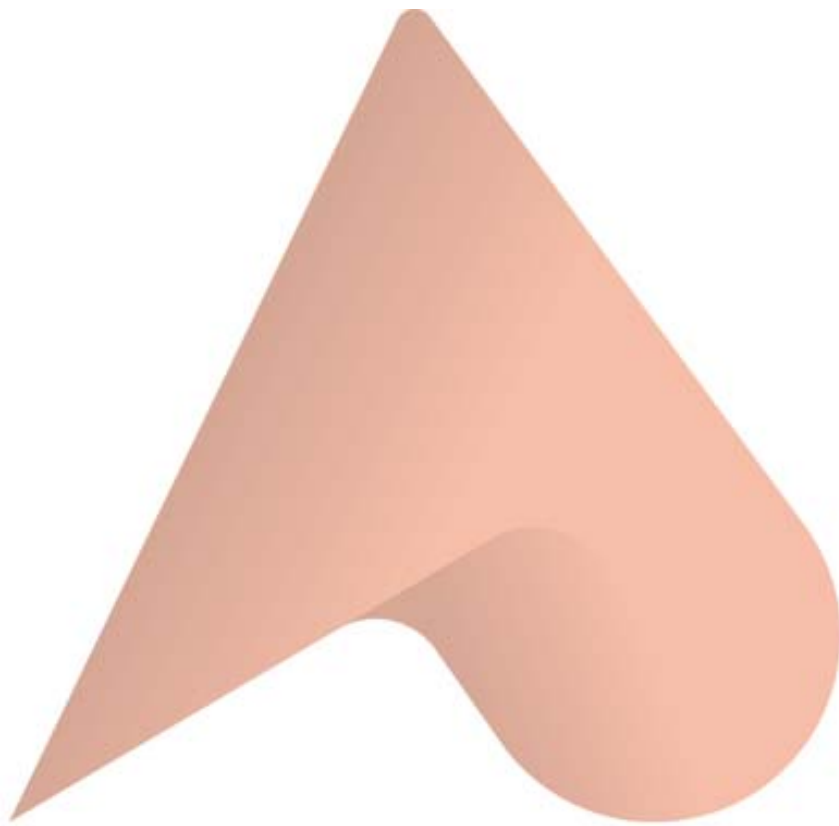


# **ALFALAH INVESTMENTS**



## **Annual Report 2017**

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## DIRECTORS' REPORT TO THE PARTICIPANT FOR THE YEAR ENDED JUNE 30, 2017

On behalf of the Board of Directors, I am pleased to present the Financial Statements of **Alfalah GHP Pension Fund (AGPF)**, **Alfalah GHP Islamic Pension Fund (AGIPF)** for the year ended June 30, 2017.

### Economy Overview

Pakistan has witnessed strong economic growth during the past year, on the back of successful-concluded IMF stabilization program. GDP growth was 5.3% for FY-17, up from 4.5% a year earlier. For the first time, Pakistan's GDP has crossed the USD300bn mark and taken per capita income to USD1,400. Growth has been driven by a recovery in Large Scale Manufacturing (up 4.9%) and the agricultural sector (up 3.0%). However, on the external front, current account deficit (CAD) for FY17 reached USD 12.1 bn (or ~4% of the GDP) compared to USD 4.6 bn a year earlier, up 130% YoY. Deterioration of the current account is mainly due to trade deficit that reached USD 30.4 bn, wherein, imports increased to USD 57.6 bn and exports dropped to USD 27.1 bn. The widening CAD coupled with external debt servicing drove foreign reserves down to USD 21.4 bn. However, the SBP has managed to keep a stable PKR/USD parity throughout the year.

On financial front, the budget deficit for 9MFY17 stood at PKR 1.24 trillion which translates into 3.7% of the GDP. However, as the final year of the current government progresses over FY18, political noise has considerably exacerbated and a smooth transition into the next elections will be key in determining the pace of structural reform and ongoing economic projects including CPEC. Further, external factors such as oil prices will also play a key role in monetary outlook for next year.

### Equity Market Review

KSE-100 gave a return of 23.24% in FY17 as compared to 9.84% return in FY16. Low crude oil prices, low inflation outlook (4.2%), and gradual resolution in energy crisis were major drivers for the stock market performance. The SBP maintained the discount rate at historic low levels during the year encouraging construction and manufacturing companies to begin expansions to cater to increasing demand. Additionally, corporate results have been on an uptick for those in the consumer and manufacturing space. The major stock market sectors which contributed to the 23.24% return performance during the year were i) Commercial Banks (6.94%), ii) Oil and Gas (3.95%), iii) Construction and Materials (2.80%) and iv) Automobile and Parts (1.99%).

During the year under review, Pakistan was reclassified into the MSCI Emerging Market Index representing an upgrade from the Frontier Market with effect from June 1, 2017. This reclassification announced in 2016 provided significant impetus to the stock market which culminated in an all-time intraday high level on the KSE100 benchmark Index of 53,124 in May 2017. However, the positive sentiment could not sustain due to political uncertainty, unfavorable taxation changes in the Federal Budget related to the stock market and increasingly apparent pressure on USD/PKR parity due to a widening external account position. As a result, the KSE-100 index declined by -7.7% during the month of June 2017 and closed the year at 46,565 points.

Activity in KSE-ALL index remained robust as shares traded averaged at 350mn shares in FY17 as compared to 208mn shares in FY16. Average value traded amounted to Rs 11.03 bn in FY17 as compared to Rs 7.68 bn in the previous year, hitting an all-time high of Rs 50 bn on May 31, 2017.

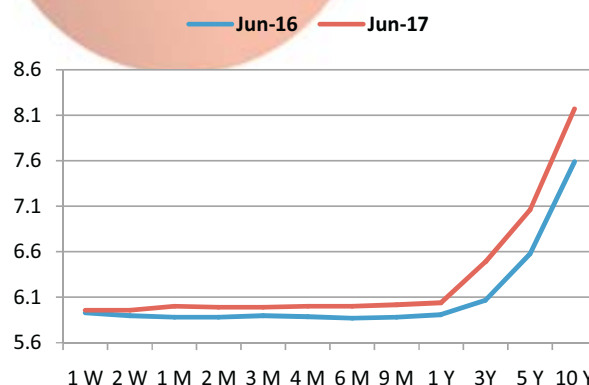
### Money Market

Inflation for FY17 averaged at 4.15% against 2.86% reported during FY16. It is expected that inflation has now approached a more sustainable level. The State Bank of Pakistan (SBP) has resultantly kept interest rates steady with the key policy rate currently at 5.75%.

The yield curve during the year under review has rationalized as the yields on 3, 5 and 10 year bonds had increased by 42, 48 and 58 bps respectively indicating a bottoming out of interest rates. Meanwhile, yields on 3-months, 6-months and 12-months Treasury bills rose by 9, 13 and 13 bps respectively during the year. A higher YoY average inflation led to a correction in the overall yield curve and therefore the spread of longer term bonds over the discount rate adjusted itself for a more stable interest rate regime.

During the year, the SBP raised Rs778 billion through PIBs against the target of Rs800 billion with participation seen mainly in the three year tenor. Through T-bills, Rs7.1 trillion was raised compared to the cumulative target of Rs7.2 trillion with participation skewed towards the 3 and 6 month tenors.

During the latter half of FY17, the federal government raised Rs71 billion through IjaraSukuk auction against the participation of Rs167 billion in order to finance the fiscal deficit and to facilitate the Islamic banking industry by providing investment avenues.

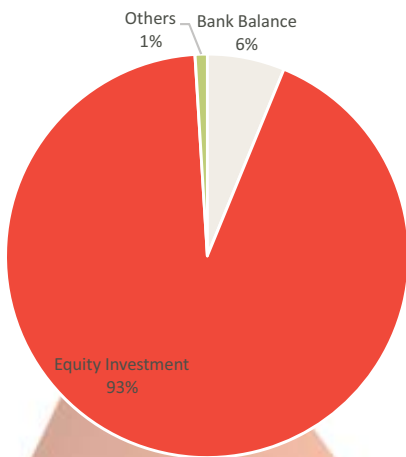


Overall liquidity in the interbank market was adequate throughout the year with stability in rates expected to continue over the immediate six month period.

**Alfalah GHP Pension Fund- Equity:**

The fund generated a since inception return of -6.16%.

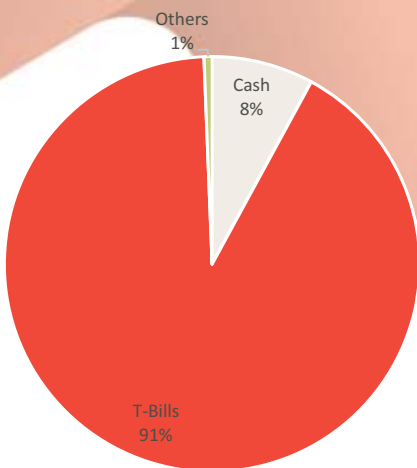
Asset Allocation  
(As at 30 June, 2017)



**Alfalah GHP Pension Fund- Debt:**

The fund generated a since inception return of 3.74%.

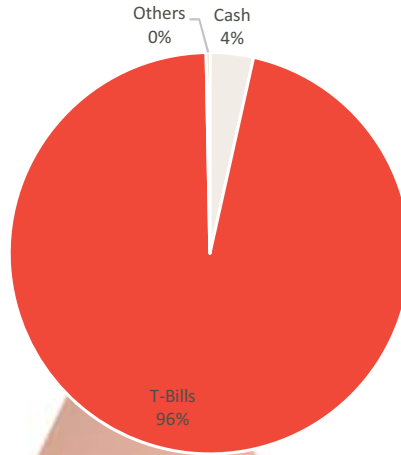
Asset Allocation  
(As at 30 June, 2017)



**Alfaluh GHP Pension Fund- Money Market:**

The fund generated a since inception return of 3.85%.

**Asset Allocation  
(As at 30 June, 2017)**

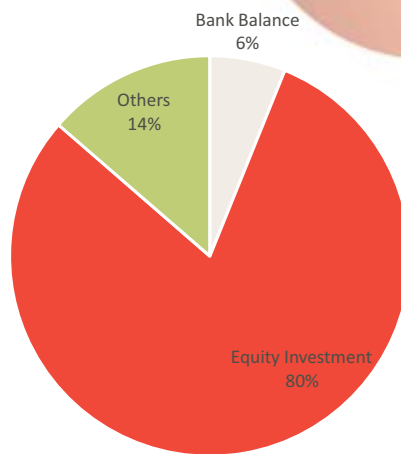


Description	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund
	For the year ended June 30 ,2017		
Gross income	-1.42	1.10	1.08
Total Comprehensive Income	-1.98	0.56	0.57
Net Assets Value per Unit (PKR)	93.8444	101.8344	101.8882
Issuance of units during the period	33.55	31.50	30.00
Redemption of units during the period	-	-	-

**Alfaluh GHP Islamic Pension Fund- Equity:**

The fund generated a since inception return of -2.75%.

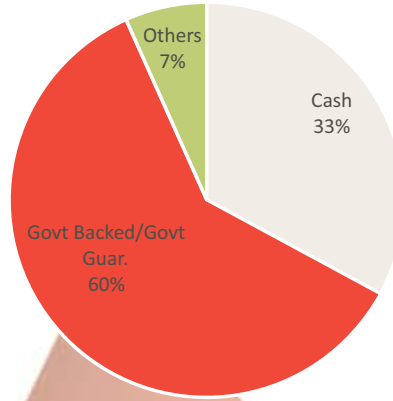
**Asset Allocation  
(As at 30 June, 2017)**



**Alfalah GHP Islamic Pension Fund- Debt:**

The fund generated a since inception return of 3.56%.

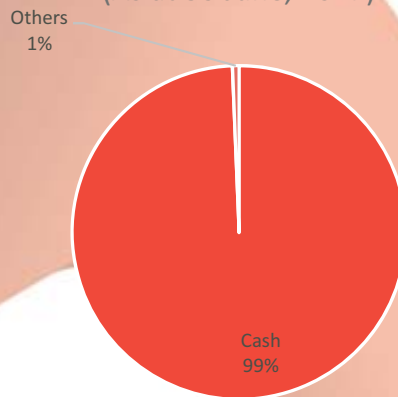
**Asset Allocation  
(As at 30 June, 2017)**



**Alfalah GHP Islamic Pension Fund- Money Market:**

The fund generated a since inception return of 2.89%.

**Asset Allocation  
(As at 30 June, 2017)**



Description	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund
	For the year ended June 30 ,2017		
Gross income	-0.39	1.05	0.93
Total Comprehensive Income	-0.93	0.53	0.43
Net Assets Value per Unit (PKR)	97.2487	101.7472	101.4180
Issuance of units during the period	36.29	32.61	30.00
Redemption of units during the period	0.20	-	-

**Future Outlook**

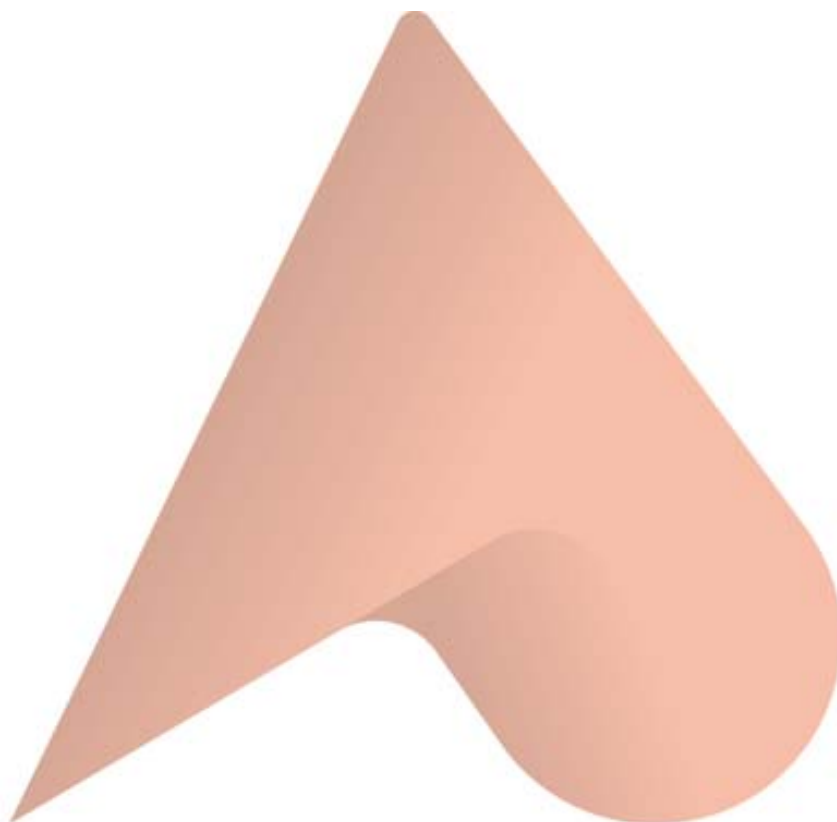
Going forward, the Fund will maintain high exposure in the market and continue to identify best stocks in key sectors. The healthy earnings growth, inclusion in MSC EM index, increasing depth, rising investor confidence in policymakers' ability to deal with economic troubles and attractive valuations on regional comparison will bid well for equities in the long term. With these factors in play, the index will most likely see new highs during the fiscal year.

**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 behalf of the Board**

Chief Executive Officer  
August 23, 2017





**Alfalah  
GHP Pension Fund**



## CORPORATE INFORMATION

<b>Management Company:</b>	<b>Alfalah GHP Investment Management Limited</b> 8-B, 8th Floor, Executive Tower, Dolmen City, Block-4, Clifton, Karachi.
<b>Board of Directors of the Management Company:</b>	<b>Ms.Maheen Rahman</b> <b>Syed Ali Sultan</b> <b>Mr.Hanspeter Beier</b> <b>Mr.Amin Dawood Saleh</b> <b>Mr.Abid Naqvi</b> <b>Mr. Tufail Jawed Ahmad</b> <b>Mr. Adeel Bajwa</b>
<b>Audit Committee:</b>	<b>Mr. Abid Naqvi</b> <b>Syed Ali Sultan</b> <b>Mr. Amin Dawood Saleh</b>
<b>HR Committee:</b>	<b>Syed Ali Sultan</b> <b>Mr. Tufail Jawed Ahmed</b> <b>Ms. Maheen Rahman</b>
<b>Chief Operating Officer and Company Secretary :</b>	<b>Mr. Noman Ahmed Soomro</b>
<b>Chief Financial Officer:</b>	<b>Mr. Muhammad Shehzad Dhedhi</b>
<b>Trustee:</b>	<b>Central Depository Company of Pakistan Limited</b> CDC House, 99-B, Block 'B',SMCHS, Main Share-e-Faisal,Karachi
<b>Bankers to the Fund:</b>	<b>Bank Alfalah Limited</b>
<b>Auditors:</b>	<b>A.F. Ferguson &amp; Co.</b> Chartered Accountants State Life Building No. 1-C I.I. Chundrigar Road, P.O.Box 4716 Karachi, Pakistan
<b>Legal Advisor:</b>	<b>Ahmed &amp; Qazi</b> Advocates & Legal Consultants 402,403,404,417 Clifton Centre, Clifton, Karachi
<b>Registrar:</b>	<b>Alfalah GHP Investment Management Limited</b> 8-B, 8th Floor, Executive Tower, Dolmen City, Block-4, Clifton, Karachi.
<b>Distributor:</b>	<b>Bank Alfalah Limited</b>

# Alfalah GHP Pension Fund

## Annual Fund Manager`s Report

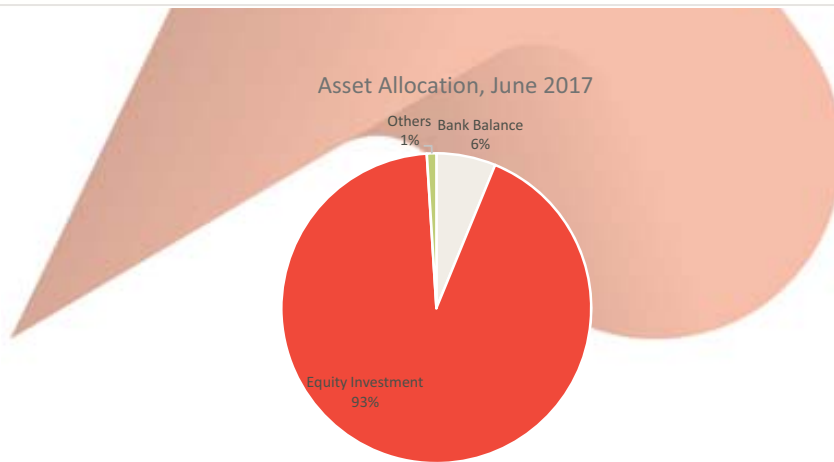
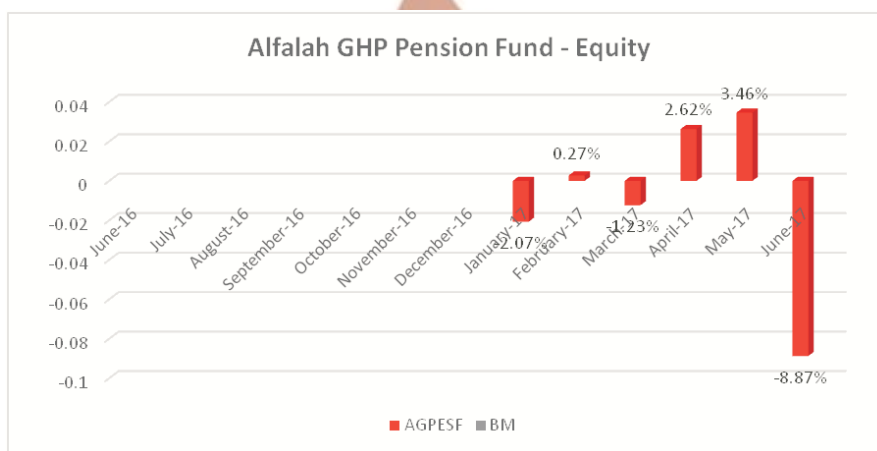
**Type of Fund:** Voluntary Pension Scheme

**Investment Objective**

The investment objective of Alfalah GHP Pension Fund is to provide individuals with a portable, individualized, funded (based on defined contribution) and flexible pension scheme.

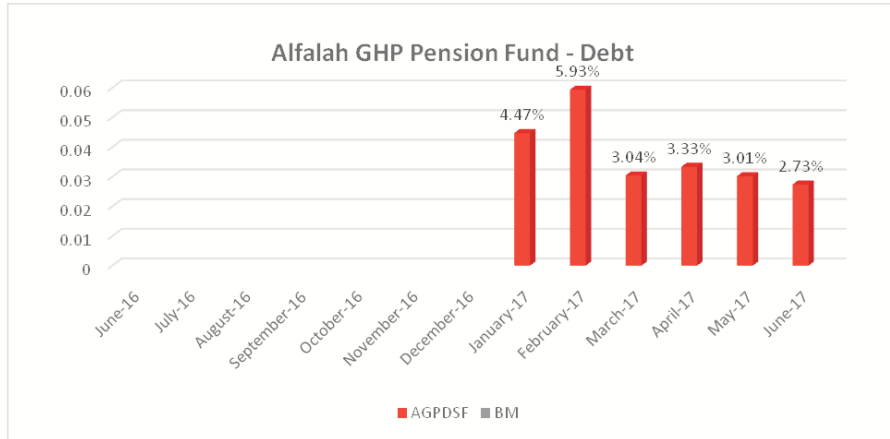
**Equity Sub Fund**

The plan was launched on 2nd January, 2017. The fund generated a return of -6.16% for the period ended June 30, 2017. Being an equity allocation plan the exposure towards equity funds remained on the higher side. Net assets of the plan stood at PKR 34.65 million on June 30th, 2017.

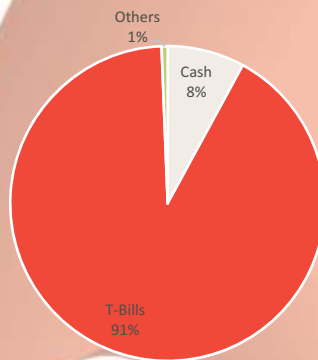


**Debt Sub Fund**

The plan generated a return of 3.74% for the period ended June 30, 2017. The plan is aimed at investors with a medium risk profile. The exposure towards fixed income during the period remained relatively on the higher end. Net assets of the plan stood at PKR 32.07 million on June 30th, 2017.

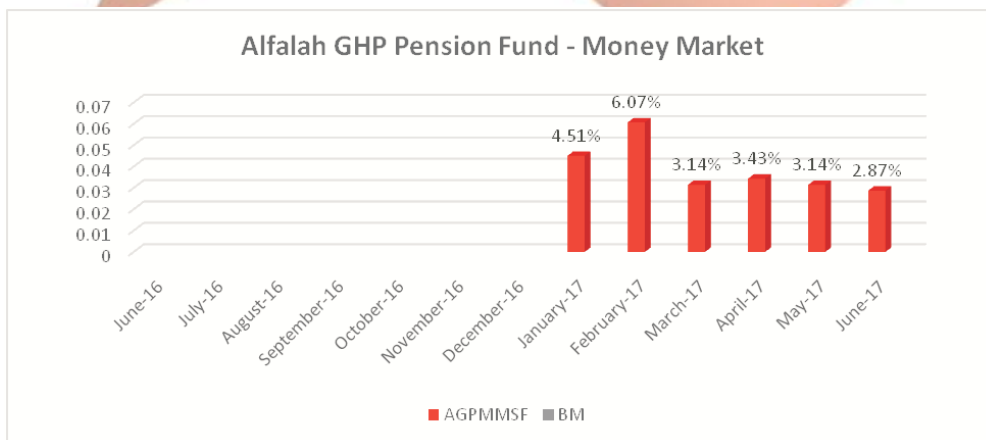


Asset Allocation, June 2017



**Money Market Sub Fund:**

The plan generated a return of 3.85% for the period ended June 30, 2017. This plan is targeted at investors with a low risk profile and is structured to invest in money market instrument. Net assets of the plan stood at PKR 30.57 million on June 30th, 2017.



**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 PARTICIPANTS**

**ALFALAH GHP PENSION FUND**

**Report of the Trustee pursuant to Rule 31(h) of the Voluntary Pension System Rules, 2005**

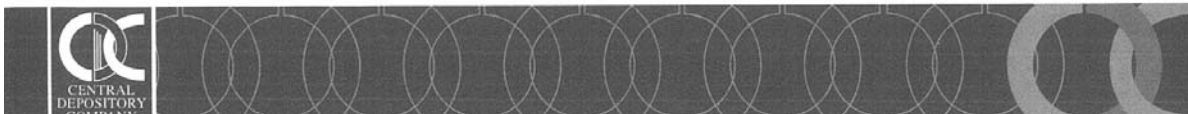
We Central Depository Company of Pakistan Limited, being the Trustee of Alfalah GHP Pension Fund (the Fund) are of the opinion that Alfalah GHP Investment Management Limited being the Pension Fund Manager of the Fund has in all material respects managed the Fund for the period from November 08, 2016 to June 30, 2017 in accordance with the provisions of the constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.

For the purpose of information, we would like to draw the attention of the Participants of the Fund towards the fact that equity sub-fund remained non-complaint during the period with respect to the requirement prescribed in clause (d) under the head of equity sub fund of Circular 36 of 2009 dated December 10, 2009 issued by SECP wherein Fund is required to maintain at least 90% of Net Assets of equity sub-fund in listed equity securities during the year based on quarterly average investment calculated on daily basis.

The matter was taken up with the Pension Fund Manager and we were informed that minimum limit of 90% was breached due to volatile equity market during the period. Moreover, active fund management was required especially when the size of the Fund was also very small. Being the Trustee of the fund we have reported the said issue to the Commission.

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

Karachi: October 05, 2017



# INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements comprising:

- i. Statement of Assets and Liabilities;
- ii. Income Statement;
- iii. Statement of Comprehensive Income;
- iv. Statement of Cash Flows; and
- v. Statement of Movement in Participants' Sub-Funds.

of **Alfalsh GHP Pension Fund** (the Fund) as at June 30, 2017 and a summary of significant accounting policies and other explanatory notes forming part thereof for the period from November 8, 2016 to June 30, 2017.

Pension Fund Manager's responsibility for the financial statements

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

## Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing 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 misstatements.

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' judgement, 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 the Pension Fund Manager, 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:

- a) the financial statements prepared for the period from November 8, 2016 to June 30, 2017 have been prepared in accordance with the relevant provisions of the Trust Deed and the Voluntary Pension System Rules, 2005 including the guidelines there under;
- b) a true and fair view is given of the disposition of the Fund as at June 30, 2017 and of the transactions of the Fund for the period from November 8, 2016 to June 30, 2017 in accordance with approved accounting standards as applicable in Pakistan;
- c) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
- d) the cost and expenses debited to the Fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the Fund;
- e) proper books and records have been kept by the Pension Fund Manager and the financial statements prepared are in agreement with the Fund's books and records;
- f) we were able to obtain all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit; and
- g) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Chartered Accountants  
Engagement Partner: **Shahbaz Akbar**  
Dated: September 20, 2017  
Karachi

**ALFALAH GHP PENSION FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**

AS AT JUNE 30, 2017

June 30, 2017						
Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total	
-----Rupees-----						
<b>ASSETS</b>						
Bank balances	4	1,977,121	2,571,585	1,078,251	19,969	5,646,926
Investments	5	29,616,434	29,635,230	29,635,230	-	88,886,894
Security Deposit with Central Depository Company of Pakistan Limited		100,000	100,000	-	-	200,000
Dividend and other receivables	6	154,036	43,965	37,358	31	235,390
Formation Cost	7	58,062	58,062	58,062	-	174,186
<b>Total assets</b>		<b>31,905,653</b>	<b>32,408,842</b>	<b>30,808,901</b>	<b>20,000</b>	<b>95,143,396</b>
<b>LIABILITIES</b>						
Payable to the Pension Fund Manager	8	249,306	248,494	146,374	20,000	664,174
Payable to the Trustee	9	27,127	26,152	24,941	-	78,220
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)	10	6,640	6,570	6,459	-	19,669
Accrued and other liabilities	11	50,983	62,118	62,138	-	175,239
<b>Total liabilities</b>		<b>334,056</b>	<b>343,334</b>	<b>239,912</b>	<b>20,000</b>	<b>937,302</b>
<b>NET ASSETS</b>		<b>31,571,597</b>	<b>32,065,508</b>	<b>30,568,989</b>	<b>-</b>	<b>94,206,094</b>
<b>PARTICIPANTS' SUB-FUND (as per statement attached)</b>		<b>31,571,597</b>	<b>32,065,508</b>	<b>30,568,989</b>	<b>-</b>	<b>94,206,094</b>
<b>CONTINGENCIES AND COMMITMENTS</b>						
<b>NUMBER OF UNITS IN ISSUE</b>	12	<b>336,425</b>	<b>314,879</b>	<b>300,025</b>		
<b>NET ASSET VALUE PER UNIT (RUPEES)</b>		<b>93.8444</b>	<b>101.8344</b>	<b>101.8882</b>		

The annexed notes from 1 to 24 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP PENSION FUND**

**INCOME STATEMENT**

FOR THE PERIOD FROM NOVEMBER 08, 2016 TO JUNE 30, 2017

For the period from November 08, 2016 to June 30, 2017					
Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
-----Rupees-----					
<b>INCOME</b>					
Profit / mark-up income	419,216	1,096,892	1,080,457	2,596,565	
At fair value through profit or loss' - held-for-trading					
- Dividend income	549,825	-	-	549,825	
- (Loss) / gain on sale of investments - net	(108,742)	3,914	3,914	(100,914)	
- Unrealised loss on revaluation of investments - net	(2,282,713)	(484)	(484)	(2,283,681)	
	(1,841,630)	3,430	3,430	(1,834,770)	
<b>Total (loss) / income</b>	(1,422,414)	1,100,322	1,083,887	761,795	
<b>EXPENSES</b>					
Remuneration of the Pension Fund Manager	299,119	295,949	290,930	885,998	
Sindh Sales Tax on Remuneration of the Pension Fund Manager	38,885	38,473	37,821	115,179	
Remuneration of the Trustee	64,882	64,250	63,197	192,329	
Sindh Sales Tax on Remuneration of the Trustee	8,435	8,353	8,216	25,004	
Annual fee to the Securities and Exchange Commission of Pakistan	6,640	6,570	6,459	19,669	
Legal and professional charges	22,468	22,468	22,468	67,404	
Brokerage expense and capital value tax	38,904	14,518	1,126	54,548	
Auditors' remuneration	50,000	50,000	50,000	150,000	
Amortization of formation cost	15,780	15,780	15,780	47,340	
Bank and settlement charges	9,840	11,196	9,840	30,876	
Provision against Sindh Worker's Welfare Fund	-	11,455	11,561	23,016	
<b>Total expenses</b>	554,953	539,012	517,398	1,611,363	
<b>Net (loss) / income for the period before taxation</b>	(1,977,367)	561,310	566,489	(849,568)	
Taxation	-	-	-	-	
<b>Net (loss) / income for the period after taxation</b>	(1,977,367)	561,310	566,489	(849,568)	
<b>Earnings per Unit</b>	3.11				

The annexed notes from 1 to 24 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP PENSION FUND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*FOR THE PERIOD FROM NOVEMBER 08, 2016 TO JUNE 30, 2017*

	<b>For the period from November 08, 2016 to June 30, 2017</b>			
	<b>Equity Sub-Fund</b>	<b>Debt Sub-Fund</b>	<b>Money Market Sub-Fund</b>	<b>Total</b>
	<b>Rupees</b>			
<b>Net (loss) / income for the period after taxation</b>	(1,977,367)	561,310	566,489	(849,568)
Other comprehensive (loss) / income	-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>	<u>(1,977,367)</u>	<u>561,310</u>	<u>566,489</u>	<u>(849,568)</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

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

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

\_\_\_\_\_  
**Director**



**ALFALAH GHP PENSION FUND**

**STATEMENT OF CASH FLOWS**

FOR THE PERIOD FROM NOVEMBER 08, 2016 TO JUNE 30, 2017

For the period from November 08, 2016 to June 30, 2017					
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
-----Rupees-----					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net (loss) / income for the period after taxation	(1,977,367)	561,310	566,489	-	(849,568)
<b>Adjustments for:</b>					
Unrealised loss on re-valuation of investments classified as 'at fair value through profit or loss' - held-for-trading	2,282,713	484	484	-	2,283,681
Amortisation of formation cost	15,780	15,780	15,780	-	47,340
Provision against Sindh Worker's Welfare Fund	-	11,455	11,561	-	23,016
	321,126	589,029	594,314	-	1,504,469
<b>Increase in assets</b>					
Investments-net	(31,899,147)	(484)	(484)	-	(31,900,115)
Dividends and other receivables	(154,036)	(43,965)	(37,358)	(31)	(235,390)
Security Deposit with Central Depository Company of Pakistan Limited	(100,000)	(100,000)	-	-	(200,000)
Formation Cost	(73,842)	(73,842)	(73,842)	-	(221,526)
	(32,227,025)	(218,291)	(111,684)	(31)	(32,557,031)
<b>Increase in liabilities</b>					
Payable to the Pension Fund Manager	249,306	248,494	146,374	20,000	664,174
Payable to the Trustee	27,127	26,152	24,941	-	78,220
Payable to the Securities and Exchange Commission of Pakistan	6,640	6,570	6,459	-	19,669
Accrued expenses and other liabilities	50,983	50,663	50,577	-	152,223
	334,056	331,879	228,351	20,000	914,286
<b>Net cash (used in) / generated from operating activities</b>	(31,571,843)	702,617	710,981	19,969	(30,138,276)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Amounts received on issuance of units					
Individuals	3,548,964	1,504,198	2,500	-	5,055,662
Investment in core units by the Pension Fund Manager	30,000,000	30,000,000	30,000,000	-	90,000,000
<b>Net cash generated from financing activities</b>	33,548,964	31,504,198	30,002,500	-	95,055,662
<b>Net increase in cash and cash equivalents</b>	1,977,121	32,206,815	30,713,481	19,969	64,917,386
<b>Cash and cash equivalents at the end of the period</b>	16 1,977,121	32,206,815	30,713,481	19,969	64,917,386

The annexed notes from 1 to 24 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP PENSION FUND**

**STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB FUNDS**

FOR THE PERIOD FROM NOVEMBER 08, 2016 TO JUNE 30, 2017

<b>For the period from November 08, 2016 to June 30, 2017</b>				
Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
-----Rupees-----				
Contribution against units	33,548,964	31,504,198	30,002,500	95,055,662
(Loss) / gain on sale of investments - net classified as 'at fair value through profit or loss' - held-for-trading	(108,742)	3,914	3,914	(100,914)
Unrealised loss on re-valuation of investments classified as 'at fair value through profit or loss' - held-for-trading	(2,282,713)	(484)	(484)	(2,283,681)
Other income (net of expenses)	414,088	557,880	563,059	1,535,027
<b>Total comprehensive (loss) / income for the period</b>	<b>(1,977,367)</b>	<b>561,310</b>	<b>566,489</b>	<b>(849,568)</b>
<b>Net assets at the end of the period</b>	<b>31,571,597</b>	<b>32,065,508</b>	<b>30,568,989</b>	<b>94,206,094</b>

The annexed notes from 1 to 24 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

## ALFALAH GHP PENSION FUND

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM NOVEMBER 08, 2016 TO JUNE 30, 2017

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

- 1.1** Alfalah GHP Pension Fund (the Fund) was established under a Trust deed executed between Alfalah GHP Investment Management Limited (AGIML) as Pension Fund Manager and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on September 26, 2016 and was executed on October 06, 2016 under the Voluntary Pension System Rules, 2005 (VPS Rules). The Fund was authorized by the SECP as a Pension Fund on November 28, 2016. The Pension Fund Manager of the Fund has been licensed to act as a Pension Fund Manager under the VPS rules through a certificate of registration issued by SECP. The registered office of the Pension Fund Manager is situated at 8th Floor, Executive Tower, Dolmen Mall, Block-4, Clifton, Karachi.
- 1.2** The objective of the Fund is to provide participants with a portable, individualized, funded (based on defined contribution) and flexible pension scheme which is managed by a professional investment manager to assist them to plan and provide for their retirement. The design of the scheme empowers the participants to decide how much to invest in their pensions and how to invest it, as well as to continue investing in their pension accounts even if they change jobs.
- 1.3** Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.
- 1.4** The Fund operates under an umbrella structure and is composed of Sub-Funds, each being a collective investment scheme. At present, the Fund consists of the following three Sub -Funds:

##### **AGPF - Equity Sub-Fund (AGPF - ESF)**

The Equity sub-fund consists of a minimum 90% of net assets invested in listed equity securities, investment in a single company is restricted to lower of 10% of Net Asset Value (NAV) of equity sub-fund or paid-up capital of the investee company (subject to the conditions prescribed in the offering document to the Fund). Remaining assets of the equity sub-fund may be invested in government treasury bills or government securities having less than one year time to maturity, or be deposited with scheduled commercial banks having at least 'A' rating.

##### **AGPF - Debt Sub-Fund (AGPF - DSF)**

The Debt Sub-Fund consists of tradable debt securities with weighted average duration of the investment portfolio of the Sub-Fund not exceeding 5 years. At least 25% of the net assets of debt sub-fund shall be invested in securities issued by the Federal Government. Up to 25% may be deposited with banks having not less than "AA+" rating. Investments in securities issued by companies of a single sector shall not exceed 20% except for banking sector for which the exposure limit shall be up to 30% of net assets of a debt sub-fund. Deposit in a single bank shall not exceed 20% of net asset of the debt sub-fund. Composition of the remaining portion of the investments shall be according to the criteria mentioned in the offering document to the Fund.

##### **AGPF - Money Market Sub-Fund (AGPF - MMSF)**

The Money Market sub-fund consists of short term debt instruments with weighted average time to maturity not exceeding ninety days. There is no restriction on the amount of investment in securities issued by the Federal Government and deposit with commercial banks having 'A+' or higher rating provided that deposit with any one bank shall not exceed 20% of net assets of Money Market Sub-Fund. Investment in securities issued by provincial or city government, government corporate entities with 'A' or higher rating or a government corporations with 'A+' or higher rating shall be in proportion as defined in offering document to the Fund.

- 1.5** The Sub-Funds' units are issued against contributions by the eligible participants on a continuous basis since January 03, 2017 and can be surrendering them to the Fund.
- 1.6** The participants of the Fund voluntarily determine the contribution amount subject to the minimum limit fixed by the Pension Fund Manager. Such contributions received from the participants are allocated among different Sub-Funds, in accordance with their respective preferences and in line with the prescribed allocation policy. The units held by the participants in the Sub-Funds can be redeemed on or before their retirement, and in case of disability or death subject to conditions laid down in the Trust Deed, Offering Document, the VPS Rules and the Income Tax Ordinance, 2001. According to the Trust Deed, there shall be no distribution from the Sub-Funds, and all income earned by the Sub-Funds shall be accumulated and retained in the Fund.
- 1.7** Under the provisions of the Offering Document of the fund, Contributions received from or on behalf of any Participant by Trustee in cleared funds on any business day shall be credited to the Individual Pension Account of the Participant after deducting the Front-end Fees, any premia payable in respect of any schemes selected by the Participant pursuant to the offering document and any bank charges in respect of the receipt of such Contributions. The net Contribution received in the Individual Pension Account shall be used to allocate such number of Units of the relevant Sub-Funds in accordance with the Allocation Policy selected by the Participant as is determined in accordance with the Trust Deed and the Units shall be allocated at Net Asset Value notified by the Pension Fund Manager at the close of that business day.

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

These financial statements has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, voluntary pension system Rules, 2005 (VPS Rules) and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the VPS Rules or the directives issued by the SECP differ with the requirements of IFRS. The requirements of the Trust Deed, the VPS Rules (2005) or the requirements of the said directives prevail.

### 2.2 Standards, Interpretations and amendments to published approved accounting standards that are effective in the current year

There are certain new and amended standards and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2016 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

### 2.3 Standards, Interpretations and amendments to published approved accounting standards that are not yet effective

2.3.1 There are certain new and amended standards and interpretations that are mandatory for the accounting period beginning on or after July 1, 2017 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

2.3.2 The following standards, amendments and interpretations with respect to approved accounting standards would be effective from the date mentioned below against the respective standards, amendments or interpretations:

<b>Standards, Interpretations or Amendments</b>	<b>Effective date (accounting period beginning on or after)</b>
- IFRS-9 Financial Instruments	January 1, 2018
- IFRS-15 Revenue from contracts with customers	January 1, 2018
- IFRS-16 Leases	January 1, 2019

### 2.4 Accounting estimates and judgments

The preparation of the financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- Classification and valuation of investments (note 3.2 and 5)
- Impairment of financial assets (note 3.2.6)
- Taxation (note 3.6)
- Recognition of provision against Sindh Workers' Welfare Fund (note 11.1)

### 2.5 Accounting convention

These financial statements have been prepared under the historical cost convention, except for certain investments which are stated at fair value.

### 2.6 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

### 3.1 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

## 3.2 Financial assets

### 3.2.1 Classification

The Fund classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. The Pension Fund Manager determines the classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

**Investments are categorised as follows:**

**a) Financial assets at fair value through profit or loss**

Financial assets that are acquired principally for the purpose of generating profits from short-term fluctuations in prices are classified as financial assets at fair value through profit or loss category. These include held for trading investments and such other investments that, upon initial recognition, are designated under this category.

**b) Loans and receivables**

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

**c) Available for sale**

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as

- (a) financial assets at fair value through profit or loss or
- (b) loans and receivables. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

### 3.2.2 Derivatives

These are measured at fair value. Derivatives with positive fair values (unrealised gains) are included in fair value of derivative asset and derivatives with negative fair values (unrealised losses) are included in fair value of derivative liability in the statement of assets and liabilities. The resultant gains and losses are included in the income statement.

### 3.2.3 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

### 3.2.4 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed out in the income statement.

### 3.2.5 Subsequent measurement

**a) Financial assets 'at fair value through profit or loss' and 'available for sale'**

Subsequent to initial recognition, financial assets classified as "at fair value through profit or loss" and "available for sale" are valued as follows:

Gains or losses arising, from changes in the fair value and on sale of the financial assets 'at fair value through profit or loss' are recognised in the Income Statement.

Changes in the fair value of financial instruments classified as 'available-for-sale' are recognised in other comprehensive income until derecognised or impaired, when the accumulated fair value adjustments recognised in other comprehensive income are included in the Income Statement.

**- Basis of valuation of debt securities**

Other debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its circular no. 33 of 2012 dated October 24, 2012 (which is essentially the same as contained in circular no. 1 of 2009 previously used). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

**- Basis of valuation of government securities**

The fair value of investments in Government securities is determined by reference to the quotations obtained from the PKRV/PKISRV rate sheet on the MUFAP website.

- **Basis of valuation of equity securities**

The fair value of investments in listed equity securities is determined by reference to Stock Exchange quoted market prices at the close of period end.

**b) Loans and receivables**

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortised cost using the effective yield method.

Gains or losses are recognised in the income statement when the financial assets carried at amortised cost are derecognised or impaired.

**3.2.6 Impairment**

The Fund assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets are impaired. The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

In the case of equity securities classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered as an objective evidence of impairment. In case of impairment of available for sale securities, the cumulative loss previously recognised in other comprehensive income is removed therefrom and included in the Income Statement. Impairment losses recognised in the income statement on equity securities are only reversed when the equity securities are derecognised.

For certain other financial assets, a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The provision against these amounts is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company in accordance with the requirements of the Securities and Exchange Commission of Pakistan.

**3.2.7 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

**3.3 Financial liabilities**

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

**3.4 Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

**3.5 Provisions**

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

**3.6 Taxation**

The income of the Fund is exempt from taxation under clause 57 (3) (viii) of the Part I of the Second Schedule to the Income Tax Ordinance, 2001.

**3.7 Revenue recognition**

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

- Gain or loss on sale of investments is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss arising on revaluation of investments classified as held for trading is included in the income statement in the period in which it arises.
- Dividend income is recognised when the Fund's right to receive the same is established.
- Profit / mark-up income on bank balances, letter of placement, term deposit receipts, certificate of investment and government securities is recognised on an accrual basis using the effective interest method.

### 3.8 Expenses

- All expenses including management fee and trustee fee are recognised in the Income Statement on an accrual basis.

### 3.9 Issue, Allocation, Reallocation and Redemption of Units

Contributions received from the participants are allocated to the Sub-Funds on the basis of the allocation scheme selected by each participant out of the allocation schemes offered by the pension fund manager. The net asset value (NAV) per unit of each Sub-Fund is determined at the close of each business day, according to the procedures outlined in the VPS Rules and are applicable for allocation of units in each Sub-Fund for all the contribution amount realised and credited in collection account of the Sub-Fund during the business hours' in that business day.

The Pension Fund Manager makes reallocation of the units between the Sub-Funds at least once a year to ensure that the allocations of the units of all the participants are according to the allocation scheme selected by the participants.

All Sub-Funds units are automatically redeemed at the close of the dealing day at which the retirement date falls or death of a participant has been confirmed. The participants may also withdraw from the scheme prior to retirement. The redemption from the respective Sub-Fund is made at the Net Asset Value per unit prevailing at the close of the dealing day on which the request is received, subject to deduction of zakat and taxes, as applicable.

In case of partial withdrawals, units are redeemed on a pro rata basis by ensuring that the remaining units are in accordance with the allocation scheme last selected by the participant.

Proceeds received on redemption / paid on issuance of units are reflected in the participant's Sub-Fund. The voluntary pension system rules, 2005 specify that the distribution of dividend shall not be allowed for pension funds and return to unit holders is, therefore, only possible through redemption of units which is based on the Net Asset Value (NAV). Hence, the management believes that creation of income equalization mechanism through separate recording of "element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed" is not required.

### 3.10 Net asset value (NAV) per unit

The Net Asset Value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

### 3.11 Earnings per unit

Earnings per unit (EPU) has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

As at June 30, 2017						
Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others (Note 4.1)	Total	
-----Rupees-----						
<b>4 BANK BALANCES</b>						
Savings accounts	4.2	1,977,121	2,571,585	1,078,251	19,969	5,646,926

4.1 These represent collection and redemption accounts maintained by the Fund.

4.2 The rate of return on these accounts range from 3.75% to 5.3%. It includes bank balance of Rs 5.601 million maintained with Bank Alfalah Limited (a related party).

### 5: INVESTMENTS

As at June 30, 2017					
Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
-----Rupees-----					
<b>Investments by category</b>					
<b>At fair value through profit or loss' - held for trading</b>					
Listed equity securities	5.1	29,616,434	-	-	29,616,434
Market treasury bills	5.2	-	29,635,230	-	59,270,460
		29,616,434	29,635,230	-	88,886,894

## 5.1 Equity Sub-Fund - Listed equity securities

Ordinary shares have a face value of Rs. 10 each unless stated otherwise

Name of the investee company	Purchases during the period	Bonus / Right during the period	Sales during the period	As at June 30, 2017	Carrying Value as at June 30, 2017	Market Value as at June 30, 2017	Unrealised gain / (loss) as at June 30, 2017	Market value as a percentage of:		Holding as a percentage of paid-up capital of investee company
								net assets	total investments	
					Rupees			%		
<b>Inv. Bank/Inv. Companies/Securities Co.</b>										
Arif Habib Limited	5,400	-	-	5,400	627,030	434,214	(192,816)	1.38%	1.47%	0.098%
<b>Banks</b>										
Bank Alfalah Limited (a related party)	11,500	-	11,500	-	-	-	-	0.00%	0.00%	0.000%
Bank Al Habib Limited	16,600	-	-	16,600	953,060	942,050	(11,010)	2.98%	3.18%	0.015%
Habib Bank Limited	7,800	-	600	7,200	1,904,496	1,937,808	33,312	6.14%	6.54%	0.005%
MCB Bank Limited	5,700	-	-	5,700	1,397,625	1,199,451	(198,174)	3.80%	4.05%	0.005%
National Bank of Pakistan	9,700	-	-	9,700	748,040	572,397	(175,643)	1.81%	1.93%	0.005%
United Bank Limited	6,500	-	-	6,500	1,542,960	1,530,880	(12,080)	4.85%	5.17%	0.005%
					6,546,181	6,182,586	(363,595)	6.66%	7.10%	
<b>Textile Composite</b>										
Nishat Mills Limited	4,500	-	-	4,500	751,500	714,060	(37,440)	2.26%	2.41%	0.013%
<b>Cement</b>										
Cherat Cement Company Limited	4,800	-	-	4,800	889,674	858,144	(31,530)	2.72%	2.90%	0.027%
D.G. Khan Cement Company Limited	6,900	-	1,490	5,410	1,247,200	1,153,196	(94,004)	3.65%	3.89%	0.012%
Lucky Cement Limited	2,300	-	-	2,300	2,012,729	1,923,398	(89,331)	6.09%	6.49%	0.007%
Maple Leaf Cement Factory Limited	5,700	-	-	5,700	610,153	634,752	24,599	2.01%	2.14%	0.011%
					4,759,756	4,569,490	(190,266)	8.10%	8.63%	
<b>Refinery</b>										
Attock Refinery Limited	1,200	-	-	1,200	576,865	459,095	(117,770)	1.45%	1.55%	0.014%
National Refinery Limited	800	-	350	450	341,547	326,695	(14,852)	1.03%	1.10%	0.006%
					918,412	785,790	(132,622)	2.48%	2.65%	
<b>Power Generation &amp; Distribution</b>										
The Hub Power Company Limited	9,800	-	-	9,800	1,354,260	1,150,814	(203,446)	3.65%	3.89%	0.008%
Kot Addu Power Company Limited	7,000	-	-	7,000	507,500	504,140	(3,360)	1.60%	1.70%	0.008%
					1,861,760	1,654,954	(206,806)	5.25%	5.59%	
<b>Oil &amp; Gas Marketing Companies</b>										
Pakistan State Oil Company Limited	2,400	-	-	2,400	1,085,010	929,640	(155,370)	2.94%	3.14%	0.009%
Sui Northern Gas Pipelines Limited	9,800	-	-	9,800	1,229,810	1,459,416	229,606	4.62%	4.93%	0.015%
					2,314,820	2,389,056	74,236	7.56%	8.07%	
<b>Oil &amp; Gas Exploration Companies</b>										
Mari Petroleum Company Limited	850	-	-	850	1,177,547	1,339,294	161,747	4.24%	4.52%	0.008%
Oil & Gas Development Company Limited	12,300	-	-	12,300	1,943,308	1,730,487	(212,821)	5.48%	5.84%	0.003%
Pakistan Oilfields Limited	2,650	-	-	2,650	1,331,229	1,214,097	(117,132)	3.85%	4.10%	0.011%
Pakistan Petroleum Limited	8,500	-	1,100	7,400	1,324,260	1,096,236	(228,024)	3.47%	3.70%	0.004%
					5,776,344	5,380,114	(396,230)	17.04%	18.16%	
<b>Industrial Engineering</b>										
International Steels Limited	4,000	-	-	4,000	527,465	511,560	(15,905)	1.62%	1.73%	0.009%
<b>Automobile Assembler</b>										
Indus Motor Company Limited	500	-	20	480	849,605	860,928	11,323	2.73%	2.91%	0.006%
Pak Suzuki Motor Company Limited	850	-	-	850	591,600	663,306	71,706	2.10%	2.24%	0.010%
					1,441,205	1,524,234	83,029	4.83%	5.15%	
<b>Automobile Parts &amp; Accessories</b>										
Thal Limited (Face Value of Rs. 5 per share)	1,000	-	-	1,000	534,989	606,030	71,041	1.92%	2.05%	0.025%
<b>Fertilizer</b>										
Engro Fertilizers Limited	15,500	-	1,500	14,000	971,475	773,360	(198,115)	2.45%	2.61%	0.010%
Engro Corporation Limited	3,600	-	-	3,600	1,232,410	1,173,278	(59,132)	3.72%	3.96%	0.007%
					2,203,885	1,946,638	(257,247)	6.17%	6.57%	
<b>Pharmaceuticals</b>										
Abbott Laboratories (Pakistan) Limited	700	-	75	625	668,750	584,125	(84,625)	1.85%	1.97%	0.006%
The Searle Company Limited	2,000	150	500	1,650	1,116,300	844,767	(271,533)	2.68%	2.85%	0.011%
					1,785,050	1,428,892	(356,158)	4.53%	4.82%	
<b>Paper &amp; Board</b>										
Packages Limited	1,300	-	100	1,200	1,044,000	834,696	(209,304)	2.64%	2.82%	0.013%
<b>Foods &amp; Personal Care Products</b>										
Treet Corporation Limited	12,500	-	1,000	11,500	806,750	654,120	(152,630)	2.07%	2.21%	0.081%
					31,899,147	29,616,434	(2,282,713)			



5.1.1 The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001. As a result of these amendments, companies are liable to withhold bonus shares at the rate of 5 percent. In accordance with the requirement of the Ordinance these shares shall only be released if the fund deposit tax equivalent to 5% of the value of the bonus shares issued. The value of tax is computed on the basis of day-end price on the first day of book closure.

In this regard, a constitutional petition has been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs, which is pending adjudication. The petition is based on the fact that because CISs are exempt from deduction of income tax under Clause 99 of Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should not be applicable on bonus shares received by CISs. A stay order has been granted by the High Court of Sindh in favour of CISs.

As at June 30, 2017, the following bonus shares of the Fund were withheld by certain companies at the time of declaration. The Fund has included these shares in its portfolio, as the management believes that the decision of the constitutional petition will be in favour of the CISs.

Name of the Company	June 30, 2017	
	Bonus Shares	
	Number	Market Value
The Searle Company Limited	8	4,096

-----Rupees-----

## 5.2 Government Securities - Treasury Bills

### 5.2.1 Debt Sub Fund

Issue Date	Note	Face Value					As at June 30, 2017			Market value as a percentage of net assets of Sub-Fund
		As at November 08, 2016	Purchased During the period	Disposed off during the period	Maturities during the period	As at June 30, 2017	Carrying Value	Market Value	Unrealised gain / (loss)	
Treasury Bills - 3 Months	5.2.1.1	-	90,000,000	30,000,000	30,000,000	30,000,000	29,635,714	29,635,230	(484)	92.42%
-----Rupees-----							29,635,714	29,635,230	(484)	

5.2.1.1 These Government treasury bills carry purchase yield of 5.9910% per annum and will mature on September 14, 2017

### 5.2.2 Money Market Sub Fund

Issue Date	Note	Face Value					As at June 30, 2017			Market value as a percentage of net assets of Sub-Fund
		As at November 08, 2016	Purchased During the period	Disposed off during the period	Maturities during the period	As at June 30, 2017	Carrying Value	Market Value	Unrealised gain / (loss)	
Treasury Bills - 3 Months	5.2.2.1	-	90,000,000	30,000,000	30,000,000	30,000,000	29,635,714	29,635,230	(484)	96.95%
-----Rupees-----							29,635,714	29,635,230	(484)	

5.2.2.1 These Government treasury bills carry purchase yield of 5.9910% per annum and will mature on September 14, 2017

### From November 08, 2016 To June 30, 2017

	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Market value of investment	29,616,434	29,635,230	29,635,230	88,886,894
Less: carrying value of investment	(31,899,147)	(29,635,714)	(29,635,714)	(91,170,575)
	<u>(2,282,713)</u>	<u>(484)</u>	<u>(484)</u>	<u>(2,283,681)</u>

-----Rupees-----

## 5.3 Net unrealized loss on revaluation of investments classified as 'at fair value through profit or loss'

	As at June 30, 2017				Total
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	
Profit receivable on bank balances	13,088	14,595	8,050	-	35,733
Dividend receivable	88,800	-	-	-	88,800
Advance Tax	52,148	29,370	29,308	31	110,857
	<u>154,036</u>	<u>43,965</u>	<u>37,358</u>	<u>31</u>	<u>235,390</u>

## 6 DIVIDEND AND OTHER RECEIVABLES

As at June 30, 2017					
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
-----Rupees-----					
7 <b>FORMATION COST</b>					
Cost incurred during the period	73,842	73,842	73,842	-	221,526
Amortised during the period	15,780	15,780	15,780	-	47,340
Balance at the end of the period	<u>58,062</u>	<u>58,062</u>	<u>58,062</u>	<u>-</u>	<u>174,186</u>

7.1 Formation cost represents expenditure incurred prior to the commencement of operations of the Fund. This cost is being amortised over three years in accordance with the requirement set out in the Trust Deed. These expenses were paid for by the Pension Fund Manager and are payable to them by the Fund.

As at June 30, 2017					
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
-----Rupees-----					
8. <b>PAYABLE TO THE PENSION FUND MANAGER</b>					
Pension Fund Manager remuneration	40,234	39,515	37,639	-	117,388
Sindh sales tax on remuneration of Pension Fund Manager	5,230	5,137	4,893	-	15,260
Formation cost	73,842	73,842	73,842	-	221,526
Other Payable	130,000	130,000	30,000	20,000	310,000
	<u>249,306</u>	<u>248,494</u>	<u>146,374</u>	<u>20,000</u>	<u>664,174</u>

8.1 In accordance with the provisions of the VPS Rules, the Pension Fund Manager is entitled to a remuneration for its services by way of an annual management fee not exceeding 1.50% of the net assets of each Sub-Funds calculated on a daily basis. Currently, the Pension Fund Manager Fee is charged at the rate of 1.50% of the daily net assets of the Sub-Funds which is paid monthly in arrears.

8.2 During the year, sindh sales tax on Pension fund manager remuneration has been charged at 13 %.

As at June 30, 2017					
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
-----Rupees-----					
9. <b>PAYABLE TO THE TRUSTEE</b>					
Trustee remuneration payable	23,506	22,643	22,072	-	68,221
Sindh sales tax payable on trustee remuneration	3,056	2,944	2,869	-	8,869
CDS Charges	500	500	-	-	1,000
Sindh sales tax payable on CDS charges	65	65	-	-	130
	<u>27,127</u>	<u>26,152</u>	<u>24,941</u>	<u>-</u>	<u>78,220</u>

9.1 CDC being the trustee of the Fund is entitled to a monthly remuneration for services rendered to the Sub-Funds under the provisions of the Trust Deed as per the tariff specified therein which is charged in proportion to the daily net assets of the pertinent Sub-Fund. The remuneration is paid to the trustee monthly in arrears.

The tariff structure applicable to the Fund as at June 30, 2017 is as follows:

Net Assets (Rupees)		Tariff
From	To	
1	1 Billion	Rs. 0.3 million or 0.15% per annum of Net Assets whichever is higher
Above 1 Billion	3 Billion	Rs. 1.5 million plus 0.10% per annum of Net Assets on amount exceeding Rs 1 billion
Above 3 Billion	6 Billion	Rs. 3.5 million plus 0.08% per annum of Net Assets on amount exceeding Rs 3 billion
Above 6 Billion	-	Rs. 5.9 million plus 0.06% per annum of Net Assets on amount exceeding Rs 6 billion

9.2 During the year, sindh sales tax on trustee remuneration has been charged at 13 %.

#### 10. ANNUAL FEE PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee payable to the Securities and Exchange Commission of Pakistan (SECP) in accordance with rule 36 of the Voluntary Pension System Rules, 2005 whereby each Sub-Fund is required to pay to the SECP an amount equal to one thirtieth of 1% of the average annual net assets of each of the Sub-Funds.

As at June 30, 2017						
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
-----Rupees-----						
11. ACCRUED AND OTHER LIABILITIES						
	Withholding tax payable	983	296	210	-	1,489
	Provision against Sindh Workers' Welfare Fund (SWWF)					
11.1		-	11,455	11,561	-	23,016
	Auditors' remuneration	50,000	50,000	50,000	-	150,000
	Brokerage Payable	-	325	325	-	650
	SST on Brokerage Payable	-	42	42	-	84
	Other Payable	-	-	-	-	-
		<u>50,983</u>	<u>62,118</u>	<u>62,138</u>	<u>-</u>	<u>175,239</u>

11.1 'As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies their CISs and their pension schemes whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / pension schemes / mutual funds excluded from the applicability of SWWF. However, as a matter of abundant caution provision in respect of SWWF is being made on a prudent basis.

Had the provision for SWWF not been recorded in the financial statements of the Fund, the net asset value per unit of AGPF - ESF, AGPF - DSF and AGPF - MMSF have been higher by Re. Nil, Re. 0.0364 and Re. 0.0385 respectively.

From November 08, 2016 To June 30, 2017						
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
-----Number of Units in Issue-----						
12. NUMBER OF UNITS IN ISSUE						
	Issuance of units during the period					
	- Investment in core units by Pension Fund Manager		300,000	300,000	300,000	900,000
	- Directly by participants		36,425	14,879	25	51,329
	Less: Units redeemed during the period		-	-	-	-
	<b>Total units in issue at the end of the period</b>		<u>336,425</u>	<u>314,879</u>	<u>300,025</u>	<u>951,329</u>

From November 08, 2016 To June 30, 2017							
		Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund	
		Units	Rupees	Units	Rupees	Units	Rupees
13. CONTRIBUTION TABLE							
	Individuals	36,425	3,548,964	14,879	1,504,198	25	2,500
	Investment in core units by the Pension Fund Manager						
		<u>300,000</u>	<u>30,000,000</u>	<u>300,000</u>	<u>30,000,000</u>	<u>300,000</u>	<u>30,000,000</u>
		<u>336,425</u>	<u>33,548,964</u>	<u>314,879</u>	<u>31,504,198</u>	<u>300,025</u>	<u>30,002,500</u>

#### 14. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2017.

Note	As at June 30, 2017				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total

Rupees

#### 15. AUDITORS REMUNERATION

Audit Fee	24,599	24,599	24,599	-	73,797
Other certifications	16,727	16,727	16,727	-	50,181
Sindh Sales Tax	2,480	2,480	2,480	-	7,440
Out of pocket expenses	6,194	6,194	6,194	-	18,582
	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>150,000</u>

#### 16. CASH AND CASH EQUIVALENT

Bank Balances	1,977,121	2,571,585	1,078,251	19,969	5,646,926
Treasury Bills maturing within 3 months	-	29,635,230	29,635,230	-	59,270,460
	<u>1,977,121</u>	<u>32,206,815</u>	<u>30,713,481</u>	<u>19,969</u>	<u>64,917,386</u>

From November 08, 2016 To June 30, 2017

Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
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Rupees

#### 17. PROFIT / MARK-UP INCOME

Profit / mark-up on:					
- Bank balances	419,216	328,392	311,957	-	1,059,565
- Market Treasury Bills	-	768,500	768,500	-	1,537,000
	<u>419,216</u>	<u>1,096,892</u>	<u>1,080,457</u>	<u>-</u>	<u>2,596,565</u>

#### 18. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include Alfalah GHP Investment Management Limited being the Pension Fund Manager, Funds under management of the Pension Fund Manager, GHP Arbitrium AG, Bank Alfalah Limited and MAB Investment Incorporated being associated companies of Pension Fund Manager, Bank Alfalah Limited - Employees' Provident Fund, Bank Alfalah Limited - Employees' Gratuity Fund, Alfalah GHP Investment Management Limited - Staff Provident Fund, 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. Connected persons also includes any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund. The transactions with connected persons are in the normal course of business and at contractual rates.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investment and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the VPS Rules, 2005 and the Trust Deed.

Details of transactions and balances at year end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

18.1 Details of transaction with related parties during the period are as follows:

	For The Period From November 08, 2016 To June 30, 2017				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
	Rupees				
<b>Alfalsh GHP Investment Management Limited (Pension Fund Manager)</b>					
Remuneration	299,119	295,949	290,930	-	885,998
Sindh sales tax on remuneration of the Pension Fund Manager	38,885	38,473	37,821	-	115,179
Remuneration paid	258,885	256,434	253,291	-	768,610
Formation cost paid on behalf of the Fund	73,842	73,842	73,842	-	221,526
Other payments on behalf of funds	130,000	130,000	30,000	20,000	310,000
Contribution	30,000,000	30,000,000	30,000,000	-	90,000,000
Contribution (Number of units)	300,000	300,000	300,000	-	900,000
<b>Central Depository Company of Pakistan Limited (Trustee)</b>					
Trustee fee	64,882	64,250	63,197	-	192,329
Sindh sales tax on trustee fee	8,435	8,353	8,216	-	25,004
Trustee fee paid	41,376	41,607	41,125	-	124,108
Security deposit paid	100,000	100,000	-	-	200,000
CDS charges	4,954	3,000	-	-	7,954
Sindh sales tax on CDS charges	644	390	-	-	1,034
<b>Bank Alfalah Limited</b>					
Income accrued	418,995	328,177	311,740	-	1,058,912
Income received	13,088	14,595	8,050	-	35,733
Bank charges	4,874	6,230	4,874	-	15,978
<b>AlFalsh Securities (Private) Limited</b>					
Brokerage Expense	1,750	-	-	-	1,750
Sindh sales tax on brokerage	228	-	-	-	228

18.2 Details of balances with related parties as at the period end are as follows:

	As at June 30, 2017				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
	Rupees				
<b>Alfalsh GHP Investment Management Limited (Pension Fund Manager)</b>					
Remuneration payable	40,234	39,515	37,639	-	117,388
Sindh sales tax payable on remuneration of Pension Fund Manager	5,230	5,137	4,893	-	15,260
Formation cost payable	73,842	73,842	73,842	-	221,526
Other Payable	130,000	130,000	30,000	-	290,000
Investment at period end	28,153,320	30,550,320	30,566,460	-	89,270,100
Units held (Number of units)	300,000	300,000	300,000	-	900,000
<b>Central Depository Company of Pakistan Limited (Trustee)</b>					
Trustee fee payable	23,506	22,643	22,072	-	68,221
Sindh sales tax payable on trustee fee	3,056	2,944	2,869	-	8,869
Security deposit	100,000	100,000	-	-	200,000
CDS charges payable	500	500	-	-	1,000
Sindh sales tax payable on CDS charges	65	65	-	-	130
<b>Bank Alfalah Limited</b>					
Bank balance	1,961,866	2,556,337	1,063,000	19,969	5,601,172
Income receivable on bank deposits	13,088	14,595	8,050	-	35,733

19 FINANCIAL INSTRUMENTS BY CATEGORY

**As at June 30, 2017**

Particulars	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Others	Total
	Loans and receivables	At fair value through profit or loss	Total	Loans and receivables	At fair value through profit or loss	Total	Loans and receivables	At fair value through profit or loss	Total	Loans and receivables	
Rupees											
<b>Financial assets</b>											
Bank balances	1,977,121	-	1,977,121	2,571,585	-	2,571,585	1,078,251	-	1,078,251	19,969	5,646,926
Investments - net	-	29,616,434	29,616,434	-	29,635,230	29,635,230	-	29,635,230	29,635,230	-	88,886,894
Security Deposit with Central Depository Company of Pakistan Limited	100,000	-	100,000	100,000	-	100,000	-	-	-	-	200,000
Dividend and other receivable	101,888	-	101,888	14,595	-	14,595	8,050	-	8,050	31	124,564
	<u>2,179,009</u>	<u>29,616,434</u>	<u>31,795,443</u>	<u>2,686,180</u>	<u>29,635,230</u>	<u>32,321,410</u>	<u>1,086,301</u>	<u>29,635,230</u>	<u>30,721,531</u>	<u>20,000</u>	<u>94,858,384</u>

**As at June 30, 2017**

Particulars	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Others	Total
	At fair value through profit or loss	Amortised Cost	Total	At fair value through profit or loss	Amortised Cost	Total	At fair value through profit or loss	Amortised Cost	Total	Loans and receivables	
Rupees											
<b>Financial liabilities</b>											
Payable to the Pension Fund Manager	-	244,076	244,076	-	243,357	243,357	-	141,481	141,481	20,000	648,914
Payable to the Trustee	-	24,006	24,006	-	23,143	23,143	-	22,072	22,072	-	69,221
Accrued and other liabilities	-	50,000	50,000	-	50,325	50,325	-	50,325	50,325	-	150,650
	-	<u>318,082</u>	<u>318,082</u>	-	<u>316,825</u>	<u>316,825</u>	-	<u>213,878</u>	<u>213,878</u>	<u>20,000</u>	<u>868,785</u>

20. FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

20.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices.

The Pension Fund Manager manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and the regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: currency risk, profit rate risk and other price risk.

20.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

20.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The interest rate profile of the Fund's interest bearing financial instruments is as follows:

**As at June 30, 2017**

	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
<b>Variable rate instruments (financial assets)</b>					
Bank balances	1,977,121	2,571,585	1,078,251	19,969	5,646,926
<b>Fixed rate instruments (financial assets)</b>					
Government securities - Market treasury bills	-	29,635,230	29,635,230	-	59,270,460

### Sensitivity analysis of variable rate instruments

A reasonable possible change of 100 basis points in interest rates at the reporting date would have the following impact on income statement, statement of comprehensive income and statement of movement in unit holder's fund. The analysis assumes that all other variables remain constant.

#### Change in basis points

	Effect on income and net assets			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Increase of 100 basis points	2,047	2,463	1,519	1,519
Decrease of 100 basis points	2,047	(2,463)	(1,519)	(1,519)

### Sensitivity analysis of fixed rate instruments

In case of 100 basis points increase in PKRV rates published on MUFAP page as at June 30, 2017, with all other variables held constant, the impact on net income for the year and net assets would be as follows:

	Effect on income and net assets		
	Debt Sub-Fund	Money Market Sub-Fund	Total
Increase of 100 basis points	(60,030)	(60,030)	(120,060)
Decrease of 100 basis points	60,300	60,300	120,600

The composition of the Fund's investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2017 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for the financial instruments recognised in the statement of assets and liabilities is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

Particulars	As at June 30, 2017					
	Effective Yield / Interest Rate	Exposed to yield / Interest risk			Not exposed to Yield / Interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
	%	Rupees				
<b>Alfalah GHP Pension Fund - Equity Sub Fund</b>						
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Bank balances	3.75% - 5.30%	1,977,121	-	-	-	1,977,121
Investments - net		-	-	-	29,616,434	29,616,434
Security Deposit with Central Depository Company of Pakistan Limited		-	-	-	100,000	100,000
Dividend and other receivable		-	-	-	101,888	101,888
<b>Sub total</b>		1,977,121	-	-	29,818,322	31,795,443
<b>Financial liabilities</b>						
Payable to the Pension Fund Manager		-	-	-	244,076	244,076
Payable to the Trustee		-	-	-	24,006	24,006
Accrued and other liabilities		-	-	-	50,000	50,000
<b>Sub total</b>		-	-	-	318,082	318,082
<b>On-balance sheet gap (a)</b>		1,977,121	-	-	29,500,240	31,477,361
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total interest rate sensitivity gap (a+b)</b>		1,977,121	-	-	29,500,240	31,477,361
<b>Cumulative interest rate sensitivity gap</b>		1,977,121	1,977,121	1,977,121		

Particulars	As at June 30, 2017					Total
	Effective Yield / Interest Rate	Exposed to yield / Interest risk			Not exposed to Yield / Interest rate risk	
		Upto three months	More than three months and upto one year	More than one year		

#### Alfalah GHP Pension Fund - Debt Sub Fund

##### On-balance sheet financial instruments

##### Financial assets

Bank balances	3.75% - 5.30%	2,571,585	-	-	-	2,571,585
Investments - net	5.99%	29,635,230	-	-	-	29,635,230
Security Deposit with Central Depository Company of Pakistan Limited		-	-	-	100,000	100,000
Dividend and other receivable		-	-	-	14,595	14,595
<b>Sub total</b>		<b>32,206,815</b>	<b>-</b>	<b>-</b>	<b>114,595</b>	<b>32,321,410</b>

##### Financial liabilities

Payable to the Pension Fund Manager		-	-	-	248,494	248,494
Payable to the Trustee		-	-	-	23,143	23,143
Accrued and other liabilities		-	-	-	50,325	50,325
<b>Sub total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>321,962</b>	<b>321,962</b>

##### On-balance sheet gap (a)

	32,206,815	-	-	(207,367)	31,999,448
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##### Off-balance sheet financial instruments

	-	-	-	-	-
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##### Off-balance sheet gap (b)

	-	-	-	-	-
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##### Total interest rate sensitivity gap (a+b)

	32,206,815	-	-	(207,367)	31,999,448
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##### Cumulative interest rate sensitivity gap

	32,206,815	32,206,815	32,206,815		
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Particulars	As at June 30, 2017					Total
	Effective Yield / Interest Rate	Exposed to yield / Interest risk			Not exposed to Yield / Interest rate risk	
		Upto three months	More than three months and upto one year	More than one year		

#### Alfalah GHP Pension Fund - Money Market Sub Fund

##### On-balance sheet financial instruments

##### Financial assets

Bank balances	3.75% - 5.30%	1,078,251	-	-	-	1,078,251
Investments - net	5.99%	29,635,230	-	-	-	29,635,230
Security Deposit with Central Depository Company of Pakistan Limited		-	-	-	-	-
Dividend and other receivable		-	-	-	8,050	8,050
<b>Sub total</b>		<b>30,713,481</b>	<b>-</b>	<b>-</b>	<b>8,050</b>	<b>30,721,531</b>

##### Financial liabilities

Payable to the Pension Fund Manager		-	-	-	141,481	141,481
Payable to the Trustee		-	-	-	22,072	22,072
Accrued and other liabilities		-	-	-	50,325	50,325
<b>Sub total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>213,878</b>	<b>213,878</b>

##### On-balance sheet gap (a)

	30,713,481	-	-	(205,828)	30,507,653
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##### Off-balance sheet financial instruments

	-	-	-	-	-
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##### Off-balance sheet gap (b)

	-	-	-	-	-
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##### Total interest rate sensitivity gap (a+b)

	30,713,481	-	-	(205,828)	30,507,653
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##### Cumulative interest rate sensitivity gap

	30,713,481	30,713,481	30,713,481		
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### 20.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund has exposure to equity price risk arising from the Fund investments in equity securities. The Fund manages its price risk arising from investment in the equity securities by diversifying its portfolio within the eligible limits prescribed in the Fund's Constitutive Documents, the VPS rules and circulars issued by SECP from time to time.

The table below summarizes the sensitivity of the Fund's net assets attributable to unit holders to the equity price movements as at June 30, 2017. The analysis is based on the assumption that PSX index increase and decreases by 5%, with all other variables held constant and that the fair value of the Fund's portfolio of equity securities moved according to their historical correlation with index this represents managements' best estimate of a reasonable possible shift in the PSX index, having regards to the historical volatility of index of past three years.

At June 30, 2017, the fair value of equity securities exposed to price risk was disclosed in note 5.1.

	<b>June 30, 2017 (Rupees)</b>
<i>Effect due to increase / decrease in KSE 100 index</i>	
Investment and net assets	439,078
Income statement	439,078

### 20.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. Credit risk mainly arises from deposits with banks, credit exposure arising as a result of dividends receivable on equity securities, receivable against sale of investments and investment in debt securities. For banks and financial institutions balances are kept with reputed parties. Credit risk on dividend receivable is minimal due to statutory protection. All transactions in listed securities are settled / paid for upon delivery market clearing system. The risk of default is considered minimal due to inherent systematic measures taken therein. Debt securities held by the Fund mainly consist of government securities that represent the interest of the Government of Pakistan and therefore not exposed to credit risk. The remaining debt securities are with reputable counter parties and therefore credit risk is minimal.

**Credit risk is managed and controlled by the Pension Fund Manager of the Fund in the following manner:**

- The Fund limits its exposure to credit risk by only investing in liquid debt securities that have at minimum an investment grade as rated by a credit rating agency approved by the SECP. In the absence of issue rating, the Fund ensures that the entity has an investment grade as rated by a credit rating agency approved by the SECP.
- The risk of counter party exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of trade reports, credit ratings and financial statements on a regular basis.

#### 20.2.1 Exposure to credit risk

<b>Alfalsh GHP Pension Fund - Equity Sub Fund</b>	<b>2017</b>	
	<b>Balance as per statement of assets and liabilities</b>	<b>Maximum exposure</b>
Bank balances	1,977,121	1,977,121
Investments - net	29,616,434	-
Security Deposit with Central Depository Company of Pakistan Limited	100,000	100,000
Dividend and other receivable	101,888	101,888
	<u>31,795,443</u>	<u>2,179,009</u>

<b>Alfalsh GHP Pension Fund - Debt Sub Fund</b>	<b>2017</b>	
	<b>Balance as per statement of assets and liabilities</b>	<b>Maximum exposure</b>
Bank balances	2,571,585	2,571,585
Investments - net	29,635,230	-
Security Deposit with Central Depository Company of Pakistan Limited	100,000	100,000
Dividend and other receivable	14,595	14,595
	<u>32,321,410</u>	<u>2,686,180</u>

**Alfalsh GHP Pension Fund - Money Market Sub Fund**

	2017	
	Balance as per statement of assets and liabilities	Maximum exposure
Bank balances	1,078,251	1,078,251
Investments - net	29,635,230	-
Security Deposit with Central Depository Company of Pakistan Limited	-	-
Dividend and other receivable	8,050	8,050
	30,721,531	1,086,301

No financial assets were considered to be past due or impaired as at June 30, 2017.

**20.2.2 The analysis below summarises the available published credit ratings of the Fund's financial assets as at June 30, 2017:**

**Balances with banks by rating category**

Name of the bank	Rating agency	Published rating	Percentage of Bank Balance
<b>Alfalsh GHP Pension Fund - Equity Sub Fund</b>			
Bank Alfalah Limited	JCR-VIS	AA+	99.23%
Allied Bank Limited	PACRA	AA+	0.30%
JS Bank Limited	PACRA	AA-	0.47%
<b>Alfalsh GHP Pension Fund - Debt Sub Fund</b>			
Bank Alfalah Limited	JCR-VIS	AA+	99.41%
Allied Bank Limited	PACRA	AA+	0.23%
JS Bank Limited	PACRA	AA-	0.36%
<b>Alfalsh GHP Pension Fund - Money Market Sub Fund</b>			
Bank Alfalah Limited	JCR-VIS	AA+	98.59%
Allied Bank Limited	PACRA	AA+	0.55%
JS Bank Limited	PACRA	AA-	0.86%

**Others**

Name of the bank	Rating agency	Published rating	Percentage of Bank Balance
Bank Alfalah Limited	JCR-VIS	AA+	100.00%

**Concentration of 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. The Fund's portfolio of financial instruments is mainly held with / invested in various banks and securities issued by the State Bank of Pakistan on behalf of Government of Pakistan.

**20.3 Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to redemptions of its redeemable units on a regular basis. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is therefore to invest the majority of its assets in short term instruments in order to maintain liquidity.

The Fund can borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was required to be obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summarizes the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month.

As at June 30, 2017					
Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total	
-----Rupees-----					
<b>Alfalah GHP Pension Fund - Equity Sub Fund</b>					
<b>Financial Assets</b>					
Bank balances	1,977,121	-	-	-	1,977,121
Investments - net	29,616,434	-	-	-	29,616,434
Security Deposit with Central Depository Company of Pakistan Limited	100,000	-	-	-	100,000
Dividend and other receivable	101,888	-	-	-	101,888
	31,795,443	-	-	-	31,795,443
<b>Financial Liabilities</b>					
Payable to the Pension Fund Manager	40,234	-	203,842	-	244,076
Payable to the Trustee	24,006	-	-	-	24,006
Accrued and other liabilities	50,000	-	-	-	50,000
	114,240	-	203,842	-	318,082
<b>Net Assets</b>	<u>31,681,203</u>	<u>-</u>	<u>(203,842)</u>	<u>-</u>	<u>31,477,361</u>

As at June 30, 2017					
Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total	
-----Rupees-----					
<b>Alfalah GHP Pension Fund - Debt Sub Fund</b>					
<b>Financial Assets</b>					
Bank balances	2,571,585	-	-	-	2,571,585
Investments - net	-	29,635,230	-	-	29,635,230
Security Deposit with Central Depository Company of Pakistan Limited	100,000	-	-	-	100,000
Dividend and other receivable	14,595	-	-	-	14,595
	2,686,180	29,635,230	-	-	32,321,410
<b>Financial Liabilities</b>					
Payable to the Pension Fund Manager	39,515	-	203,842	-	243,357
Payable to the Trustee	23,143	-	-	-	23,143
Accrued and other liabilities	50,325	-	-	-	50,325
	112,983	-	203,842	-	316,825
<b>Net Assets</b>	<u>2,573,197</u>	<u>29,635,230</u>	<u>(203,842)</u>	<u>-</u>	<u>32,004,585</u>

As at June 30, 2017					
Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total	
-----Rupees-----					
<b>Alfalsh GHP Pension Fund - Debt Sub Fund</b>					
<b>Financial Assets</b>					
Bank balances	1,078,251	-	-	-	1,078,251
Investments - net	-	29,635,230	-	-	29,635,230
Security Deposit with Central Depository Company of Pakistan Limited	-	-	-	-	-
Dividend and other receivable	8,050	-	-	-	8,050
	1,086,301	29,635,230	-	-	30,721,531
<b>Financial Liabilities</b>					
Payable to the Pension Fund Manager	37,639	-	103,842	-	141,481
Payable to the Trustee	22,072	-	-	-	22,072
Accrued and other liabilities	50,325	-	-	-	50,325
	110,036	-	103,842	-	213,878
	976,265	29,635,230	(103,842)	-	30,507,653

#### 20.4 Fair Value Of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or liability can be 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.

Fair value of investments is determined as per the policy disclosed in note 3.2 to these financial statements.

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- **Level 1:** Quoted price (unadjusted) in an active market for identical assets or liabilities that the entity can access at the measurement date;
- **Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2017 the Fund held the following assets measured at fair values:

The table below analyse financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

As at June 30, 2017				
	Level 1	Level 2	Level 3	Total
-----Rupees-----				
<b>Equity Sub-Fund</b>				
<b>Financial assets classified as 'at fair value through profit or loss' - held-for-trading</b>				
- Investment in Listed equity securities	29,616,434	-	-	29,616,434
<b>Debt Sub-Fund</b>				
<b>Financial assets classified as 'at fair value through profit or loss' - held-for-trading</b>				
- Investment in Market treasury bills	-	29,635,230	-	29,635,230
<b>Money Market Sub-Fund</b>				
<b>Financial assets classified as 'at fair value through profit or loss' - held-for-trading</b>				
- Investment in Market treasury bills	-	29,635,230	-	29,635,230

## 20.5 Participants' Sub Fund Risk Management

The participants' fund is represented by redeemable units. These units are entitled to payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date.

The Fund has no restrictions on the subscription and redemption of units. There is no specific capital requirement which is applicable to the Fund.

The Fund's objectives when managing participants' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to participants and to maintain a strong base of assets under management.

In accordance with the risk management policies, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption. Since the participants of the Fund have invested with a long term objective, the possibility of a significant redemption pressure is limited, such liquidity being augmented by borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

All units, including the core units, and fractions thereof represent an undivided share in the pertinent sub-funds of the fund and rank parri passu as their rights in the net assets and earning of the sub-fund are not tradable or transferable. Each participant has a beneficial interest in the sub-fund proportionate to the units held by such participant in such sub-fund.

## 21. FINANCIAL PERFORMANCE

Particulars	For the period from November 08, 2016 to June 30, 2017		
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub- Fund
Net (loss) / income	(1,977,367)	561,310	566,489
(Loss) / gain on sale of investments - net	(108,742)	3,914	3,914
Net unrealized loss on revaluation of investments 'classified as 'at fair value through profit or	(2,282,713)	(484)	(484)
Dividend income	549,825	-	-
Profit / mark-up income	419,216	1,096,892	1,080,457
Net asset value per unit as at June 30	93.8444	101.8344	101.8882
Total Net Assets as at June 30	31,571,597	32,065,508	30,568,989
Total contributions received - Gross	33,548,964	31,504,198	30,002,500

### 21.1 Highest and lowest issue price of units issued during the year

	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund	
	Lowest issue price	Highest issue price	Lowest issue price	Highest issue price	Lowest issue price	Highest issue price
For the year ended June 30, 2017	90.9019	106.5322	100.0000	101.8344	100.0000	101.8882

## 22. CORRESPONDING FIGURES

These financial statement are the first financial statements of the Fund, hence no corresponding figures have been presented.

## 23. GENERAL

23.1 Figures have been rounded off to the nearest rupee.

23.2 Units have been rounded off to the nearest whole number

## 24. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on **August 23, 2017** by the Board of Directors of the Pension Fund Manager.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director



**Alfalah GHP**  
**Islamic Pension Fund**

## CORPORATE INFORMATION

<b>Management Company:</b>	<b>Alfalah GHP Investment Management Limited</b> 8-B, 8th Floor, Executive Tower, Dolmen City, Block-4, Clifton, Karachi.
<b>Board of Directors of the Management Company:</b>	<b>Ms.Maheen Rahman</b> <b>Syed Ali Sultan</b> <b>Mr.Hanspeter Beier</b> <b>Mr.Amin Dawood Saleh</b> <b>Mr.Abid Naqvi</b> <b>Mr. Tufail Jawed Ahmad</b> <b>Mr. Adeel Bajwa</b>
<b>Audit Committee:</b>	<b>Mr. Abid Naqvi</b> <b>Syed Ali Sultan</b> <b>Mr. Amin Dawood Saleh</b>
<b>HR Committee:</b>	<b>Syed Ali Sultan</b> <b>Mr. Tufail Jawed Ahmed</b> <b>Ms. Maheen Rahman</b>
<b>Chief Operating Officer and Company Secretary :</b>	<b>Mr. Noman Ahmed Soomro</b>
<b>Chief Financial Officer:</b>	<b>Mr. Muhammad Shehzad Dhedhi</b>
<b>Trustee:</b>	<b>Central Depository Company of Pakistan Limited</b> CDC House, 99-B, Block 'B', SMCHS, Main Share-e-Faisal, Karachi
<b>Bankers to the Fund:</b>	<b>Bank Alfalah Limited</b>
<b>Auditors:</b>	<b>A.F. Ferguson &amp; Co.</b> Chartered Accountants State Life Building No. 1-C I.I. Chundrigar Road, P.O.Box 4716 Karachi, Pakistan
<b>Legal Advisor:</b>	<b>Ahmed &amp; Qazi</b> Advocates & Legal Consultants 402,403,404,417 Clifton Centre, Clifton, Karachi
<b>Shariah Advisor:</b>	<b>Bank Islami Pakistan Limited 11th Floor,</b> Dolmen Executive Towers, Marine Drive, Clifton, Block-4, Karachi
<b>Registrar:</b>	<b>Alfalah GHP Investment Management Limited</b> 8-B, 8th Floor, Executive Tower, Dolmen City, Block-4, Clifton, Karachi.
<b>Distributor:</b>	<b>Bank Alfalah Limited</b>

# Alfalah GHP Islamic Pension Fund

## Annual Fund Manager`s Report

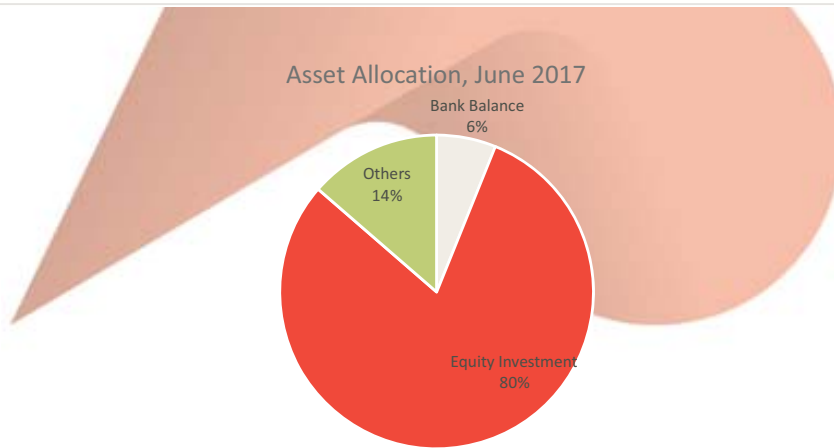
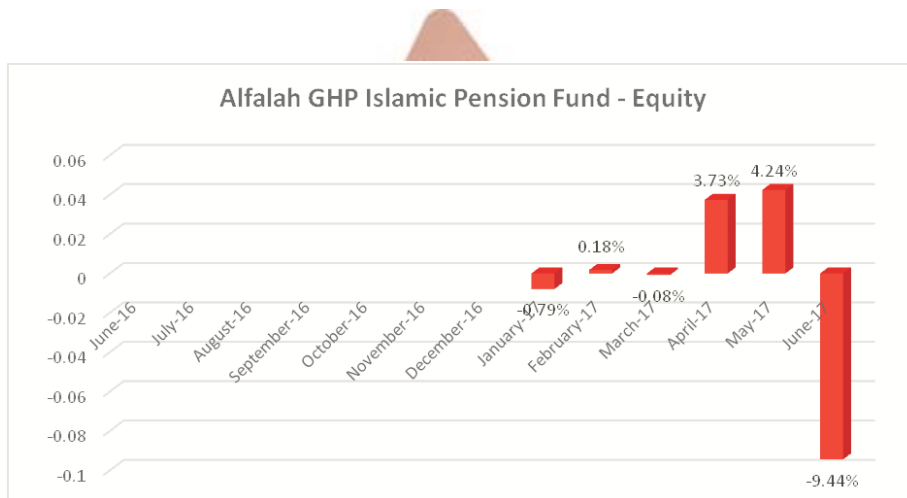
**Type of Fund:** Shariah Compliance Voluntary Pension Scheme

**Investment Objective**

The investment objective of Alfalah GHP Islamic Pension Fund is to provide individuals with a portable, individualized, Shariah Compliant, funded (based on defined contribution) and flexible pension scheme.

**Equity Sub Fund**

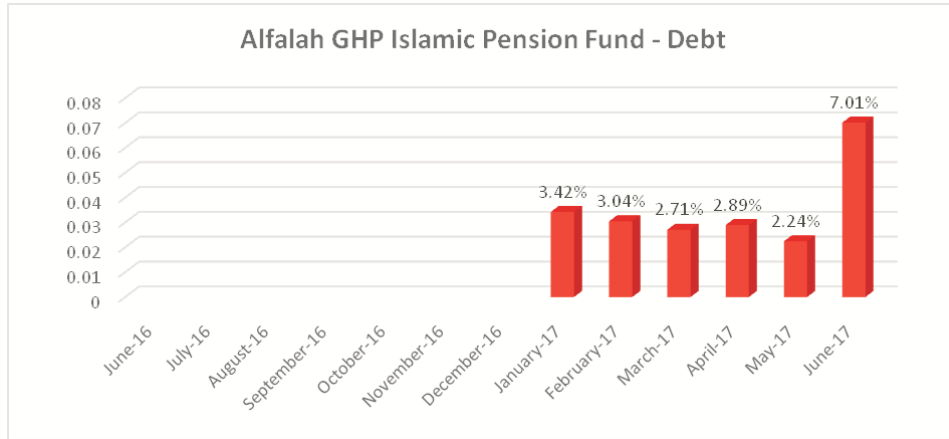
The plan was launched on 2nd January, 2017 and generated a return of -2.75% for the period ended June 30, 2017. Being an equity sub fund the exposure towards equity market remained on the higher side. Net assets of the plan stood at PKR 35.16 million on June 30th, 2017.



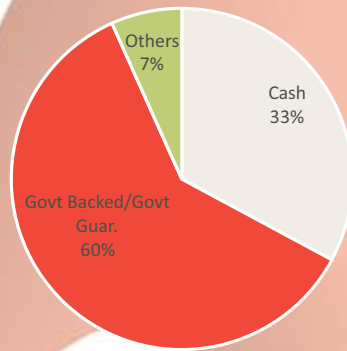
**Debt Sub Fund:**

The plan generated a return of 3.56% for the period ended June 30, 2017. The plan is aimed at investors with a medium risk profile. The exposure towards shariah compliant instrument during the period remained relatively on the higher end. Net assets of the plan stood at PKR 33.14 million on June 30th, 2017.



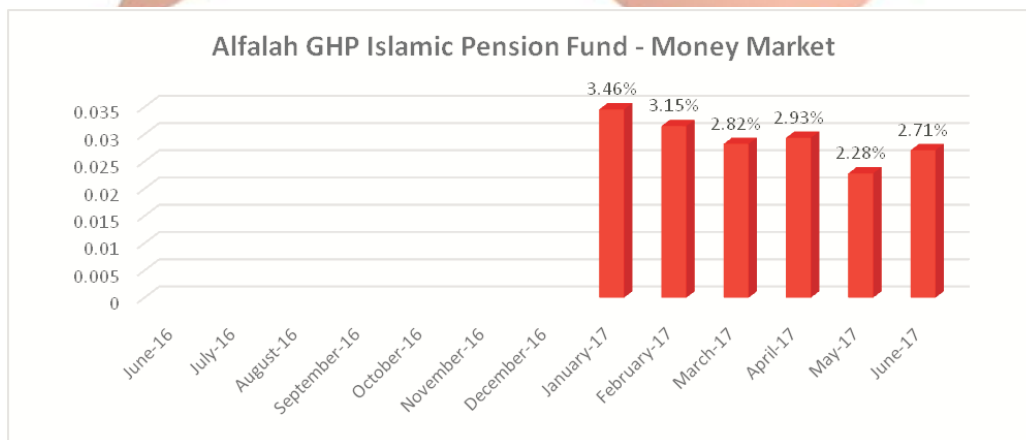


Asset Allocation, June 2017

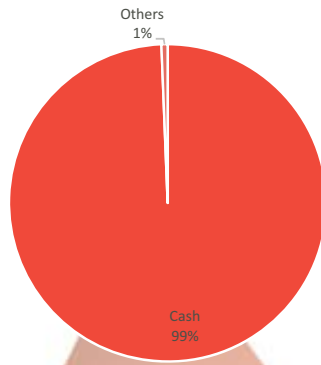


**Money Market Sub Fund:**

The plan generated a return of 2.89% for the period ended June 30, 2017. This plan is targeted at investors with a low risk profile and is structured to invest in shariah compliant money market instruments. During the period fund remained invested in cash. Net assets of the plan stood at PKR 30.42 million on June 30th, 2017.



Asset Allocation, June 2017



**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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S.M.C.H.S. Main Shakra-e-Faisal,  
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Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE PARTICIPANTS**

**ALFALAH GHP ISLAMIC PENSION FUND**

**Report of the Trustee pursuant to Rule 31(h) of the Voluntary Pension System Rules, 2005**

We Central Depository Company of Pakistan Limited, being the Trustee of Alfalah GHP Islamic Pension Fund (the Fund) are of the opinion that Alfalah GHP Investment Management Limited being the Pension Fund Manager of the Fund has in all material respects managed the Fund for the period from November 08, 2016 to June 30, 2017 in accordance with the provisions of the constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.

For the purpose of information, we would like to draw the attention of the Participants of the Fund towards the following facts:

1. Debt sub-fund was non-compliant at various intervals with respect to the requirement prescribed in Point (c) under the debt sub-fund of Circular 36 of 2009 dated December 10, 2009 issued by SECP wherein, Fund is required to maintain at least 25% of Net Assets in debt securities issued by Federal Government.

The matter was taken up with the Pension Fund Manager and we were informed that the investments in bank deposits were continued due to better returns as compared to Shariah Compliant Government Securities available in the market. Being the Trustee of the Fund we have reported the said issue to the Commission.

2. Equity sub-fund remained non-complaint during the period with respect to the requirement prescribed in clause (d) under the head of equity sub fund of Circular 36 of 2009 dated December 10, 2009 issued by SECP wherein Fund is required to maintain at least 90% of Net Assets of equity sub-fund in listed equity securities during the year based on quarterly average investment calculated on daily basis.

The matter was taken up with the Pension Fund Manager and we were informed that minimum limit of 90% was breached due to volatile equity market during the period. Moreover, active fund management was required especially when the size of the Fund was also very small. Being the Trustee of the Fund we have reported the said issue to the Commission.

3. Money market sub-fund was non-compliant at various intervals with respect to the requirement for maintaining deposits with commercial banks having "A plus" or higher rating with a limit not exceeding 20% of Net Assets of money market sub-fund as stipulated in clause (c) under the head of money market sub-fund of Circular 36 of 2009 dated December 10, 2009 issued by SECP.

The matter was taken up with the Pension Fund Manager and we were informed that as per their initial understanding maximum deposit with a single bank does not include the Cash at bank account. Later on they corrected their understanding and regularized the requirement. Being the Trustee of the Fund we have reported the said issue to the Commission.



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

Karachi: October 05, 2017



## **REPORT OF THE SHARIAH ADVISORY BOARD ALFALAH GHP ISLAMIC PENSION FUND**

We, the Shariah Advisers of the Alfalah GHP Islamic Pension Fund ('AGIPF) managed by Alfalah GHP Investment Management Limited, are issuing this report in accordance with the Trust deed and Offering Document of the said Fund. The scope of the report is to express an opinion on the Shariah Compliance of the Fund's activities.

It is the responsibility of the Management Company of the said Fund to establish and maintain a system of internal controls to ensure compliance with issued Shariah guidelines. As a Shariah Advisors our responsibility is to express an opinion, based on our review of the representations made by the management, to the extent where such compliance can be objectively verified.

In the capacity of Shariah Advisor of the Fund, we provide consent for Investment in Equity securities based on the Shariah Guidelines during the period from January 02, 2017 to June 30, 2017.

We hereby certify that the investments made by the Fund are in compliance with the Shariah principles.

For the year 2016-17 Provision against Charity is made amounted to Rs. 4,455/- in respect of dividend purification, which is subject to final adjustment on the basis of respective Company's Annual Financial Statement for the year ended 2018.

May Allah bless us with Tawfeeq to accomplish these cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

For and on behalf of Shariah Advisory Board



Shariah Advisor

# INDEPENDENT REASONABLE ASSURANCE REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

## Introduction

We were engaged by the Board of Directors of Alfalah GHP Investment Management Limited (the Management Company) to report on the Management Company's assessment of compliance with the Shariah Principles of Alfalah GHP Islamic Pension Fund (the Fund), as set out in the annexed Statement of Compliance with the Shariah Principles (the Statement) prepared by the Management Company for the year ended June 30, 2017, in the form of an independent reasonable assurance conclusion about whether the annexed statement reflects, in all material respects the status of compliance of the Fund with the Shariah Principles as specified in the Trust Deed and the guidelines issued by the Shariah Advisor. Our engagement was conducted by a team of assurance practitioners.

## Applicable Criteria

The criteria for the assurance engagement against which the annexed statement has been assessed comprises of the Shariah Principles as specified in the Trust Deed and the guidelines issued by the Shariah Advisor (the Shariah Principles).

## Management's Responsibility of Shariah Compliance

The Management Company of the Fund is responsible for preparation of the annexed statement that is free from material misstatement. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. It also includes ensuring the overall compliance of the Fund with the Shariah Principles.

## Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control (ISQC) 1 (Redrafted), "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. Our responsibility and summary of work performed

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement reflects the status of compliance of the Fund with the Shariah Principles as specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with the Shariah Principles, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Fund's compliance with the Shariah Principles, in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion as to the effectiveness of the Management Company's internal control over the Fund's compliance with the Shariah Principles. A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Shariah Principles, and consequently cannot provide absolute assurance that the objective of compliance with the Shariah Principles, will be met. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

The procedures primarily performed comprised the following:

- checking compliance of specific guidelines relating to charity, maintaining bank accounts and for making investments of the Fund.
- checking that the Shariah Advisor has certified that the operations of the Fund, its investments and placements made during the year ended

June 30, 2017 are in compliance with the Shariah Principles.

We believe that the evidences we have obtained through performing our procedures were sufficient and appropriate to provide a basis for our conclusion.

## Conclusion

Based on the procedures performed during our reasonable assurance engagement, we report that in our opinion, the annexed statement, in all material respects, presents fairly the status of the Fund's compliance with the Shariah Principles specified in the Trust Deed and in the guidelines issued by the Shariah Advisor for the year ended June 30, 2017.

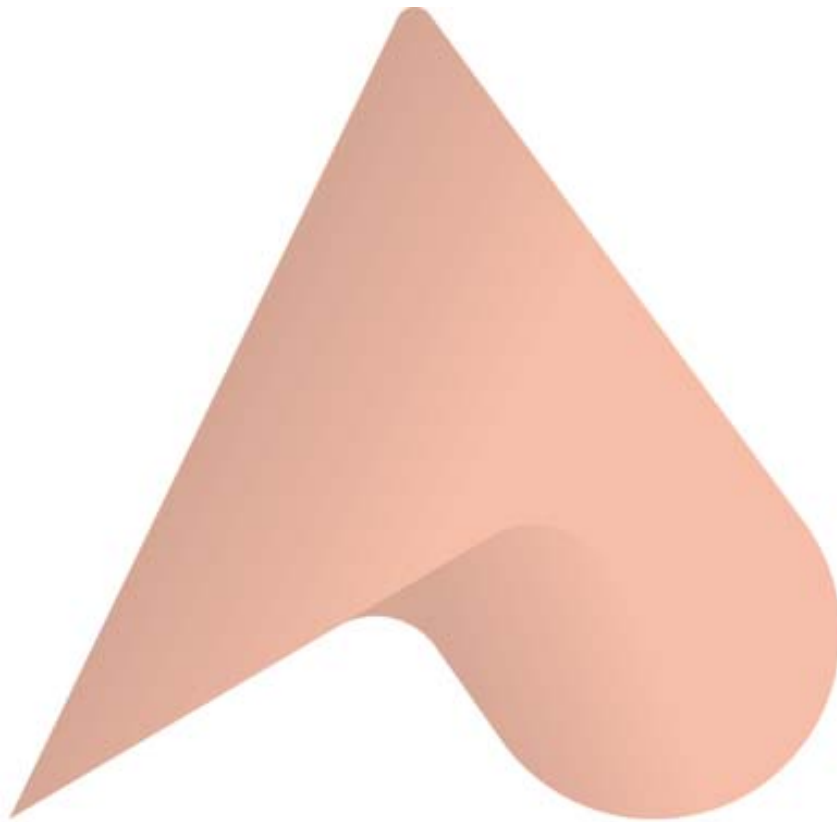
Chartered Accountants  
Dated: September 20, 2017  
Karachi

## STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

**Alfalah GHP Islamic Pension Fund** has fully complied with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor for its operations, investments and placements made during the year ended June 30, 2017. This has been duly confirmed by the Shariah Advisor of the Fund.

Dated: September 20, 2017

**Ms. Maheen Rahman**  
Chief Executive Officer



## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements comprising:

- i. Statement of Assets and Liabilities;
- ii. Income Statement;
- iii. Statement of Comprehensive Income;
- iv. Statement of Cash Flows; and
- v. Statement of Movement in Participants' Sub-Funds.

of **Alfalah GHP Islamic Pension Fund** (the Fund) as at June 30, 2017 and a summary of significant accounting policies and other explanatory notes forming part thereof for the period from November 8, 2016 to June 30, 2017.

### **Pension Fund Manager's responsibility for the financial statements**

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

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing 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 misstatements.

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' judgement, 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 the Pension Fund Manager, 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:

- a) the financial statements prepared for the period have been prepared in accordance with the relevant provisions of the Trust Deed and the Voluntary Pension System Rules, 2005 including the guidelines there under;
- b) a true and fair view is given of the disposition of the Fund as at June 30, 2017 and of the transactions of the Fund for the period from November 8, 2016 to June 30, 2017 in accordance with approved accounting standards as applicable in Pakistan;
- c) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
- d) the cost and expenses debited to the Fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the Fund;
- e) proper books and records have been kept by the Pension Fund Manager and the financial statements prepared are in agreement with the Fund's books and records;
- f) we were able to obtain all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit; and
- g) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Chartered Accountants  
Engagement Partner: **Shahbaz Akbar**  
Dated: September 20, 2017  
Karachi



**ALFALAH GHP ISLAMIC PENSION FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**

AS AT JUNE 30, 2017

June 30, 2017						
Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total	
-----Rupees-----						
<b>ASSETS</b>						
Bank balances	4	6,713,673	12,956,619	30,476,983	94,760	50,242,035
Investments	5	28,493,717	20,239,600	-	-	48,733,317
Security Deposit with Central Depository Company of Pakistan Limited		100,000	100,000	-	-	200,000
Dividend and other receivables	6	141,087	140,646	139,626	7	421,366
Formation Cost	7	58,062	58,062	58,062	-	174,186
<b>Total assets</b>		<b>35,506,539</b>	<b>33,494,927</b>	<b>30,674,671</b>	<b>94,767</b>	<b>99,770,904</b>
<b>LIABILITIES</b>						
Payable to the Pension Fund Manager	8	258,322	257,080	156,184	92,090	763,676
Payable to the Trustee	9	26,919	26,057	25,242	-	78,218
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)	10	6,592	6,482	6,444	-	19,518
Accrued and other liabilities	11	55,358	62,894	58,899	2,677	179,828
<b>Total liabilities</b>		<b>347,191</b>	<b>352,513</b>	<b>246,769</b>	<b>94,767</b>	<b>1,041,240</b>
<b>Net assets</b>		<b>35,159,348</b>	<b>33,142,414</b>	<b>30,427,902</b>	<b>-</b>	<b>98,729,664</b>
<b>Participants' sub funds (as per statement attached)</b>		<b>35,159,348</b>	<b>33,142,414</b>	<b>30,427,902</b>	<b>-</b>	<b>98,729,664</b>
<b>Contingencies and commitments</b>	14					
<b>Number of units in issue</b>	12	361,540	325,733	300,025		
<b>Net asset value per unit (Rupees)</b>		<b>97.2487</b>	<b>101.7472</b>	<b>101.4180</b>		

The annexed notes from 1 to 23 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP ISLAMIC PENSION FUND**

**INCOME STATEMENT**

FOR THE PERIOD FROM NOVEMBER 08, 2016 TO JUNE 30, 2017

For the period from November 08, 2016 to June 30, 2017					
Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
-----Rupees-----					
<b>INCOME</b>					
Profit / mark-up income	16	312,681	935,090	933,800	2,181,571
At fair value through profit or loss' - held-for-trading					
- Dividend income		395,270	-	-	395,270
- Gain on sale of investments - net		52,256	-	-	52,256
- Unrealised (loss) / gain on revaluation of investments - net	5.3	(1,148,380)	119,600	-	(1,028,780)
		(700,854)	119,600	-	(581,254)
<b>Total (loss) / income</b>		(388,173)	1,054,690	933,800	1,600,317
<b>EXPENSES</b>					
Remuneration of the Pension Fund Manager		296,950	291,960	290,277	879,187
Sindh Sales Tax on Remuneration of the Pension Fund Manager		38,603	37,955	37,736	114,294
Remuneration of the Trustee		64,938	63,878	63,514	192,330
Sindh Sales Tax on Remuneration of the Trustee		8,442	8,304	8,257	25,003
Annual fee to the Securities and Exchange Commission of Pakistan		6,592	6,482	6,444	19,518
Legal and professional charges		22,468	22,468	22,468	67,404
Brokerage expense and capital value tax		35,137	10,198	-	45,335
Auditors' remuneration	15	50,000	50,000	50,000	150,000
Amortization of formation cost	7	15,780	15,780	15,780	47,340
Bank and settlement charges		3,800	7,200	5,225	16,225
Provision against Sindh Worker's Welfare Fund	11.1	-	10,809	8,682	19,491
<b>Total expenses</b>		542,710	525,034	508,383	1,576,127
<b>Net (loss) / income for the period before taxation</b>		(930,883)	529,656	425,417	24,190
Taxation	3.6	-	-	-	-
<b>Net (loss) / income for the period after taxation</b>		(930,883)	529,656	425,417	24,190
<b>Earnings per unit</b>	3.11				

The annexed notes from 1 to 23 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP ISLAMIC PENSION FUND**  
**STATEMENT OF COMPREHENSIVE INCOME**

FOR THE PERIOD FROM NOVEMBER 08, 2016 TO JUNE 30, 2017

	For the period from November 08, 2016 to June 30, 2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	-----Rupees-----			
Net (loss) / income for the period after taxation	(930,883)	529,656	425,417	24,190
Other comprehensive (loss) / income	-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>	<u>(930,883)</u>	<u>529,656</u>	<u>425,417</u>	<u>24,190</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
 (Management Company)

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

\_\_\_\_\_  
 Director

**ALFALAH GHP ISLAMIC PENSION FUND**

**STATEMENT OF CASH FLOWS**

FOR THE PERIOD FROM NOVEMBER 08, 2016 TO JUNE 30, 2017

	For the period from November 08, 2016 to June 30, 2017				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
	-----Rupees-----				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net (loss) / income for the period after taxation	(930,883)	529,656	425,417	-	24,190
<b>Adjustments for:</b>					
Unrealised loss / (gain) on revaluation of investments classified as 'at fair value through profit or loss' - held for trading	1,148,380	(119,600)	-	-	1,028,780
Amortization of formation cost	15,780	15,780	15,780	-	47,340
Provision against Sindh Worker's Welfare Fund	-	10,809	8,682	-	19,491
	233,277	436,645	449,879	-	1,119,801
<b>Increase in assets</b>					
Investments-net	(29,642,097)	(20,120,000)	-	-	(49,762,097)
Security Deposit with Central Depository Company of Pakistan Limited	(100,000)	(100,000)	-	-	(200,000)
Dividend and other receivables	(141,087)	(140,646)	(139,626)	(7)	(421,366)
Formation Cost	(73,842)	(73,842)	(73,842)	-	(221,526)
	(29,957,026)	(20,434,488)	(213,468)	(7)	(50,604,989)
<b>Increase in liabilities</b>					
Payable to the Pension Fund Manager	258,322	257,080	156,184	92,090	763,676
Payable to the Trustee	26,919	26,057	25,242	-	78,218
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)	6,592	6,482	6,444	-	19,518
Accrued and other liabilities	55,358	52,085	50,217	2,677	160,337
	347,191	341,704	238,087	94,767	1,021,749
<b>Net cash (used in) / generated from operating activities</b>	(29,376,558)	(19,656,139)	474,498	94,760	(48,463,439)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Amounts received on issuance of units					
Individuals	6,285,667	2,612,758	2,485	-	8,900,910
Investment in core units by the Pension Fund Manager	30,000,000	30,000,000	30,000,000	-	90,000,000
Payments made against redemption of units	(195,436)	-	-	-	(195,436)
<b>Net cash generated from financing activities</b>	36,090,231	32,612,758	30,002,485	-	98,705,474
<b>Net increase in cash and cash equivalents</b>	6,713,673	12,956,619	30,476,983	94,760	50,242,035
<b>Cash and cash equivalents at the end of the period</b>	6,713,673	12,956,619	30,476,983	94,760	50,242,035

The annexed notes from 1 to 23 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP ISLAMIC PENSION FUND**  
**STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB FUNDS**  
*FOR THE PERIOD FROM NOVEMBER 08, 2016 TO JUNE 30, 2017*

<b>For the period from November 08, 2016 to June 30, 2017</b>				
Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
-----Rupees-----				
Contribution against Units	12 & 13 36,285,667	32,612,758	30,002,485	98,900,910
Withdrawal against Units	12 & 13 (195,436)	-	-	(195,436)
	36,090,231	32,612,758	30,002,485	98,705,474
Gain on sale of investments classified as 'at fair value through profit or loss' - held for trading	52,256	-	-	52,256
Unrealised (loss) / gain on revaluation of investments classified as at fair value through profit or loss' - held for trading	(1,148,380)	119,600	-	(1,028,780)
Other income (net of expenses)	165,241	410,056	425,417	1,000,714
<b>Total comprehensive (loss) / income for the period</b>	(930,883)	529,656	425,417	24,190
<b>Net assets at the end of the period</b>	<u>35,159,348</u>	<u>33,142,414</u>	<u>30,427,902</u>	<u>98,729,664</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

## ALFALAH GHP ISLAMIC PENSION FUND

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM NOVEMBER 08, 2016 TO JUNE 30, 2017

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

- 1.1** Alfalah GHP Islamic Pension Fund (the Fund) was established under a Trust deed executed between Alfalah GHP Investment Management Limited (AGIML) as Pension Fund Manager and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on September 26, 2016 and was executed on October 06, 2016 under the Voluntary Pension System Rules, 2005 (VPS Rules). The Fund was authorized by the SECP as a Pension Fund on November 28, 2016. The Pension Fund Manager of the Fund has been licensed to act as a Pension Fund Manager under the VPS rules through a certificate of registration issued by SECP. The registered office of the Pension Fund Manager is situated at 8th Floor, Executive Tower, Dolmen Mall, Block-4, Clifton, Karachi.
- 1.2** The objective of the Fund is to provide participants with a portable, individualized, Shariah Compliant, funded (based on defined contribution) and flexible pension scheme which is managed by a professional investment manager to assist them to plan and provide for their retirement. The design of the scheme empowers the participants to decide how much to invest in their pensions and how to invest it, as well as to continue investing in their pension accounts even if they change jobs.
- 1.3** Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.
- 1.4** All operational, management and investment activities of the Fund are undertaken in accordance with the Islamic Shariah guidelines provided by the Shariah Advisor. The Fund operates under an umbrella structure and is composed of Sub-Funds, each being a collective investment scheme. At present, the Fund consists of the following three Sub -Funds:

##### **AGIPF - Equity Sub-Fund (AGIPF - ESF)**

The Equity sub-fund consists of a minimum 90% of net assets invested in listed equity securities, investment in a single company is restricted to lower of 10% of Net Asset Value (NAV) of equity sub-fund or paid-up capital of the investee company (subject to the conditions prescribed in the offering document to the Fund). Remaining assets of the Equity Sub-Fund may be invested in any government treasury bills or government securities having less than one year time maturity, or be deposited with scheduled Islamic commercial banks having at least 'A' rating or Islamic windows of commercial banks having at least 'AA' rating.

##### **AGIPF - Debt Sub-Fund (AGIPF - DSF)**

The Debt Sub-Fund consists of Shariah compliant tradeable debt securities with weighted average time to maturity of the investment portfolio of the sub-fund not exceeding 5 years. At least 25% of the net assets of Debt Sub-Fund shall be invested in debt securities issued by the Federal Government. Upto 25% may be deposited with scheduled Islamic banks having not less than 'A+' rating or Islamic windows of commercial banks having not less than 'AA' rating. Investment in securities issued by companies of a single sector shall not exceed 20% except for banking sector for which the exposure limit shall be up to 30% of net assets of Debt Sub-Fund. Deposit in a single bank shall not exceed 20% of net asset of the debt sub-fund. Composition of the remaining portion of the investments shall be as defined in the offering document to the Fund.

##### **AGIPF - Money Market Sub-Fund (AGIPF - MMSF)**

The Money Market Sub-Fund consists of Shariah compliant short-term money market securities with weighted average time to maturity not exceeding one year. There is no restriction on the amount of investment in securities issued by the Federal Government and Islamic windows of commercial banks having 'A+' rating provided that deposit with any one bank shall not exceed 20% of net assets of Money Market Sub-Fund. Investment in securities issued by provincial government, city government, government corporation with 'A' or higher rating or a corporate entity with 'A+' or higher rating shall be in proportion as defined in offering document to the Fund.

- 1.5** The Sub-Funds' units are issued against contributions by the eligible participants on a continuous basis since January 03, 2017 and can be surrendering them to the Fund.
- 1.6** The participants of the Fund voluntarily determine the contribution amount subject to the minimum limit fixed by the Pension Fund Manager. Such contributions received from the participants are allocated among different Sub-Funds, in accordance with their respective preferences and in line with the prescribed allocation policy. The units held by the participants in the Sub-Funds can be redeemed on or before their retirement, and in case of disability or death subject to conditions laid down in the Trust Deed, Offering Document, the VPS Rules and the Income Tax Ordinance, 2001. According to the Trust Deed, there shall be no distribution from the Sub-Funds, and all income earned by the Sub-Funds shall be accumulated and retained in the Fund.
- 1.7** Under the provisions of the Offering Document of the Fund, contributions received from or on behalf of any Participant by Trustee in cleared funds on any business day shall be credited to the Individual Pension Account of the Participant after deducting the front-end fees, bank charges, any Takaful contribution payable in respect of any schemes selected by the Participant. The net contribution received in the Individual Pension Account shall be used to allocate such number of units of the relevant Sub-Funds in accordance with the Allocation Policy selected by the Participant as is determined in accordance with the Trust Deed and the units shall be allocated at Net Asset Value noticed by the Pension Fund Manager at the close of that business day.

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Voluntary Pension System Rules, 2005 (VPS Rules) and the directives issued by the Securities and the Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the VPS Rules or the directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the VPS Rules, 2005 or the requirements of the said directives prevail.

### 2.2 Standards, Interpretations and amendments to published approved accounting standards that are effective in the current year

There are certain new and amended standards and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2016 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

### 2.3 Standards, Interpretations and amendments to published approved accounting standards that are not yet effective

2.3.1 There are certain new and amended standards and interpretations that are mandatory for the accounting period beginning on or after July 1, 2017 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

2.3.2 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>Standards, Interpretations or Amendments</b>	<b>Effective date (accounting period beginning on or after)</b>
- IFRS-9 Financial Instruments	January 1, 2018
- IFRS-15 Revenue from contracts with customers	January 1, 2018
- IFRS-16 Leases	January 1, 2019

### 2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- Classification and valuation of investments (note 3.2 and 5)
- Impairment of financial assets (note 3.2.6)
- Taxation (note 3.7)
- Recognition of provision against Sindh Workers' Welfare Fund (note 11.1)

### 2.5 Accounting convention

These financial statements have been prepared under the historical cost convention, except for certain investments which are stated at fair value.

### 2.6 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

### 3.1 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

## 3.2 Financial assets

### 3.2.1 Classification

The Fund classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. The Pension Fund Manager determines the classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

**Investments are categorised as follows:**

**a) Financial assets at fair value through profit or loss**

Financial assets that are acquired principally for the purpose of generating profits from short-term fluctuations in prices are classified as financial assets at fair value through profit or loss category. These include held for trading investments and such other investments that, upon initial recognition, are designated under this category.

**b) Loans and receivables**

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

**c) Available for sale**

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as

- (a) financial assets at fair value through profit or loss or
- (b) loans and receivables. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

### 3.2.2 Derivatives

These are measured at fair value. Derivatives with positive fair values (unrealised gains) are included in fair value of derivative asset and derivatives with negative fair values (unrealised losses) are included in fair value of derivative liability in the statement of assets and liabilities. The resultant gains and losses are included in the income statement.

### 3.2.3 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

### 3.2.4 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed out in the income statement.

### 3.2.5 Subsequent measurement

**a) Financial assets 'at fair value through profit or loss' and 'available for sale'**

Subsequent to initial recognition, financial assets classified as "at fair value through profit or loss" and "available for sale" are valued as follows:

Gains or losses arising, from changes in the fair value and on sale of the financial assets 'at fair value through profit or loss' are recognised in the Income Statement.

Changes in the fair value of financial instruments classified as 'available-for-sale' are recognised in other comprehensive income until derecognised or impaired, when the accumulated fair value adjustments recognised in other comprehensive income are included in the Income Statement.

**- Basis of valuation of debt securities**

Other debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its circular no. 33 of 2012 dated October 24, 2012 (which is essentially the same as contained in circular no. 1 of 2009 previously used). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

**- Basis of valuation of government securities**

The fair value of investments in Government securities is determined by reference to the quotations obtained from the PKRV/PKISRV rate sheet on the MUFAP website.



- **Basis of valuation of equity securities**

The fair value of investments in listed equity securities is determined by reference to Stock Exchange quoted market prices at the close of period end.

**b) Loans and receivables**

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortised cost using the effective yield method.

Gains or losses are recognised in the income statement when the financial assets carried at amortised cost are derecognised or impaired.

**3.2.6 Impairment**

The Fund assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets are impaired. The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

In the case of equity securities classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered as an objective evidence of impairment. In case of impairment of available for sale securities, the cumulative loss previously recognised in other comprehensive income is removed therefrom and included in the Income Statement. Impairment losses recognised in the income statement on equity securities are only reversed when the equity securities are derecognised.

For certain other financial assets, a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The provision against these amounts is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company in accordance with the requirements of the Securities and Exchange Commission of Pakistan.

**3.2.7 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

**3.3 Financial liabilities**

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

**3.4 Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

**3.5 Provisions**

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

**3.6 Taxation**

The income of the Fund is exempt from taxation under clause 57 (3) (viii) of the Part I of the Second Schedule to the Income Tax Ordinance, 2001.

**3.7 Revenue recognition**

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

- Gain or loss on sale of investments is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss arising on revaluation of investments classified as held for trading is included in the income statement in the period in which it arises.
- Dividend income is recognised when the Fund's right to receive the same is established.
- Profit / mark-up income on bank balances, letter of placement, term deposit receipts, certificate of investment and government securities is recognised on an accrual basis using the effective profit method.

### 3.8 Expenses

- All expenses including management fee and trustee fee are recognised in the Income Statement on an accrual basis.

### 3.9 Issue, Allocation, Reallocation and Redemption of Units

Contributions received from the participants are allocated to the Sub-Funds on the basis of the allocation scheme selected by each participant out of the allocation schemes offered by the pension fund manager. The net asset value (NAV) per unit of each Sub-Fund is determined at the close of each business day, according to the procedures outlined in the VPS Rules and are applicable for allocation of units in each Sub-Fund for all the contribution amount realised and credited in collection account of the Sub-Fund during the business hours' in that business day.

The Pension Fund Manager makes reallocation of the units between the Sub-Funds at least once a year to ensure that the allocations of the units of all the participants are according to the allocation scheme selected by the participants.

All Sub-Funds units are automatically redeemed at the close of the dealing day at which the retirement date falls or death of a participant has been confirmed. The participants may also withdraw from the scheme prior to retirement. The redemption from the respective Sub-Fund is made at the Net Asset Value per unit prevailing at the close of the dealing day on which the request is received, subject to deduction of zakat and taxes, as applicable.

In case of partial withdrawals, units are redeemed on a pro rata basis by ensuring that the remaining units are in accordance with the allocation scheme last selected by the participant.

Proceeds received on redemption / paid on issuance of units are reflected in the participant's Sub-Fund. The voluntary pension system rules, 2005 specify that the distribution of dividend shall not be allowed for pension funds and return to unit holders is, therefore, only possible through redemption of units which is based on the Net Asset Value (NAV). Hence, the management believes that creation of income equalization mechanism through separate recording of "element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed" is not required.

### 3.10 Net asset value (NAV) per unit

The Net Asset Value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

### 3.11 Earnings per unit

Earnings per unit (EPU) has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

## 4 BANK BALANCES

As at June 30, 2017

Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others (Note 4.1)	Total
Rupees					
Current accounts	-	10,000	-	-	10,000
Savings accounts	6,713,673	12,946,619	30,476,983	94,760	50,232,035
	<u>6,713,673</u>	<u>12,956,619</u>	<u>30,476,983</u>	<u>94,760</u>	<u>50,242,035</u>

4.1 These represent collection and redemption accounts maintained by the Fund.

4.2 The rate of return on these accounts range from 2.03% to 5.60%. It includes bank balance of Rs 9.875 million maintained with Bank Alfalah Limited (a related party).

## 5 INVESTMENTS

As at June 30, 2017

Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
Rupees					
<b>Investments by category</b>					
<b>At fair value through profit or loss' - held for trading</b>					
Listed equity securities	28,493,717	-	-	-	28,493,717
GoP Ijarah sukuk	-	20,239,600	-	-	20,239,600
	<u>28,493,717</u>	<u>20,239,600</u>	<u>-</u>	<u>-</u>	<u>48,733,317</u>

## 5.1 Equity Sub-Fund - Listed equity securities

Ordinary shares have a face value of Rs. 10 each unless stated otherwise

Name of the investee company	Purchases during the period	Bonus received during the period	Sold during the period	As at June 30, 2017	Cost of holding as at June 30, 2017	Market Value as at June 30, 2017	Unrealised gain / (loss) as at June 30, 2017	Market value as a percentage of:		Holding as a percentage of paid-up capital of investee company
								Net Assets	Total Investments	
						Rupees	%			
<b>Commercial Banks</b>										
Meezan Bank Limited	15,000	-	-	15,000	982,500	1,185,000	202,500	3.37%	4.16%	0.15%
<b>Textile Composite</b>										
Nishat Mills Limited	5,000	-	-	5,000	807,400	793,400	(14,000)	2.26%	2.78%	0.14%
<b>Cement</b>										
Cherat Cement Company Limited	6,200	-	-	6,200	1,138,298	1,108,436	(29,862)	3.15%	3.89%	0.35%
D.G Khan Cement Company Limited	5,000	-	-	5,000	1,154,950	1,065,800	(89,150)	3.03%	3.74%	0.11%
Lucky Cement Limited	2,900	-	-	2,900	2,486,544	2,425,154	(61,390)	6.90%	8.51%	0.09%
Pioneer Cement Limited	2,000	-	-	2,000	286,600	260,000	(26,600)	0.74%	0.91%	0.04%
Maple Leaf Cement Factory Limited	6,800	-	-	6,800	886,197	757,248	(128,949)	2.15%	2.66%	0.30%
					5,952,589	5,616,638	(335,951)	15.97%	19.71%	
<b>Refinery</b>										
National Refinery Limited	800	-	800	-	-	-	-	0.00%	0.00%	-
<b>Power Generation &amp; Distribution</b>										
The HUB Power Company Limited	12,000	-	-	12,000	1,661,760	1,409,160	(252,600)	4.01%	4.95%	0.10%
Kot Addu Power Company Limited	7,000	-	-	7,000	511,000	504,140	(6,860)	1.43%	1.77%	0.08%
					2,172,760	1,913,300	(259,460)	5.44%	6.72%	
<b>Oil &amp; Gas Marketing Companies</b>										
Pakistan State Oil Company Limited	2,500	-	-	2,500	1,136,250	968,375	(167,875)	2.75%	3.40%	0.09%
Sui Northern Gas Pipelines Limited	10,000	-	-	10,000	1,072,150	1,489,200	417,050	4.24%	5.23%	0.16%
					2,208,400	2,457,575	249,175	6.99%	8.63%	
<b>Oil &amp; Gas Exploration Companies</b>										
Mari Petroleum Company Limited	940	-	-	940	1,241,952	1,481,102	239,150	4.21%	5.20%	0.09%
Oil & Gas Development Company Limited	12,600	-	-	12,600	1,987,794	1,772,694	(215,100)	5.04%	6.22%	0.03%
Pakistan Oilfields Limited	2,800	-	-	2,800	1,407,720	1,282,820	(124,900)	3.65%	4.50%	0.12%
Pakistan Petroleum Limited	10,000	-	-	10,000	1,790,500	1,481,400	(309,100)	4.21%	5.20%	0.05%
					6,427,966	6,018,016	(409,950)	17.11%	21.12%	
<b>Engineering</b>										
Amreli Steels Limited	5,000	-	-	5,000	447,400	614,750	167,350	1.75%	2.16%	0.17%
International Steels Limited	4,000	-	-	4,000	523,960	511,560	(12,400)	1.45%	1.80%	0.09%
					971,360	1,126,310	154,950	3.20%	3.96%	
<b>Automobile Assembler</b>										
Honda Atlas Cars (Pakistan) Limited	700	-	-	700	531,608	607,383	75,775	1.73%	2.13%	0.05%
PAK Suzuki Motor Company Limited	1,200	-	-	1,200	857,594	936,432	78,838	2.66%	3.29%	0.15%
					1,389,202	1,543,815	154,613	4.39%	5.42%	
<b>Automobile Parts &amp; Accessories</b>										
The General Tyre and Rubber Company of Pakistan Limited	2,000	-	-	2,000	625,000	607,000	(18,000)	1.73%	2.13%	0.33%
Thal Limited (Face Value of Rs. 5 per share)	1,100	-	-	1,100	591,800	666,633	74,833	1.90%	2.34%	0.27%
					1,216,800	1,273,633	56,833	3.63%	4.47%	
<b>Fertilizer</b>										
Dawood Hercules Corporation Limited	5,000	-	-	5,000	760,000	681,800	(78,200)	1.94%	2.39%	0.10%
Engro Fertilizers Limited	17,000	-	-	17,000	1,155,450	939,080	(216,370)	2.67%	3.30%	0.13%
Engro Corporation Limited	5,000	-	-	5,000	1,629,550	1,629,550	(69,900)	4.63%	5.72%	0.10%
					3,614,900	3,250,430	(364,470)	9.24%	11.41%	
<b>Pharmaceuticals</b>										
The Searle Company Limited	2,000	200	-	2,200	1,440,000	1,126,356	(313,644)	3.20%	3.95%	0.14%
<b>Paper &amp; Board</b>										
Packages Limited	1,300	-	-	1,300	1,126,200	904,254	(221,946)	2.57%	3.17%	0.15%
<b>Foods &amp; Personal Care Products</b>										
Treet Corporation Limited	8,000	-	-	8,000	591,920	455,040	(136,880)	1.29%	1.60%	0.89%
<b>Miscellaneous</b>										
Synthetic Products Enterprises Limited	10,000	1,000	-	11,000	740,100	829,950	89,850	2.36%	2.91%	1.29%
					29,642,097	28,493,717	(1,148,380)			

5.1.1 The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001. As a result of these amendments, companies are liable to withhold bonus shares at the rate of 5 percent. In accordance with the requirement of the Ordinance these shares shall only be released if the fund deposit tax equivalent to 5% of the value of the bonus shares issued. The value of tax is computed on the basis of day-end price on the first day of book closure.

In this regard, a constitutional petition has been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs, which is pending adjudication. The petition is based on the fact that because CISs are exempt from deduction of income tax under Clause 99 of Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should not be applicable on bonus shares received by CISs. A stay order has been granted by the High Court of Sindh in favour of CISs.

As at June 30, 2017, the following bonus shares of the Fund were withheld by certain companies at the time of declaration. The Fund has included these shares in its portfolio, as the management believes that the decision of the constitutional petition will be in favour of the CISs.

Name of the Company	June 30, 2017	
	Bonus Shares	
	Number	Market Value
	-----Rupees-----	
The Searle Company Limited	10	5,119
Synthetic Products Enterprises Limited	50	3,773
	60	8,892

5.2 Debt Sub Fund - Government Securities (GoP Ijarah Sukuk)

GoP - Ijarah Sukuk	Note	Face Value				As at June 30, 2017	Carrying Value as at June 30, 2017	Market Value as at June 30, 2017	Unrealised gain / (loss)	Market value as a percentage of net assets of Sub-Fund
		As at November 08, 2016	Purchased During the period	Disposed off during the period	Maturities during the period					
		-----Rupees-----								
Government of Pakistan (GoP) - Ijarah Sukuks	5.2.1	-	20,000,000	-	-	20,000,000	20,120,000	20,239,600	119,600	61.07%
						20,000,000	20,120,000	20,239,600	119,600	

5.2.1 These Sukuks carry effective yield ranging from 4.44% to 5.24% per annum with maturities upto June 30, 2020.

5.3 Net unrealized (loss) / gain on revaluation of investments classified as 'at fair value through profit or loss'

	From November 08, 2016 To June 30, 2017			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	-----Rupees-----			
Market value of investment	28,493,717	20,239,600	-	48,733,317
Less: carrying value of investment	(29,642,097)	(20,120,000)	-	(49,762,097)
	(1,148,380)	119,600	-	(1,028,780)

	As at June 30, 2017				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
	-----Rupees-----				
Advance tax	12,395	-	-	7	12,402
Profit receivable on bank balances	6,692	123,221	139,626	-	269,539
Profit receivable on GoP Ijarah Sukuk	-	17,425	-	-	17,425
Dividend receivable	122,000	-	-	-	122,000
	141,087	140,646	139,626	7	421,366

6 DIVIDEND AND OTHER RECEIVABLES

	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
	-----Rupees-----				
Advance tax	12,395	-	-	7	12,402
Profit receivable on bank balances	6,692	123,221	139,626	-	269,539
Profit receivable on GoP Ijarah Sukuk	-	17,425	-	-	17,425
Dividend receivable	122,000	-	-	-	122,000
	141,087	140,646	139,626	7	421,366

7 FORMATION COST

	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
Cost incurred during the period	73,842	73,842	73,842	-	221,526
Amortised during the period	15,780	15,780	15,780	-	47,340
Balance at the end of the period	58,062	58,062	58,062	-	174,186

7.1 Formation cost represents expenditure incurred prior to the commencement of operations of the Fund. This cost is being amortised over three years in accordance with the requirement set out in the Trust Deed. These expenses were paid for by the Pension Fund Manager and are payable to them by the Fund.

#### 8. PAYABLE TO THE PENSION FUND MANAGER

As at June 30, 2017						
Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total	
-----Rupees-----						
Pension Fund Manager fee	39,363	38,264	37,470	-	115,097	
Sindh sales tax on remuneration of Pension Fund Manager	5,117	4,974	4,872	-	14,963	
Sales load payable	-	-	-	72,090	72,090	
Formation cost	73,842	73,842	73,842	-	221,526	
Others payable	140,000	140,000	40,000	20,000	340,000	
	<u>258,322</u>	<u>257,080</u>	<u>156,184</u>	<u>92,090</u>	<u>763,676</u>	

8.1 In accordance with the provisions of the VPS Rules, the Pension Fund Manager is entitled to a remuneration for its services by way of an annual management fee not exceeding 1.50% of the net assets of each Sub-Funds calculated on a daily basis. Currently, the Pension Fund Manager Fee is charged at the rate of 1.50% of the daily net assets of the Sub-Funds which is paid monthly in arrears.

8.2 During the year, sindh sales tax on Pension fund manager remuneration has been charged at 13 %.

8.3 In accordance with the provisions of the Rules, the Pension Fund Manager is allowed to charge a maximum front-end fee of 3% of all the contributions received from a participant of the Fund. The Pension Fund Manager has accordingly charged up to a maximum front end fee of 3% during the period.

#### 9 PAYABLE TO THE TRUSTEE

As at June 30, 2017						
Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total	
-----Rupees-----						
Trustee remuneration payable	23,322	22,559	22,338	-	68,219	
Sindh sales tax payable on trustee remuneration	3,032	2,933	2,904	-	8,869	
CDS charges	500	500	-	-	1,000	
Sindh sales tax payable on CDS charges	65	65	-	-	130	
	<u>26,919</u>	<u>26,057</u>	<u>25,242</u>	<u>-</u>	<u>78,218</u>	

9.1 CDC being the trustee of the Fund is entitled to a monthly remuneration for services rendered to the Sub-Funds under the provisions of the Trust Deed as per the tariff specified therein which is charged in proportion to the daily net assets of the pertinent Sub-Fund. The remuneration is paid to the trustee monthly in arrears.

The tariff structure applicable to the Fund as at June 30, 2017 is as follows:

Net Assets (Rupees)		Tariff
From	To	
1	1 Billion	Rs. 0.3 million or 0.15% per annum of Net Assets whichever is higher
Above 1 Billion	3 Billion	Rs. 1.5 million plus 0.10% per annum of Net Assets on amount exceeding Rs 1 billion
Above 3 Billion	6 Billion	Rs. 3.5 million plus 0.08% per annum of Net Assets on amount exceeding Rs 3 billion
Above 6 Billion	-	Rs. 5.9 million plus 0.06% per annum of Net Assets on amount exceeding Rs 6 billion

9.2 During the year, sindh sales tax on trustee remuneration has been charged at 13 %.

#### 10. ANNUAL FEE PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee payable to the Securities and Exchange Commission of Pakistan (SECP) in accordance with rule 36 of the Voluntary Pension System Rules, 2005 whereby each Sub-Fund is required to pay to the SECP an amount equal to one thirtieth of 1% of the average annual net assets of each of the Sub-Funds.

As at June 30, 2017

		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total	
-----Rupees-----							
11 ACCRUED AND OTHER LIABILITIES							
	Withholding tax payable	903	277	217	2,677	4,074	
	Provision against Sindh Workers' Welfare Fund (SWWF)	11.1	-	10,809	8,682	-	19,491
	Auditors' remuneration	50,000	50,000	50,000	-	-	
	Brokerage Payable	-	1,600	-	-	1,600	
	SST on Brokerage Payable	-	208	-	-	208	
	Charity / Donation Payable	11.2	4,455	-	-	-	4,455
		<u>55,358</u>	<u>62,894</u>	<u>58,899</u>	<u>2,677</u>	<u>29,828</u>	

11.1 'As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies their CISs and pension schemes whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / pension schemes / mutual funds excluded from the applicability of SWWF. However, as a matter of abundant caution provision in respect of SWWF is being made on a prudent basis.

Had the provision for SWWF not been recorded in the financial statements of the Fund, the net asset value per unit of AGIPF - ESF, AGIPF - DSF and AGIPF - MMSF have been higher by Re. Nil, Re. 0.0332 and Re. 0.0289 respectively.

11.2 According to the instructions of the Shariah Advisor of the Fund, any income earned by the Fund from investments / portion of investments made in non shariah compliant avenues, should be donated for charitable purposes directly by the Fund. An amount of Rs. 4,455 has been recognised by the Fund as charity expense during the financial year ended June 30, 2017.

## 12 NUMBER OF UNITS IN ISSUE

		From November 08, 2016 to June 30, 2017			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
-----Number of Units in Issue-----					
Issuance of units during the period					-
	- Investment in core units by Pension Fund Manager	300,000	300,000	300,000	900,000
	- Directly by participants	63,535	25,733	25	89,293
Less: Units redeemed during the period					
	- Directly by participants	1,995	-	-	1,995
<b>Total units in issue at the end of the period</b>		<u>361,540</u>	<u>325,733</u>	<u>300,025</u>	<u>987,298</u>

## 13 CONTRIBUTION TABLE

		From November 08, 2016 to June 30, 2017					
		Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund	
		Units	Rupees	Units	Rupees	Units	Rupees
Individuals		63,536	6,285,667	25,733	2,612,758	25	2,485
Investments in core units by the Pension Fund Manager		300,000	30,000,000	300,000	30,000,000	300,000	30,000,000
		<u>363,536</u>	<u>36,285,667</u>	<u>325,733</u>	<u>32,612,758</u>	<u>300,025</u>	<u>30,002,485</u>

#### 14. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2017.

	As at June 30, 2017				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
-----Rupees-----					
Audit Fee	24,599	24,599	24,599	-	73,797
Other certifications	16,727	16,727	16,727	-	50,181
Sindh Sales Tax	2,480	2,480	2,480	-	7,440
Out of pocket expenses	6,194	6,194	6,194	-	18,582
	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>150,000</u>

#### 15. AUDITORS REMUNERATION

	From November 08, 2016 to June 30, 2017				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
-----Rupees-----					
Profit / mark-up on:					
- Government securities - GoP Ijarah sukuk	312,681	920,081	933,800	-	2,166,562
- Bank Balances	-	15,009	-	-	15,009
	<u>312,681</u>	<u>935,090</u>	<u>933,800</u>	<u>-</u>	<u>2,181,571</u>

#### 16. PROFIT / MARK-UP INCOME

#### 17. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include Alfalah GHP Investment Management Limited being the Pension Fund Manager, Funds under management of the Pension Fund Manager, GHP Arbitrium AG, Bank Alfalah Limited and MAB Investment Incorporated being associated companies of Pension Fund Manager, Bank Alfalah Limited - Employees' Provident Fund, Bank Alfalah Limited - Employees' Gratuity Fund, Alfalah GHP Investment Management Limited - Staff Provident Fund, 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. Connected persons also includes any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund. The transactions with connected persons are in the normal course of business and at contractual rates.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investment and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the VPS Rules, 2005 and the Trust Deed.

Details of transactions and balances at year end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

#### 17.1 Details of transaction with related parties during the period are as follows:

	For The Period From November 08, 2016 to June 30, 2017				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
-----Rupees-----					
<b>Alfalah GHP Investment Management Limited</b>					
<b>(Pension Fund Manager)</b>					
Remuneration	296,950	291,960	290,277	-	879,187
Sindh sales tax on remuneration of the Pension Fund					
Manager	38,603	37,955	37,736	-	114,294
Remuneration paid	257,587	253,696	252,807	-	764,090
Formation cost paid on behalf of the fund	73,842	73,842	73,842	-	221,526

**For The Period From November 08, 2016 to June 30, 2017**

	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
-----Rupees-----					
Other payments made on behalf of funds	140,000	140,000	40,000	-	320,000
Sales load	-	-	-	72,090	72,090
Contribution	30,000,000	30,000,000	30,000,000	-	90,000,000
Contribution (Number of units)	300,000	300,000	300,000	-	900,000
<b>Central Depository Company of Pakistan Limited (Trustee)</b>					
Trustee fee	64,938	63,878	63,514	-	192,330
Sindh sales tax on trustee fee	8,442	8,304	8,257	-	25,003
Trustee Fee Paid	41,616	41,319	41,176	-	124,111
Security Deposit Paid	100,000	100,000	-	-	200,000
CDS charges	4,765	3,000	-	-	7,765
Sindh sales tax on CDS charges	619	390	-	-	1,009
<b>Bank Alfalah Limited</b>					
Profit accrued	311,961	253,932	251,061	-	816,954
Profit received	305,269	252,213	250,679	-	808,161
Bank charges	600	2,600	2,000	-	5,200

**For The Period From November 08, 2016 to June 30, 2017**

	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
-----Rupees-----					
<b>Key Management Personnel</b>					
Contributions	200,000	-	-	-	200,000
Contributions (Number of Units)	1,995	-	-	-	1,995
Redemptions	195,436	-	-	-	195,436
Redemptions (Number of Units)	1,995	-	-	-	1,995
<b>Participants having holding of more than 10%</b>					
Contributions	4,200,000	-	-	-	4,200,000
Contributions (Number of Units)	43,188	-	-	-	43,188

**17.2 Details of balances with related parties as at the period end are as follows:**

**As at June 30, 2017**

	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
-----Rupees-----					
<b>Alfalah GHP Investment Management Limited (Pension Fund Manager)</b>					
Remuneration payable	39,363	38,264	37,470	-	115,097
Sindh sales tax payable on remuneration of Pension Fund Manager	5,117	4,974	4,872	-	14,963
Formation cost payable	73,842	73,842	73,842	-	221,526



As at June 30, 2017

	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
-----Rupees-----					
Other Payable	140,000	140,000	40,000	20,000	340,000
Sales load payable	-	-	-	72,090	72,090
Investment at period end	29,174,610	30,524,160	30,425,400	-	90,124,170
Units held (Number of units)	300,000	300,000	300,000	-	900,000
<b>Central Depository Company of Pakistan Limited (Trustee)</b>					
Trustee fee payable	23,322	22,559	22,338	-	68,219
Sindh sales tax payable on trustee fee	3,032	2,933	2,904	-	8,869
Security Deposit	100,000	100,000	-	-	200,000
CDS charges payable	500	500	-	-	1,000
Sindh sales tax payable on CDS charges	65	65	-	-	130
<b>Bank Alfalah Limited</b>					
Bank balance	6,686,581	2,887,001	207,142	94,760	9,875,484
Profit receivable on bank deposits	6,692	1,719	382	-	8,793
<b>Participants having holding of more than 10% Mohammad Asif Peer</b>					
Investment at period end	4,200,000	-	-	-	4,200,000
Units held (Number of units)	43,188	-	-	-	43,188

18 FINANCIAL INSTRUMENTS BY CATEGORY

Particulars	As at June 30, 2017										Total
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Others	
	Loans and receivables	At fair value through profit or loss	Sub-Total	Loans and receivables	At fair value through profit or loss	Sub-Total	Loans and receivables	At fair value through profit or loss	Sub-Total	Loans and receivables	
-----Rupees-----											
<b>Financial assets</b>											
Bank balances	6,713,673	-	6,713,673	12,956,619	-	12,956,619	30,476,983	-	30,476,983	94,760	50,242,035
Investments - net	-	28,493,717	28,493,717	-	20,239,600	20,239,600	-	-	-	-	48,733,317
Security Deposit with Central Depository Company of Pakistan Limited	100,000	-	100,000	100,000	-	100,000	-	-	-	-	200,000
Dividend and other receivable	128,692	-	128,692	140,646	-	140,646	139,626	-	139,626	-	408,964
	6,942,365	28,493,717	35,436,082	13,197,265	20,239,600	33,436,865	30,616,609	-	30,616,609	94,760	99,584,316

Particulars	As at June 30, 2017										Total
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Others	
	At fair value through profit or loss	Amortised Cost	Sub-Total	At fair value through profit or loss	Amortised Cost	Sub-Total	At fair value through profit or loss	Amortised Cost	Sub-Total	Amortised Cost	
-----Rupees-----											
<b>Financial liabilities</b>											
Payable to the Pension Fund Manager	-	253,205	253,205	-	252,106	252,106	-	151,312	151,312	92,090	748,713
Payable to the Trustee	-	23,822	23,822	-	23,059	23,059	-	22,338	22,338	-	69,219
Accrued and other liabilities	-	54,455	54,455	-	51,808	51,808	-	50,000	50,000	-	156,263
	-	331,482	331,482	-	326,973	326,973	-	223,650	223,650	92,090	974,195

## 19 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

### 19.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices.

The Pension Fund Manager manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and the regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: currency risk, profit rate risk and other price risk.

#### 19.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

#### 19.1.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The interest rate profile of the Fund's interest bearing financial instruments is as follows:

	As at June 30, 2017				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
<b>Variable rate instrument (financial asset)</b>					
Bank balances	6,713,673	12,956,619	30,476,983	94,760	50,242,035
Government securities - GoP Ijara Sukuk	-	20,239,600	-	-	20,239,600

#### Sensitivity analysis of variable rate instruments

A reasonable possible change of 100 basis points in PKISRV rates published on MUFAP page and profit rates at the reporting date with all other variables held constant, the impact on net income for the year and net assets would be as follows:

Change in basis points	Effect on income and net assets			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Increase of 100 basis points	2,047	228,087	25,053	25,053
Decrease of 100 basis points	2,047	(228,087)	(25,053)	(25,053)

The composition of the Fund's investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2017 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

Yield / profit rate sensitivity position for the financial instruments recognised in the statement of assets and liabilities is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

Particulars	As at June 30, 2017					Not exposed to Yield / profit rate risk	Total
	Effective Yield / profit Rate	Exposed to yield / profit rate risk					
		Upto three months	More than three months and upto one year	More than one year			

%

-----Rupees-----

#### Alfalah GHP Islamic Pension Fund - Equity Sub Fund

##### On-balance sheet financial instruments

###### Financial assets

Bank balances	2.03 - 5.60	6,713,673	-	-	-	6,713,673
Investments - net		-	-	-	28,493,717	28,493,717
Security Deposit with Central Depository Company of Pakistan Limited		-	-	-	100,000	100,000
Dividend and other receivables		-	-	-	128,692	128,692
<b>Sub total</b>		6,713,673	-	-	28,722,409	35,436,082

###### Financial liabilities

Payable to the Pension Fund Manager		-	-	-	253,205	253,205
Payable to the Trustee		-	-	-	23,822	23,822
Accrued and other liabilities		-	-	-	54,455	54,455
<b>Sub total</b>		-	-	-	331,482	331,482

##### On-balance sheet gap (a)

6,713,673	-	-	28,390,927	35,104,600
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##### Off-balance sheet financial instruments

-	-	-	-	-
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##### Off-balance sheet gap (b)

-	-	-	-	-
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##### Total interest rate sensitivity gap (a+b)

6,713,673	-	-	28,390,927	35,104,600
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##### Cumulative interest rate sensitivity gap

6,713,673	6,713,673	6,713,673
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Particulars	As at June 30, 2017					Not exposed to Yield / profit rate risk	Total
	Effective Yield / profit Rate	Exposed to yield / profit rate risk					
		Upto three months	More than three months and upto one year	More than one year			

%

-----Rupees-----

#### Alfalah GHP Islamic Pension Fund - Debt Sub Fund

##### On-balance sheet financial instruments

###### Financial assets

Bank balances	2.03 - 5.60	12,946,619	-	-	10,000	12,956,619
Investments - net	4.44 - 5.24	20,239,600	-	-	-	20,239,600
Security Deposit with Central Depository Company of Pakistan Limited		-	-	-	100,000	100,000
Dividend and other receivables		-	-	-	140,646	140,646
<b>Sub total</b>		33,186,219	-	-	250,646	33,436,865

###### Financial liabilities

Payable to the Pension Fund Manager		-	-	-	252,106	252,106
Payable to the Trustee		-	-	-	23,059	23,059
Accrued and other liabilities		-	-	-	51,808	51,808
<b>Sub total</b>		-	-	-	326,973	326,973

##### On-balance sheet gap (a)

33,186,219	-	-	(76,327)	33,109,892
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Particulars	As at June 30, 2017					
	Effective Yield / profit Rate	Exposed to yield / profit rate risk			Not exposed to Yield / profit rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
	%	-----Rupees-----				
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total interest rate sensitivity gap (a+b)</b>		33,186,219	-	-	(76,327)	33,109,892
<b>Cumulative interest rate sensitivity gap</b>		33,186,219	33,186,219	33,186,219		

Particulars	As at June 30, 2017					
	Effective Yield / profit Rate	Exposed to yield / profit rate risk			Not exposed to Yield / profit rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
	%	-----Rupees-----				
<b>Alfalah GHP Islamic Pension Fund - Money Market Sub Fund</b>						
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Bank balances	2.03 - 5.6	30,476,983	-	-	-	30,476,983
Investments - net		-	-	-	-	-
Security Deposit with Central Depository Company of Pakistan Limited		-	-	-	-	-
Deposit and other receivables		-	-	-	139,626	139,626
<b>Sub total</b>		30,476,983	-	-	139,626	30,616,609
<b>Financial liabilities</b>						
Payable to the Pension Fund Manager		-	-	-	151,312	151,312
Payable to the Trustee		-	-	-	22,338	22,338
Accrued and other liabilities		-	-	-	50,000	50,000
<b>Sub total</b>		-	-	-	223,650	223,650
<b>On-balance sheet gap (a)</b>		30,476,983	-	-	(84,024)	30,392,959
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total interest rate sensitivity gap (a+b)</b>		30,476,983	-	-	(84,024)	30,392,959
<b>Cumulative interest rate sensitivity gap</b>		30,476,983	30,476,983	30,476,983		

### 19.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund has exposure to equity price risk arising from the Fund investments in equity securities. The Fund manages its price risk arising from investment in the equity securities by diversifying its portfolio within the eligible limits prescribed in the Fund's Constitutive Documents, the VPS rules and circulars issued by SECP from time to time.

The table below summarizes the sensitivity of the Fund's net assets attributable to unit holders to the equity price movements as at June 30, 2017. The analysis is based on the assumption that PSX index increase and decreases by 5%, with all other variables held constant and that the fair value

of the Fund's portfolio of equity securities moved according to their historical correlation with index this represents managements' best estimate of a reasonable possible shift in the PSX index, having regards to the historical volatility of index of past three years.

At June 30, 2017, the fair value of equity securities exposed to price risk was disclosed in note 5.1.

	<b>June 30, 2017 (Rupees)</b>
<i>Effect due to increase / decrease in KSE 100 index</i>	
Investment and net assets	398,806
Income statement	398,806

## 19.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. Credit risk mainly arises from deposits with banks, credit exposure arising as a result of dividends receivable on equity securities, receivable against sale of investments and investment in debt securities. For banks and financial institutions balances are kept with reputed parties. Credit risk on dividend receivable is minimal due to statutory protection. All transactions in listed securities are settled / paid for upon delivery market clearing system. The risk of default is considered minimal due to inherent systematic measures taken therein. Debt securities held by the Fund mainly consist of government securities that represent the interest of the Government of Pakistan and therefore not exposed to credit risk. The remaining debt securities are with reputable counter parties and therefore credit risk is minimal.

**Credit risk is managed and controlled by the Pension Fund Manager of the Fund in the following manner:**

- The Fund limits its exposure to credit risk by only investing in liquid debt securities that have at minimum an investment grade as rated by a credit rating agency approved by the SECP. In the absence of issue rating, the Fund ensures that the entity has an investment grade as rated by a credit rating agency approved by the SECP.
- The risk of counter party exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of trade reports, credit ratings and financial statements on a regular basis.

### 19.2.1 Exposure to credit risk

#### Alfalah GHP Islamic Pension Fund - Equity Sub Fund

	<b>2017</b>	
	<b>Balance as per statement of assets and liabilities</b>	<b>Maximum exposure</b>
Bank balances	6,713,673	6,713,673
Investments - net	28,493,717	-
Security Deposit with Central Depository Company of Pakistan Limited	100,000	100,000
Dividend and other receivable	128,692	128,692
	<u>35,436,082</u>	<u>6,942,365</u>

#### Alfalah GHP Islamic Pension Fund - Debt Sub Fund

	<b>2017</b>	
	<b>Balance as per statement of assets and liabilities</b>	<b>Maximum exposure</b>
Bank balances	12,956,619	12,956,619
Investments - net	20,239,600	-
Security Deposit with Central Depository Company of Pakistan Limited	100,000	100,000
Dividend and other receivable	140,646	140,646
	<u>33,436,865</u>	<u>13,197,265</u>

**Alfalsh GHP Islamic Pension Fund - Money Market Sub Fund**

	2017	
	Balance as per statement of assets and liabilities	Maximum exposure
Bank balances	30,476,983	30,476,983
Dividend and other receivable	139,626	139,626
	30,616,609	30,616,609

No financial assets were considered to be past due or impaired as at June 30, 2017.

19.2.2 The analysis below summarises the available published credit ratings of the Fund's financial assets as at June 30, 2017:

**Balances with banks by rating category**

**Alfalsh GHP Islamic Pension Fund - Equity Sub Fund**

Name of the bank	Rating agency	Published rating	Percentage of Bank Balance
Bank Alfalah Limited	PACRA	AA+	98.75%
Bank Islami Pakistan Limited	PACRA	A+	0.44%
Dubai Islami Bank Pakistan Limited	JCR-VIS	AA-	0.44%
Habib Bank Limited	JCR-VIS	AAA	0.37%

**Alfalsh GHP Islamic Pension Fund - Debt Sub Fund**

Name of the bank	Rating agency	Published rating	Percentage of Bank Balance
Bank Alfalah Limited	PACRA	AA+	8.56%
Bank Islami Pakistan Limited	PACRA	A+	91.29%
Dubai Islami Bank Pakistan Limited	JCR-VIS	AA-	0.08%
Habib Bank Limited	JCR-VIS	AAA	0.07%

**Alfalsh GHP Islamic Pension Fund - Money Market Sub Fund**

Name of the bank	Rating agency	Published rating	Percentage of Bank Balance
Bank Alfalah Limited	PACRA	AA+	0.68%
Bank Islami Pakistan Limited	PACRA	A+	99.26%
Dubai Islami Bank Pakistan Limited	JCR-VIS	AA-	0.03%
Habib Bank Limited	JCR-VIS	AAA	0.03%

**Others**

Name of the bank	Rating agency	Published rating	Percentage of Bank Balance
Bank Alfalah Limited	JCR-VIS	AA+	100.00%

**Concentration of 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. The Fund's portfolio of financial instruments is mainly held with / invested in various banks and securities issued by the State Bank of Pakistan on behalf of Government of Pakistan.

**19.3 Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to redemptions of its redeemable units on a regular basis. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is therefore to invest the majority of its assets in short term instruments in order to maintain liquidity.

The Fund can borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was required to be obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month.

As at June 30, 2017					
Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total	
-----Rupees-----					
<b>Alfalsh GHP Islamic Pension Fund - Equity Sub Fund</b>					
<b>Financial Assets</b>					
Bank balances	6,713,673	-	-	-	6,713,673
Investments - net	28,493,717	-	-	-	28,493,717
Security Deposit with Central Depository Company of Pakistan Limited	100,000	-	-	-	100,000
Dividend and other receivable	128,692	-	-	-	128,692
	35,436,082	-	-	-	35,436,082
<b>Financial Liabilities</b>					
Payable to the Pension Fund Manager	39,363	-	213,842	-	253,205
Payable to the Trustee	23,822	-	-	-	23,822
Accrued and other liabilities	54,455	-	-	-	54,455
	117,640	-	213,842	-	331,482
<b>Net Assets</b>	<u>35,318,442</u>	<u>-</u>	<u>(213,842)</u>	<u>-</u>	<u>35,104,600</u>

As at June 30, 2017					
Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total	
-----Rupees-----					
<b>Alfalsh GHP Islamic Pension Fund - Debt Sub Fund</b>					
<b>Financial Assets</b>					
Bank balances	12,956,619	-	-	-	12,956,619
Investments - net	-	-	20,239,600	-	20,239,600
Security Deposit with Central Depository Company of Pakistan Limited	100,000	-	-	-	100,000
Dividend and other receivable	140,646	-	-	-	140,646
	13,197,265	-	20,239,600	-	33,436,865
<b>Financial Liabilities</b>					
Payable to the Pension Fund Manager	38,264	-	213,842	-	252,106
Payable to the Trustee	23,059	-	-	-	23,059
Accrued and other liabilities	51,808	-	-	-	51,808
	113,131	-	213,842	-	326,973
<b>Net Assets</b>	<u>13,084,134</u>	<u>-</u>	<u>(213,842)</u>	<u>20,239,600</u>	<u>33,109,892</u>

As at June 30, 2017					
Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total	
-----Rupees-----					
<b>Alfalsh GHP Islamic Pension Fund - Debt Sub Fund</b>					
<b>Financial Assets</b>					
Bank balances	30,476,983	-	-	-	30,476,983
Investments - net	-	-	-	-	-
Security Deposit with Central Depository Company of Pakistan Limited	-	-	-	-	-
Dividend and other receivable	139,626	-	-	-	139,626
	30,616,609	-	-	-	30,616,609
<b>Financial Liabilities</b>					
Payable to the Pension Fund Manager	37,470	-	113,842	-	151,312
Payable to the Trustee	22,338	-	-	-	22,338
Accrued and other liabilities	50,000	-	-	-	50,000
	109,808	-	113,842	-	223,650
	30,506,801	-	(113,842)	-	30,392,959

#### 19.4 Fair Value Of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or liability can be 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.

Fair value of investments is determined as per the policy disclosed in note 3.2 to these financial statements.

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- **Level 1:** Quoted price (unadjusted) in an active market for identical assets or liabilities that the entity can access at the measurement date;
- **Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2017 the Fund held the following assets measured at fair values:

The table below analyse financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

As at June 30, 2017				
	Level 1	Level 2	Level 3	Total
-----Rupees-----				
<b>Equity Sub-Fund</b>				
<b>Financial assets classified as 'at fair value through profit or loss' - held-for-trading</b>				
- Investment in Listed equity securities	28,493,717	-	-	28,493,717
<b>Debt Sub-Fund</b>				
<b>Financial assets classified as 'at fair value through profit or loss' - held-for-trading</b>				
- Investment in Government securities - GoP Ijarah sukuk	-	20,239,600	-	20,239,600



## 19.5 Participants' Sub Fund Risk Management

The participants' fund is represented by redeemable units. These units are entitled to payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date.

The Fund has no restrictions on the subscription and redemption of units. There is no specific capital requirement which is applicable to the Fund.

The Fund's objectives when managing participants' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to participants and to maintain a strong base of assets under management.

In accordance with the risk management policies, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption. Since the participants of the Fund have invested with a long term objective, the possibility of a significant redemption pressure is limited, such liquidity being augmented by borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

All units, including the core units, and fractions thereof represent an undivided share in the pertinent sub-funds of the fund and rank parri passu as their rights in the net assets and earning of the sub-fund are not tradable or transferable. Each participant has a beneficial interest in the sub-fund proportionate to the units held by such participant in such sub-fund.

## 20 FINANCIAL PERFORMANCE

Particulars	For the period from November 08, 2016 to June 30, 2017		
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund
Net income	(930,883)	529,656	425,417
Gain on sale of investments - net	52,256	-	-
Net unrealized (loss) / gain on revaluation of investments classified as 'at fair value through profit or loss'	(1,148,380)	119,600	-
Dividend income	395,270	-	-
Profit / mark-up income	312,681	935,090	933,800
Net asset value per unit as at June 30	97.2487	101.7472	101.4180
Total Net Assets as at June 30	35,159,348	33,142,414	30,427,902
Total contributions received - Gross	36,285,667	32,612,758	30,002,485

### 20.1 Highest and lowest issue price of units issued during the year

	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund	
	Lowest issue price	Highest issue price	Lowest issue price	Highest issue price	Lowest issue price	Highest issue price
For the year ended June 30, 2017	94.5095	109.9016	100.0000	101.7472	100.0000	101.4180

## 21. CORRESPONDING FIGURES

These financial statements are the first financial statements of the Fund, hence no corresponding figures have been presented.

## 22. GENERAL

22.1 Figures have been rounded off to the nearest rupee.

22.2 Units have been rounded off to the nearest whole number.

## 23. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on **August 23, 2017** by the Board of Directors of the Pension Fund Manager.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

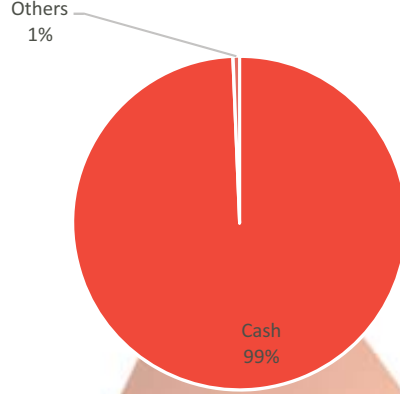
\_\_\_\_\_  
Director

## الفلاح جی ایچ پی اسلامک پینشن فنڈ - منی مارکیٹ:

اس فنڈ نے اپنے آغاز سے 2.89% کا منافع کمایا ہے۔

تخصیص اثاثہ جات (برطابق 30 جون 2017ء)

Asset Allocation  
(As at 30 June, 2017)



تفصیل	ایکویٹی سب فنڈ	ڈیبٹ سب فنڈ	منی مارکیٹ سب فنڈ
	30 جون 2017ء کو ختم ہونے والے سال کیلئے		
گُل آمدن	-0.39	1.05	0.93
گُل جامع آمدن	-0.93	0.53	0.43
خالص مالیت اثاثہ جات فی یونٹ (روپے)	97.2487	101.7472	101.4180
اس عرصے کے دوران یونٹس کا اجزاء	36.29	32.61	30.00
اس عرصے کے دوران یونٹس کی بھٹائی	0.20	-	-

انڈیکس مالی سال کے دوران نئی بلندیوں کو دیکھنے کا امکان لئے ہوئے ہے۔

## اعتراف:

ڈائریکٹرز سیکورٹی ایڈجسٹمنٹ کمیشن آف پاکستان سے ان کی پیش قیمت اعانت مدد اور راہنمائی کے لئے شکر گزار ہے۔ بورڈ مینجمنٹ کمپنی کے ملازمین اور سٹریٹجی کا بھی ممنون ہے۔ جنہوں نے انتہائی لگن اور مشقت سے فرائض انجام دیئے اور یونٹ ہولڈرز سے انتظامیہ پر اسکے غیر متوازن اعتماد کیلئے پر خلوص اظہار تشکر بجالاتا ہے۔

برائے دُعا و دعاؤں

افسر تنظیم اعلیٰ

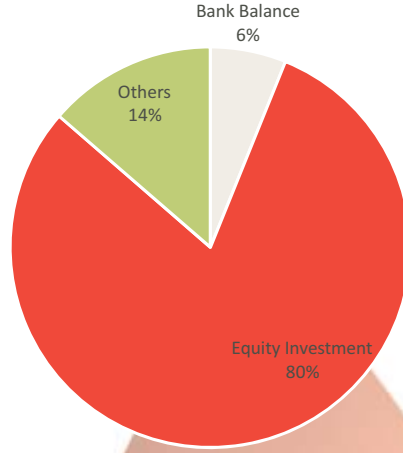
مورخہ 23 اگست 2017ء

## الفلاح جی ایچ پی اسلامک پینشن فنڈ - ایکویٹی:

اس فنڈ نے اپنے آغاز سے 2.75% کا منافع تشکیل دیا ہے۔

تخصیص اثاثہ جات (بمطابق 30 جون 2017ء)

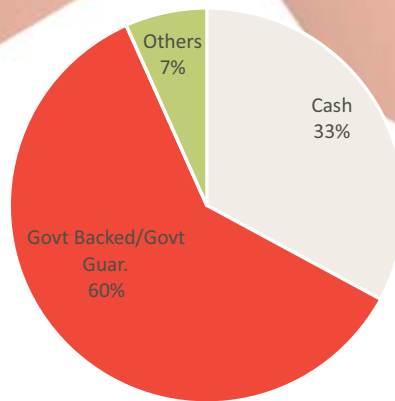
Asset Allocation  
(As at 30 June, 2017)



## الفلاح جی ایچ پی اسلامک پینشن فنڈ - ڈیٹ:

اس فنڈ نے اپنے آغاز سے 3.56% کا منافع حاصل کیا ہے۔

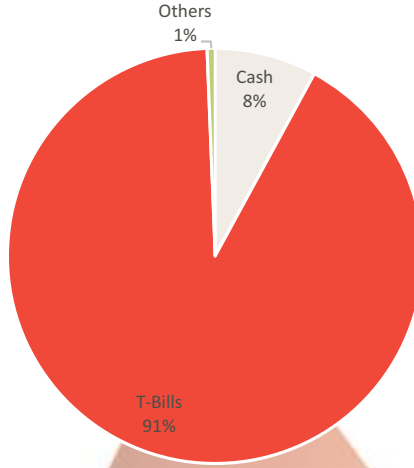
Asset Allocation  
(As at 30 June, 2017)



## الفلاح جی ایچ پی پینشن فنڈ - قرضہ جات:

یہ فنڈ اپنے آغاز سے اب تک 3.74% کا منافع تشکیل کر چکا ہے۔

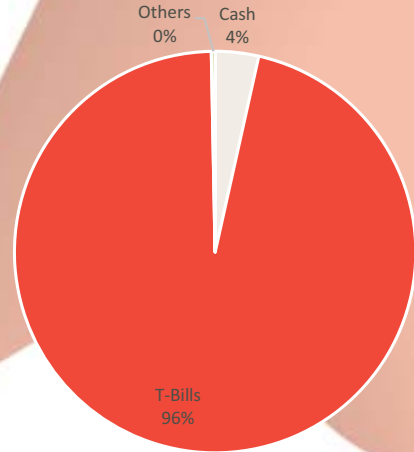
Asset Allocation  
(As at 30 June, 2017)



## الفلاح جی ایچ پی پینشن فنڈ - منی مارکیٹ:

اس فنڈ نے اپنے آغاز سے اب تک 3.85% کا منافع کمایا ہے۔

Asset Allocation  
(As at 30 June, 2017)



تفصیل	ایکویٹی سب فنڈ	ڈیٹ سب فنڈ	منی مارکیٹ سب فنڈ
	30 جون 2017 کو ختم ہونے والے سال کیلئے		
کل آمدن	-1.42	1.10	1.08
کل جامع آمدن	-1.98	0.56	0.57
خالص ماہیت اعاشہ جات فی پینٹ (روپے)	93.8444	101.8344	101.8882
اس عرصے کے دوران پینٹس کا اجراء	33.55	31.50	30.00
اس عرصے کے دوران پینٹس کی کھپائی	-	-	-

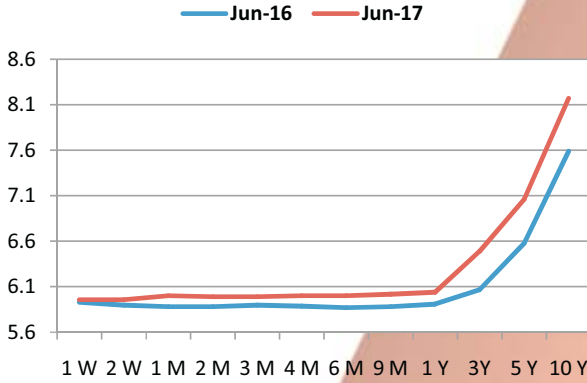
## بازار زر (منی مارکیٹ):

مالی سال 2017ء کے لئے افراط زر مالی سال 2016ء کے دوران درج کردہ 2.86% کے مقابلے میں اوسطاً 4.15% رہی۔ توقع کی جاتی ہے کہ اب یہ ایک نسبتاً زیادہ مستحکم سطح پر پہنچ گئی ہے۔ بینک دولت پاکستان (SBP) نے نتیجتاً شرح ہائے سود 5.75% پر جاری بنیادی شرح پالیسی کے ساتھ اسی شرح پر برقرار رکھی۔

زیر جائزہ سال کے دوران خط آمدن ثابت رہا کوئٹہ 5,3 اور 10 سال کے بانڈ پر علی الترتیب 48,42 اور 58 بی پی ایس سے بڑھ گئیں جو شرح ہائے سود گراؤٹ کو ظاہر کرتی ہیں۔ دریں اثنا 3,6 اور 12 ماہ کے ٹریژری بلز پر آمدنیں دوران سال علی الترتیب 3,9 اور 13 بی پی ایس سے بڑھ گئیں۔ سال بہ سال بلند تر اوسط افراط زر کا پھیلاؤ ایک مستحکم تر شرح ہائے سود نظام کیلئے شرح رعایت پر خود ہی مترتیب (منظم) ہو گیا۔

دوران سال بینک دولت پاکستان نے تین سالہ پاکستان انویسٹمنٹ بونڈز (PIBs) کے ذریعے ہدف 800 ارب روپے کے مقابلے میں 778 ارب روپے جمع کر لئے۔ ٹی۔بلز کے ذریعے 7.2 کھرب روپے کے مجموعی ہدف کے مقابلے میں 3 اور 6 ماہ کی ضمنی مدتوں کی شراکت کے ساتھ 7.1 کھرب اکٹھے کر لئے۔

مالی سال 2017ء کے بعد کے نصف کے دوران وفاقی حکومت جون 2016ء - جون 2017ء نے اجارہ صکوک نیلامی کے ذریعے مالیاتی خسارے کیلئے فراہمی قرضہ اور صنعت اسلامی بینکاری کو سرمایہ کاری کے مواقع فراہم کرنے کی غرض سے 167 ارب روپے کی شراکت کے عوض 71 ارب روپے جمع کئے۔ بین الہینک بازار (Interbank Market) میں مجموعی سیالیت شرحوں کے استحکام کے ساتھ پورے سال مناسب رہی اور توقع رہی کہ یہ فوری آنے والے چھ ماہ کے دوران بھی جاری رہے گی۔

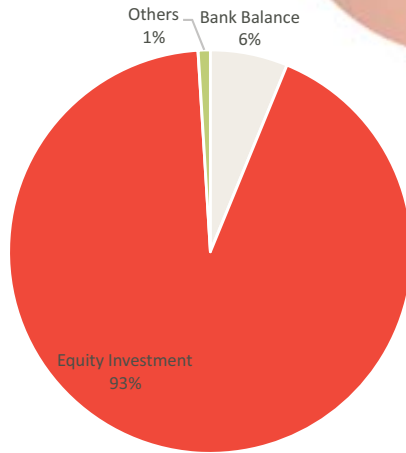


گراف

## الفلاح جی ایچ پی پینشن فنڈ - ایکویٹی:

اس فنڈ نے اپنے آغاز سے 6.16% کا منافع تشکیل کیا ہے۔

### Asset Allocation (As at 30 June, 2017)



### 30 جون 2017ء کو ختم ہونے والے سال کے لئے ڈائریکٹرز رپورٹ:

بورڈ آف ڈائریکٹرز کی طرف سے مجھے 30 جون 2017ء کو ختم ہونے والے سال کیلئے الفلاح جی ایچ پی پینشن فنڈ، الفلاح جی ایچ پی اسلامک پینشن فنڈ کے مالیاتی گوشوارہ جات پیش کرتے ہوئے مسرت ہے۔

#### اقتصادی جائزہ:

گزشتہ برس پاکستان نے مضبوط معاشی شرح نمو کا مشاہدہ کیا جس کی وجہ آئی ایم ایف اسمبلا نریشن پروگرام کا کامیاب اختتام تھی۔ مالی سال 2017ء کے لئے مجموعی ملکی پیداوار کی شرح نمو 5.3% تھی۔ جو کہ ایک سال قبل کی 4.5% کی شرح نمو سے زیادہ ہے۔ پہلی بار پاکستان کی مجموعی ملکی پیداوار 300 ارب امریکی ڈالر کا نشان عبور کر چکی ہے اور فی کس آمدنی 1400 امریکی ڈالر پہنچ گئی ہے۔ شرح نمو کو وسیع بنانے پر ایشیا سازی (LSM) (4.9% تک) اور زرعی شعبے (3.0% تک) میں بحالی سے تحریک ملی ہے۔ تاہم بیرونی محاذ پر مالی سال 2017ء کیلئے حسابات کا خسارہ (CAD) ایک سال قبل کے 4.6 ارب ڈالر کے مقابلے میں 12.1 ارب ڈالر (یا جی ڈی پی کا تقریباً 4 فیصد) سال بہ سال 130% زیادہ تک پہنچ چکا ہے۔ حسابات جاریہ کے انحطاط کا بنیادی سبب تجارتی خسارہ ہے جو کہ 30.4 ارب ڈالر کو پہنچ گیا ہے جس میں درآمدات میں 57.6 ارب ڈالر کا اضافہ اور 27.1 ارب ڈالر کی برآمدات میں کمی بھی شامل ہیں۔ بیرونی قرضہ جات کی ادائیگی کے ساتھ حسابات جاریہ کا خسارہ بڑھ جانے سے غیر ملکی زرمبادلہ کم ہو کر 21.4 ارب ڈالر کی سطح پر آ گیا ہے۔ تاہم بینک دولت پاکستان پورے سال پاکستانی روپے امریکی ڈالر کے فرق کو مستحکم رکھنے میں کامیاب رہا۔

مالیاتی محاذ پر مالی سال 2017ء کے نو ماہ کے لئے بجٹ خسارہ 1.24 کھرب روپے پر قائم رہا جو کہ مجموعی ملکی پیداوار کا 3.7% ظاہر کرتا ہے۔ تاہم جیسے جیسے موجودہ حکومت کا حتمی سال مالی 2018ء کی طرف بڑھ رہا ہے، سیاسی شورش اور ابھی بڑھتا جا رہا ہے اور آئندہ انتخابات کی طرف پرسکون پیش قدمی ترقیاتی و ساختی اصلاح کی رفتار جانچنے کی کلیدی (چابی) ہوگی اور جاری معاشی منصوبوں بشمول سی پیک کیلئے بھی اہم ترین ہوگا۔ مزید یہ کہ بیرونی عوامل جیسے تیل کی قیمتیں بھی آئندہ سال کیلئے مالیاتی توقعات میں بنیادی کردار ادا کریں گی۔

#### بازار حصص کا جائزہ:

مالی سال 2017ء میں کے ایس ای 100 نے 23.24 فیصد کا منافع فراہم کیا جبکہ مالی سال 2016ء میں یہ فقط 9.84% تھا۔ بازار حصص کی کارکردگی میں خام تیل کی کم قیمتیں، افراط زر کی توقع (4.2%) اور توانائی بحران میں بتدریج بہتری بڑے محرکات تھے۔ بینک دولت پاکستان نے دوران سال شرح رعایت تاریخی حد تک کم برقرار رکھیں جس میں تعمیراتی اور ایشیا سازی کے اداروں کی حوصلہ افزائی ہوئی کہ وہ بڑھتی طلب اور مانگ کو پورا کرنے کی غرض سے توسیعات کا آغاز کریں۔ اسکے علاوہ ادارہ جاتی نتائج ان لوگوں کے لئے جو صارف اور ایشیا سازی خلا میں قدرے بلندی پر رہے۔ بازار حصص کے بڑے بڑے شعبہ جات جنہوں نے دوران سال 23.24% کے منافع کی کارکردگی میں اہم حصہ ڈالا یہ تھے۔

- (i) تجارتی بینکنگ (6.94%)
- (ii) تیل اور گیس (3.95%)
- (iii) تعمیرات اور ایشیا (2.8%)
- (iv) آٹوموبائلز اور پارٹس (1.99%)

زیر جائزہ سال کے دوران پاکستان کو دوبارہ ایم ایس سی آئی ایمر جنٹ مارکیٹ مارکیٹس میں وجہ بند کر لیا گیا جو کہ فریڈریک مارکیٹ انڈیکس سے اوپر کے درجے کی ترقیاتی کرتا ہے اور یہ یکم جون 2017ء سے منوثر ہے۔ یہ درجہ بندی 2016ء میں اعلان کی گئی تھی جس نے بازار حصص کو نمایاں قوت فراہم کی جس سے مئی 2017ء میں 53124 کے کے ایس ای 100 نیچے مارک انڈیکس پر ایک دن کے اندر بلند سطح کا تمام عرصے میں عروج حاصل کیا۔ تاہم مثبت جذبات سیاسی عدم یقینی بازار نارہ سٹے اور بیرونی حسابات کی صورتحال میں وسعت کی وجہ سے ڈالر بمقابلہ روپے فرق پر بڑھتے ہوئے واضح دباؤ کے سبب مثبت رجحان جاری نارہ سا۔ نتیجتاً کے ایس ای 100 انڈیکس جون 2017ء کے ماہ کے دوران 7.7% کم ہو گیا اور سال کے اختتام پر 46,565 پوائنٹس پر بند ہوا۔

کے ایس ای۔ آل انڈیکس میں سرگرمی زبردست رہی کیونکہ مالی سال 2016ء میں 208 ملین شیئرز کے مقابلے میں مالی سال 2017ء میں 350 ملین شیئرز کے اوسط پر شیئرز کی تجارت رہی۔ گزشتہ سال میں 7.68 ارب روپے کے مقابلے میں مالی سال 2017ء میں تجارت کئے گئے شیئرز کی اوسط مالیت 1.03 ارب روپے رہی جو 31 مئی 2017ء پر تمام عرصے کی سب سے بلند مالیت 50 ارب روپے کو چھو گئی۔

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
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


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