

# ALFALAH GHP ISLAMIC STOCK FUND

ANNUAL REPORT 2016



Alfalah Investments

## CONTENTS

	Page No.
Fund's Information .....	2
Mission & Vision Statement .....	3
Report of the Directors of the Management Company .....	4
Report of the Fund Manager .....	8
Trustee Report to the Unit Holders .....	11
Report of the Shariah Advisory Board .....	12
Independent Assurance Provider's Report on Shariah Compliance to the Unit Holders .....	13
Statement of Compliance with the Code of Corporate Governance .....	15
Auditors' Review Report to the Unit Holders on Statement of Compliance with Best Practices of the Code of Corporate Governance .....	17
Independent Auditors' Report to the Unit Holders .....	19
Statement of Assets and Liabilities .....	21
Income Statement .....	22
Statement fo Comprehensive Income.....	23
Distribution Statement.....	24
Statement fo Movement in Unit Holders' Funds .....	25
Statement of Cash Flows .....	26
Notes to the Financial Statements.....	27

## FUND'S INFORMATION

Management Company:	Alfalsh GHP Investment Management Limited 8-B, 8th Floor, Executive Tower, Dolmen City, Block-4, Clifton, Karachi.
Board of Directors of the Management Company:	<ul style="list-style-type: none"><li>- Ms. Maheen Rahman</li><li>- Syed Ali Sultan</li><li>- Mr. Michael Hermann</li><li>- Mr. Hanspeter Beier</li><li>- Mr. Amin Dawood Saleh</li><li>- Mr. Abid Naqvi</li><li>- Mr. Tufail Jawed Ahmad</li></ul>
Chief Operating Officer and Company Secretary :	- Mr. Noman Ahmed Soomro
Chief Financial Officer:	- Mr. Muhammad Shehzad Dhedhi
Audit Committee: Syed Ali Sultan Mr. Amin Dawood Saleh	- Mr. Abid Naqvi
HR Committee:	<ul style="list-style-type: none"><li>- Syed Ali Sultan</li><li>- Mr. Michael Hermann</li><li>- Ms. Maheen Rahman</li></ul>
Trustee:	Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', SMCHS, Main Share-e-Faisal, Karachi
Fund Manager:	- Ms. Sabina Ahmed
Bankers to the Fund:	Bank Alfalah Limited
Auditors:	EY Ford Rhodes Chartered Accountants Progressive Plaza, Beaumont Road P.O.Box 15541, Karachi 75530 Pakistan
Legal Advisor:	Bawaney & Partners Room No.404,4th Floor Beaumont Plaza,6-cl-10 Beaumont Road, Civil Lines Karachi.
Shariah Advisor:	BankIslami Pakistan Limited 11th Floor, Dolmen Executive Towers, Marine Drive, Clifton, Block-4, Karachi.
Registrar:	Alfalsh GHP Investment Management Limited 8-B, 8th Floor, Executive Tower, Dolmen City, Block-4, Clifton, Karachi.
Distributor:	Bank Alfalah Limited
Rating:	5-Star (short term) and 4-Star (long term) by PACRA



### **MISSION STATEMENT**

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

### **VISION STATEMENT**

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

## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

To our valued Unit Holders,

The Board of Directors of Alfalah GHP Investment Management Limited is pleased to present you the Annual Report of the **Alfalah GHP Islamic Stock Fund** under management for the year ended June 30, 2016.

### FY16 Economic Review

Pakistan's economy grew by 4.70% in FY16, the highest rate in the past eight years. This growth was mainly driven by the industrial and services sectors which was able to compensate for the agricultural sector's subdued performance. Positive developments such as greater energy availability, CPEC projects and other development projects are expected to continue to move the economy forward.

Inflation averaged 2.85% during FY16, as opposed to 4.56% in FY15, thanks to the impact of low fuel costs which have filtered into the underlying economy. Going forward, uptrend in prices of energy based commodities combined with a low base effect are likely to result in slightly higher inflation by the end of this year and start of the next. Our estimates suggest that the inflation for FY17 may hover in the range of 4.50%-4.80% which is closely in line with what SBP projections. With the policy rate at 5.75%, we have likely seen a bottoming out of interest rates with a period of stability expected.

The economy's external position remained steady throughout the second half of this fiscal year, with the result that the exchange rate moved by only -0.02% against the USD. Low exports and slowing growth of remittances undermined the benefit from a dip in international crude oil prices. Going forward, threats to the external position emanate from (i) slowing down of official transfers, especially after conclusion of the IMF program in September, 2016, (ii) possible slowdown in the growth rate of remittances, (iii) rise in oil prices, and (iv) a possible dip in export proceeds.

### Equity Market:

The KSE-100 index rose by more than 3,300 points during the year to bring the return for FY16 to 9.8%. The market trended downward through the first seven months of the year before turning around towards the end of February. Slipping of international crude oil prices to 12-year lows in 2016, weakness in global equities, continuous selling pressure by foreign investors, and local broker investigations were some of the chief drivers of negative sentiments during the first seven to eight months of the year. The lower interest environment had its impact on investor's confidence on banking sector where a shrinkage in spread was expected going forward. The market finally turned around in February upon a recovery in crude oil prices. Anticipation of Pakistan's reclassification by MSCI as an Emerging Market (EM) further fueled local equities. Even following the surprising vote by the British public to exit the European Union (Brexit), the effect of the same was short lived and the benchmark KSE-100 index recovered sharply by June 2016.

The rally in the last quarter of the year was mostly attributable to anticipation of Pakistan's reclassification as an emerging market by MSCI. The top drivers of the Index were all stocks that were expected to be included in MSCI's Emerging Market Index (Large, Mid and Small-Cap).

### Money Market:

Subdued inflation and the resultant slashing of the policy rate twice during FY16, first by 50bps in September 2015 and then by 25bps in May 2016, helped drop yields by 100-250bps during the year. Highest dip in yields was witnessed for 4 to 10 year instruments, with the resultant spread over Discount rate shrinking considerably which signified that the market expects the interest rates to remain lower for longer.

### Future Outlook

The stock market is expected to perform better in FY17 due to (i) Pakistan's equities' reclassification into MSCI's emerging market index, and (ii) announcement of Federal Budget for FY18 that is expected to be friendly towards the business and agricultural sectors as the Government gears up for the final year of its current term.

Given an outlook of subdued inflation in the short term and slightly higher CPI growth towards the end of 2016, it may be expected that the monetary policy rate will remain stable for the medium term. Factors that can lead to a sooner than expected rate hike include (i) further strengthening of oil prices due to reduced gap between demand and supply by 2017, (ii) greater than expected rise in prices of other energy related commodities, and (iii) pressure on PKR due to widening of the current account deficit.

**FUND PERFORMANCE AND REVIEW**

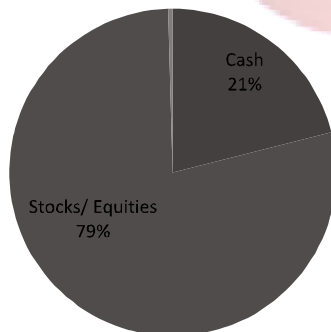
**Alfalah GHP Islamic Stock Fund: Fund Operations and Performance**

During the year under review, the fund posted an appreciation of 20.33% (FY15: 23.79% p.a.) and stood 1st in its respective peer group category. The fund successfully beat the benchmark return (KMI 30 Index) of 15.53%. The fund positioned itself actively within equities to beat the benchmark and generate a healthy investment alpha. The selective exposure in Cements and Electricity remained the key support. In the latter half the exposure to Oil & Gas sector was increased in order to benefit from the reversal in international oil prices which started rising after hitting below USD 30 for a very short period. The fund continued to maintain its basic philosophy of investing in fundamentally strong companies, however, like previous year, the second and third tier stocks augmented the overall performance. Bottom-up approach was used concurrently to identify value and growth stocks.

**AGHP Islamic Stock Fund Vs Benchmark**



**AGIsF Asset Allocation**



**Key Financial Data**

(Rupees in Million)

Description	For the year ended June 30 ,2016	For the year ended June 30 ,2015
Average Net Assets	853.825	579.873
Gross income	189.434	115.481
Total Comprehensive Income	293.657	120.814
Net Assets Value per Unit (PKR)	63.8413	59.9615
Issuance of units during the period	2,623.965	252.851
Redemption of units during the period	1,210.049	34.799

**Payout**

At the end of the year under review, the fund paid out cash dividend of PKR. 6.0806 per unit and bonus of 2.0266 per unit.

**Corporate Governance**

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

- a) Financial Statement represents fairly the state of affairs of funds under management of Alfalah GHP Investment Management Limited, the results of their operations, cash flows and the changes in Unit-holders funds.
- b) Proper books of accounts have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon Funds under management of Alfalah GHP Investment Management Limited's ability to continue as a going concern.
- g) Outstanding statutory payment on account of taxes, duties, levies and charges have been fully disclosed in the Financial Statements.
- h) There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.
- i) The summary of key financial data is given above in this Director Report.
- j) Details of meetings of the Board of Directors held and the attendance of each director for these meetings are given in note # (iv.) of supplementary non financial information of this annual report.
- k) The pattern of unit holding is given in note # (i.) of supplementary non financial information of this annual report.
- l) The number of units of the Fund held by the Chief Executive, directors, executives and their spouses as at June 30, 2016 as given in note # 18.3
- m) Summary of units acquired/ redeemed during the year by the Chief Executive, director, executives and their spouses during the year ended June 30, 2016 is given in note # 18.3

**Board of Directors**

Name of Director	Designation	Meetings Held	Meetings Attended	Leave Granted
Syed Ali Sultan	Chairman	5	5	-
Mr. Amin Dawood Saleh	Director	5	5	-
Mr. Michael Buchen	Director	5	5	-
Mr. Hanspeter Beier	Director	5	2	68th, 70th & 72nd BOD

Ms. Maheen Rahman	Chief Executive Officer	5	5	-
Mr. Abid Naqvi	Director	5	5	-
Mr. Asif Saad	Director	-	-	-
Syed Tariq Husain	Director	1	-	70th BOD
Mr. Tufail J. Ahmad	Director	2	2	

#### Change in Board Members during the year

Name	Designation	Appointed	Resigned.
Mr. Asif Saad	Director		Resigned
Syed Tariq Husain	Director	Appointed	Resigned
Mr. Tufail J. Ahmad	Director	Appointed	

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

#### Audit Committee Meetings

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

Member	Meetings Held	Meetings Attended
Mr. Abid Naqvi	4	4
Syed Ali Sultan	4	4
Mr. Amin Dawood Saleh	4	2

#### 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  
September 22, 2016



## REPORT OF THE FUND MANAGER

**Type of Fund:** Open-end Scheme

**Category of Fund:** Shariah compliant Islamic Equity Scheme (Previously Shariah Compliant Asset Allocation Scheme)

### Investment Objective

The investment objective of Alfalah GHP Islamic Stock Fund (AGISF) is seeking long term capital appreciation and income from a diversified portfolio developed in consistence with the principles of Shariah.

### Accomplishment of Objective

The Fund has strived to achieve its objective as it provided the unit holders a competitive and attractive return as compared to peer funds via investments in Shariah Compliant avenues.

### Review of the Market

The KSE-100 index rose by more than 3,300 points during the year to bring the return for FY16 to 9.8%. The market trended downward through the first seven months of the year before turning around towards the end of February. Slipping of international crude oil prices to 12-year lows in 2016, weakness in global equities, continuous selling pressure by foreign investors, and local broker investigations were some of the chief drivers of negative sentiments during the first seven to eight months of the year. The lower interest environment had its impact on investor's confidence on banking sector where a shrinkage in spread was expected going forward. The market finally turned around in February upon a recovery in crude oil prices. Anticipation of Pakistan's reclassification by MSCI as an Emerging Market (EM) further fueled local equities. Even following the surprising vote by the British public to exit the European Union (Brexit), the effect of the same was short lived and the benchmark KSE-100 index recovered sharply by June 2016.

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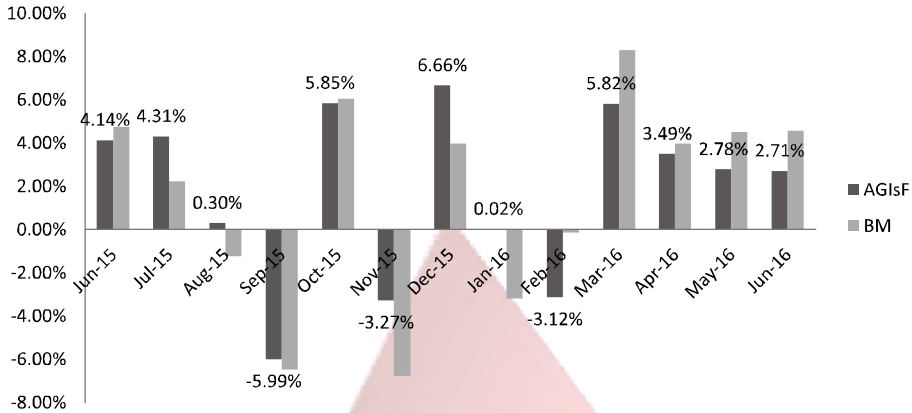
The market is expected to perform better in FY17 due to (i) Pakistan's equities' reclassification into MSCI's emerging market index, and (ii) announcement of Federal Budget for FY18 that is expected to be friendly towards the business and agricultural sectors as the Government gears up for the final year of its current term.

### Fund Performance

During the year under review, the fund posted an appreciation of 20.33% (FY15: 23.79% p.a.) and stood 1st in its respective peer group category. The fund successfully beat the benchmark return (KMI 30 Index) of 15.53%. The fund positioned itself actively within equities to beat the benchmark and generate a healthy investment alpha. The selective exposure in Cements and Electricity remained the key support. In the latter half the exposure to Oil & Gas sector was increased in order to benefit from the reversal in international oil prices which started rising after hitting below USD 30 for a very short period. The fund continued to maintain its basic philosophy of investing in fundamentally strong companies, however, like previous year, the second and third tier stocks augmented the overall performance. Bottom-up approach was used concurrently to identify value and growth stocks.

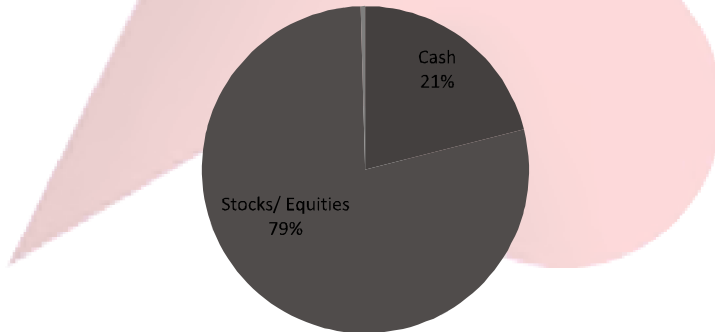
Performance comparison with Benchmark

**AGHP Islamic Stock Fund Vs Benchmark**



Asset Allocation

**AGIsF Asset Allocation**



Future Outlook

Going forward, the fund plans to continue to institute an active investment strategy with focus on asset allocation. Low interest rate environment, lower energy prices and rising aggregate demand is expected to induce growth in corporate earnings. The Fund will maintain a high exposure in the market and continue to identify best stocks in key sectors. The healthy earnings growth, inclusion in MSCI 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.

**Key Financial Data**

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At the end of the year under review, the fund paid out cash dividend of PKR. 6.0806 per unit and bonus of 2.0266 per unit.

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED****Head Office:**

CDC House, 99-B, Block 'B',  
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Fax: (92-21) 34326020 - 23  
URL: www.cdcPakistan.com  
Email: info@cdcpak.com

**TRUSTEE REPORT TO THE UNIT HOLDERS****ALFALAH GHP ISLAMIC STOCK FUND****Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of  
the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We Central Depository Company of Pakistan Limited, being the Trustee of Alfalah GHP Islamic Stock Fund (the Fund) are of the opinion that Alfalah GHP Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2016 in accordance with the provisions of the following:

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



**Muhammad Hanif Jakhura**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: September 16, 2016





## **REPORT OF THE SHARIAH ADVISORY BOARD ALFALSH GHP ISLAMIC STOCK FUND**

We, the Shariah Advisers of the Alfalah GHP Islamic Stock Fund ('AGISF') managed by Alfalah GHP Investment Management Limited, are issuing this report in accordance with the Modified and Restated Trust deed dated February 12, 2015 and Replacement 3<sup>rd</sup> Supplement Offering Document Dated March 11, 2015 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 list of Shariah Compliant Stocks for equity investments during the period from July 1, 2015 to June 30, 2016.

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

In the Year 2014-15, Provision against Charity was made amounted to Rs. 406,373/. During the year 2015-16 the said provisioning after adjustment on the basis of final dividend purification rates amounted to Rs. 246,927/- based on respective Company's Annual Financial Statement. The same was available for disbursement to charitable institution.

For the year 2015-16 Provision against Charity is made amounted to Rs. 249,401/- 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 2017.

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

**Mufti Irshad Ahmad Aijaz**  
Chairman, Shariah Supervisory Board  
BankIslami Pakistan Limited



EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
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Pakistan

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## **Independent assurance report to the unit holders of the Fund in respect of the Fund's compliance with the Shariah rules and principles**

We have performed an independent assurance engagement of Alfalah GHP Islamic Stock Fund (the Fund) to ensure that the Fund has complied with the Shariah rules and principles prescribed by the Shariah Advisor of the Fund during the year ended 30 June 2016.

### **2. Management's responsibility for Shariah compliance**

It is the responsibility of the management of the Fund to ensure that the financial arrangements, contracts, products and transactions entered into by the Fund are, in substance and in their legal form, in compliance with the requirements of Shariah rules and principles as determined by the Shariah Advisor. The management is also responsible for design, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant accounting records.

### **3. Our responsibility**

3.1. Our responsibility is to express an opinion, based on the procedures performed on the Fund's financial arrangements, contracts and transactions having Shariah implications, on a test basis whether such financial arrangements, contracts and transactions, having Shariah implications, are in line with the Shariah rules and principles as prescribed by Shariah Advisor of the Fund.

3.2. The "Assurance Procedures" selected by us for the engagement were dependent on our judgment, including the assessment of the risks of material non-compliance with the Shariah rules and principles. In making those risk assessments, we considered internal controls relevant to the Fund's compliance with the Shariah rules and principles in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal controls.

3.3. We believe that the evidence we have obtained through performing our procedures on a sample basis were sufficient and appropriate to provide a basis for our opinion.



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#### 4. Framework

4.1. We have planned and performed our evidence gathering procedures to obtain a basis for our conclusion in accordance with International Standard for Assurance Engagements 3000 (ISAE 3000) "Assurance Engagements other than Audits or Reviews of Historical Financial information". This Standard requires that we comply with ethical requirements and plan and perform the engagement to obtain reasonable assurance regarding the subject-matter i.e. the Fund's compliance with the Shariah rules and principles as determined by the Shariah Advisor.

#### 5. Our opinion

In our opinion, the Fund was, in all material respects, in compliance with the Shariah rules and principles as determined by Shariah Advisor of the Fund during the year ended 30 June 2016.



**Chartered Accountants**

**Audit Engagement Partner:** Shaikh Ahmed Salman

**Date:** 22 September 2016

**Karachi**

## STATEMENT OF COMPLIANCE BY ALFALSH GHP ISLAMIC STOCK FUND WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2016

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No.5.19.23 of the Rule Book of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

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

1. The Management Company encourages representation of independent, executive and non-executive directors. At June 30, 2016 the Board includes:

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

The Independent Directors meet the criteria of independence under clause 5.19.1. (b) of the CCG.

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Management Company (excluding the listed subsidiaries of listed holding companies).
3. All the resident Directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIL or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. One Casual vacancy occurring on the Board on March 18, 2016 was filled within 10 days and another occurring on July 09, 2015 was filled on December 09, 2015.
5. The Management Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), other executive and non-executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before such meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged two training programs for its directors during the year.



10. The Board has approved appointment of CFO including the remuneration and terms and conditions of appointment.
11. The Directors' Report of the Fund for the year ended June 30, 2016 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by the CEO and CFO / COO of the Management Company before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the units of the Fund other than those disclosed in the Directors' Report, pattern of unit holding.
14. The Management Company and Funds under its Management have complied with all the applicable corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors of the Management Company, including the Chairman of the Committee who is an independent director.
16. The meetings of the Audit Committee were held once in every quarter and prior to the approval of interim and final results of the Fund as required by the Code. The terms of reference of the Audit Committee have been approved in the meeting of the Board and the Committee has been advised to ensure compliance with those terms of reference.
17. The Board has formed Human Resource and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the Committee is a non-executive director.
18. The board has outsourced the internal audit function to M. Yousuf Adil Saleem & Co., Chartered Accountants (a member firm of Deloitte Touché Tohmatsu International), who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partner of the firm, their spouse and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'Book Closure' dates were duly determined and intimated to the stock exchange, however the 'closed period' prior to the announcement of interim / final results, and business decisions was not determined and intimated to directors, employees and the stock exchange, considering the fact that NAV of the Fund is announced on a daily basis.
22. Material/price sensitive information has been disseminated among all market participants at once through the Exchange.
23. We confirm that all other material principles enshrined in the Code have been complied with.

**For and on behalf of the Board**

**Maheen Rahman**  
Chief Executive Officer



EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530  
Pakistan

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

We have reviewed the enclosed Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of Alfalah GHP Investment Management Limited (the Management Company) of **Alfalsh GHP Islamic Stock Fund** (the Fund) for the year ended **30 June 2016** to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.23 of the Code of Corporate Governance, where the Fund is listed.

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

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

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

Based on our review, **nothing** has come to our attention which causes us to believe that the Statement does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended 30 June 2016.

*EY*

A member firm of Ernst & Young Global Limited



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

Paragraph Reference	Description
4	The casual vacancy occurring on the Board on 09 July 2015 was not filled within 90 days.
21	The 'closed period' was not determined and intimated to directors, employees and stock exchange.

EYK

**Chartered Accountants**

Karachi

Date: September 22, 2016



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## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Alfalah GHP Islamic Stock Fund** (the Fund), which comprise the statement of assets and liabilities as at **30 June 2016** and the related statements of income, comprehensive income, distribution, cash flows and movement in unit holders' fund for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

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

#### *Auditors' responsibility*

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

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

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





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**Opinion**

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2016 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

**Chartered Accountants****Audit Engagement Partner: Shabbir Yunus**

Date: September 22, 2016

Karachi

## STATEMENT OF ASSETS AND LIABILITIES FOR THE YEAR ENDED JUNE 30, 2016

	Note	June 30, 2016 ----- (Rupees) -----	June 30, 2015 -----
<b>Assets</b>			
Bank balances	4	427,720,588	77,305,388
Investments	5	1,597,055,017	520,271,528
Security deposits	6	2,600,000	2,600,000
Dividend, profit and other receivable	7	6,557,288	10,059,279
Receivable against sale of investments		-	31,433,535
<b>Total assets</b>		<b>2,033,932,893</b>	<b>641,669,730</b>
<b>Liabilities</b>			
Payable to the Management Company	8	16,370,167	4,576,163
Payable to the Trustee	9	401,956	93,526
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)	10	817,826	412,550
Provision for Workers' Welfare Fund (WWF)	11	10,801,934	10,801,934
Accrued and other liabilities	12	18,815,070	5,044,414
Distribution payable		-	40,867,871
<b>Total liabilities</b>		<b>47,206,953</b>	<b>61,796,458</b>
<b>Net assets attributable to unit holders</b>		<b>1,986,725,940</b>	<b>579,873,272</b>
<b>Unit holders' funds (as per statement attached)</b>		<b>1,986,725,940</b>	<b>579,873,272</b>
<b>Contingencies and Commitments</b>	13	----- (Number of units) -----	
<b>Number of units in issue</b>		<b>31,119,772</b>	<b>9,670,766</b>
		----- (Rupees) -----	
<b>Net asset value per unit</b>		<b>63.8413</b>	<b>59.9615</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

## INCOME STATEMENT

### FOR THE YEAR ENDED JUNE 30, 2016

	Note	June 30, 2016 ----- (Rupees) -----	June 30, 2015 -----
<b>Income</b>			
Profit on deposit accounts with banks		5,339,181	3,927,976
'At fair value through profit or loss' - held-for-trading			
- Net gain on sale of investments		30,418,568	7,575,914
- Net unrealised gain on revaluation of investments	5.4	121,667,286	79,924,680
- Dividend income from equity securities		32,008,674	17,199,607
- Income from sukuk certificates		-	6,852,833
		<b>184,094,528</b>	111,553,034
<b>Total income</b>		<b>189,433,709</b>	115,481,010
<b>Expenses</b>			
Remuneration of the Management Company	8.1	17,214,664	8,684,426
Sales tax on management fee		2,795,896	1,511,252
Federal excise duty on management fee	14	2,754,347	1,389,508
Remuneration of the Trustee		1,622,711	871,914
Sales tax on trustee fee		227,172	-
Annual fee to SECP		817,826	412,551
Bank and settlement charges		495,613	344,554
Auditors' remuneration	15	682,728	666,007
Brokerage expense and capital value tax		4,769,438	1,475,732
Provision for Workers' Welfare Fund (WWF)	11	-	2,465,596
Fees and subscriptions		210,107	167,612
Printing and related cost		150,426	149,391
Charity	12.1	89,756	670,313
Expenses allocated by Management Company	8.2	490,947	-
Shariah advisory fee		350,000	-
<b>Total expenses</b>		<b>32,671,631</b>	18,808,856
<b>Net income from operating activities</b>		<b>156,762,078</b>	96,672,154
Element of income and capital gains included in prices of units sold less those in units redeemed - net		<b>136,895,285</b>	24,142,037
<b>Net income for the year before taxation</b>		<b>293,657,363</b>	120,814,191
Taxation	16	-	-
<b>Net income for the year after taxation</b>		<b>293,657,363</b>	120,814,191

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

For Alfalah GHP Investment Management Limited  
(Management Company)

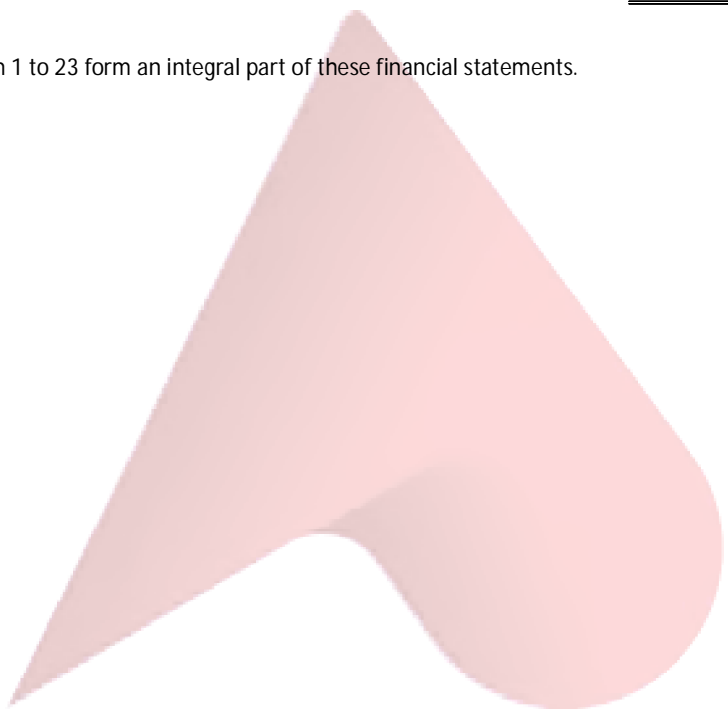
\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Note	June 30, 2016	June 30, 2015
		----- (Rupees) -----	
<b>Net income for the year after taxation</b>		<b>293,657,363</b>	120,814,191
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<u><b>293,657,363</b></u>	<u>120,814,191</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



## DISTRIBUTION STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

	June 30, 2016	June 30, 2015
Note	----- (Rupees) -----	
<b>Undistributed income brought forward:</b>		
Realised losses	(935,291)	(4,060,312)
Unrealised gains	79,924,680	29,060,278
	<b>78,989,389</b>	<b>24,999,966</b>
Element of income and capital gains included in prices of units sold less those in units redeemed - net	<b>175,192,315</b>	-
Total comprehensive income for the year	<b>293,657,363</b>	120,814,191
Interim distribution for the year ended June 30, 2016:		
- Cash distribution of Rs.6.0806 per unit (2015: Rs.7.3107 per unit) approved on June 29, 2016	(163,825,074)	(66,824,768)
- Issuance of 392,527 bonus units in respect of final and interim distribution (2015: NIL units)	(25,764,728)	-
	<b>104,067,561</b>	53,989,423
<b>Undistributed income carried forward</b>	<b>358,249,264</b>	78,989,389
<b>Undistributed income carried forward:</b>		
Realised gains / (losses)	236,581,978	(935,291)
Unrealised gains	121,667,286	79,924,680
	<b>358,249,264</b>	<b>78,989,389</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

## STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE YEAR ENDED JUNE 30, 2016

	June 30, 2016	June 30, 2015
	----- (Rupees) -----	
<b>Net assets at the beginning of the year</b>	<b>579,873,272</b>	331,973,755
Amount realised on issuance of 38,172,956 units (2015: 4,128,078 units)	<b>2,623,964,706</b>	252,851,490
Amount paid on redemption of 17,116,477 units (2014: 562,160 units)	<b>(1,210,049,042)</b>	(34,799,359)
	<b>1,413,915,664</b>	218,052,131
Element of income and capital gains included in prices of units sold less those in units redeemed - net	<b>(136,895,285)</b>	(24,142,037)
- Issuance of 392,527 bonus units in respect of final and interim distribution (2015: NIL units)	<b>25,764,728</b>	-
Net gain on sale of investments classified as 'at fair value through profit or loss'-held for trading	<b>30,418,568</b>	7,575,914
Net unrealised gain on investments classified 'at fair value through profit or loss'-held for trading	<b>121,667,286</b>	79,924,680
Other net income for the year	<b>141,571,509</b>	33,313,597
Interim distribution for the year ended June 30, 2016:		
- Cash distribution of Rs.6.0806 per unit (2015: Rs.7.3107 per unit) approved on June 29, 2016	<b>(163,825,074)</b>	(66,824,768)
- Issuance of 392,527 bonus units in respect of final and interim distribution (2015: NIL units)	<b>(25,764,728)</b>	-
Net income for the year less distribution	<b>104,067,561</b>	53,989,423
<b>Net assets at the end of the year</b>	<b>1,986,725,940</b>	579,873,272
[Net asset value: Rs.63.8413 per unit (2015: Rs.59.9614 per unit)]		

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

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2016

	June 30, 2016	June 30, 2015
Note	----- (Rupees) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	293,657,363	120,814,191
<b>Adjustments for:</b>		
Net gain on sale of investments classified as 'at fair value through profit or loss' - held-for-trading	(30,418,568)	(7,575,914)
Net unrealised gain on revaluation of investments classified as 'at fair value through profit or loss' - held-for-trading	(121,667,286)	(79,924,680)
Dividend income from equity securities	(32,008,674)	(17,199,607)
Profit on deposit accounts with banks	(5,339,181)	(3,927,976)
Income from sukuk certificates	-	(6,852,833)
Provision for Workers' Welfare Fund (WWF)	-	2,465,596
Element of income and capital gains included in prices of units sold less those in units redeemed - net	(136,895,285)	(24,142,037)
	(32,671,631)	(16,343,260)
<b>Increase in assets</b>		
Investments - net	(924,697,635)	(131,955,340)
Other receivable	8,350,000	(8,350,000)
Receivable against sale of investments	31,433,535	11,794,196
	(884,914,100)	(128,511,144)
<b>Increase in liabilities</b>		
Payable to the Management Company	13,670,055	2,306,549
Payable to the Trustee	308,430	(37,484)
Annual fee payable to SECP	405,276	54,903
Accrued and other liabilities	(137,146)	3,802,011
	14,246,615	6,125,979
Dividend and profit received	32,499,846	29,998,739
<b>Net cash flow used in operating activities</b>	(870,839,270)	(108,729,686)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amounts received on issuance of units	2,623,964,706	252,851,490
Payments made against redemption of units	(1,208,565,893)	(34,799,359)
Dividend paid	(194,144,342)	(109,763,676)
<b>Net cash flow generated from financing activities</b>	1,221,254,471	108,288,455
Net increase / (decrease) in cash and cash equivalents during the year	350,415,200	(441,231)
Cash and cash equivalents at beginning of the year	77,305,388	77,746,619
<b>Cash and cash equivalents at end of the year</b>	427,720,588	77,305,388

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

## NOTES TO THE FINANCIAL STATEMENTS

### 1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Alfalah GHP Islamic Stock Fund is an open-end collective investment scheme (the Fund) established through a Trust Deed under the Trust Act, 1882, executed between Alfalah GHP Investment Management Limited, (the Management Company) and Central Depository Company of Pakistan Limited, (the Trustee). The Trust Deed was executed on April 11, 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non Banking Finance Companies (Establishment and Regulation) Rules 2003 (the NBFC Rules), on March 29, 2007.

The Management Company of the Fund has been licensed by SECP to act as an Asset Management Company under the NBFC Rules. The registered office of the Management Company is situated at 8th Floor, Executive Tower, Dolmen Mall, Block-4, Clifton, Karachi.

Alfalah GHP Islamic Stock Fund is listed on the Pakistan Stock Exchange Limited (Formerly: Karachi Stock Exchange Limited). The Units of the Fund are offered to public on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The SECP has approved Second Supplemental Trust Deed, under Non-Banking Finance Companies and Notified Entities Regulation, 2008 (the NBFC Regulations), restate the previous Trust Deed to effectuate renaming of the Fund to Alfalah GHP Islamic Stock Fund (formerly Alfalah GHP Islamic Fund).

The Fund is categorized as an open ended shariah compliant asset allocation scheme. The primary objective of the Fund is to seek long term capital appreciation and income from a diversified portfolio developed in accordance with the principles of Shariah. The investments of the Fund are diversified both in terms of securities within an asset class as well as across asset classes. All activities of the Fund are undertaken in accordance with the Islamic Shariah as per the guidelines given by the Shariah Advisory Board of the Fund.

The Fund has three classes of units. Class A (restricted / core) units were issued to core investors with no sales load. These units cannot be redeemed for a period of two years from the date of initial public offer and shall be charged no sales load. Class B units were offered and issued during the private placement and initial period of offer and shall be charged no sales load. Class C units were offered and issued after the initial period of offer and shall be issued with or without sales load.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned 'AM2' (Outlook: Stable) to the Management Company in its rating report dated June 8, 2016 and 5-Star (short-term) and 4-Star (long-term) to the Fund in its rating report dated June 29, 2016.

The 'Title' to the assets of the Fund are held in the name of Central Depository Company (CDC) of Pakistan Limited as the Trustee of the Fund.

### 2. BASIS OF PRESENTATION

The transactions undertaken by the Fund are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisory Board of the Fund.

#### 2.1 Statement of compliance

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

#### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for investments held at 'fair value through profit or loss' category which are measured at fair value.

### 2.3 Functional and presentation currency

These financial statements are presented in Pak rupees which is the functional and presentation currency of the Fund.

### 2.4 Accounting estimates and judgments

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

Judgments made by management in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment are explained in notes 3.2 and 3.3.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described in note 3.1 below.

### 3.1 New and amended standards and interpretations

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

IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 13 – Fair Value Measurement

The adoption of the above accounting standards did not have any effect on the financial statements, except for IFRS 13, which requires certain additional disclosure (see note 20).

### 3.2 Financial instruments

The Fund classifies its financial instruments and derivatives in the following categories:

#### a) Financial instruments at fair value through profit or loss

An instrument is classified 'at fair value through profit or loss' if it is 'held-for-trading' or is designated as such upon initial recognition. Financial instruments are designated 'at fair value through profit or loss' if the Fund manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Fund's documented risk management or investment strategy. Financial assets which are acquired principally for the purpose of generating profit from short term price fluctuation or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as 'held-for-trading' or derivatives.

Upon initial recognition attributable transaction costs are recognised in Income Statement when incurred. Financial instruments 'at fair value through profit or loss' are measured at fair value, and changes therein are recognised in the Income Statement.

#### b) Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in market prices, are classified as 'available-for-sale'.

#### c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Fund as 'fair value through profit or loss' or 'available-for-sale'. This includes receivable against sale of investments and other receivables and are carried at amortized cost using the effective yield method, less impairment losses, if any.

#### d) Financial liabilities

Financial liabilities, other than those at 'fair value through profit or loss', are measured at amortised cost using the effective yield method.

##### Recognition

The Fund recognises financial assets and financial liabilities on the date when it becomes a party to the contractual provisions of the instrument.

A regular way purchase of financial assets is recognised using trade date accounting. From this date, any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

Financial liabilities are not recognised unless one of the parties has performed its part of the contract or the contract is a derivative contract.

##### Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in case of a 'financial instrument not at fair value through profit or loss', transaction costs that are directly attributable to the acquisition or issue of the financial instruments. Transaction costs on financial instruments 'at fair value through profit or loss' are expensed out immediately.

Subsequent to initial recognition, financial instruments classified as 'at fair value through profit or loss' and 'available-for-sale' are measured at fair value. Gains or losses arising, from changes in the fair value 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, then the accumulated fair value adjustments recognised in other comprehensive income are included in the Income Statement.

##### Fair value measurement principles

###### Basis of valuation of Quoted Equity Securities

The fair value of quoted equity securities is based on their price quoted on the Pakistan Stock Exchange Limited (formerly: Karachi Stock Exchange Limited) at the balance sheet date without any deduction for estimated future selling costs.

###### Basis of valuation of Sukuk Certificates

- Investment in sukuk certificates have been valued on the basis of period end rates quoted by the Mutual Funds Association of Pakistan.
- Provision against non performing debt securities is made in accordance with the provisioning criteria prescribed by the Securities Exchange Commission of Pakistan and the Fund's provisioning criteria. These are elaborated in note 3.3 to these financial Statements.

#### 3.3 Impairment

Financial assets not carried at fair value through profit or loss are reviewed at each balance sheet date to determine whether there is objective evidence 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 asset exceeds its recoverable amount. Impairment losses are recognised in income statement.

Impairment of debt securities held by the Fund is determined on the basis of repayment passed due from its contractual maturity. Such provisions are made as per criteria specified in Circular 33 of 2012 issued by SECP. Accelerated provisions are made if circumstances warrant, as per the provisioning policy approved by the Board of the Management Company.

However, the decrease in impairment loss on debt securities classified as available-for-sale is recognised in income statement. The reversal of impairment of debt security reclassified as performing by MUFAP in terms of Circular No. 33 of 2012 issued by SECP is made to the extent of increased price difference between amount recorded in books prior to reclassification as performing and price announced by MUFAP on reclassification.

In case of investments classified as 'available-for-sale', a significant and prolonged decline in the fair value of security below its cost is considered an indicator that the securities are impaired. If such indication exists for 'available-for-sale' financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on financial asset previously recognised is removed from other comprehensive income and recognised in income statement. Decrease in impairment loss on 'available-for-sale equity securities' is recognised in other comprehensive income.

### 3.4 Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with International Accounting Standard 39: Financial Instruments; Recognition and Measurement.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

### 3.5 Unit holders' fund

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

### 3.6 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, and charges on redemption, if applicable.

### 3.7 Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

The element of income and capital gains included in the prices of units issued less those in unit redeemed to the extent that is represented by distributable income earned during the year is recognised in the income statement and the element of income and capital gains represented by distributable income carried forward from prior periods is included in the distribution statement.

During the year, the management has revised the method of computation of the "Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed" (the Element) in the Fund. As per revised methodology, the Element is arrived at by recording element gain / (loss) on every issuance and redemption using adjusted profit factor of that particular day. Previously, the Fund used to calculate the Element by comparing unit prices with opening Ex - Net Assets Value (NAV) at the beginning of the financial year.

The impact of change has been incorporated in the financial statements of the Fund with effect from July 01, 2015. The revised methodology would ensure that the continuing unit holders' share of undistributed income remains unchanged on issue and redemption of units.

Since the element is an equalisation account between income for the period and undistributed income, the change did not have any impact on Net Asset Value (NAV) of the Fund. Had the methodology not been changed, the net income for the year ended June 30, 2016 would have been lower by Rs.3.630 million.

### 3.8 Provisions

A provision is recognised in the balance sheet when the Fund has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

### 3.9 Net asset value per unit

The net asset value per unit as disclosed on the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in issue.

### 3.10 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.

### 3.11 Taxation

Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 provides exemption from tax to any income derived by a Mutual Fund, if not less than ninety percent of its accounting income of a year as reduced by capital gains whether realized or unrealized is distributed among the unit holders.

### 3.12 Offsetting of financial instruments

Financial assets and 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.

### 3.13 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Income on sukuk certificates, bank deposits and placements is recognized on a time proportionate basis using effective yield method.
- Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed is included in the Income Statement on the date of issue and redemption of units.
- Dividend Income is recognised when the right to receive the dividend is established.

### 3.14 Expenses

All expenses including Management Fee and Trustee Fee are recognised in the Income Statement on an accrual basis.

### 3.15 Cash and cash equivalents

Cash and cash equivalents comprises deposits maintained with banks. Cash and cash equivalents are short term highly liquid investments that 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.

### 3.16 Dividend distribution and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

### 3.17 Standards, interpretations and amendments to approved accounting standards that are not yet effective

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



<b>Standard, interpretation or amendment</b>	<b>Effective date (accounting periods beginning on or after)</b>
IFRS 2 – Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	January 01, 2018
IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016
IFRS 10 – Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 – Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 01, 2016
IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 01, 2016
IAS 7 – Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	January 01, 2017
IAS 12 – Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 01, 2017

<b>Standard, interpretation or amendment</b>	<b>Effective date (accounting periods beginning on or after)</b>
IAS 16 – Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 01, 2016
IAS 16 – Property, Plant and Equipment IAS 41 Agriculture – Agriculture: Bearer Plants (Amendment)	January 01, 2016
IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	January 01, 2016

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

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

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

<b>Standard, interpretation or amendment</b>	<b>Effective date (accounting periods beginning on or after)</b>
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2018
IFRS 16 – Leases	January 01, 2019

	Note	June 30, 2016 ----- (Rupees) -----	June 30, 2015 -----
<b>4. BANK BALANCES</b>			
Deposit accounts	4.1	<b>61,677,602</b>	47,904,326
Current accounts	4.2	<b>366,042,986</b>	29,401,062
		<b><u>427,720,588</u></b>	<u>77,305,388</u>

- 4.1** This represents deposit accounts maintained with various Islamic banks or Islamic banking division of conventional banks carrying profit rates ranging from 5% to 6.45% (2015: 5% to 6.45%) per annum. This also includes Rs.25.473 million (2015: Rs.3.912 million) placed with Bank Alfalah Limited - Islamic Banking Division (a related party).
- 4.2** This includes Rs.366.043 million (2015: Rs.29.380 million) placed with Bank Alfalah Limited - Islamic Banking Division (a related party).

	Note	June 30, 2016 ----- (Rupees) -----	June 30, 2015 -----
<b>5. INVESTMENTS</b>			
Financial assets classified as 'at fair value through profit or loss' - held-for-trading			
Equity securities - quoted	5.1	<b>1,591,628,460</b>	514,739,454
Real Estate Investment Trust units - quoted	5.2	<b>5,426,557</b>	5,532,074
		<b><u>1,597,055,017</u></b>	<u>520,271,528</u>

**5.1 Investment in quoted equity securities - 'at fair value through profit or loss' - held-for-trading**

Name of the investee company	As at July 01, 2015	Purchased during the year	Bonus / rights issue during the year	Sold during the year	As at June 30, 2016	Cost as at June 30, 2016	Market value as at June 30, 2016	Market value as a percentage of:		Par value as percentage of issued share capital
	----- (Number of shares) -----				----- (Rupees) -----		----- (%) -----			
<b>Fertilizer</b>										
Fauji Fertilizer Bin Qasim Limited	-	266,000	-	266,000	-	-	-	-	-	-
Fauji Fertilizer Company Limited	320,500	-	-	320,500	-	-	-	-	-	-
Fatima Fertilizer Company Limited	172,500	1,213,200	-	936,000	449,700	52,134,518	51,589,585	2.60%	3.23%	0.02%
Engro Fertilizer Limited	299,500	1,229,900	-	726,500	802,900	55,576,618	51,770,993	2.61%	3.24%	0.06%
Engro Corporation Limited	122,000	458,000	-	232,000	348,000	115,737,135	115,873,561	5.83%	7.26%	0.07%
						<b>223,448,271</b>	<b>219,234,139</b>	<b>11.03%</b>	<b>13.73%</b>	<b>0.17%</b>
<b>Cement</b>										
D.G Khan Cement Company Limited	149,500	371,000	-	336,000	184,500	30,166,287	35,145,406	1.77%	2.20%	0.04%
Fauji Cement Company Limited	340,000	582,000	-	867,000	55,000	2,412,442	1,969,000	0.10%	0.12%	0.00%
Kohat Cement Limited	90,900	189,000	-	69,000	210,900	49,214,239	55,238,929	2.78%	3.46%	0.14%
Maple Leaf Cement Company Limited	417,500	150,000	-	567,500	-	-	-	-	-	0.00%
Pioneer Cement Limited	-	811,500	-	208,000	603,500	57,706,744	64,815,900	3.26%	4.06%	0.27%
Cherat Cement Company Limited	-	310,500	-	292,500	18,000	1,833,942	2,152,260	0.11%	0.13%	0.01%
Lucky Cement Limited	67,850	150,900	-	85,050	133,700	75,470,750	86,705,788	4.36%	5.43%	0.04%
Fecto Cement Limited	71,000	289,000	-	85,000	275,000	23,330,855	31,762,500	1.60%	1.99%	0.55%
						<b>240,135,259</b>	<b>277,789,783</b>	<b>9.33%</b>	<b>11.61%</b>	<b>1.05%</b>

Name of the investee company	As at July 01, 2015	Purchased during the year	Bonus / rights issue during the year	Sold during the year	As at June 30, 2016	Cost as at June 30, 2016	Market value as at June 30, 2016	Market value as a percentage of:		Par value as percentage of issued share capital
	----- (Number of shares) -----				----- (Rupees) -----			Net assets	Total investments	(%)
<b>Power generation and distribution</b>										
Hub Power Company Limited	548,500	896,000	-	262,000	1,182,500	126,464,989	141,970,950	7.15%	8.89%	0.10%
Lalpir Power Limited	-	886,500	-	886,500	-	-	-	-	-	-
Pakgen Power Limited	-	616,000	-	616,000	-	-	-	-	-	-
Kot Addu Power Company Limited	529,000	1,025,500	-	671,500	883,000	74,121,073	78,807,750	3.97%	4.93%	0.10%
						200,586,062	220,778,700	11.11%	13.82%	0.20%
<b>Oil and gas marketing companies</b>										
Hascol Petroleum Limited	226,840	171,000	42,568	328,000	112,408	15,765,330	21,961,152	1.11%	1.38%	0.09%
Pakistan State Oil Company Limited	31,500	254,900	-	142,000	144,400	55,015,399	54,216,424	2.73%	3.39%	0.05%
						70,780,729	76,177,576	3.83%	4.77%	0.15%
<b>Automobile parts and accessories</b>										
The General Tyre & Rubber Company of Pakistan Limited	-	290,800	-	60,000	230,800	40,515,085	41,080,093	2.07%	2.57%	0.39%
						10,315,055	41,080,093	2.07%	2.57%	0.39%
<b>Oil and gas exploration companies</b>										
Oil & Gas Development Company Limited	-	1,417,000	-	311,000	1,106,000	154,805,018	152,705,420	7.69%	9.56%	0.03%
Attock Refinery Limited	28,000	127,500	-	28,000	127,500	33,520,832	35,717,850	1.80%	2.24%	0.15%
Pakistan Oilfields Limited	-	307,900	-	72,000	235,900	75,903,317	81,970,532	4.13%	5.13%	0.10%
National Refinery Limited	52,500	238,300	-	145,500	145,300	51,203,828	69,075,620	3.48%	4.33%	0.18%
Byco Petroleum Pakistan Limited	-	125,000	-	125,000	-	-	-	-	-	-
Pakistan Petroleum Limited	-	523,700	-	67,000	456,700	70,998,387	70,811,335	3.56%	4.43%	0.02%
Mari Petroleum Company Limited	-	151,150	-	62,000	89,150	62,887,264	80,967,814	4.08%	5.07%	0.08%
						449,318,646	491,248,571	24.73%	30.76%	0.56%
<b>Automobile assembler</b>										
Pak Suzuki Motor Company Limited	67,100	14,000	-	81,100	-	-	-	-	-	-
Indus Motor Company Limited	-	11,950	-	11,950	-	-	-	-	-	-
Honda Atlas Cars (Pakistan) Limited	-	69,000	-	69,000	-	-	-	-	-	-
						-	-	-	-	-
<b>Textile composite</b>										
Nishat Mills Limited	137,000	1,010,500	-	537,000	610,500	71,119,972	65,872,950	3.32%	4.12%	0.17%
Kohinoor Textile Mills Limited	202,000	608,500	25,725	60,500	775,725	56,611,306	62,081,273	3.12%	3.89%	0.27%
						127,731,278	127,954,223	6.44%	8.01%	0.45%
<b>Engineering</b>										
Crescent Steel & Allied Products Limited	-	484,850	-	260,500	224,350	25,538,917	25,712,753	1.29%	1.61%	0.29%
Amerli Steel Limited	-	286,500	-	280,000	6,500	360,370	305,630	0.02%	0.02%	0.00%
						25,899,287	26,018,383	1.31%	1.63%	0.29%
<b>Sugar and allied industries</b>										
Faran Sugar Mills Limited	-	32,500	-	-	32,500	3,472,625	3,510,000	0.18%	0.22%	0.13%
						3,472,625	3,510,000	0.18%	0.22%	0.13%
<b>Pharmaceuticals</b>										
The Searle Company Limited	-	190,100	23,480	127,500	86,080	33,994,482	46,151,793	2.32%	2.89%	0.07%
The Searle Company Limited - LoR	-	-	8,100	8,100	-	-	-	-	-	0.00%
Ferozsans Laboratories Limited	-	36,450	-	21,200	15,250	15,270,268	15,721,836	0.79%	0.98%	0.05%
Highnoon Laboratories Limited	-	24,900	-	23,900	1,000	539,997	576,400	0.03%	0.04%	0.00%
						49,804,747	62,450,029	3.14%	3.91%	0.13%
<b>Cable and electrical goods</b>										
Pak Elektron Limited	552,000	84,250	-	625,000	11,250	833,404	727,312	0.04%	0.05%	0.00%
						833,404	727,312	0.04%	0.05%	0.00%
<b>Food and personal care products</b>										
Engro Foods Limited	43,500	73,000	-	116,500	-	-	-	-	-	-
Al Shaheer Corporation Limited	-	247,500	-	211,000	36,500	1,954,094	1,905,665	0.10%	0.12%	0.03%
						1,954,094	1,905,665	0.10%	0.12%	0.03%

Name of the investee company	As at July 01, 2015	Purchased during the year	Bonus / rights issue during the year	Sold during the year	As at June 30, 2016	Cost as at June 30, 2016	Market value as at June 30, 2016	Market value as a percentage of:		Par value as percentage of issued share capital
	----- (Number of shares)-----				----- (Rupees) -----			Net assets	Total investments	(%) -----
<b>Technology and communication</b>										
Systems Limited	62,000	446,000	-	508,000	-	-	-	-	-	-
<b>Paper and board</b>										
Packages Limited	10,600	56,600	-	-	67,200	35,376,169	42,753,986	2.15%	2.68%	0.08%
						35,376,169	42,753,986	2.15%	2.68%	0.08%
<b>As at June 30, 2016</b>	<b>4,541,790</b>	<b>16,728,850</b>	<b>99,873</b>	<b>11,708,800</b>	<b>9,661,713</b>	<b>1,469,855,656</b>	<b>1,591,628,460</b>			
<b>As at June 30, 2015</b>	<b>1,662,018</b>	<b>6,517,200</b>	<b>15,840</b>	<b>3,653,268</b>	<b>4,541,790</b>	<b>434,819,800</b>	<b>514,739,454</b>			

**5.1.1** The investment in equity securities include bonus shares having market value of Rs.1.374 million withheld by the investee companies during the period as issuance of bonus shares has been made taxable through Finance Act, 2014. Consequently, bonus shares equivalent to 5 percent (representing tax impact of the bonus announcement) have been withheld by the investee companies.

The management of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in the Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the mutual funds based on the premise of exemption given to mutual funds under clause 47B and 99 of Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case.

**5.1.2** Following shares were pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin:

	June 30, 2016	June 30, 2015
	----- (Number of shares) -----	
Lucky Cement Limited	-	30,000
D.G Khan Cement Company Limited	60,000	-
The Hub Power Company Limited	300,000	-
	<b>360,000</b>	<b>30,000</b>

## 5.2 Real estate investment trust units - quoted - 'at fair value through profit or loss' - held-for-trading

Name of the investee company	As at July 01, 2015	Purchased during the year	Bonus / rights issue during the year	Sold during the year	As at June 30, 2016	Cost as at June 30, 2016	Market value as at June 30, 2016	Market value as a percentage of:		Par value as percentage of issued share capital
	----- (Number of shares)-----				----- (Rupees) -----			Net assets	Total investments	(%) -----
<b>Real estate investment and services</b>										
Dolmen City REIT (face value of Rs.10 each)	502,459	-	-	-	502,459	5,532,075	5,426,557	0.27%	0.34%	0.02%
<b>As at June 30, 2016</b>	<b>502,459</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>502,459</b>	<b>5,532,075</b>	<b>5,426,557</b>			
<b>As at June 30, 2015</b>	<b>-</b>	<b>502,459</b>	<b>-</b>	<b>-</b>	<b>502,459</b>	<b>5,527,048</b>	<b>5,532,074</b>			

**5.3 Net unrealised gain on revaluation of investments classified as 'at fair value through profit or loss' - held-for-trading**

	June 30, 2016	June 30, 2015
	----- (Rupees) -----	
Market value of investments	1,597,055,017	520,271,528
Less: Cost of investments	<u>(1,475,387,731)</u>	<u>(440,346,848)</u>
Unrealised gain on revaluation on investment	<u>121,667,286</u>	<u>79,924,680</u>

**6. SECURITY DEPOSITS**

	June 30, 2016	June 30, 2015
	----- (Rupees) -----	
Security deposits with:		
- Central Depository Company of Pakistan Limited (CDC)	100,000	100,000
- National Clearing Company of Pakistan Limited (NCCPL)	<u>2,500,000</u>	<u>2,500,000</u>
	<u>2,600,000</u>	<u>2,600,000</u>

**7. DIVIDEND, PROFIT AND OTHER RECEIVABLE**

	June 30, 2016	June 30, 2015
	----- (Rupees) -----	
Dividend receivable	5,294,373	746,037
Profit receivable on deposit accounts with banks	580,753	281,080
Security margin with NCCPL	682,162	682,162
Conversion of units	-	8,350,000
	<u>6,557,288</u>	<u>10,059,279</u>

**8. PAYABLE TO THE MANAGEMENT COMPANY**

	June 30, 2016	June 30, 2015
	----- (Rupees) -----	
Remuneration payable	8.1 3,126,287	998,006
Sales tax on management fee	1,227,703	553,876
Federal excise duty on management fee	14 5,412,371	2,658,024
Sales load payable	6,149,536	366,257
Expenses allocated by the Management Company	8.2 454,270	-
	<u>16,370,167</u>	<u>4,576,163</u>

**8.1** Under the provisions of the NBFC Regulations, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. The Management Company has charged its remuneration at the rate of 2% (2015:2%) per annum for the current year.

**8.2** This represents the amount payable to the Management Company under NBFC Regulation 60(3)(s), wherein the Management Company is allowed to charge their cost to Collective Investment Schemes (CIS) in respect of fees and expenses related to registrar, accounting, and other services related to CIS. The maximum cost that can be charged in this regard is up to 0.1% of the average annual net assets of that CIS or actual, whichever is less.

**9. PAYABLE TO THE TRUSTEE**

		June 30, 2016	June 30, 2015
----- (Rupees) -----			
Trustee fee	9.1	330,464	93,526
Sales tax on trustee fee		71,492	-
		<u>401,956</u>	<u>93,526</u>

**9.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily NAV of the Fund. The remuneration is payable to the Trustee according to the following tariff structure:

Average net asset value	Tariff per annum
Up to Rs.1 billion	Rs.0.7 million or 0.20% p.a. of net assets whichever is higher.
Over Rs.1 billion	Rs.2.0 million plus 0.10% p.a. of net assets

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

Under the provisions of the NBFC Regulations, an open ended asset allocation scheme is required to pay an annual fee to the SECP, an amount equal to 0.095% (2015: 0.095%) of the average annual net assets of the Fund.

**11. PROVISION FOR WORKERS' WELFARE FUND (WWF)**

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

In August 2011, the Lahore High Court (LHC) issued a judgment in response to a petition in similar case whereby the amendments introduced in WWF Ordinance through Finance Acts 2006 and 2008 have been declared unconstitutional and therefore struck down. In March 2013, the SHC larger bench issued a judgment in response to various petitions in similar cases whereby the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through Finance Acts, 2006 and 2008 respectively (Money Bills) have been declared constitutional and overruled a single-member Lahore High Court (LHC) bench judgment issued in August 2011.

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

As per the legal counsel handling the case, the constitutional petition filed by the CIS to challenge the WWF contribution has not been affected by SHC judgment.

The Finance Act, 2015 has excluded Mutual Funds and Collective Investment Schemes from the definition of 'industrial establishment' subject to WWF under WWF Ordinance, 1971. Accordingly, no provision for WWF is made from July 01, 2015 onwards. However, provision made till June 30, 2015 has not been reversed as the above lawsuit is pending in the SHC.

The Management Company as a matter of abundant caution, has made provision for WWF amounting to Rs.10.801 million up till June 30, 2015 (2015: Rs.10.801 million) in these financial statements. Had the provision not been made, the NAV per unit would have been higher by Rs.0.347 (0.54%) per unit (2015: Rs.1.12 (1.86%) per unit).

	June 30, 2016	June 30, 2015
	----- (Rupees) -----	
<b>12. ACCRUED AND OTHER LIABILITIES</b>		
Auditors' remuneration	562,525	555,314
Shariah Advisory fee	350,000	-
Brokerage payable	2,341,002	505,260
Settlement charges	499,702	23,303
Charity payable	496,329	406,573
Withholding tax payable on dividend distribution	12.1 10,548,603	3,225,595
Other liabilities	4,016,909	328,369
	<u>18,815,070</u>	<u>5,044,414</u>

**12.1** According to the instructions of the Shariah Advisory Board, any income earned by the Fund from investments a portion of which has been made in non-shariah compliant avenues, such portion of the income of the Fund from that investee should be donated for charitable purposes directly by the Fund. During the year as per the instruction of shariah advisor, an amount of rupees 89,756 has been set aside for charity to purify the dividend income.

### 13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2016.

### 14. FEDERAL EXCISE DUTY ON MANAGEMENT FEE

As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the services of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED results in double taxation, does not appear to be the spirit of the law. The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies and Central Depository Company of Pakistan Limited on behalf of schemes through a constitutional petition filed in the Honourable Sindh High Court (SHC) during September 2013 which is pending adjudication. However, the SHC has issued a stay order against the recovery of FED. The Fund, as a matter of abundant caution, has charged FED and sales tax thereon in its financial statements with effect from June 13, 2013.

As per the Finance Act, 2016, the management fees charged by the asset management company have been declared exempt from the levy of FED with effect from July 01, 2016. Accordingly, no provision for FED is made from July 01, 2016 onwards.

Subsequent to the year end, the Sindh High Court in its decision dated July 16, 2016 maintained the previous order passed against other constitutional petition whereby levy of FED is declared to be 'Ultra Vires' the Constitution. The management is however of the view that since the Federal government still has the right to appeal against the order, the previous balance of FED cannot be reversed.

The Management Company, in view of the pending decision and as a matter of abundant caution has made a provision for FED in the books of accounts of the Fund with effect from June 13, 2013 to June 30, 2016 aggregating to Rs.5.412 million (2015: Rs.2.658 million).

	June 30, 2016	June 30, 2015
	----- (Rupees) -----	
<b>15. AUDITORS' REMUNERATION</b>		
	Note	
Audit fee	323,675	323,675
Other certifications and services	252,467	252,467
	576,142	576,142
Sales tax	34,569	28,807
Out of pocket expenses	72,017	61,058
	<u>682,728</u>	<u>666,007</u>
<b>16. CASH AND CASH EQUIVALENTS</b>		
Bank balances	<u>427,720,588</u>	<u>77,305,388</u>

**17. TAXATION**

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

**18. TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS**

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

**18.1 Other transactions**

	June 30, 2016	June 30, 2015
	----- (Rupees) -----	
<b>Associated companies / undertakings</b>		
<b>Alfalsh GHP Investment Management Limited - Management Company</b>		
Remuneration of the Management Company	<u>17,214,664</u>	<u>8,684,426</u>
Sales tax on management fee	<u>2,795,896</u>	<u>1,511,252</u>
Federal excise duty on management fee	<u>2,754,347</u>	<u>1,389,508</u>
Expenses allocated by the Management Company	<u>490,947</u>	<u>-</u>
<b>Bank Alfalah Limited - Islamic Banking Division</b>		
Profit on deposit accounts	<u>250,885</u>	<u>691,325</u>
Bank charges	<u>31,336</u>	<u>6,760</u>
<b>Alfalsh GHP Income Multiplier Fund (common management)</b>		
Term finance certificates - sold	<u>-</u>	<u>60,993,900</u>
<b>Other related parties</b>		
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	<u>1,622,711</u>	<u>871,914</u>
Sales tax on Trustee fee	<u>227,172</u>	<u>-</u>
CDS charges	<u>85,845</u>	<u>52,919</u>



**18.2 Other balances**
**Associated companies / undertakings**

June 30,                  June 30,  
2016                                  2015  
----- (Rupees) -----

**Alfalsh GHP Investment Management Limited -  
Management Company**

Remuneration payable to the Management Company	3,126,287	998,006
Sales tax payable on management fee	1,227,703	553,876
Federal excise duty on management fee	5,412,371	2,658,024
Sales load payable	6,149,536	366,257
Expenses allocated by the Management Company	454,270	-

**Bank Alfalah Limited - Islamic Banking Division**

Bank balance	391,515,837	33,292,628
Profit receivable	20,638	48,048

**Other related parties**
**Central Depository Company of Pakistan Limited - Trustee**

Remuneration payable to the Trustee	330,464	93,526
Sales tax on Trustee fee	71,492	-
Security deposit	100,000	100,000

**18.3 Unit Holder's Fund**

	June 30, 2016									
	As at July 01, 2015	Issued for cash / conversion in / transfer in	Bonus / Dividend	Redeemed / conversion out / transfer out	As at June 30, 2016	As at July 01, 2015	Issued for cash / conversion in / transfer in	Bonus / Dividend	"Redeemed / conversion out / transfer out"	"Net asset value as at June 30, 2016"
	(Units)				(Rupees)					
<b>Associated companies / undertakings</b>										
Bank Alfalah Limited - Islamic Banking Division*	5,590,077	-	726,790	726,790	5,590,077	335,189,205	-	45,319,874	45,319,874	356,877,660
<b>Other Related Parties</b>										
CDC - Trustee Alfalah GHP Prosperity Planning Fund	-	1,954,275	75,561	1,701,469	328,367	-	129,889,219	4,711,696	120,557,155	20,963,388
CDC - Trustee Alfalah GHP Islamic Prosperity Planning Fund	-	7,683,790	-	5,491,237	2,192,553	-	565,796,107	-	410,449,884	139,975,341
<b>Key Management Personnel</b>										
Head of Marketing	-	9,955	2,128	971	11,112	-	733,248	132,665	35,526	709,391
Chief Investment Officer	-	15,098	-	4,918	10,180	-	986,251	-	374,423	649,922
Head of Compliance & Risk Management	-	76	1	72	6	-	5,191	68	5,195	366
Head of Investment Advisory & Senior Portfolio Manager	-	3,166	509	232	3,443	-	212,822	31,759	9,875	219,816
<b>Unit holder holding 10% or more Units</b>										
Archroma Pakistan Limited -Employees Gratuity Fund	-	284,195	73,899	36,949	321,145	-	20,764,564	4,608,046	772,693	20,502,282
Pakistan Mobile Communication Limited - Provident Fund	-	164,683	37,202	16,059	185,827	-	11,500,000	2,319,806	455,503	11,863,425
Lahore University of Management Sciences	-	323,984	84,245	42,123	366,106	-	21,842,658	5,253,202	802,830	23,372,692
Siddiq Leather Works (Pvt.) Ltd.	602,230	3,190,896	691,356	873,620	3,610,862	36,110,614	227,801,046	43,110,348	51,964,014	230,522,037
TCS (Pvt.) Limited - Provident Fund	-	156,837	2,971	144,292	15,516	-	10,190,788	185,246	10,393,550	990,557
Fauji Fertilizer Bin Qasim Limited - Provident Fund	-	272,121	70,759	35,380	307,500	-	19,205,918	4,412,277	705,918	19,631,211
Pakistan Services Limited - Provident Fund	-	178,621	46,447	23,223	201,845	-	13,703,683	2,896,240	503,682	12,886,029

	June 30, 2015									
	As at July 01, 2014	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	As at June 30, 2015	As at July 01, 2014	Issued for cash / conversion in / transfer in	Bonus	"Redeemed / conversion out / transfer out"	"Net asset value as at June 30, 2015"
	(Units)				(Rupees)					
<b>Other Related Parties</b>										
Bank Alfalah Limited - Islamic Banking Division*	5,590,077	-	-	-	5,590,077	303,981,184	-	-	-	335,189,201
<b>Key Management Personnel</b>										
Head of Corporate Strategy	7,638	15,971	-	7,904	15,705	415,338	941,289	-	500,000	941,693
Chief Investment Officer	-	3,034	-	3,034	-	-	180,000	-	201,406	-
<b>Unit holder holding 10% or more Units</b>										
Syeda Henna Babar Ali	-	2,006,839	-	-	2,006,839	-	121,592,764	-	-	120,332,991

\* This unit holder also holds more than 10% units of the Fund

## 19. FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risk is creation and protection of unit holder(s) value. Risk is inherent in Fund's activities therefore the Fund's risk management policies are established to manage risk on integrated basis to identify and analyze all risks faced by the Fund and to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Fund has exposure to markets risk (which includes profit rate risk, currency risk and other price risk), credit risk, liquidity risk and operational risk arising from the financial instruments it holds. The Fund's risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

### 19.1 Market risk

Market risk is the risk that changes in market prices, such as profit rate or equity prices will affect the Fund's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within the investment parameters as defined in the Fund's constitutive and investment policy documents, while optimizing the return. The Fund is categorized as Shariah Compliant Islamic Equity Scheme. The objective of the Fund is to provide a competitive rate of return from a diversified portfolio developed in accordance with the principles of Shariah. Investments of the Fund are diversified both in terms of securities within an asset class as well as across asset classes. The Management Company manages risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: Profit rate risk, Currency risk and other price risk.

#### 19.1.1 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market profit rates.

The majority of Fund's profit rate risk exposure arises on Fund's investment on Sukuks. Cash and cash equivalents are not subject to fair value profit rate risk.

The Fund manages profit rate risk by keeping a major portion of funds into short terms investments in the rising profit rate environment. Profit rate risk in debt securities are mitigated by investing mostly in instrument carrying floating rate coupons which are linked to market profit rates, and are re-priced on quarterly / semi-annual basis.

A summary of the Fund's profit rate gap position, categorized by maturity date, is as follows:

June 30, 2016						
Yield / Effective interest rate (%)	Exposed to yield / interest rate 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>On balance sheet financial instruments</b>						
<b>Financial assets</b>						
Bank balances	5% to 6.45%	61,677,602	-	-	366,042,986	427,720,588
Investments		-	-	-	1,597,055,017	1,597,055,017
Dividend, profit and other receivable		-	-	-	6,557,288	6,557,288
Security deposits		-	-	-	2,600,000	2,600,000
		<u>61,677,602</u>	<u>-</u>	<u>-</u>	<u>1,972,255,291</u>	<u>2,033,932,893</u>
<b>Financial liabilities</b>						
Payable to the Management Company		-	-	-	11,606,144	11,606,144
Payable to the Trustee		-	-	-	330,464	330,464
Accrued and other liabilities		-	-	-	3,898,636	3,898,636
		<u>-</u>	<u>-</u>	<u>-</u>	<u>15,835,244</u>	<u>15,835,244</u>
<b>On balance sheet gap</b>		<u>61,677,602</u>	<u>-</u>	<u>-</u>	<u>1,956,420,047</u>	<u>2,018,097,649</u>
June 30, 2015						
Yield / Effective interest rate (%)	Exposed to yield / interest rate 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>On balance sheet financial instruments</b>						
<b>Financial assets</b>						
Bank balances	5% to 6.45%	47,904,326	-	-	29,401,062	77,305,388
Investments		-	-	-	520,271,528	520,271,528
Dividend, profit and other receivable		-	-	-	10,059,279	10,059,279
Security deposits		-	-	-	2,600,000	2,600,000
		<u>47,904,326</u>	<u>-</u>	<u>-</u>	<u>562,331,869</u>	<u>610,236,195</u>
<b>Financial liabilities</b>						
Payable to the Management Company		-	-	-	1,364,263	1,364,263
Payable to the Trustee		-	-	-	93,526	93,526
Accrued and other liabilities		-	-	-	1,780,012	1,780,012
Distribution payable		-	-	-	40,867,871	40,867,871
		<u>-</u>	<u>-</u>	<u>-</u>	<u>44,105,672</u>	<u>44,105,672</u>
<b>On balance sheet gap</b>		<u>47,904,326</u>	<u>-</u>	<u>-</u>	<u>518,226,197</u>	<u>566,130,523</u>

The above table shows Fund's yield / profit rate sensitivity position for on balance sheet financial instruments based on the earlier of contractual repricing or maturity risk.

### 19.1.2 Currency risk

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

### 19.1.3 Other Price Risk

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from profit rate risk or currency risk), whether caused by factor specific to an individual investment, its issuer or factors affecting all instrument 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 NBFC Regulations 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, 2016. The analysis is based on the assumption that KSE-100 index increase and decreases by 5% (2015: 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 KSE-100 index, having regards to the historical volatility of index of past three years.

At June 30, 2016, the fair value of equity securities exposed to price risk was disclosed in note 5.1.

Note	June 30, 2016 ----- (Rupees) -----	June 30, 2015 -----
<i>Effect due to increase / decrease in KSE 100 index</i>		
Investment and net assets	<u>79,852,751</u>	<u>25,736,973</u>
Income statement	<u>79,852,751</u>	<u>25,736,973</u>

### 19.2 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. The credit risk of the Fund principally arises from its investment in debt securities. The Fund is also exposed to counterparty credit risk on bank balances, certain investments and profit receivable on deposit accounts.

Credit risk on dividend receivable is minimal due to statutory protection. All transactions in listed securities are settled / paid for upon delivery using the National Clearing Company of Pakistan Limited. The risk of default is considered minimal due to inherent systematic measures taken therein.

Credit risk on debt securities is mitigated by investing primarily investment grade securities both listed and unlisted. The Fund's cash and cash equivalents are held mainly with Bank Alfalah Limited, which is rated AA by PACRA (2015: AA by PACRA).

The Management Company follows Circular 33 of 2012 issued by SECP containing criteria for provisioning of non-performing debt securities issued by SECP for the purpose of making provision against non-performing debt securities. Further, Management Company has devised provisioning policy duly approved by its Board of Directors.

Management Company has policies of reviewing the credit worthiness of its counterparties by analysing sector performance, financial ratios, making Issuing Entity's Assessment, assessment of collateral/security structure, credit ratings.

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Management Company has policies of reviewing the credit worthiness of its counterparties by analysing sector performance, financial ratios, making Issuing Entity's Assessment, assessment of collateral/security structure, credit ratings.

### "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 broadly exposed to transactions entered into with diverse credit-worthy counterparties thereby mitigating any significant concentration of credit risk.

All deposits with CDC and NCCPL are highly rated and risk of default is considered minimal.

The Fund manager reviews credit concentration of debt securities held by counterparties and sectors.

	June 30, 2016	June 30, 2015
Note	----- (Rupees) -----	-----
<b>Financial assets</b>		
Bank balances	<b>427,720,588</b>	77,305,388
Dividend, profit and other receivables	<b>6,557,288</b>	10,059,279
	<b><u>434,277,876</u></b>	<b><u>87,364,667</u></b>

No financial assets were considered to be past due or impaired either at June 30, 2016 and June 30, 2015

The analysis below summarizes the credit quality of the Company's bank balances as at June 30, 2016 and June 30, 2015:

	June 30, 2016	June 30, 2015
Note	----- (Rupees) -----	-----
<b>Bank balances by category wise:</b>		
A1+/ AA	<b>391,515,837</b>	33,302,628
A1+/ AAA	<b>1,006,587</b>	43,859,345
A1/ A	<b>10,919</b>	10,919
A2/ A-	<b>136,297</b>	132,496
A1/A+	<b>35,050,948</b>	-
	<b><u>427,720,588</u></b>	<b><u>77,305,388</u></b>

### 19.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund is exposed to daily cash redemptions, if any. The Management Company manages the liquidity risk by maintaining maturities of financial assets and financial liabilities and investing a major portion of the Fund's assets in highly liquid financial assets.

The Fund has the ability to borrow, with prior approval of trustee, for meeting redemption. No such borrowings have arisen during the year. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of net assets at the time of borrowing with repayment within 90 days of such borrowings.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption request in excess of ten percent of the units in issue and such requests would be treated as redemption request 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 table below analyse the Fund's financial liabilities into relevant maturity groupings based on the remaining period from the statement of assets and liabilities date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

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

	<b>As at June 30, 2016</b>			
	<b>Carrying amount</b>	<b>Upto one month</b>	<b>More than one month and upto three months</b>	<b>More than three months and upto one year</b>
	----- (Rupees) -----			
<b>On balance sheet financial liabilities and others</b>				
<b>Liabilities</b>				
Payable to the Management Company	11,606,144	11,606,144	-	-
Payable to the Trustee	330,464	330,464	-	-
Accrued and other liabilities	3,898,636	3,370,680	527,956	-
	<u>15,835,244</u>	<u>15,307,288</u>	<u>527,956</u>	<u>-</u>
	<b>June 30, 2015</b>			
	<b>Carrying amount</b>	<b>Upto one month</b>	<b>More than one month and upto three months</b>	<b>More than three months and upto one year</b>
	----- (Rupees) -----			
<b>On balance sheet financial liabilities and others</b>				
<b>Liabilities</b>				
Payable to the Management Company	1,364,263	1,364,263	-	-
Payable to the Trustee	93,526	93,526	-	-
Accrued and other liabilities	1,780,012	1,253,505	526,507	-
Distribution payable	40,867,871	40,867,871	-	-
	<u>44,105,672</u>	<u>43,579,165</u>	<u>526,507</u>	<u>-</u>

Units of the Fund are redeemable on demand at the holder's option. However, holders of these instruments typically retain them from medium to long-term.

#### **19.4 Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risk arise from all of the Fund's activities.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors.

This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risk identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

#### **19.5 Unit Holders' Fund risk management**

The Fund's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders and to ensure reasonable safety of Unit Holders' Fund.

The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in market conditions. The capital structure depends on the issuance and redemption of units.

The Fund is an open-end collective investment scheme. The capital of the open end schemes is represented by the net assets attributable to unit holders.

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

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

The objective of Management Company when managing capital of the Fund is to maintain the Fund's ability to continue as a going concern in order to provide returns to unit holders on their investments.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

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

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

In accordance with the NBFC Regulations, the Fund is required to maintain minimum net assets of one hundred million rupees at all times during the life of the scheme.

## 20. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). Adoption of IFRS 13, has no effect on the financial statements.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using 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: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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, 2016			
	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
<b>Financial assets classified as 'at fair value through profit or loss' - held-for-trading</b>				
-Equity securities - quoted	1,591,628,460	-	-	1,591,628,460
-Real estate investment trust units - quoted	5,426,557	-	-	5,426,557
	<u>1,597,055,017</u>	<u>-</u>	<u>-</u>	<u>1,597,055,017</u>



June 30, 2015

	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
<b>Financial assets classified as 'at fair value through profit or loss' - held-for-trading</b>				
- Equity securities - quoted	514,739,454	-	-	514,739,454
- Real estate investment trust units - quoted	5,532,074	-	-	5,532,074
	<u>520,271,528</u>	<u>-</u>	<u>-</u>	<u>520,271,528</u>

During the year ended June 30, 2016, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements.

## 21. SUPPLEMENTARY NON FINANCIAL INFORMATION

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

## 22. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by Board of Directors of the Management Company on September 22, 2016

## 23. GENERAL

**23.1** Figures are rounded off to the nearest rupee.

**23.2** Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation. No significant rearrangements or reclassifications were made in these financial statements.

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

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

\_\_\_\_\_  
Director

**SUPPLEMENTARY NON FINANCIAL INFORMATION  
AS REQUIRED UNDER SECTION 6(D), (F), (G), (H), (I), AND (J)  
OF THE FIFTH SCHEDULE TO THE  
NON BANKING FINANCE COMPANIES AND NOTIFIED ENTITIES REGULATIONS, 2008**

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

Category	As at June 30, 2016			
	Number of unit holders	Number of units held	Amount Rupees	% of total
Individuals	215	9,255,974	591,017,102	30%
Associated Co./ Directors	2	5,918,445	377,907,501	19%
Retirement & Other Funds	9	1,465,144	93,553,091	5%
Insurance Co.	1	45,706	2,918,439	0%
Others	25	14,434,503	921,329,807	46%
	<b>252</b>	<b>31,119,772</b>	<b>1,986,725,940</b>	<b>100%</b>

Category	As at 30 June 2015			
	Number of unit holders	Number of units held	Amount Rupees	% of total
Individuals	42	2,411,662	144,606,740	25%
Associated Co./ Directors	1	5,590,077	335,189,148	58%
Retirement & Other Funds	5	163,889	9,827,031	2%
Others	3	1,505,138	90,250,353	16%
	<b>51</b>	<b>9,670,766</b>	<b>579,873,272</b>	<b>100%</b>

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

	30 June 2016
	%
Taurus Securities Limited	11
Habib Metropolitan Financial Services limited	8
Ismail Iqbal Securities (Pvt.) Ltd.	7
Al Habib Capital Markets Limited	7
Fortune Securities Limited	6
IGI Finex Securities Limited	6
Elixir Securities Pakistan (Pvt) Ltd.	5
AKD Securities Ltd.	5
Global Securities Limited	5
Arif Habib Limited	5

30 June

2015

%

Elixir Securities Pakistan (Pvt) Ltd.	11
Optimus Capital Management (Pvt.) Ltd.	8
Taurus Securities Limited	8
Topline Securities (Pvt) Limited	8
Al Habib Capital Markets Limited	8
IGI Finex Securities Limited	7
Arif Habib Limited	7
Global Securities Limited	7
Ismail Iqbal Securities (Pvt.) Ltd.	7
AKD Securities Ltd.	7

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

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

Maheen Rahman  
 Noman Soomro  
 Shariq Mukhtar Hashmi  
 Muddasir Ahmed Shaikh  
 Nabeel Malik  
 Imran Altaf  
 Kashif Kasim

**Maheen Rahman – CEO**

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

**Noman Soomro**

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

**Shariq Mukhtar Hashmi**

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

**Muddasir Ahmed Shaikh**

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

**Nabeel Malik**

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

**Imran Altaf**

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

**Kashif Kasim**

"Mr. Kasim is part of the Alfalah GHP's Investment team since 2013 and has continuously added value to the Investment Management function since then. As an acknowledgement of his efforts and quick learning skills he was promoted to the role of Junior Portfolio Manager. Mr. Kasim is pursuing his MBA from Pakistan Air Force Karachi Institute of Economics & Technology (PAF KIET) and is also a Level II candidate of Chartered Financial Analyst (CFA) exam."

**(v) Summary of Actual Proxy voted**

Nature of Meeting	Meeting Date	Resolutions	Holding	%age Holding	Favour	Against	Abstain
<b>The Hub Power Company Ltd.</b>							
AGM	6-Oct-15	Election of Directors	407,500	0.035%	✓		
<b>Kot Addu Power Company Ltd.</b>							
EoGM	2-Oct-15	Election of Directors	454,500	0.052%	✓		
<b>Kohat Cement Company Ltd.</b>							
EoGM	27-Jun-16	Election of Directors	230,900	0.149%	✓		
<b>ENGRO Corporation Ltd.</b>							
EoGM	5-Aug-16	Sale / disposal of 51% shares of ENGRO Foods td.	872,700	0.167%	✓		

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

The 68th, 69th, 70th, 71st and 72nd Board Meetings were held on 24 Aug 2015, 29 Oct 2015, 25 Feb 2016, 27 Apr 2016 and 30 June 2016 respectively.

Name of Director	Number of Meetings			Meeting not attended
	Held	Attended	Leave Granted	
Syed Ali Sultan	5	5	-	-
Ms. Maheen Rahman	5	5	-	-
Mr. Amin Dawood Saleh	5	5	-	-
Mr. Abid Naqvi	5	5	-	-
Mr. Hanspeter Beier	5	2	3	3
Mr. Michael Buchen	5	5	-	-
Mr. Tufail Jawed Ahmad	2	2	-	-
Syed Tariq Husain	1	-	1	1

**SUPPLEMENTARY NON FINANCIAL INFORMATION  
AS REQUIRED UNDER SECTION 6(D), (F), (G), (H), (I), AND (J)  
OF THE FIFTH SCHEDULE TO THE NON BANKING FINANCE  
COMPANIES AND NOTIFIED ENTITIES REGULATIONS, 2008**

	30 June 2016	30 June 2015	30 June 2014	30 June 2013	30 June 2012
Net Assets (Rs. '000)	1,986,726	579,873	331,974	349,282	324,602
NAV per unit	63.8413	59.9615	54.3800	58.7200	53.8900
Selling price per unit	66.3740	63.9609	58.0387	61.6600	56.5800
Redemption price per unit	63.8413	59.9615	54.3800	58.7200	53.8900
Highest selling price per unit	76.8310	73.1806	73.7277	71.7400	64.2300
Highest redemption price per unit	73.8993	68.6047	69.0800	68.3200	61.1700
Lowest selling price per unit	60.6278	55.7200	58.0387	56.1700	54.0200
Lowest redemption price per unit	58.3144	52.2100	54.3800	53.5000	51.4500
Total interim distribution per unit	8.1072	7.3107	14.991	13.47	5.75
Interim distribution date	29-Jun-16	30-Jun-15	30-Jun-14	27-Dec-12	27-Jun-12
N/A	N/A	N/A	27-Jun-13	N/A	30-Dec-10
Final distribution per unit	Nil	Nil	Nil	Nil	Nil
Final distribution date	N/A	N/A	N/A	N/A	N/A
Annualized returns	20.33%	23.79%	18.42%	36.27%	12.11%
Income distribution	13.52%	13.44%	25.53%	25.00%	10.80%
Weighted avg. portfolio duration	N/A	N/A	N/A	N/A	N/A

Return since inception is **17.03%**

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

بورڈ آف ڈائریکٹرز:

غیر حاضری	مینگ میں شرکت	منعقدہ مینگ	عہدہ	ڈائریکٹر کے نام
-	5	5	چیرمین	جناب سید علی سلطان
-	5	5	ڈائریکٹر	جناب امین داؤد صالح
-	5	5	ڈائریکٹر	جناب مانگیل بچن
72، 70th، 68th بورڈ آف ڈائریکٹر	5	5	ڈائریکٹر	جناب نسیم پیٹر بائیر
-	5	5	چیف ایگزیکٹو آفیسر	محترمہ مایین رحمان
-	5	5	ڈائریکٹر	جناب عابد نقوی
-	-	-	ڈائریکٹر	جناب آصف سعید
70th بورڈ آف ڈائریکٹر	-	1	ڈائریکٹر	جناب سید طارق حسین
-	2	2	ڈائریکٹر	جناب طفیل جاوید احمد

سال کے دوران بورڈ کے ممبران کی تبدیلی:

نام	عہدہ	تقرری	استعفی
جناب آصف سعید	ڈائریکٹر		استعفی
سید طارق حسین	ڈائریکٹر	تقرری	استعفی
جناب طفیل جے احمد	ڈائریکٹر	تقرری	

بورڈ اپنے سکروٹ ہونے والے ڈائریکٹرز حضرات کا کھٹی میں خدمات پیش کرنے پر شکر گزار ہے۔

آڈٹ کمیٹی کی مینگل:

اس سال کے دوران آڈٹ کی مینگل کی تفصیلات اور آڈٹ کمیٹی کے ممبران کی شرکت کی تفصیلات درج ذیل ہیں:

ممبر	مینگ منعقدہ	مینگ میں حاضری
جناب عابد نقوی	4	4
جناب سید علی سلطان	4	4
جناب امین داؤد صالح	4	2

اظہار تشکر:

ڈائریکٹرز کیوریٹرز اینڈ ایگزیکٹو کمیٹی آف پاکستان کے تعاون پر ان کا شکریہ ادا کرتے ہیں اس کے علاوہ بورڈ نے انتظامی کمیٹی کے ملازمین اور سٹیرنگ کمیٹی کا بھی شکریہ ادا کیا ہے جنہوں نے انتظامیہ پر مکمل اعتماد کرتے ہوئے محنت اور لگن سے کام کیا۔

بورڈ کی جانب سے

چیف ایگزیکٹو آفیسر

مورخہ: 22 ستمبر 2016ء

مالی تفصیلات:

(ملین روپے)

تفصیل	برائے سال ۲۰۱۶ء	برائے سال ۲۰۱۵ء
اوسط صافی اثاثہ	853.825	579.873
مجموعی آمدنی	189.434	115.481
کل آمدنی	293.657	120.814
نی یونٹ صافی اثاثہ کی ویلیو (پاکستانی روپے)	63.8413	59.9615
سال کے دوران پیش کا اجراء	2,623.965	252.851
سال کے دوران پیش کی کمی	1,210.049	34.799

ادا ہوگی:

زیر نظر سال کے آخر میں فنڈ کی نقد ادائیگی کا فی یونٹ ڈیویڈنڈ 6.0806 اور یونٹس 2.0266 فی یونٹ رہا۔

کارپوریٹ گورننس:

- انتظامی کپنی اعلیٰ معیار کے کارپوریٹ گورننس پالیسیوں رکھتی ہے لہذا اس کے مطابق بورڈ آف ڈائریکٹرز کی جانب سے درج ذیل کی یقین دہانی کی جاتی ہے:
- (اے) کپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کپنی کے حالات، اس کے آپریشنز کے نتائج، بکیش فلوا اور ایکویٹی میں تبدیلی کی شفاف عکاسی کرتے ہیں۔
- (بی) کپنی کے کھاتے مناسب طریقہ سے رکھے جا رہے ہیں۔
- (سی) مناسب اکاؤنٹنگ پالیسیوں کے تسلسل کو مالیاتی گوشوارے کی تیاری میں لاگو کیا گیا ہے۔ اکاؤنٹنگ کے اندازے ماہرانہ اور محتاط فیصلوں پر مبنی ہوتے ہیں۔
- (ڈی) مالیاتی گوشوارے کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ معیار (IFRS)، جو کہ پاکستان میں نافذ العمل ہیں، ان کی پیروی کی گئی ہے۔
- (ای) انٹرنل کنٹرول کے نظام مضبوط ہیں اور اس ریسٹریکٹڈ لیٹریٹ سے عملدرآمد اور نگرانی کی جاتی ہے۔
- (ایف) آنے والے سالوں میں الفلاح جی ایچ پی انویسٹمنٹ لمیٹڈ کی انتظامیہ کے تحت فنڈز کے کاروباری تسلسل پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- (جی) مالیاتی گوشواروں میں تمام واجب الادا ایکسیسرز، ڈیویڈنڈ اور دیگر چارجز کی مکمل تفصیلات فراہم کر دی گئی ہیں۔
- (ایچ) کپنی میں کارپوریٹ گورننس کو مکمل طور پر نافذ کیا گیا ہے جو کہ اسٹاک ریگولیشن میں درج ہے اور اس سے کوئی انحراف نہیں کیا گیا ہے۔
- (آئی) اہم مالیاتی تفصیلات اس ڈائریکٹرز رپورٹ میں فراہم کر دی گئی ہیں۔
- (جے) بورڈ آف ڈائریکٹرز کی میٹنگ کی تفصیلات اور ان میٹنگز میں ہر ڈائریکٹر کی شرکت ضمنی غیر مالیاتی معلومات کی سالانہ رپورٹ کے نوٹ نمبر (iv) میں دی گئی ہیں۔
- (کے) اس سالانہ رپورٹ کی ضمنی غیر مالیاتی معلومات یونٹ ہولڈرز کی تفصیل نوٹ نمبر (i) میں دی گئی ہیں۔
- (ایل) چیف ایگزیکٹو، ڈائریکٹرز، ایگزیکٹو ز اور ان کے شریک حیات کی جانب سے فنڈز کے یونٹس کی تعداد ۳۰ جون ۲۰۱۶ء نوٹ نمبر 18.3 میں فراہم کر دی گئی ہے۔
- (ایم) چیف ایگزیکٹو، ڈائریکٹرز، ایگزیکٹو ز اور ان کی بیگمات کی جانب سے مطلوبہ پیش/تعداد ۳۰ جون ۲۰۱۶ء نوٹ نمبر 18.3 میں فراہم کر دی گئی ہے۔



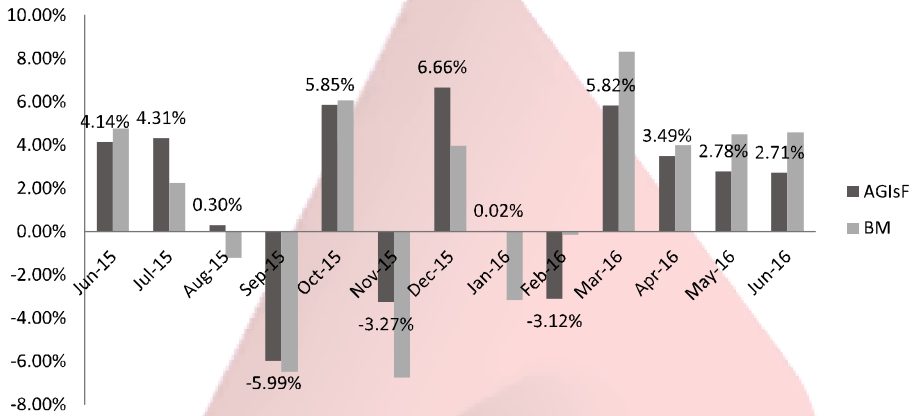
فٹڈ کی کارکردگی اور تجزیہ:

الفلاح جی ایچ پی اسلامک اسٹاک فنڈ: فنڈ آپریشن اور اس کی کارکردگی:

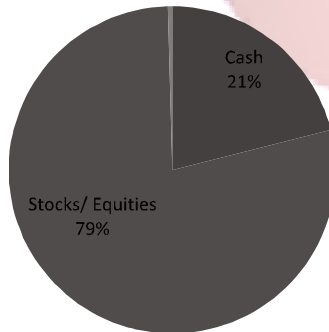
زیر نظر سال کے دوران آپ کے فنڈ کی آمدنی بیچ مارکے %15.53 (کے ایم آئی 30 انڈیکس) کے مقابلے میں %20.33 حاصل ہوئی جو کہ گروپ کے رینک میں پہلی پوزیشن پر ہے۔

پورے سال کے دوران فنڈ کی کارکردگی کافی مضبوط رہی۔ منتخب سیکٹرز جیسے ہیلتھ کیئر اور پاور سیکٹرز نے اہم سپورٹ فراہم کی جبکہ ٹیکنیکس اور ٹوٹو انائی کے شعبہ جات میں کم حصہ داری نے بھی اہم کردار ادا کیا۔ سال کے دوسرے حصہ میں ٹوٹو انائی کے سیکٹرز میں اضافہ کیا گیا جس کی بنیادی وجہ عالمی منڈی میں نام ٹیل کی قیمتوں کا بڑھنا تھا جو کہ ایک قابل عرصہ کے لئے S30 / پیرل تک گر گئی تھی۔ فنڈ کی سرمایہ کاری کی بنیادی توجہ مالی طور پر مضبوط کمپنیوں میں سرمایہ کاری پر رہی جبکہ دوسرے اور تیسرے درجے کے حصص میں منتخب سرمایہ کاری نے فنڈ کے شرح منافع کو سپورٹ کیا۔ یہی تناسب گزشتہ سال بھی رہا جس میں کارکردگی کی پوزیشن دوسری اور تیسری رہی۔

### AGHP Islamic Stock Fund Vs Benchmark



### AGISF Asset Allocation





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
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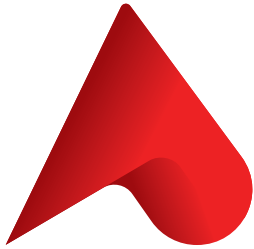


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\*Mobile apps are also available for download for android and ios devices



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