

# **ALFALAH GHP CASH FUND**

QUARTERLY REPORT SEPTEMBER 30, 2016



Alfalah Investments



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## FUND'S INFORMATION

<b>Management Company:</b>	Alfalsh GHP Investment Management Limited 8-B, 8th Floor, Executive Tower, Dolmen City, Block-4, Clifton, Karachi.
<b>Board of Directors of the Management Company:</b>	<ul style="list-style-type: none"><li>- Ms. Maheen Rahman</li><li>- Syed Ali Sultan</li><li>- Mr. Hanspeter Beier</li><li>- Mr. Amin Dawood Saleh</li><li>- Mr. Abid Naqvi</li><li>- Mr. Tufail Jawed Ahmed</li></ul>
<b>Audit Committee:</b>	<ul style="list-style-type: none"><li>- Mr. Abid Naqvi</li><li>- Syed Ali Sultan</li><li>- Mr. Amin Dawood Saleh</li></ul>
<b>HR Committee:</b>	<ul style="list-style-type: none"><li>- Syed Ali Sultan</li><li>- Mr. Tufail Jawed Ahmed</li><li>- Ms. Maheen Rahman</li></ul>
<b>Chief Operating Officer and Company Secretary:</b>	<ul style="list-style-type: none"><li>- Mr. Noman Ahmed Soomro</li></ul>
<b>Chief Financial Officer:</b>	<ul style="list-style-type: none"><li>- Mr. Muhammad Shehzad Dhedhi</li></ul>
<b>Trustee:</b>	MCB Financial Services Limited 4th Floor, Pardesi House, 2/1 R-Y Old Queens Road, Karachi.
<b>Fund Manager:</b>	<ul style="list-style-type: none"><li>- Mr. Kashif Kasim (Jr. Fund Manager)</li></ul>
<b>Bankers to the Fund:</b>	Bank Alfalsh Limited
<b>Auditors:</b>	A.F. Ferguson & Co. Chartered Accountants State Life Building No. 1-C I.I. Chundrigar Road, P.O.Box 4716 Karachi.
<b>Legal Advisor:</b>	Bawaney & Partners Room No.404,4th Floor Beaumont Plaza,6-cl-10 Beaumont Road, Civil Lines Karachi.
<b>Registrar:</b>	Alfalsh GHP Investment Management Limited 8-B, 8th Floor, Executive Tower, Dolmen City, Block-4, Clifton, Karachi.
<b>Distributor:</b>	Bank Alfalsh Limited
<b>Rating:</b>	Stability Rating AA (f) by PACRA



### **MISSION STATEMENT**

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

### **VISION STATEMENT**

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



## DIRECTORS' REPORT FOR THE QUARTER ENDED 30 SEPTEMBER, 2016

On behalf of the Board of Directors, I am pleased to present the Financial Statements of Alfalsh GHP Cash Fund (AGCF) for the first quarter ended September 30, 2016.

### Economy Overview

#### GDP, Inflation and Interest rates:

Pakistan's economic performance continued to remain stable during the quarter, helped by a low inflationary environment and overall improvement in economic activity. Inflation averaged 3.94% for the quarter, within the revised SBP target of 3 to 4 percent, while interest rates and the exchange rates remained stable.

Recent shortfall in tax collection suggests government may need to impose new measures during the year to meet fiscal deficit target of 3.80% of GDP. In addition, the government has committed to reduce current expenditure and non-critical development expenditure further, to compensate for shortfalls as projected. The SBP has maintained its policy rate at 5.75% given overall stability in inflation.

#### Trade balance and Foreign Exchange:

Trade and current account headwinds appear to have increased due to persistently weakening exports. The trade deficit for Jul-Aug FY17 increased by 27.28% YoY, despite the relief provided by low oil prices. Similarly, worker remittances witnessed a decline of 3.19% YoY while FDI and FPI numbers were also reduced.

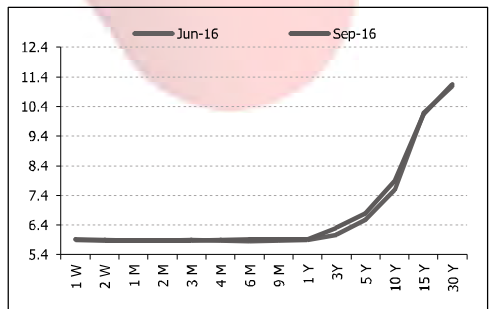
At present, the balance of payment has not impacted the exchange rates as foreign exchange reserves strengthened to historic levels of US\$23 billion as on Sep 02, 2016, resulting in a stable rupee, which posted an appreciation of 0.30% against USD for the 1st quarter FY17.

#### Evolution from IMF:

The IMF approved and transferred the last tranche of USD 102 million under the Extended Fund Facility (EFF). This will represent a significant milestone in terms of economic stability. Pakistan has indicated that it will now enter a monitoring phase.

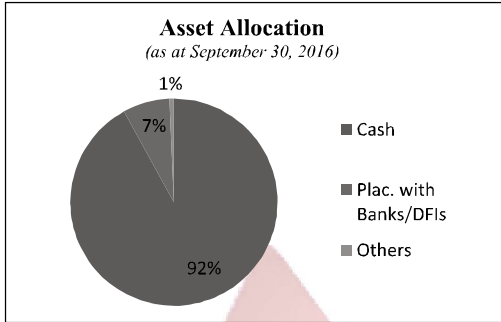
#### Money Market Review

The SBP maintained its discount rate at 6.25% and policy rate at 5.75% during the quarter. During the first quarter, yield curve shifted slightly upwards due to interbank market's expectations of interest rates bottoming out. Overall CPI trend is expected to hover around 4.00% for the 1st half. Any upward shift in international oil prices coupled with currency devaluation could exert upward pressure on the interest rates in the 2nd half of FY17.



**Fund Operations and Performance**

During 1QFY17, Alfalsh GHP Cash Fund (AGCF) generated a return of 5.29% while the benchmark of the fund generated 4.48% during the same period.



of financial institutions. With an optimal mix of placements, and deposits the fund aims to maintain a portfolio with a reasonable duration and higher yield.

**Key Financial Data**

Rs. In million

Description	Quarter ended 30 September 2016	Quarter ended 30 September 2015
Net Assets at end of the period	654.03	1,063.72
Gross income earned	12.42	19.45
Net comprehensive income	8.52	14.97
Net Assets Value per Unit (Rs.)	502.21	508.11
Issuance of units during the period	NIL	46.50
Redemption of units during the period	-1,223.25	-44.25

**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****Date: October 31, 2016**



**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT 30 SEPTEMBER 2016 (UN-AUDITED)**

		September 30, 2016 (Unaudited)	June 30, 2016 (Audited)
	Note	----(Rupees)----	
<b>Assets</b>			
Bank balances	5	633,373,348	1,203,660,664
Investments	6	50,311,753	695,991,000
Profit receivable		1,654,075	1,125,488
Prepayments and other receivable		113,367	198,158
<b>Total assets</b>		<b>685,452,544</b>	<b>1,900,975,310</b>
<b>Liabilities</b>			
Payable to Alfalah GHP Investment Management Limited - Management Company		11,880,161	12,534,905
Payable to the Trustee		54,369	77,066
Payable to Securities and Exchange Commission of Pakistan - Annual fee		136,667	627,575
Provision for Workers' Welfare Fund		17,794,505	17,794,505
Distribution payable			-
Redemption payable			-
Accrued expenses and other liabilities		1,561,003	2,291,992
<b>Total liabilities</b>		<b>31,426,706</b>	<b>33,326,043</b>
<b>Contingencies and Commitments</b>	10	-	-
<b>Net assets</b>		<u>654,025,838</u>	<u>1,867,649,267</u>
<b>Unit holders' funds (as per statement attached)</b>		<u>654,025,838</u>	<u>1,867,649,267</u>
		(Number of units)	
<b>Number of units in issue</b>		<u>1,302,300</u>	<u>3,768,440</u>
		(Rupees)	
<b>Net asset value per unit</b>		<u>502.21</u>	<u>495.60</u>

The annexed notes 1 to 17 form an integral part of these financial information.

Certificate of Investment

For Alfalah GHP Investment Management Limited  
(Management Company)

Chief Executive Officer

Director



**CONDENSED INTERIM INCOME STATEMENT**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2016 (UN-AUDITED)**

For the quarter ended 30 September 2016  
For the quarter ended 30 September 2015  
Note -----(Rupees)-----

**Income**

Capital gain on sale of investments	(88,044)	64,082
Profit from term deposit receipts	459,448	1,430,136
Income from placements	213,795	298,610
Income from Certificate of Investment	311,725	-
Profit on deposit accounts with banks	4,486,147	2,024,867
Unrealised appreciation in the value of investments - 'at fair value through profit or loss'	-	189,762
Income from government securities	7,040,121	15,443,581
<b>Total income</b>	<b>12,423,191</b>	<b>19,451,038</b>

**Expenses**

Remuneration of Alfalah GHP Investment Management Limited - Management Company		1,824,194	2,651,257
Sales tax on Management fee	7	237,139	430,564
FED on Management fee	8	-	424,201
Remuneration of Trustee		212,975	353,116
Sales tax on Trustee fee		27,685	-
Annual fee - Securities and Exchange Commission of Pakistan		136,667	198,660
Bank and settlement charges		2,711	7,679
Legal and Professional Charges		-	100,252
Auditors' remuneration		204,146	201,961
Brokerage		15,784	20,027
Fees and subscriptions		97,395	104,020
Printing and related cost		35,622	24,311
<b>Total expenses</b>		<b>2,794,318</b>	<b>4,516,049</b>
Net income from operating activities		<b>9,628,874</b>	<b>14,934,989</b>
Net element of (loss) and capital (losses) included in prices of units issued less those in units redeemed		<b>(1,105,829)</b>	<b>30,785</b>
<b>Net income for the period</b>		<b>8,523,044</b>	<b>14,965,774</b>

The annexed notes 1 to 17 form an integral part of these financial information.

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

Chief Executive Officer

Director



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 SEPTEMBER 2016 (UN-AUDITED)**

	For the quarter ended 30 September 2016	For the quarter ended 30 September 2015
	----(Rupees)----	
Net income for the period	8,523,044	14,965,774
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<b>8,523,044</b>	<b>14,965,774</b>

The annexed notes 1 to 17 form an integral part of these financial information.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director



**CONDENSED INTERIM DISTRIBUTION STATEMENT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2016 (UN-AUDITED)**

	For the quarter ended 30 September 2016	For the quarter ended 30 September 2015
	----(Rupees)----	
Undistributed income brought forward:		
Realised	7,472,415	7,384,791
Unrealised	45,658	84,508
	<b>7,518,073</b>	7,469,299
Element of income and capital gains included in prices of units sold less those in units redeemed - net	<b>(4,919,973)</b>	
Net income for the period	<b>8,523,044</b>	14,965,774
	<b>11,121,144</b>	22,435,073
Undistributed income carried forward:		
Realised	11,121,144	22,245,311
Unrealised	-	189,762
	<b>11,121,144</b>	22,435,073

The annexed notes 1 to 17 form an integral part of these financial information.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director



**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDER'S FUND  
FOR THE PERIOD ENDED 30 SEPTEMBER 2016 (UN-AUDITED)**

	For the quarter ended 30 September 2016	For the quarter ended 30 September 2015
	----(Rupees)----	
Net assets at the beginning of the period	1,867,649,267	1,046,532,929
Issue of NIL units (2015: 806,416 units)	-	46,502,474
Redemption of 2,446,141 units (2015: 801,990 units)	<u>(1,223,252,303)</u>	<u>(44,254,295)</u>
	<u>(1,223,252,303)</u>	2,248,179
Net Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units repurchased	1,105,829	(30,785)
Capital gain/loss on sale of investments	<u>(88,044)</u>	64,082
Unrealised (loss) appreciation in the value of investments - 'at fair value through profit or loss'	-	189,762
Other net income for the period	<u>8,611,088</u>	<u>14,711,930</u>
Net income (loss) for the period less distribution	<u>8,523,044</u>	<u>14,965,774</u>
<b>Net assets at the end of the period</b>	<u><u>654,025,838</u></u>	<u><u>1,063,716,097</u></u>
	(Rupees)	
Net asset value per unit at the beginning of the period	<u>495.60</u>	<u>500.96</u>
Net asset value per unit at the end of the period	<u><u>502.21</u></u>	<u><u>508.11</u></u>

The annexed notes 1 to 17 form an integral part of these financial information.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director



## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2016 (UN-AUDITED)

	For the quarter ended 30 September 2016	For the quarter ended 30 September 2015
Note	-----(Rupees)----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period	8,523,044	14,965,774
<b>Adjustments for:</b>		
Unrealised appreciation in the value of investments - 'at fair value through profit or loss'	-	(189,762)
Profit on deposit accounts with banks	(4,486,147)	(2,024,867)
Profit from term deposit receipts	(459,448)	(1,430,136)
Income from placements	(213,795)	(298,610)
Net element of (loss) and capital (losses) included in prices of units issued less those in units redeemed	1,105,829	(30,785)
	4,469,484	10,991,614
<b>(Increase) / decrease in assets</b>		
Investments	228,357,960	321,635,756
Prepayments and other receivable	276,286	191,495
	228,634,246	321,827,251
<b>Increase / (decrease) in liabilities</b>		
Payable to Alfalah GHP Investment Management Limited - Management Company	(654,744)	(1,087,765)
Payable to the Trustee	(22,697)	(67,546)
Payable to Securities and Exchange Commission of Pakistan -Annual fee	(490,908)	(1,600,929)
Distribution payable	-	(48,715,600)
Redemption payable	-	(108,657,022)
Accrued expenses and other liabilities	(730,989)	(53,395)
	(1,899,337)	(160,182,257)
Profit received	4,630,802	4,130,356
<b>Net cash flows from operating activities</b>	235,835,195	176,766,964
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amount received on issue of units	-	46,502,474
Payment against redemption of units	(1,223,252,303)	(44,254,295)
<b>Net cash flows (used in) financing activities</b>	(1,223,252,303)	2,248,179
Net Increase/decrease in cash and cash equivalents during the period	(987,417,108)	179,015,143
Cash and cash equivalents at beginning of the period	1,671,102,210	350,242,630
<b>Cash and cash equivalents at end of the period</b>	9 683,685,102	529,257,773

The annexed notes 1 to 17 form an integral part of these financial information.

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

Chief Executive Officer

Director

## **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2016 (UN-AUDITED)**

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

Alfalsh GHP Cash Fund (the Fund) is an open-end collective investment scheme established through a Trust Deed under the Trust Act, 1882, executed between Alfalsh GHP Investment Management Limited, (the Management Company) and Central Depository Company of Pakistan Limited as the Trustee. The Trust Deed was executed on October 23, 2009 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 (NBFC Rules) on October 07, 2009.

In 2012, the first supplemental trust deed for change of trustee and amendment of trust deed of the Fund was executed and MCB Financial Services Limited was appointed as the new Trustee. The Securities and Exchange Commission of Pakistan authorised the constitution of the Trust Deed on June 13, 2012 and it was executed on June 21, 2012 in accordance with the NBFC Regulations.

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

Alfalsh GHP Cash Fund is listed on the Pakistan Stock Exchange (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 Fund offers two types of units, Growth and Income. Growth Unit Holders are entitled to bonus units and Income Unit Holders are entitled to cash dividend at the time of distribution by Fund.

The Fund is an open end money market scheme. The primary investment objective of the Fund is to provide a regular stream of income at competitive rate of return while preserving capital to the extent possible by investing in assets with low risk and a high degree of liquidity from a portfolio constituted mostly money market securities and placements.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned asset management rating of 'AM2-' (outlook stable) to the Management Company in its rating report dated June 08, 2016 and AA(f) to the Fund in its credit rating report dated December 31, 2015.

The 'Title' to the assets of the Fund is held in the name of MCB Financial Services Limited as the trustee of the Fund.

### **BASIS OF PRESENTATION**

### **2. Statement of compliance**

2.1 These condensed interim financial statements have been prepared in accordance with the requirement of approved accounting standards as applicable in Pakistan, the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (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.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting' and should be read in conjunction with the financial statements of the Fund for the year end 30 June 2016. These condensed interim financial statements are unaudited.

The Directors of the Asset Management Company declare that these condensed interim financial statements give a true and fair view of the Fund.

## 2.2 Basis of measurement

These condensed interim financial information have been prepared under the historical cost convention, except that investments are measured at fair value.

## 2.3 Functional and presentation currency

These condensed interim financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Fund and has been rounded off to the nearest thousand of Rupees.

## 2.4 Use of estimates and judgment

The preparation of financial information requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by the Management in applying accounting policies and the key sources of estimating uncertainty are the same as those that applied to financial statements as at and for the year ended 30 June 2016.

## 3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2016.

### 3.1 Earnings per unit

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

## 4. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2016.

## 5. BANK BALANCES

	30 September 2016 (Unaudited)	30 June 2016 (Audited)
<i>Note</i>	----(Rupees)----	
Deposit accounts	<u>633,373,348</u>	<u>1,203,660,664</u>
	<b>633,373,348</b>	<b>1,203,660,664</b>

- 5.1 These balances in saving deposit accounts maintained with various banks carrying mark-up rates of 5.50% to 6.45 % (2016: 5.50% to 7.00%) per annum.

## 6. INVESTMENTS

### At fair value through profit or loss - held for trading

Market Treasury bills	6.1	-	545,858,284
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### Held to maturity

Letters of placement		-	100,035,520
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Certificates of investment	6.2	<b>50,311,753</b>	-
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Term Deposit Receipts		-	50,097,196
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		<u><b>50,311,753</b></u>	<u>695,991,000</u>
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**6.1 Treasury Bills**

Issue Date	As at	Purchased	Sold / matured	Balance as at	Carrying value	Market value	Unrealised	% of net assets	% of total
	01 July 2016	during the period	during the period	30 September 2016	as at 30 September 2016	as at 30 September 2016	gain / (loss) on revaluation	on the basis of market value	investment on the basis of market value
	(Number of certificates)				(Rupees)			(%)	
Treasury bills face value - face value of Rs. 100 each issued on									
Maturity upto 3 months	3,200,000	4,000,000	7,200,000	-	-	-	-	-	-
Maturity upto 6 months	2,300,000	1,500,000	3,800,000	-	-	-	-	-	-
	<u>5,500,000</u>	<u>5,500,000</u>	<u>11,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**6.1.1** These represents Market treasury bills having face value of NIL (30 June 2016: Rs. 320 million) and carrying purchase yield NIL (30 June 2016: 5.92% to 5.99%) per annum. These Treasury bills have maturity NIL (30 June 2016: 01 September 2016).

**6.1.2** These represents Market treasury bills having face value NIL (30 June 2016: Rs. 546 million) and carrying purchase yield NIL (30 June 2016: 5.92% to 6.18%) per annum. These Treasury bills have maturity NIL (30 June 2016: 01 September 2016).

**6.2 Certificates of investment - held to maturity**

Name of the investee company	Rate of Return per annum	Face value				Carrying value as at September 30, 2016	Maturity	Rating	Face value as percentage of total investments	Face value as percentage of net assets
		As at July 01, 2016	Purchased during the period	Matured during the period	As at September 30, 2016					
(Rupees)										
Pak Oman Investment Company Limited	6.15%	-	50,000,000	-	50,000,000	50,311,753	25-Oct-16	AA+	99.38%	7.64%
		-	50,000,000	-	50,000,000	50,311,753				

**7. SALES TAX ON MANAGEMENT FEE**

During the current period, an amount of Rs. 0.24 million (30 September 2015: Rs. 0.430) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011.

**8. FED 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 September 30, 2016 aggregating to Rs.9.811 million (June 30, 2016: Rs.9.811 million).



30 September 2016 (Unaudited)      30 September 2015 (Unaudited)

----(Rupees)----

**9. CASH AND CASH EQUIVALENTS**

Bank balances  
Term Deposit Receipts  
Certificate of investments maturing within 3 months

633,373,348	229,257,773
-	300,000,000
50,311,753	-
<b>683,685,102</b>	<b>529,257,773</b>

**10. CONTINGENCIES & COMMITMENTS**

There are no contingencies and commitments as at 30 September 2016.

**10. PROVISION FOR WORKERS' WELFARE FUND**

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all 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 Honorable High Court of Sindh (the Court), 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 WWF Ordinance 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 WWF Ordinance through Finance Acts, 1996 and 2009 lacks the essential mandate to be introduced and passed through a Money Bill under the constitution and, hence, the amendments made through the Finance Acts are declared as 'Ultra Vires'.

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.17.795 million up till September 30, 2016 (June 30, 2016: Rs.17.795 million) in these financial statements. Had the provision not been made, the NAV per unit would have been higher by Rs.13.66 (2.72%) per unit (June 30, 2016: Rs.4.72 (0.94%) per unit).

**11. EXPENSE RATIO**

Total Expense ratio for September 2016 is 0.39% which includes 0.056% of government levy, workers welfare fund and SECP.



**12. TAXATION**

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains / loss to the unit holders. The Management Company intends to distribute sufficient accounting income of the Fund for the year ending 30 June 2017 in order to comply with the above stated clause to enjoy the tax exemption. Accordingly, no tax provision has been made in these financial information for the year ended 30 September 2016.

**13. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

Connected persons / related parties include Alfalah GHP Investment Management Limited being the Management Company, Funds under management of the Management Company, GHP Arbitrium AG, Bank Alfalah Limited, MAB Investment Incorporated being associated companies of Management Company, Alfalah Insurance Company Limited, Bank Alfalah Limited - Employees' Provident Fund, Bank Alfalah Limited - Employees' Gratuity Fund, Alfalah GHP Investment Management Limited - Staff Provident Fund, directors and key management personnel of Alfalah GHP Investment Management Limited and MCB Financial Services Limited (MCBFSL) being the trustee of the fund, persons holding 10% or more units of the fund, and other associated companies and connected persons. The transactions with the connected persons / related parties are in the normal course of business, at contractual rates.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of NBFC Rules 2003, NBFC Regulations 2008 and the Constitutive Documents respectively.

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

<b>Other transactions</b>	<b>30 September 2016 (Unaudited)</b>	<b>30 September 2015 (Unaudited)</b>
<b>Alfalah GHP Investment Management Limited - Management Company</b>		
Remuneration of the Management Company	1,824,194	2,651,257
Sales tax on management fee	<u>237,139</u>	<u>430,564</u>
Federal excise duty on management fee	<u>-</u>	<u>424,201</u>
Expenses allocated by the Management Company	<u>-</u>	<u>-</u>
<b>MCB Financial Services Limited - Trustee</b>		
Remuneration of the Trustee	<u>212,975</u>	<u>353,116</u>
Sales tax on Trustee fee	<u>27,685</u>	<u>-</u>
<b>Bank Alfalah Limited</b>		
Profit on deposit accounts	<u>1,148,031</u>	<u>487,643</u>
Profit on term deposit receipts	<u>459,448</u>	<u>-</u>
Bank charges during the year	<u>2,211</u>	<u>6,049</u>
Market treasury bills - purchased	<u>293,715,000</u>	<u>615,684,000</u>
Market treasury bills - sold	<u>-</u>	<u>297,851,100</u>
<b>Alfalah GHP Sovereign Fund</b>		
Market treasury bills - sold	<u>198,409,900</u>	<u>-</u>
Market treasury bills - purchased	<u>-</u>	<u>-</u>
<b>Alfalah GHP Income Fund</b>		
Market treasury bills - purchased	<u>-</u>	<u>39,774,360</u>
Market treasury bills - sold	<u>-</u>	<u>-</u>



<b>Other balances</b>	<b>30 September 2016 (Unaudited)</b>	30 June 2016 (Audited)
<b>Associated companies / undertakings</b>		
<b>Alfalsh GHP Investment Management Limited - Management Company</b>		
Remuneration payable to the Management Company	<u>548,728</u>	775,653
Sales tax payable on management fees	<u>1,520,857</u>	1,559,887
Federal excise duty payable on management fee	<u>9,810,527</u>	9,810,527
Expenses allocated by the Management Company	<u>388,838</u>	388,838
<b>Bank Alfalah Limited</b>		
Bank balance	<u>15,900,523</u>	259,887,460
Profit receivable	<u>129,140</u>	199,883
<b>Other related parties</b>		
<b>MCB Financial Services Limited - Trustee</b>		
Remuneration payable to the Trustee	<u>46,004</u>	65,346
Sales tax on trustee fee	<u>8,366</u>	11,720

### 13.2 Unit Holder's Fund

For the quarter ended September 30, 2016

	As at July 01, 2016	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	As at September 30, 2016	As at July 01, 2016	Issued for cash / conversion in / transfer in	Bonus	Redeemed/ conversion out / transfer out	Net asset value as at September 30, 2016
	Units				Rupees					
<b>Associated Companies / Undertakings</b>										
Bank Alfalah Limited	1,050,927	-	-	-	1,050,927	520,842,294	-	-	-	527,786,262
<b>Other Related Parties</b>										
Alfalsh Insurance Company Limited	-	-	-	-	-	-	-	-	-	-
Bank Alfalah Limited - EGF	-	-	-	-	-	-	-	-	-	-
MCBSFL - Trustee Alfalah GHP Capital Preservation Fund	-	-	-	-	-	-	-	-	-	-
<b>Unit holder holding 10% or more Units</b>										
Attock Cement Pakistan Limited *	1,200,923	-	-	1,200,923	-	595,180,607	-	-	595,477,590	-
The Nishat Mills Limited - Employees Provident Fund *	453,921	-	-	453,921	-	224,944,577	-	-	225,076,830	-



## 13.2 Unit Holder's Fund

For the quarter ended 30 September 2015

	As at July 01, 2015	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	As at September 30, 2015	As at July 01, 2015	Issued for cash / conversion in / transfer in	Bonus	Redeemed/ conversion out / transfer out	Net asset value as at September 30, 2015
<b>Associated Companies / Undertakings</b>										
Bank Alfalah Limited	1,050,927	-	-	-	1,050,927	5,26,472,603	-	-	-	533,986,734
<b>Other Related Parties</b>										
Alfalch Insurance Company Limited	168,747	0	0	475,654,922	121,181,387	845,354,37	-	-	24,000,000	6,157,347
Bank Alfalah Limited - EGF	-	-	-	-	-	-	-	-	-	-
MCBFSL - Trustee Alfalah GHP Capital Preservation Fund	713,733	803,424	-	747,984	769,173	357,551,602	405,884,387	-	377,884,387	390,824,527
<b>Unit holder holding 10% or more Units</b>										
Bank Alfalah Limited	1,050,927	-	-	-	1,050,927	5,26,472,603	-	-	-	533,986,734
MCBFSL - Trustee Alfalah GHP Capital Preservation Fund	713,733	803,424	-	747,984	769,173	357,551,602	405,884,387	-	377,884,387	390,824,527

## 14. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on October 31, 2016 by the Board of Directors of the Management Company.

## 15. GENERAL

Figures have been rounded off to the nearest thousand rupees.

For Alfalah GHP Investment Management Limited  
(Management Company)

Chief Executive Officer

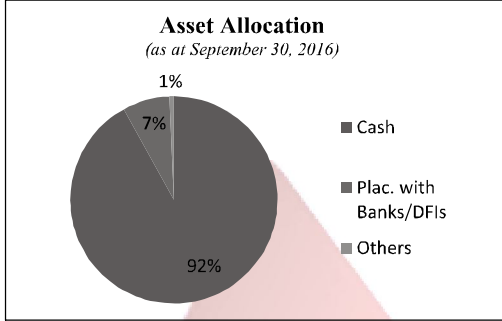
Director



فنڈ کی کارکردگی:

الفلاح جی ایچ پی کیش فنڈ: فنڈ آپریشن اور اس کی کارکردگی:

سال کے پہلے سہ ماہی کے دوران آپ کے فنڈ کی آمدنی بیٹھ مارک 4.48% کے مقابلے میں 5.29% حاصل ہوئی۔



(ملین روپے)

مالی تفصیلات:

تفصیل	برائے سرمایہ 30 ستمبر 2016ء	برائے سرمایہ 30 ستمبر 2015ء
اوسط صافی اثاثہ	654.03	1,063.72
مجموعی آمدنی	12.42	19.45
کل آمدنی	8.52	14.97
نی پیٹ صافی اثاثے (پاکستانی روپے)	502.21	508.11
سال کے دوران پیش کا اجراء	NIL	46.50
سال کے دوران پیش کی کمی	-1,223.25	-44.25

اظہار تشکر:

ڈائریکٹر سیکورٹیز ریگولیشنز اینڈ ایکسچینج کمیشن آف پاکستان کے تعاون پر ان کا شکریہ ادا کرتے ہیں اس کے علاوہ بورڈ نے انتظامی کمپنی کے ملازمین اور سٹیریٹو 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: 31 اکتوبر 2016ء



## ڈائریکٹرز رپورٹ

برائے ۳۰ ستمبر ۲۰۱۶ء

بورڈ آف ڈائریکٹرز ۳۰ ستمبر ۲۰۱۶ء کی سہ ماہی رپورٹ پیش کر رہے ہیں۔

## اقتصادی جائزہ

GDP، افراط زر اور شرح سود

افراط زر میں کمی اور بیرونی تجارت میں بہتری کی وجہ سے پاکستان کی اقتصادی کارکردگی سہ ماہی کے دوران مستحکم رہی۔ مہنگائی کی شرح اوسط سہ ماہی کے دوران 3.86 فیصد رہی۔

نیکس کی وصولی میں حالیہ شارٹ فال کی وجہ سے حکومت مالیاتی خسارہ 3.8 فیصد پورا کرنے کے لئے نئے اقدامات کر سکتی ہے۔ اس کے علاوہ حکومت متوقع طور پر شارٹ فال پورا کرنے کے لئے مزید اخراجات جاریہ اور غیر اہم تر قیامی اخراجات کو کم کرنے کے لئے مصروف عمل ہے۔ اسٹیٹ بینک نے اپنا پالیسی ریٹ مجموعی طور پر 5.75 فیصد پر برقرار رکھا ہے۔

## تجارت کا توازن اور غیر ملکی کرنسی

برآمدات میں مسلسل ہونے والی کمی کی وجہ سے ٹریڈ اور کرنٹ اکاؤنٹ خسارے میں رہا۔ تیل کی کم قیمتوں کی طرف سے فراہم کردہ امداد کے باوجود تجارتی خسارہ 2016 Jul-Aug کے لئے 27.28 فیصد بڑھا اسی طرح کارکن ترسیلات میں 3.19 فیصد سے کمی دیکھی گئی۔ جبکہ FDI اور FPI نمبر زبھی کم رہے۔

زرمبادلہ کے ذخائر 23 ارب ڈالر کی بلند ترین سطح پر رہے جس کی وجہ سے روپے کی قدر میں 0.30 فیصد اضافہ دیکھا گیا اور ادائیگیوں کے توازن سے ڈالر کے مقابلے میں شرح مبادلہ جس میں کوئی فرق نہیں پڑا۔

## آیو بی او ن فروم آئی ایم ایف

آئی ایم ایف کے منظور شدہ اور توسیعی فنڈ سہولت (EPF) کے تحت 102 ملین USD کے آخری قسط دی گئی جو کہ اہم سنگ میل ہے۔ پاکستان نے اس بات کا اشارہ دیا ہے کہ وہ Monitoring کے مرحلے میں داخل ہوگا۔

## مٹی مارکیٹ

اسٹیٹ بینک نے سہ ماہی کے دوران ڈسکاؤنٹ ریٹ 6.25 فیصد اور پالیسی ریٹ 5.75 فیصد برقرار رکھا۔ انٹرنیشنل مارکیٹ کی توقعات کے پیش نظر سہ ماہی میں مجموعی طور پر CPI 4 فیصد رہنے کی توقع ہے۔ خام تیل کی بین القوامی قیمتوں میں کمی بھی اضافہ اور کرنسی کی قدر میں کمی بھی کی شرح سود پر اثر انداز ہو سکتے ہیں۔

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
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


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