations) and directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.

#### **3. BASIS OF MEASUREMENT**

- 3.1** These financial statements have been prepared under the historical cost convention, except for investments and derivatives which are accounted for as stated in notes 4.2 and 4.3 below.



**3.2** The financial statements are presented in pak rupees, which is the Fund's functional and presentation currency.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described in note 4.1.

##### **4.1 New and amended standards and interpretations**

The Fund has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current year:

IAS 19 – Employee Benefits –(Revised)

IFRS 7 – Financial Instruments : Disclosures – (Amendments)  
– Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

##### **Improvements to Accounting Standards Issued by the IASB**

IAS 1 – Presentation of Financial Statements - Clarification of the requirements for comparative information

IAS 16 – Property, Plant and Equipment – Clarification of Servicing Equipment

IAS 32 – Financial Instruments: Presentation – Tax Effects of Distribution to Holders of Equity Instruments

IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on the financial statements.

##### **4.2 Investments**

The investments of the Fund, upon initial recognition, are classified as investment at fair value through profit or loss or held to maturity investments as appropriate.

All investments, are initially measured at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs that are directly attributable to acquisition.

All regular way purchases / sales of investments that require delivery within the time frame established by the regulation of market convention are recognised on the trade date, i.e. the date on which the Fund commits to purchase / sell the investment. Regular way purchases / sales of investments require delivery of securities within the period generally established by the regulation or market convention such as "T+2".

##### **- Fair value through profit or loss - held-for-trading**

Investments which are acquired principally for the purposes of selling in the near term and are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking are classified as held for trading.

These investments are initially recognised at fair value, being the cost of the consideration given.

After initial measurement, these are carried at fair value and the gains or losses on revaluation are recognised in the income statement.

- **Held to maturity**

Investment securities with fixed maturities and fixed or determinable payments are classified as 'held-to-maturity investments' when management has both the intention and ability to hold to maturity. After initial measurement, such investments are carried at amortised cost less any provision for impairment except for in case of debt securities and government securities, which are carried at fair value in accordance with the requirements of the NBFC Regulations.

Fair value of investments is determined as follows:

**Government securities**

These are valued by reference to the quotations obtained from the Reuters page.

**4.3 Derivative Financial Instruments**

Derivative instruments generally comprise of futures contracts, options and forwards contracts etc. in the capital market. These are initially recognised at cost and are subsequently remeasured at their fair value. The fair value of derivative instruments is calculated as being the net difference between the contract price and the closing price reported on the primary exchange of the instrument. Derivative with positive market values (un-realised gains) are included in other assets and derivatives with negative market values (un-realised losses) are included in other liabilities in the statement of asset and liabilities. The resultant gains and losses are included in the income currently.

Derivative financial instruments entered into by the Fund do not meet the hedging criteria as defined by IAS-39 Financial Instruments: Recognition and Measurement, consequently hedge accounting is not used by the Fund.

**4.4 Securities under repurchase / resale agreements**

Transactions of purchase under resale (reverse-repo) of marketable and government securities are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repos) are not recognised in the statement of assets and liabilities. Amounts paid under these agreements are included in receivable in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the life of the reverse-repo agreement.

Transactions of sale under repurchase (repo) of marketable and government securities are entered into at contracted rates for specified periods of time. Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the statement of assets and liabilities and are measured in accordance with accounting policies for investment securities. The counterparty liabilities for amounts received under these transactions are recorded as financial liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the life of the repo agreement.

**4.5 Impairment of financial assets**

An assessment is made at each statement of assets and liabilities date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss, is recognised in the income statement.

An impairment loss in respect of investments classified as 'held to maturity' and measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Impairment losses on above investments are recognised in the income statement. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

#### **4.6 Unit holders' fund**

Unit holders' fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

#### **4.7 Issue and redemption of units**

Units issued are recorded at the offer price prevalent on the day on which application form, (complete in all respects) is received. The offer price represents the net asset value of units at the end of the day. Issue of units is recorded on acceptance of application for sale.

Units redeemed are recorded at the redemption price, prevalent on the day on which the redemption form (complete in all respects) is accepted. The redemption price represents the net asset value of units at the end of the day. Redemption of units is recorded on acceptance of application for redemption.

#### **4.8 Net asset value per unit**

The net assets value per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at year end.

#### **4.9 Revenue recognition**

- Gains or losses arising on sale of investments are included in the income statement in the period in which they arise.
- Unrealised gains or losses arising on revaluation of investments classified as financial assets at fair value through profit or loss are included in the income statement in the period in which they arise.
- Interest income on term deposit receipts, government securities, certificates of investment, letters of placement, commercial papers and bank balances are recognised on a time proportionate basis using effective interest rate method.

#### **4.10 Element of income / loss and capital gains / losses included in prices of units sold less those in units redeemed**

To prevent the dilution of per unit income and distribution of income already paid out on redemption, as dividend, an equalisation account called "element of income / loss and capital gains / losses included in prices of units sold less those in units redeemed" is created.

The "element of income / loss and capital gains / losses included in prices of units sold less those in units redeemed" account is credited with the amount representing net income / loss and capital gains / losses accounted for in the last announced net asset value and included in the sale proceeds of units. Upon redemption of units, the "element of income / loss and capital gains / losses included in prices of units sold less those in units redeemed" account is debited with the amount representing net income / loss and capital gains / losses accounted for in the last announced net asset value is included in the redemption price.

The net “element of income / loss and capital gains / losses included in prices of units sold less those in units redeemed” during an accounting year is transferred to the income statement.

During the year, the management has revised the method of computation of the “Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed” (the Element) in the Fund. As per revised methodology, the Element is arrived at by comparing the unit prices with opening Ex-NAV at the beginning of the year. Previously, the Fund used to calculate the Element by comparing unit prices with the face value of the units.

The impact of change has been incorporated in the financial statements of the Fund with effect from July 01, 2013. However, the interim financial statements of the Fund for the half year ended December 31, 2013 and three months period ended March 31, 2014 did not include the effect of this change as the methodology to compute Element was changed during the last quarter of the financial year effective from the beginning of the current year.

The revised methodology would ensure that the continuing unit holders' share of undistributed income remains unchanged on issue and redemption of units. Since the element is an equalisation account between income for the period and undistributed income, the change did not have any impact on Net Asset Value (NAV) of the Fund. Had the methodology not been changed, the net income for the year ended June 30, 2014 would have been higher by Rs.1.446 million.

#### **4.11 Taxation**

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates, if any. The Fund is exempt from taxation under clause 99 of Part I of the 2nd Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income excluding realised and unrealised capital gains for the year is distributed amongst the unit holders.

#### **4.12 Financial assets and financial liabilities**

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

Financial assets carried in the statement of assets and liabilities include bank balances, investments and return on bank balances.

Financial liabilities carried in the statement of assets and liabilities include payable to the Management Company, remuneration payable to the Trustee, amount payable on redemption of units and accrued and other liabilities.

#### **4.13 Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are only offset and the net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amount and the Fund intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **4.14 Provision**

A provision is recognised in the statement of assets and liabilities when the Fund has a legal or constructive obligation as result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are regularly reviewed and are adjusted to reflect the current best estimate.

#### **4.15 Deferred formation cost**

Expenses incurred on the formation of the Fund have been recognised as deferred formation cost. Deferred formation cost is amortised over a period of five years commencing from May 28, 2010 (the date of the end of initial public offer period of the Fund) as stated in the Trust Deed of the Fund approved by the Securities and Exchange Commission of Pakistan.

#### **4.16 Cash and cash equivalents**

Cash and cash equivalent comprise of bank balances and investments which are readily convertible to known amount of cash subject to an in significant risk of changes in values and have maturities of less than three months from the date of acquisition.

#### **4.17 Distribution to unit holders**

Distributions declared including the bonus units are recorded in the period in which they are approved. Regulation 63 of the NBFC Regulations, requires the Fund to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders.

#### **4.18 Other assets**

Other assets are stated at cost less impairment losses, if any.

#### **4.19 Liabilities**

All expenses including management fee and trustee fee are recognised in the income statement as and when incurred.

### **5. ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of financial statements requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

Judgments made by management in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment are explained in the relevant accounting policies / notes to the financial statements.

### **6. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE**

The following revised standards, interpretations and amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, interpretations and amendments:

<b>Standard, interpretation or amendment</b>	<b>Effective date (accounting periods beginning on or after)</b>
IFRS 10 – Consolidated Financial Statements	January 01, 2015
IFRS 11 – Joint Arrangements	January 01, 2015
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 – Fair Value Measurement	January 01, 2015
IAS 16 & 38 – Clarification of Acceptable Method of Depreciation and Amortization	January 01, 2016
IAS 16 & 41 – Agriculture: Bearer Plants	January 01, 2016
IAS 19 – Employee Contributions	July 01, 2014
IAS 32 – Offsetting Financial Assets and Financial liabilities – (Amendment)	January 01, 2014
IAS 36 – Recoverable Amount for Non-Financial Assets – (Amendment)	January 01, 2014
IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting – (Amendment) (see note 3 below)	January 01, 2014
IFRIC 21 – Levies	January 01, 2014

The Fund expects that the adoption of the above revisions, amendments and interpretations of the standards will not materially affect the Fund's financial statements in the period of initial application.

In addition to the above standards and interpretations, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after July 01, 2014. The Fund expects that such improvements to the standards will not have any impact on the Fund's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

<b>Standard</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2017

<b>Standard</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2017

<b>Standard</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2017

## 7. BANK BALANCES

<b>Standard</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2017

**7.1** The deposit accounts with banks carry profit rates ranging from 7% to 9.25% (June 30, 2013: 6% to 8.50% per annum) per annum.

	Note	June 30, 2014	June 30, 2013
		(Rupees)	
<b>8. INVESTMENTS</b>			
<b>Financial assets classified as 'at fair value through profit or loss' - held-for-trading</b>			
Treasury bills	8.1	2,425,558,659	2,093,125,455
<b>Held to maturity</b>			
Commercial papers	8.2	-	118,743,043
Certificates of investment	8.3	125,511,644	115,156,667
Letters of placement	8.4	-	-
Term deposit receipt	8.5	146,368,552	-
		<u>2,697,438,855</u>	<u>2,327,025,165</u>

**8.1 Treasury bills - 'at fair value through profit or loss' - held-for-trading**

Issue Date	Profit / mark-up rate	As at July 01, 2013	Purchased during the year	Matured / Sold during the year	As at June 30, 2014	Carrying value as at June 30, 2014	Market value as at June 30, 2014	Unrealised gain on revaluation	Net assets on the basis of market value	Total investments on the basis of market value
		----- (Number of certificates) -----				----- (Rupees) -----			----- (%) -----	
<b>Treasury bills - having face value of Rs.100 each</b>										
Maturity upto 3 months	8.1.1	-	128,471,000	115,821,000	12,650,000	1,254,490,514	1,254,546,825	56,312	45%	47%
Maturity upto 6 months	8.1.2	10,650,000	42,553,000	41,209,000	11,994,000	1,171,165,008	1,171,011,834	(153,174)	42%	43%
Maturity upto 12 months	8.1.3	10,690,000	16,301,850	26,991,850	-	-	-	-	-	-
		<u>21,340,000</u>	<u>187,325,850</u>	<u>184,021,850</u>	<u>24,644,000</u>	<u>2,425,655,522</u>	<u>2,425,558,659</u>	<u>(96,862)</u>		

**8.1.1** These represent treasury bills having face value of Rs.1,265 million (June 30, 2013: Rs.Nil) and carrying purchase yield ranging from 9.92% to 9.96% (June 30, 2013: Nil) per annum. These treasury bills have maturity upto September 18, 2014 (June 30, 2013: Nil).

**8.1.2** These represent treasury bills having face value of Rs.1,199.4 million (June 30, 2013: Rs.1,065 million) and carrying purchase yield ranging from 9.94% to 9.99% (June 30, 2013: 9.19% and 9.48%) per annum. These treasury bills have maturity upto November 13, 2014 (June 30, 2013: December 12, 2013).

**8.1.3** These represent treasury bills having face value of Nil (June 30, 2013: Rs.1,069 million) and carrying purchase yield of Nil (June 30, 2013: 8.93% and 9.63%) per annum. These treasury bills have maturity of Nil (June 30, 2013: November 28, 2013).

**8.2 Commercial Papers - held to maturity**

Name of the investee company	Face value					Carrying value as at June 30, 2014	Maturity	Rating	Face value as percentage of total investments	Face value as percentage of net assets
	Rate of Return per annum	As at July 01, 2013	Purchase during the period	Matured during the year	As at June 30, 2014					
The Hub Power Company Limited	-	115,000,000	-	115,000,000	-	-	-	-	-	-
		<u>115,000,000</u>	<u>-</u>	<u>115,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 8.3 Certificates of investment - held to maturity

Name of the investee company	Rate of Return per annum	Face value				Carrying value as at June 30, 2014	Maturity	Rating	Face value as percentage of total investments	Face value as percentage of net assets
		As at July 01, 2013	Purchase during the period	Matured during the year	As at June 30, 2014					
----- (Rupees) -----										
Pak Brunei Investment Company Limited	10.40%	115,000,000	125,000,000	115,000,000	125,000,000	125,511,644	15, 2014	AA+	4.63%	4.44%
		<u>115,000,000</u>	<u>125,000,000</u>	<u>115,000,000</u>	<u>125,000,000</u>	<u>125,511,644</u>			<u>4.63%</u>	<u>4.44%</u>

### 8.4 Letters of placement - held to maturity

Name of the investee company	Rate of Return per annum	Face value				Carrying value as at June 30, 2014	Maturity	Rating	Face value as percentage of total investments	Face value as percentage of net assets
		As at July 01, 2013	Purchase during the period	Matured during the year	As at June 30, 2014					
----- (Rupees) -----										
Pak Oman Investment Company Limited	-	-	695,000,000	695,000,000	-	-	-	-	-	-
Pak Brunei Investment Company Limited	-	-	600,000,000	600,000,000	-	-	-	-	-	-
		<u>-</u>	<u>1,295,000,000</u>	<u>1,295,000,000</u>	<u>-</u>	<u>-</u>			<u>-</u>	<u>-</u>

- 8.5 Term deposit receipt is maintained with Bank Alfalah Limited (a related party) and carries mark-up at a rate of 10.25% (June 30, 2013: Nil) per annum maturing on November 28, 2014 (June 30, 2013: Nil). The bank has a credit rating of AA. Investment in term deposit receipt represents 5.38% (June 30, 2013: Nil) of total investment and 5.15% (June 30, 2013: Nil) of net assets on the basis of face value.

9. DEFERRED FORMATION COST	Note	June 30, 2014	June 30, 2013
		----- (Rupees) -----	
Unamortised cost at the beginning of the year		736,614	1,125,339
Amortised during the year		(388,725)	(388,725)
Unamortised cost at the end of the year		<u>347,889</u>	<u>736,614</u>

Formation cost represents expenditure incurred prior to the commencement of operations of the Fund as incurred by the Management Company and are being amortised over a period of five years commencing from May 28, 2010.

### 10. PAYABLE TO THE MANAGEMENT COMPANY

Remuneration payable to the Management Company	10.1	1,778,166	1,612,237
Sales tax payable on management fee		189,689	281,415
Federal excise duty payable on management fee	17	4,350,598	146,603
Sales load payable		-	99
		<u>6,318,453</u>	<u>2,040,354</u>



**10.1** The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the NBFC Regulations, of an amount not exceeding 3% per annum of the average daily net assets of the Fund during first five years of the Fund's existence and thereafter an amount equal to 2% per annum of such assets of the Fund. Currently the management fee is charged @ 0.8% (June 30, 2013: 0.8%) of the average daily net assets of the Fund.

#### **11. REMUNERATION PAYABLE TO THE TRUSTEE**

The Trustee is entitled to a monthly remuneration for services rendered to the Fund by the Trustee, calculated at the rate 0.15% per annum on amount upto Rs.1 billion of the daily average net assets of the Fund, Rs.1.5 million plus 0.075% per annum of net asset value exceeding Rs.1 billion when daily average net assets of the Fund exceed Rs.1 billion, and Rs.8.25 million plus 0.06% per annum of net assets values exceeding Rs.10 billion when daily average net assets of the Fund exceed Rs.10 billion.

#### **12. ANNUAL FEE PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

This represents annual fee payable to the Securities and Exchange Commission of Pakistan (SECP) in accordance with Regulation 62 of the NBFC Regulations, whereby the Fund is required to pay SECP an amount at the rate of 0.075% (June 30, 2013: 0.075%) of the average daily net assets of the Fund.

#### **13. PROVISION FOR WORKERS' WELFARE FUND**

The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all mutual funds / Collective Investment Schemes (CISs) whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication.

In August 2011, the Lahore High Court (LHC) issued a judgment in response to a petition in a similar case whereby the amendments introduced in the WWF Ordinance through Finance Acts 2006 and 2008 have been declared unconstitutional and therefore struck down. However, during March 2013, the larger bench of the Honourable High Court of Sindh issued a judgment in response to various petitions in similar cases whereby the amendments introduced in the WWF Ordinance through Finance Acts 2006 and 2008 respectively (Money Bills) have been declared constitutional and overruled the judgment passed by a single-member Lahore High Court bench in August 2011.

Further, in May 2014, the Honourable Peshawar High Court (PHC) held that the impugned levy of contribution introduced in the WWF Ordinance through Finance Acts, 1996 and 2009 lacks the essential mandate to be introduced and passed through a Money Bill under the constitution and, hence, the amendments made through the Finance Acts are declared as 'Ultra Vires'.

However, as a matter of abundant caution, with effect from July 01, 2013, the Fund has started making provision in respect of contribution to WWF prospectively. Accordingly, a provision for WWF amounting to Rs.4.357 million has been made in these financial statements. Had the provision not been made, the net asset value per unit of the Fund would have been higher by Re.0.16 (0.15%) per unit. (See note 15)

	June 30, 2014	June 30, 2013
	----- (Rupees) -----	
<b>14. ACCRUED AND OTHER LIABILITIES</b>		
Brokerage and settlement charges payable	28,902	31,406
Auditors' remuneration	333,831	253,000
Printing charges payable	64,305	55,000
Withholding and capital gains tax payable	30,373	20,571
	<u>457,411</u>	<u>359,977</u>

#### 15. CONTINGENCIES AND COMMITMENTS

##### 15.1 Contingencies

As disclosed in note 13, the Fund commenced making provision in respect of WWF with effect from July 01, 2013. The aggregate unrecognised amount of WWF upto June 30, 2013 amounted to Rs.17.029 million.

##### 15.2 Commitments

There are no commitments as at year end.

	June 30, 2014	June 30, 2013
	----- (Rupees) -----	
<b>16. FINANCE INCOME</b>		
Interest income on:		
<b>Investments classified as</b>		
<b>'at fair value through profit or loss' - held-for-trading</b>		
- Treasury bills	222,047,085	257,119,494
<b>Held to maturity</b>		
- Certificates of investment	3,034,158	7,870,733
- Commercial papers	374,272	23,125,460
- Letters of placement	13,424,319	12,005,960
- Term deposit receipts	15,404,040	6,075,543
<b>Others</b>		
- Bank deposits	12,903,212	6,744,569
	<u>267,187,086</u>	<u>312,941,759</u>

#### 17. FEDERAL EXCISE DUTY ON MANAGEMENT FEE

As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the services of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED results in double taxation, does not appear to be the spirit of the law. The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies and Central Depository Company of Pakistan Limited on behalf of schemes through a constitutional

petition filed in the Honourable Sindh High Court (SHC) during September 2013 which is pending adjudication. However, the SHC has issued a stay order against the recovery of FED. The Fund, as a matter of abundant caution, has charged FED and sales tax thereon in its financial statements with effect from June 13, 2013.

#### 18. AUDITORS' REMUNERATION

Audit fee	<b>242,000</b>	220,000
Review and other certifications	<b>127,050</b>	115,500
	<b>369,050</b>	335,500
Sales tax	<b>14,762</b>	-
Out of pocket expenses	<b>66,132</b>	30,313
	<b><u>449,944</u></b>	<b><u>365,813</u></b>

#### 19. TAXATION

The income of the Fund is exempt from income tax under Clause (99) of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001 (Clause 99) subject to the condition that not less than 90 percent of the accounting income for the year, as reduced by capital gains, whether realized or unrealized, is distributed amongst the unit holders. The Management Company has distributed not less than 90 percent of its annual accounting income to avail the tax exemption. Accordingly, no provision for current and deferred tax has been made in these financial statements.

<b>June 30, 2014</b>	June 30, 2013
----- (Rupees) -----	

#### 20. CASH AND CASH EQUIVALENTS

Bank balances	<b>131,219,740</b>	143,689,954
Treasury bills maturing within 3 months	<b>1,254,546,825</b>	1,292,076,113
Commercial papers maturing within 3 months	-	118,743,043
Certificates of Investment maturing within 3 months	<b>125,511,644</b>	115,156,667
Letters of placement maturing within 3 months	-	-
Term deposit receipts maturing within 3 months	-	-
	<b><u>1,511,278,209</u></b>	<b><u>1,669,665,777</u></b>

#### 21. TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include Alfalah GHP Investment Management Limited being the Management Company, GHP Arbitrium AG, Bank Alfalah Limited and MAB Investment Incorporated being associated companies of Management Company, directors and key management personnel of Alfalah GHP Investment Management Limited and Central Depository Company of Pakistan Limited (CDC) being the trustee of the Fund, and other associated companies and connected persons. The transactions with connected persons are in the normal course of business and at contractual rates.

Remuneration payable to the Management Company and the Trustee are determined in accordance with the provisions of Non-Banking Finance Companies and Notified Entities Regulations, 2008, and the Trust Deed respectively.

## 21.1 Unit Holders' Fund

	June 30, 2014									
	As at July 01, 2013	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	As at June 30, 2014	As at July 01, 2013	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	Net asset value as at June 30, 2014
	(Units)				(Rupees)					
<b>Associated companies / undertakings</b>										
Bank Alfalah Limited	-	4,974,327	191,331	-	5,165,658	-	500,000,000	19,250,755	-	521,302,749
Alfalah Insurance Company Ltd.	-	347,143	15,376	-	362,519	-	35,000,000	1,546,711	-	36,584,323
<b>Key Management Personnel</b>										
Employees	-	23,312	428	16,842	6,898	-	2,922,562	45,601	1,698,150	696,103
<b>Unit holder holding 10% or more units</b>										
Habib Metropolitan Bank Limited	3,243,922	2,212,824	257,459	3,052,261	2,661,944	328,603,803	223,000,000	25,857,090	308,044,655	268,635,386
Fauji Oil Terminal & Distribution Co. Ltd.	2,118,792	497,137	219,770	-	2,835,699	214,630,038	50,000,000	22,074,081	-	286,170,269

	June 30, 2013									
	As at July 01, 2012	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	As at June 30, 2013	As at July 01, 2012	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	Net asset value as at June 30, 2013
	(Units)				(Rupees)					
<b>Associated companies / undertakings</b>										
IGI Investment Bank Limited *	1,970,360	2,983,664	57,281	5,011,305	-	200,056,352	300,000,000	5,753,590	506,043,732	-
IGI Investment Bank Limited - Group Provident Fund *	25,202	-	2,445	-	27,647	2,558,855	-	245,987	-	2,800,640
IGI Finex Securities Limited *	-	-	-	-	-	-	-	-	-	-
IGI Funds Limited - Management Company *	342,652	1,095,683	21,269	1,459,604	-	34,790,477	110,591,477	2,136,126	147,513,547	-
IGI Funds Limited - Staff Provident Fund *	-	16,247	87	-	16,334	-	1,650,000	8,788	-	1,654,552
Packages Limited *	986,073	-	11,117	997,190	-	100,118,827	-	1,116,136	100,592,890	-
Packages Limited - Employees Gratuity Fund *	-	222,627	-	222,627	-	-	22,472,399	-	22,536,582	-
Packages Limited - Employees Provident Fund *	-	928,310	-	928,310	-	-	93,705,307	-	93,972,939	-
Packages Limited - Management Staff Pension Fund *	-	1,108,521	-	1,108,521	-	-	111,896,129	-	112,215,716	-
<b>Other related parties</b>										
Syed Babar Ali A/c Syedanwala Agricultural Farm *	498,873	-	48,403	-	547,276	50,652,071	-	4,869,270	-	55,438,161
<b>Directors</b>										
Syed Babar Ali - Group Chairman *	91,539	-	1,999	93,538	-	9,294,234	-	200,480	9,395,189	-
Khalid Yacob *	6,270	-	608	-	6,878	636,551	-	61,193	-	696,699
Adi Jehangir Cawasji *	61,470	91,277	3,462	59,630	96,579	6,241,212	9,241,011	348,123	6,000,000	9,783,299
<b>Unit holder holding 10% or more units</b>										
Pakistan Gum Industries (Pvt) Limited	-	5,248,890	256,783	1,682,415	3,823,258	-	530,010,000	25,856,291	170,000,000	387,289,485
Habib Metropolitan Bank Limited	3,279,422	2,967,983	264,154	3,267,637	3,243,922	332,969,184	300,000,000	26,573,648	330,000,000	328,603,803
Attock Cement Pakistan Limited	987,533	4,492,957	119,855	2,560,626	3,039,719	100,267,116	453,815,421	12,067,237	258,465,925	307,918,407

	June 30, 2014	June 30, 2013
	----- (Rupees) -----	
<b>21.2 Other transactions</b>		
<b>Associated companies / undertakings</b>		
<b>Alfaluh GHP Investment Management Limited - Management Company</b>		
Remuneration of the Management Company	<u>22,650,831</u>	<u>-</u>
Sales tax on management fee	<u>3,624,143</u>	<u>-</u>
Federal excise duty on management fee	<u>4,203,995</u>	<u>-</u>
<b>IGI Funds Limited - Former Management Company *</b>		
Remuneration of the Management Company	<u>-</u>	<u>24,692,929</u>
Sales tax on management fee	<u>-</u>	<u>3,974,324</u>
Federal excise duty on management fee	<u>-</u>	<u>146,603</u>
Sales load	<u>-</u>	<u>2,921</u>
<b>IGI Income Fund - (Common Management)</b>		
Treasury bills - purchased	<u>-</u>	<u>73,555,094</u>
Treasury bills - sold	<u>-</u>	<u>88,538,280</u>
<b>Alfaluh GHP Income Multiplier Fund - (Common Management)</b>		
Treasury bills - purchased	<u>14,975,745</u>	<u>54,420,740</u>
<b>Alfaluh GHP Cash Fund - (Common Management)</b>		
Treasury bills - purchased	<u>181,689,045</u>	<u>-</u>
Treasury bills - sold	<u>73,910,995</u>	<u>-</u>
<b>Bank Alfalah Limited</b>		
Profit on bank deposits	<u>4,574,881</u>	<u>361,835</u>
Treasury bills - purchased	<u>3,147,525,900</u>	<u>1,065,154,720</u>
Treasury bills - sold	<u>676,314,710</u>	<u>-</u>
Bank charges	<u>23,902</u>	<u>9,794</u>
<b>Other related parties</b>		
<b>Central Depository Company of Pakistan Limited - (Trustee of the Fund)</b>		
Remuneration of the Trustee	<u>2,865,118</u>	<u>3,382,872</u>
<b>21.3 Other balances</b>		
<b>Associated companies / undertakings</b>		
<b>Alfaluh GHP Investment Management Limited - Management Company</b>		
Remuneration payable to the Management Company	<u>1,778,166</u>	<u>-</u>
Sales tax payable on management fees	<u>189,689</u>	<u>-</u>
Federal excise duty payable on management fee	<u>4,350,598</u>	<u>-</u>
Sales load payable	<u>-</u>	<u>-</u>
<b>IGI Funds Limited - Former Management Company *</b>		
Remuneration payable to the Management Company	<u>-</u>	<u>1,612,237</u>
Sales tax payable on management fees	<u>-</u>	<u>281,415</u>
Federal excise duty payable on management fee	<u>-</u>	<u>146,603</u>
Sales load payable	<u>-</u>	<u>99</u>
<b>Bank Alfalah Limited</b>		
Bank balance	<u>113,903,557</u>	<u>103,040</u>
Profit receivable	<u>855,744</u>	<u>-</u>
<b>Other related parties</b>		
<b>Central Depository Company of Pakistan Limited - (Trustee of the Fund)</b>		
Remuneration payable to the Trustee	<u>219,898</u>	<u>212,837</u>

- \* As more fully explained in note 1, the management rights of the Fund were transferred from the Former Management Company to the Management Company during the year. As a result, the entities that were identified as related parties, associated companies / undertakings and connected persons as at June 30, 2013, ceased to be the same with effect from October 15, 2013.

## **22. FINANCIAL RISK MANAGEMENT**

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up based on limits established by the Management Company, the Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the Management Company supervise the overall risk management approach within the Fund. The Fund has exposure to following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by Board of Directors and Audit Committee regularly to reflect changes in market conditions and the Fund's activities.

The Fund primarily invests in a portfolio of money market investments such as investment-grade debt securities, secured privately placed instruments, spread transactions and investments in other money market instruments (including the clean placements). Such investments are subject to varying degrees of risk.

The management of the risks as stated above is carried out by the Investment Committee (IC) under policies approved by the Board of Directors of the Management Company. The IC is constituted and approved by the Board of Directors of the Management Company. The Investment Committee is responsible to devise the investment strategy and manage the investment portfolio of the Fund in accordance with limits prescribed in the NBFC Regulations, offering document of the Fund in addition to Fund's internal risk management policies.

### **22.1 Credit risk**

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. The Fund is exposed to credit risk on bank balances, investments and interest receivable on bank deposits. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system etc.

#### **Management of credit risk**

The Fund's policy is to enter into financial contracts with reputable counterparties in accordance with the internal risk management policies and investment guidelines approved by the Board of Directors. The IC closely monitors the creditworthiness of the Fund's counterparties (e.g., issuer of the instruments, brokers, banks, etc.) by reviewing their credit ratings, financial statements and press releases on a regular basis. In addition the credit risk is also minimized due to the fact that the Fund only invests in the high quality financial assets, majority of which have been rated by a reputable rating agency. All transactions in debt securities are settled / paid upon delivery. The risk of default in such transactions is considered minimal, as delivery of securities is guaranteed by reputable brokers or the transactions are carried out with counter parties of high reputation. Further, bank accounts are held only with reputable banks.

### Exposure to credit risk

The table below analyses the Fund's maximum exposure to credit risk. The maximum exposure is shown gross, before the effect of mitigation through the use of collateral agreements at reporting date:

	Carrying amount	
	June 30, 2014	June 30, 2013
	----- (Rupees) -----	
Bank balances	<b>131,219,740</b>	143,689,954
Investments classified as held to maturity	<b>125,511,644</b>	233,899,710
Interest receivable on bank deposits	<b>1,028,275</b>	303,317
	<b><u>257,759,659</u></b>	<u>377,892,981</u>

### Credit quality of bank balances

Details of credit rating of banks holding balances / deposits (including mark-up / return receivable thereon) are as follows:

Name of Bank	Rating	June 30, 2014	June 30, 2013
		----- (%) -----	
Allied Bank Limited	<b>A1+/AA+</b>	<b>0.53</b>	99.88
Bank Alfalah Limited	<b>A1+/AA</b>	<b>87.29</b>	0.07
Bank Al-Habib Limited	<b>A1+/AA+</b>	<b>0.01</b>	-
MCB Bank Limited	<b>A1+/AAA</b>	<b>0.06</b>	0.02
Habib Bank Limited	<b>A1+/AAA</b>	<b>12.11</b>	0.02
Habib Metropolitan Bank Limited	<b>A1+/AA+</b>	-	0.01
		<b><u>100.00</u></b>	<u>100.00</u>

### Credit quality of held-for-trading investments

Investment in government securities i.e. treasury bills are not exposed to credit risks.

Credit quality of Held to Maturity (HTM) investments

	June 30, 2014		June 30, 2013	
	Amount of credit exposure -- (Rupees) --	% of HTM investments	Amount of trading exposure -- (Rupees) --	% of HTM investments
<b>Rating</b>				
Held to maturity investment neither past due nor impaired AA+ / A1+	<u>271,880,196</u>	<u>100%</u>	<u>233,899,710</u>	<u>100%</u>
	<u>271,880,196</u>	<u>100%</u>	<u>233,899,710</u>	<u>100%</u>

#### **Credit quality of interest receivable on bank deposits**

Interest income receivable on bank deposits was received subsequent to the year end.

#### **Concentration of the credit risk**

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. Despite the high concentration of credit risk as stated above, the Fund has entered into transactions with credit worthy counterparties thereby mitigating any significant risk due to concentration of credit risk.

## **22.2 Liquidity risk**

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the unit holders' option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive documents.

#### **Management of liquidity risk**

The Fund's policy is to manage this risk by investing in deposit accounts, short term money market placements or in investments that are traded in an active market and can be readily disposed. As a result, the Fund may be able to liquidate quickly its investments in these instruments at an amount approximate to their fair value to meet its liquidity requirements.

The Fund has the ability to borrow, with prior approval of Trustee, for meeting redemption. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of net assets at the time of borrowing with repayment within 90 days of such borrowings.

#### **Maturity analysis for financial liabilities**

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the statement of assets and liabilities date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

The maturity profile of the Fund's liabilities based on contractual maturities is given below:



	June 30, 2014			
	Carrying amount and contractual cash flows	Less than a month	More than one month and upto three months	More than three months and upto one year
<b>Financial liabilities</b>	----- (Rupees) -----			
Payable to the Management Company	1,778,166	1,778,166	-	-
Remuneration payable to the Trustee	219,898	219,898	-	-
Amount payable on redemption of units	56,490	56,490	-	-
Accrued and other liabilities	427,038	28,902	398,136	-
	<u>2,481,592</u>	<u>2,083,456</u>	<u>398,136</u>	<u>-</u>

	June 30, 2013			
	Carrying amount and contractual cash flows	Less than a month	More than one month and upto three months	More than three months and upto one year
<b>Financial liabilities</b>	----- (Rupees) -----			
Payable to the Management Company	1,612,336	1,612,336	-	-
Remuneration payable to the Trustee	212,837	212,837	-	-
Amount payable on redemption of units	513,085	513,085	-	-
Accrued and other liabilities	339,406	31,406	308,000	-
	<u>2,677,664</u>	<u>2,369,664</u>	<u>308,000</u>	<u>-</u>

Above financial liabilities do not carry any mark-up.

### 22.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk (equity price risk). The Fund is exposed to interest rate risk only.

#### Management of market risk

The risk is managed by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board of Directors and regulations laid down by SECP.

#### Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial instruments and future cash flows. The interest rate environment is monitored on a regular basis and the portfolio of fixed rate securities is altered. The Fund's investment in fixed interest rate securities expose to its fair value interest rate risk. The Fund currently has no variable interest rate instruments.

At year end, details of the interest rate profile of the Fund's interest bearing financial instruments are as follows:

	June 30, 2014	June 30, 2013
	----- (Rupees) -----	
<b>Fixed rate instruments</b>		
Bank balances	<b>131,219,740</b>	143,689,954
Treasury bills	<b>2,425,558,659</b>	2,093,125,455
Certificates of investment	<b>125,511,644</b>	115,156,667
Commercial papers	-	118,743,043
Letters of placement	-	-
Term deposit receipt	<b>146,368,552</b>	-
	<b><u>2,828,658,595</u></b>	<b><u>2,470,715,119</u></b>

#### Fair value sensitivity analysis for fixed rate instruments

In case of 100 basis points increase / decrease in interest rates on year end, the net assets attributable to unit holders of the Fund and net income for the year would have been lower / higher by Rs.28.97 million (June 30, 2013: Rs.25.077 million). This analysis assumes that all other variables remain constant. The analysis for year ended June 30, 2013 is performed on the same basis.

#### 22.4 Unit Holders' Fund risk management

The Fund is open end collective investment scheme. The unit holders' fund of open end schemes is represented by net assets attributable to unit holders. The risk in case of an open end scheme is the risk that the amount of net assets attributable to unit holders can change significantly on daily basis as the Fund is subject to daily issuance and redemption of Units at the discretion of the unit holders and occurrence of the unexpected losses in investment portfolio which may causes adverse effects on the Fund's continuation as going concern.

The Fund's objective when managing net assets attributable to unit holders is to safe guard the Fund's ability to continue as going concern so that it can continue to provide optimum returns to its unit holders and to ensure reasonable safety of Unit Holders' Fund. In order to maintain or adjust the unit holder fund structure, the Fund performs the following:

- Monitors the level of daily issuance and redemptions relative to liquid assets;
- Redeems and issues unit in accordance with the constitutive documents of the Fund, which include the ability to restrict redemptions as allowed under rules and regulations; and
- Monitors portfolio allocations and return on net assets and where required make necessary adjustments in portfolio allocations in light of changes in market conditions.

The Fund Manager / IC members and the Chief Executive of the Management Company critically monitor capital of the Fund on the basis of the value of net assets attributable to the unit holders and track the movement of "Assets under Management" as well returns earned on the net assets to maintain investors confidence and achieve future growth in business. Further the Board of Directors is updated about the Fund yield and movement of net asset value and total size at the end of each quarter.

In accordance with the NBFC Regulations, the Fund is required to distribute at least ninety percent of its income from sources other than capital gain as reduced by such expenses as are chargeable to the Fund.

Under the NBFC regulations 2008, the minimum size of an open end scheme shall be one hundred million rupees at all the times during the life of the scheme.

## 22.5 Fair value hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted prices in active markets for identical assets.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at June 30, 2014, the Fund held the following financial instruments which were measured at fair value:

	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
<b>Investments classified as 'at fair value through profit or loss' - held-for-trading</b>				
Government securities				
- Treasury bills	<u>-</u>	<u>2,425,558,659</u>	<u>-</u>	<u>2,425,558,659</u>

As at June 30, 2013, the Fund held the following financial instruments which were measured at fair value:

	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
<b>Investments classified as 'at fair value through profit or loss' - held-for-trading</b>				
Government securities				
- Treasury bills	<u>-</u>	<u>2,093,125,455</u>	<u>-</u>	<u>2,093,125,455</u>

During the year ended June 30, 2014, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements.

## 22.6 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book values as the items are short-term in nature.

**23. SUPPLEMENTARY NON FINANCIAL INFORMATION**

The information regarding unit holding pattern of the Fund, top ten brokers of the Fund, members of the Investment Committee, fund manager and meetings of the Board of Directors, as required under Schedule V of the NBFC Regulations has been disclosed in Annexure I to the financial statements.

**24. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by Board of Directors of the Management Company on August 27, 2014.

**25. GENERAL**

Figures are rounded off to the nearest rupee.

**For Alfalah GHP Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

## SUPPLEMENTARY NON FINANCIAL INFORMATION

AS REQUIRED UNDER SECTION 6(D), (F), (G), (H), (I), AND (J)  
OF THE FIFTH SCHEDULE TO THE

NON BANKING FINANCE COMPANIES AND NOTIFIED ENTITIES REGULATIONS, 2008

### (i) UNIT HOLDING PATTERN OF THE FUND

Category	As at 30 June 2014			
	Number of unit holders	Number of units held	Amount Rupees	% of total
	2	5,528,177	557,887,072	4%
Associated Companies	3	6,132,263	618,849,563	12%
Banks/ DFIs	-	-	-	0%
Director	53	1,599,254	161,391,871	8%
Individual	5	1,145,284	115,578,612	5%
Insurance Companies	1	496,019	50,056,717	0%
NBFCs	23	11,086,229	1,118,790,036	27%
Other Corporate	4	1,613,329	162,812,333	17%
Others	6	308,527	31,135,592	27%
Retirement Funds				
	<b>97</b>	<b>27,909,082</b>	<b>2,816,501,795</b>	<b>100%</b>

Category	As at 30 June 2013			
	Number of unit holders	Number of units held	Amount Rupees	% of total
	66	1,585,440	160,602,362	7%
Individuals	4	598,135	60,590,048	2%
Associated Co./ Directors	6	780,039	79,016,651	3%
Insurance Co.	2	4,746,761	480,838,826	19%
Banks/ DFIs	-	-	-	0%
NBFC/ NBFi	8	1,031,617	104,501,019	4%
Retirement & Other Funds	24	15,605,050	1,580,764,926	64%
Others				
	<b>110</b>	<b>24,347,042</b>	<b>2,466,313,832</b>	<b>100%</b>

**(ii) TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID**

	<b>30 June 2014</b>	<b>30 June 2013</b>
Arif Habib Limited	<b>0.40%</b>	0.00%
BMA Capital Management	<b>6.97%</b>	9.00%
Global Securities Pakistan Limited	<b>3.67%</b>	1.00%
ICON Securities	<b>10.45%</b>	19.00%
Invest & Finance Securities	<b>13.39%</b>	10.00%
Invest Capital Markets	<b>8.39%</b>	0.00%
Invest One Markets	<b>17.51%</b>	35.00%
JS Global Capital Ltd	<b>11.00%</b>	13.00%
KASB Securities	<b>2.70%</b>	4.00%
Magenta Capital	<b>0.27%</b>	0.00%
Pearl Securities	<b>0.60%</b>	0.00%
Summit Capital	<b>16.81%</b>	8.00%
Vector capital	<b>7.84%</b>	1.00%
	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>

**(iii) PARTICULARS OF MEMBERS OF THE INVESTMENT COMMITTEE**

**Following are the members of the Investment Committee of the Fund:**

Maheen Rahman  
Ather Husain Medina  
Noman Soomro  
Shariq Mukhtar Hashmi  
Muddasir Ahmed Shaikh  
Nabeel Malik  
Imran Altaf

**Maheen Rahman – CEO**

Maheen Rahman has over ten years of experience in the financial services industry. Prior to joining Alfalah GHP Investment Management Limited she was Head of Business Development at IGI Securities the brokerage arm of IGI Financial Services. She has also served as Head of Research for BMA Capital Management where she spearheaded the research effort to provide sound and in depth investment advice across all capital markets to a wide range of corporate and institutional clients. Ms Rahman has also worked with Merrill Lynch in their Investment Banking Group and was a key team member for several high profile international transactions that spanned the Asia Pacific region and North America. She has also worked with ABN Amro Bank in Corporate Finance and M&A Advisory and was involved in a series of equity raising and IPO activity across south-east Asia.

**Ather Husain Medina**

Mr. Medina, a qualified professional with extensive work experience of over 20 years in the financial sector is serving Alfalah GHP Investment Management Ltd. as Chief Investment Officer. Prior to joining the company he was associated with Invest Capital Investment Bank Ltd. as Head of Business Development and Atlas Asset Management as Chief Investment Officer. He has also worked with some other leading organizations which include National Investment Trust where he was heading the Research team, and SG Securities (HK) Holdings Ltd. and Indosuez W.I Carr Securities Pakistan in the Investment Research area. His expertise includes the banking sector of Pakistan as well, in which he worked at two leading commercial banks, Habib Bank Ltd. and MCB Bank Ltd. By qualification Mr. Medina is an MBA from the Institute of Business Administration (IBA), Karachi and holds a Computer Science degree from National University of Computer and Emerging Sciences (FAST-NU), Karachi.

### **Noman Soomro**

Mr. Soomro is a qualified Chartered Accountant from the Institute of Chartered Accountant of Pakistan (ICAP). Prior to joining Alfalah GHP Investment Management Limited, he was Chief Financial Officer & Company Secretary of HBL Asset Management Limited for seven years. During his tenor as CFO, he was responsible for all financial and fiscal management aspects of Company operations and Mutual Funds/Pension Schemes under management of the Company. The job also included providing leadership and coordination in the administrative, business planning, strategy, accounting, taxation and budgeting efforts of the Company. Before HBL Asset Management Limited, he was working at A F Ferguson Chartered Accountants; a member firm of PricewaterhouseCoopers (PwC). During his five years at A.F Ferguson with the Assurance and Business Advisory Services of the firm, he conducted audits of major financial institutions of Pakistan including local and foreign commercial banks, mutual funds, modarbas, housing finance company and leasing companies. He was also a key member of the team which conducted pre-acquisition Financial and Taxation Due Diligence Review of a commercial bank in Pakistan. Mr. Soomro has also conducted Internal Audit reviews of a large commercial bank and a foreign bank, where the responsibilities included reporting on effectiveness and efficiency of internal audit department, and independent reporting on internal control weaknesses.”

### **Shariq Mukhtar Hashmi**

Mr. Hashmi holds a diversified experience of over 11 years with various private sector enterprises of repute. He joined IGI Funds Limited (which subsequently merged into Alfalah GHP Investment Management Limited in Oct. 2013) in 2010 to lead the back office function as Head of Operations & Settlements. His association has continued, post-merger, as Head of Compliance & Risk Management. He has previously served National Asset Management Company as Head of Internal Audit and Feroze Sharif Tariq & Co Chartered Accountants in various capacities. He has also headed the Internal Audit Department of the Company. Mr. Hashmi is a qualified Accountant from the Association of Chartered Certified Accountants, UK and holds MBA degree in Finance from SZABIST University. He is also enrolled for Financial Risk Manager Certification of Global Association of Risk Professionals; USA.

### **Muddasir Ahmed Shaikh**

Mr. Muddasir has more than 10 years of experience in Investment Management & Equity Research. During his career, he has served a number of public and private institutions of repute. Prior to joining IGI Funds Limited, he has been associated with Atlas Asset Management Limited, National Investment Trust Limited, and JS Investments Limited (Formerly JS Abamco Ltd.). Mr. Muddasir holds a Masters degree in Business Administration from Institute of Business Administration, Karachi.

### **Nabeel Malik**

Mr. Nabeel Malik brings with him a rich and diversified experience in the field of fund management and fixed income trading/facilitation. Before becoming a part of IGI Funds’ team, he was associated with Pak-Oman Asset Management Co, heading its Fixed Income Fund Management Dept. where he proficiently handled money market trading, liquidity and funds management contributing positively towards bottom line profitability. His diverse experience in the field of finance includes names like Pak-Kuwait Investment Co, Orix Investment Bank, KASB Securities, and Mobilink GSM.

### **Imran Altaf**

Mr. Altaf has over six years of experience in Investment Valuation, Financial Research and Portfolio Management. Before joining Alfalah GHP Investment Management as a portfolio manager, he was associated with Faysal Asset Management as a fixed income portfolio manager over 2012 to 2014. He was previously affiliated with Faysal Bank Limited and its Equity Capital Market (ECM) division from 2010 to 2012 in the capacity of an investment analyst. Mr. Altaf is a CFA Charter holder and has an MBA Degree from SZABIST University.

#### **(iv) ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS**

The 54th, 55th, 56th, 57th, 58th, 59th, 60th, 61st Board Meetings were held on 12 Aug 2013, 08 Oct 2013, 04 Dec 2013, 27 Feb 2014, 02 Apr 2014, 24 Apr 2014 and 30 June 2014 respectively.

Name of Director	Number of Meetings			
	Total	Attended	Leave Granted	Meeting not attended
Syed Ali Sultan	8	7	1	1
Mr. Amin Dawood Saleh	8	8	0	0
Mr. Kashif Abdur Rahman	4	3	1	1
Mr .David Burlison	8	6	2	2
Mr. Suleman Hudda	4	0	4	4
Mr. Hanspeter Beier	8	4	4	4
Mr. Abdul Aziz Anis	2	2	0	0
Ms. Maheen Rahman	6	6	0	0
Mr. Abid Naqvi	4	4	0	0
Mr. Asif Saad	4	2	2	2

#### PERFORMANCE TABLE - IGI MMF - Annexure A

	30 June 2014	30 June 2013	30 June 2012	30 June 2011	30 June 2010
	----- (Rupees in '000) -----				
Net Assets	<u>2,816,502</u>	<u>2,466,313</u>	<u>2,901,171</u>	<u>2,694,680</u>	<u>816,490</u>
NAV per unit	<u>100.9170</u>	<u>101.2983</u>	<u>101.5329</u>	<u>101.7529</u>	<u>100.9946</u>
Selling price per unit	<u>102.2749</u>	<u>102.3113</u>	<u>102.5482</u>	<u>102.7704</u>	<u>100.9946</u>
Redemption price per unit	<u>100.9170</u>	<u>101.2983</u>	<u>101.5329</u>	<u>101.7529</u>	<u>100.9946</u>
Highest selling price per unit	<u>102.7432</u>	<u>102.7688</u>	<u>103.0854</u>	<u>103.4317</u>	<u>100.9946</u>
Highest redemption price per unit	<u>101.3790</u>	<u>101.7513</u>	<u>102.0648</u>	<u>103.4317</u>	<u>100.9946</u>
Lowest selling price per unit	<u>101.4101</u>	<u>101.2403</u>	<u>101.1161</u>	<u>100.0298</u>	<u>100.0264</u>
Lowest redemption price per unit	<u>100.4060</u>	<u>100.2379</u>	<u>100.1150</u>	<u>100.0298</u>	<u>100.0264</u>
Total interim distribution per unit	<u>7.4065</u>	<u>8.2188</u>	<u>9.9866</u>	<u>9.6865</u>	<u>Nil</u>
Interim distribution date	<u>3-Aug-13</u>	<u>27-Jul-12</u>	<u>29-Jul-11</u>	<u>1-Oct-10</u>	<u>N/A</u>
	<u>1-Sep-13</u>	<u>29-Aug-12</u>	<u>29-Aug-11</u>	<u>29-Dec-10</u>	<u>N/A</u>
	<u>28-Sep-13</u>	<u>26-Sep-12</u>	<u>29-Sep-11</u>	<u>28-Mar-11</u>	<u>N/A</u>
	<u>10-Nov-13</u>	<u>25-Oct-12</u>	<u>28-Oct-11</u>	<u>28-Apr-11</u>	<u>N/A</u>
	<u>30-Nov-13</u>	<u>28-Nov-12</u>	<u>29-Nov-11</u>	<u>29-May-11</u>	<u>N/A</u>
	<u>27-Dec-13</u>	<u>31-Dec-12</u>	<u>29-Dec-11</u>	<u>N/A</u>	<u>N/A</u>
	<u>6-Feb-14</u>	<u>29-Jan-13</u>	<u>30-Jan-12</u>	<u>N/A</u>	<u>N/A</u>
	<u>8-Mar-14</u>	<u>27-Feb-13</u>	<u>27-Feb-12</u>	<u>N/A</u>	<u>N/A</u>
	<u>5-Apr-14</u>	<u>27-Mar-13</u>	<u>28-Mar-12</u>	<u>N/A</u>	<u>N/A</u>
	<u>5-May-14</u>	<u>27-Apr-13</u>	<u>27-Apr-12</u>	<u>N/A</u>	<u>N/A</u>
	<u>5-Jun-14</u>	<u>31-May-13</u>	<u>28-May-12</u>	<u>N/A</u>	<u>N/A</u>
	<u>30-Jun-14</u>	<u>27-Jun-13</u>	<u>28-Jun-12</u>	<u>N/A</u>	<u>N/A</u>
Final distribution per unit	<u>Nil</u>	<u>0.89</u>	<u>1.13</u>	<u>1.524</u>	<u>0.9648</u>
Final distribution date	<u>N/A</u>	<u>4-Jul-13</u>	<u>5-Jul-12</u>	<u>5-Jul-11</u>	<u>2-Jul-10</u>
Annualized returns %	<u>8.22%</u>	<u>9.45%</u>	<u>11.79%</u>	<u>11.89%</u>	<u>11.21%</u>
Income distribution %	<u>7.31%</u>	<u>10.63%</u>	<u>9.11%</u>	<u>11.21%</u>	<u>10.86%</u>
Weighted avg. portfolio duration (Days)	<u>63 Days</u>	<u>79 Days</u>	<u>38 Days</u>	<u>52 Days</u>	<u>54 Days</u>

Return since inception is **12.11%**

The past performance is not necessarily indicative of future performance and that units prices and investment returns may go down, as well as up.