

## CONTENTS

	Page No.
Fund's Information .....	1
Mission & Vision Statement .....	2
Report of the Directors of the Management Company .....	3
Report of the Fund Manager .....	6
Report of the Trustee to the Unit Holders .....	8
Statement of Compliance with the Code of Corporate Governance .....	9
Auditors' Review Report to the Unit Holders on Statement of Compliance with Best Practices of the Code of Corporate Governance .....	11
Independent Auditors' Report to the Unit Holders .....	12
Statement of Assets and Liabilities .....	14
Income Statement.....	15
Statement of Comprehensive Income .....	16
Distribution Statement .....	17
Statement of Movement in Unit Holders' Funds .....	18
Statement of Cash Flows.....	19
Notes to the Financial Statements .....	20

## FUND'S INFORMATION

<b>Management Company:</b>	Alfalah GHP Investment Management Limited 12th Floor, Tower 'A', Saima Trade Towers I.I. Chundrigar Road, Karachi.
<b>Board of Directors of the Management Company:</b>	<ul style="list-style-type: none"><li>- Mr. Abdul Aziz Anis (Subject to approval of SECP)</li><li>- Mr. Syed Ali Sultan (Subject to approval of SECP)</li><li>- Mr. David Burlison (Subject to approval of SECP)</li><li>- Mr. Hanspeter Beier (Subject to approval of SECP)</li><li>- Mr. Amin Dawood Saleh (Subject to approval of SECP)</li><li>- Mr. Kashif Abdur Rahman (Subject to approval of SECP)</li><li>- Mr. Suleman Hudda (Subject to approval of SECP)</li></ul>
<b>CFO &amp; Company Secretary of the Management Company:</b>	- Mr. Omer Bashir Mirza
<b>Audit Committee:</b>	<ul style="list-style-type: none"><li>- Mr. Syed Ali Sultan</li><li>- Mr. Kashif Abdur Rahman</li><li>- Mr. Amin Dawood Saleh</li></ul>
<b>HR Committee:</b>	<ul style="list-style-type: none"><li>- Mr. Syed Ali Sultan</li><li>- Mr. Abdul Aziz Anis</li><li>- Mr. David Burlison</li></ul>
<b>Fund Manager:</b>	-Mr. Ather H. Medina
<b>Trustee:</b>	Central Depository Company of Pakistan Limited. CDC House, 99-B, Block 'B', SMCHS, Main Shara-e-Faisal, Karachi.
<b>Bankers to the Fund:</b>	Bank Alfalah Limited
<b>Auditors:</b>	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants Progressive Plaza, Beaumont Road P.O. Box 15541, Karachi 75530.
<b>Legal Advisor:</b>	Bawany & Partners Room No. 404, 4th Floor Beaumont Plaza, 6-cl-10 Beaumont Road, Civil Lines Karachi.
<b>Registrar:</b>	Alfalah GHP Investment Management Limited 12th Floor, Tower 'A', Saima Trade Towers I.I. Chundrigar Road, Karachi.
<b>Distributor:</b>	Bank Alfalah Limited
<b>Rating:</b>	1 Star (Short term) / 2 Star (Long term) by PACRA



## **MISSION STATEMENT**

*Alfalah GHP Alpha Fund aims to provide its unit holders with stock market linked returns over a period of time through investments in various value, growth and dividend paying stocks.*

## **VISION STATEMENT**

*Alfalah GHP Alpha Fund aims to establish itself as the investment vehicle of choice for investors who seek to achieve stock market based returns over the medium to long term through exposure to a basket of value, growth and dividend paying stocks.*

## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of Alfalah GHP Investment Management Limited (AGIM), the management company of Alfalah GHP Alpha Fund (AGAF) is pleased to present its annual report on the affairs of AGAF along with the audited accounts, report of the trustee and auditors' report to the unit holders for the year ended 30 June 2013.

### Financial Performance

Net assets under management as on 30 June 2013 were Rs.110.04 million. During the year units worth Rs.25.78 million were issued and units worth Rs. 28.97 million were redeemed.

AGAF earned a total income of Rs. 51.75 million for the year ended 30 June 2013. Major sources of revenue were capital gains on sale of investments of Rs. 36.51 million, dividend income of Rs. 6.29 million and mark-up on bank deposits of Rs. 1.73 million. After accounting for expenses of Rs. 9.42 million, the net income from operating activities for the year stands at Rs. 42.34 million.

### Income Distribution

The Board of Directors of Alfalah GHP Investment Management Limited (AGIM), the management company of Alfalah GHP Alpha Fund (AGAF), in its meeting held on 27 June 2013 has declared Interim distribution for the year ended 30 June 2013 in the form of bonus units to the unit holders of growth units and cash dividend to the unit holders of income units at the rate of Rs.11.02 per unit, (i.e. 20.15% of the Ex-NAV of Rs. 54.68 at the beginning of the year). The Board in its meeting held on 27 December 2012 had already paid interim distribution for the half year ended December 31, 2012 at the rate of Rs.7.00 per unit, (i.e. 12.80% of the Ex-NAV of Rs.54.68) at the beginning of the period. Therefore total distribution for the year ended June 30, 2013 amounts to Rs.18.02 per unit.

As the above distribution is more than 90% of the realized income for the year, the income of the Fund will not be subject to tax under clause 99 of the part I of the 2nd schedule of the income tax ordinance 2001.

### Economic Review

Economic activity remained lackluster in FY13 as continuing problems including energy shortage, and law and order continued to cause problems, resulting in another year of missed economic targets on almost all major fronts including growth, deficits, etc. GDP growth of 3.60% during the year was again below target (4.30%), and even below the previous year's level of 3.70%. The services sector showed slightly above average growth of 3.7%, while manufacturing at 3.5% and agriculture at 3.3% growth, were below average. The Pak Rupee depreciated by over 5% during the year as the country's foreign exchange reserves dipped further to USD 11.02 billion, down USD 4.2 billion from the previous year.

Foreign remittances were up again this year to USD 13.9 billion, up 5.6% from USD 13.1 billion in the previous year. Further support was also provided by net inflows of USD 568.8 million on account of Foreign Portfolio Investment, which had recorded a net out flow of USD 189.1 million in the previous year. Nevertheless, the external account continued to face pressure due to continued lack of progress on key issues, including auctioning of 3G licenses, receipt of outstanding privatization proceeds from Etisilat and dearth of new privatizations.

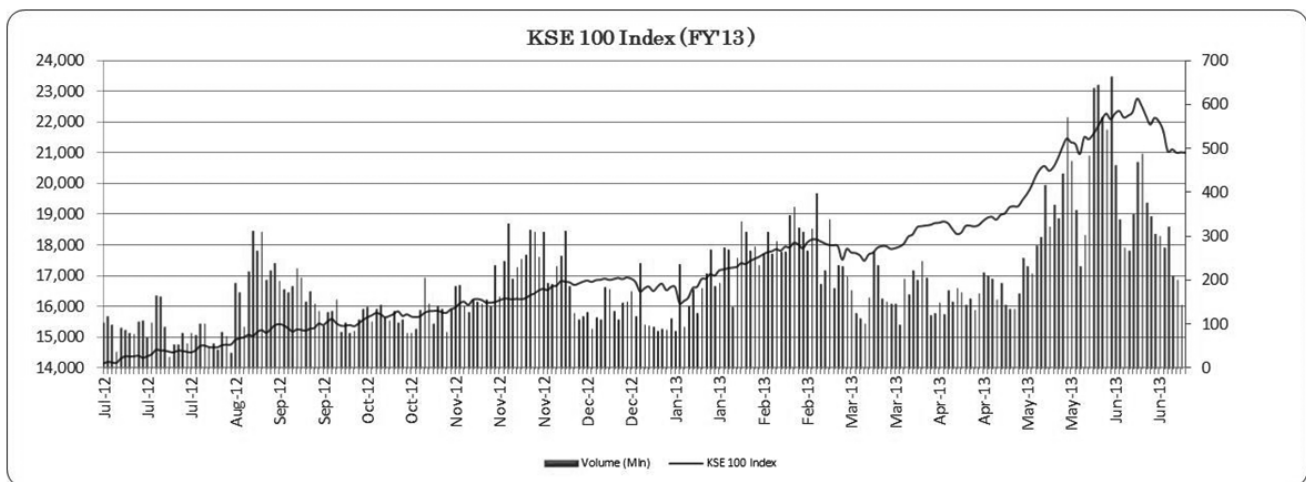
During FY13 net government borrowing for budgetary support took another quantum jump of 39% to PKR 1.590 trillion. Borrowing from commercial banks to meet budgetary support requirement increased to PKR 1.012 trillion (63.66%), while PKR 0.578 trillion (36.34%) of the borrowing for budgetary support was met through the State Bank of Pakistan. Consequently, Net Domestic Assets (NDA) were up 21.09% to PKR 8.6087 trillion. Increasing reliance on commercial banks to support the government's budgetary borrowing requirements continued to squeeze out the private sector, with private sector credit offtake showing negative growth of PKR 19.1 billion, a 0.56% decline to PKR 3.376 trillion.

In the plus column, CPI inflation remained restrained during the year with 7.8% growth versus 10.8% in the previous year. This enabled the central bank to reduce the benchmark policy discount rate by 300 bps during the year to 9.0% p.a.

### Stock Market Review

During FY13, the benchmark KSE 100 index powered on to all time highs, gaining 52.2% or 7,204 points to close at 21,005 points. The market remained on a bullish trend throughout the year, aided in large part by inflows on account of Foreign Portfolio Investment, which averaged USD 47.4 million per month during the year. The expectations of a peaceful transfer of power to a new democratically elected government was a key driver of the long market rally.

The pre-election rally got turbo charged from mid-April to mid-June when the index powered through to a 20% rise in the sixty day period around the election time. Foreign funds were aggressive buyers in the market during this period with May 2013 alone accounts for FIPI inflows of USD 271.3 million. Profit taking during the last fortnight of the year clipped 1,752 points (7.7%) from the index.



### Asset Allocation

Funds asset allocation as at June 30, 2013 was as follows:

Equity	80.42%
Cash / Bank Deposits	5.45%
Others	14.13%
<b>Total</b>	<b><u>100.00%</u></b>

### Future Outlook

The newly elected government has declared its objective of addressing the energy crises and, as a first step resolving the energy sector circular debt problem. Additionally, the process has been initiated to appoint in a transparent manner, professional and qualified Boards of Directors and CEOs of all public sector corporations. Progress in resolving the energy deficit can pay handsome dividends in driving corporate earnings, which could drive the market to further uncharted highs.

The risk factors continue to remain a delicate economic situation, with strong pressure on the current account, along with the inability of the law enforcement agencies to arrest the deterioration in the law and order situation.

### Statement of Compliance:

- The financial statements prepared by the management present fairly its affairs and the results of its operations, cash flows and movement in unit holders' funds.
- The Fund has maintained proper books of accounts.

- Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, provisions of the Non Banking Financial Companies (Establishment and Regulation) Rules, 2003, Non Banking Finance Companies (NBFC) Regulations 2008, requirements of the Trust Deed and directives of Securities and Exchange Commission of Pakistan have been followed in preparation of the financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon Funds' ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the Karachi Stock Exchange (KSE) Listing Regulations.
- Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.
- Key financial data for the year ended June 30, 2013 is given in annexure of the annual report.
- Pattern of share holding of units is given in annexure of the annual report.
- Profile of members of Investment committee is given in annexure of the annual report.

#### **Attendance of Board Meetings**

Statement showing attendance of Board meetings of the Management Company - Alfalah GHP Investment Management Limited is given in annexure of the annual report.

#### **Appointment of External Auditors**

As recommended by the Audit Committee, the Board of Directors of the Management Company has appointed M/s Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants as the Fund's Auditors for the year ending 30 June 2014.

#### **Acknowledgement**

The Board is thankful to the Securities and Exchange Commission of Pakistan, State Bank of Pakistan, the Trustee, Central Depository Company of Pakistan Limited and the management of Karachi Stock Exchange (Guarantee) Limited for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team for the growth and the meticulous management of the Fund.

For and on behalf of the Board

12 August 2013  
Karachi

**Abdul Aziz Anis**  
Chief Executive

## REPORT OF THE FUND MANAGER

### Investment Objective

Alfalah GHP Alpha Fund is an open end equity fund. The primary objective of the Fund is long term capital appreciation from a portfolio that is substantially constituted of equity and equity related securities.

### Objective accomplishment

The per unit Net Asset Value of AGAF appreciated by 39.81% in FY13 as compared to its benchmark which was up by 52.2% during the same period. The fund maintained its policy of following a top down investment approach with its portfolio oriented towards long term capital appreciation. Consequently, the fund maintained its heaviest exposure in the Oil & Gas Sector, Cement Sector, and Banking Sector on the back of strong international oil prices, sustained high selling price of cement in the local market, and high banking sector spreads.

### Benchmark relevant to the fund

The benchmark is KSE 100 Index.

### Fund's performance with benchmark (Annualised)

FY'13 Return	Benchmark	Relative Performance
39.81%	52.20%	-12.39%

The fund manager following a cautious approach maintained a reduced equity exposure during 1HFY13, which resulted in significant lag in performance as the market showed a strong performance during the period based on foreign investment inflows. The equity exposure was increased in 2HFY13, which enabled the fund to match benchmark performance during the period.

### Asset allocation (As at 30 June 2013)

Cash / Bank deposits	5.45%
Stock / Equities	80.42%
Other	14.13%
<b>TOTAL</b>	<b><u>100.00%</u></b>

### Significant changes in the state of affairs of fund

There were no significant changes in state of affairs of Funds for the year under review.

### Fund's Performance

#### On size (Rupees in '000)

As on June 30, 2013	As on June 30, 2012	% Change
110,042	104,940	4.86%

#### On price ^ (Rupees)

As on June 30, 2013	As on June 30, 2012	% Change **
56.82	54.68	39.81%

^ Return based on Adjusted Prices

\*\* Return calculated after incorporating distribution during the period

## Disclosure on the Markets

The Fund mainly invests in the following markets:

- **Equity**

In this investment is made in shares and stocks listed on the local stock exchanges of the country. Investment is made in value, growth and high dividend paying stocks so as to optimize returns for investors over the medium to long term.

## Market and their Returns

- **Equity**

During FY13, the benchmark KSE 100 index powered on to all time highs, gaining 52.2% or 7,204 points to close at 21,005 points. The market remained on a bullish trend throughout the year, aided in large part by inflows on account of Foreign Portfolio Investment, which averaged USD 47.4 million per month during the year. The expectations of a peaceful transfer of power to a new democratically elected government was a key driver of the long market rally.

The pre-election rally got turbo charged from mid-April to mid-June when the index powered through to a 20% rise in the sixty day period around the election time. Foreign funds were aggressive buyers in the market during this period with May 2013 alone accounts for FIPI inflows of USD 271.3 million. Profit taking during the last fortnight of the year clipped 1,752 points (7.7%) from the index.

## Disclosure of Other Remunerations

NIL

## Performance Table

Key financial data is disclosed in notes to the financial statements.

## Risk Disclosure

Investors in the Fund must realize that all investment in mutual funds and securities are subject to market risks. Our target return / dividend payout cannot be guaranteed and it should be clearly understood that the portfolio of the Fund is subject to interest rates, money market and stock market fluctuations and other risks inherent in all such investments.

## Disclaimer

Prices of the Units of the Fund and income from them may go up or down.

Under exceptional (extraordinary) circumstances, the Management Company may declare suspension of redemptions, invoke a queue system or announce winding-up. In such events the investor will probably have to wait for payment beyond the normal period and the redemption amount so determined may be lower than the price at the time the redemption request is lodged. Investors are advised to read the relevant clauses of the Fund's Trust Deed and Offering Document for more detailed information regarding this clause.

The Units of the Trust are not the bank deposits and are neither issued by, insured by, obligations of, nor otherwise supported by the SECP, any Government agency, the Management Company, the Trustee (except to the extent specifically stated in offering document and the Trust Deed) or any of the shareholders of the Management Company or any of the Core Investors or any other bank or financial institutions.

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Fund Manager



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

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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 ALPHA 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 Alpha 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, 2013 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 13, 2013



## STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2013

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulations No. 35 of listing regulations of Karachi Stock Exchange Limited (formerly Karachi Stock Exchange (Guarantee) 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 Code in the following manner:

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

Categories	Names
Independent Directors	Mr. Kashif Abdur Rahman Mr. Suleman Hudda
Executive Director	Mr. Abdul Aziz Anis
Non-Executive Directors	Mr. Syed Ali Sultan Mr. David Burlison Mr. Hanspeter Beier Mr. Amin Dawood Saleh Mr. Kashif Abdul Rehman Mr. Suleman Hudda

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Management Company.
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Finance Institution (DFI) or a Non-Banking Finance Institution or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancies occurred in the Board on 06 August 2012 and 08 April 2013 which were filled on 26 April 2013.
5. The Management Company has prepared a 'Code of Conduct' which has been signed by all the directors and employees of the Company at the time of their appointment. However, it has not been placed on the Company's website.
6. The Board has developed a vision / mission statement and overall corporate strategy of the Management Company. A complete record of particulars of significant policies along with the dates will be developed and their record will be 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) and Company Secretary, 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 the meetings except for 51st and 53rd Board meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board has not arranged orientation courses and training programs for its directors during the year.

10. There was no new appointment of Chief Financial Officer (CFO) and Company Secretary during the year.
11. The Directors' report for this year 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 before approval of the Board.
13. The directors, CEO and executive do not hold any interest in the units of the Fund other than that disclosed in the Financial Statements.
14. The Fund has complied with most of the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises three members, of whom all are non-executive directors including the Chairman of the Committee who is an independent director. However, the audit committee has not yet appointed / designated a secretary of the audit committee.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Fund as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed Human Resource and Remuneration Committee in its Board meeting dated, 28 August 2012. It comprises of 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, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company. The Management Company has not appointed / designated any person as the head of internal audit.
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 partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the 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. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
22. The company has not submitted Secretarial Compliance Certificate as per clause xxii of the Code, which the company intends to seek compliance by the end of the next year.
23. We confirm that all other material principles, except those mentioned above, contained in the Code have been complied with.

For and on behalf of the Board

12 August 2013  
Karachi

**Abdul Aziz Anis**  
Chief Executive



Ernst & Young Ford Rhodes Sidat Hyder  
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 Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Alfalah GHP Investment Management** (the Management Company) of **Alfalah GHP Alpha Fund** (the Fund) to comply with the Listing Regulation No. 35 (Chapter XI) of the Karachi Stock Exchange where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors 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. 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.

Further, Sub-Regulation (x) of Listing Regulation 35 notified by The Karachi Stock Exchange (Guarantee) Limited requires the Management Company to place before the Board of Directors for their consideration and approval 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedure 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 in respect of the Fund for the year ended 30 June 2013.

We draw your attention to clause 4, 5, 6, 8, 9, 15, 18 and 23 of the Statement which mention certain requirements of the Code in respect of which progress is being made by the Management Company to seek compliance by the end of next year.

Our conclusion is not qualified in respect of the above matter.

*Ernst & Young Ford Rhodes Sidat Hyder*  
Chartered Accountants

Date: 12 August 2013

Karachi



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Chartered accountants  
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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 Alpha Fund (the Fund)**, which comprise the statement of assets and liabilities as at **30 June 2013** 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 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 approved accounting standards as applicable in Pakistan. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' responsibility*

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

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

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

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at **30 June 2013** and of its financial performance, cash flows and transactions for the period then ended in accordance with approved accounting standards as applicable in Pakistan.

#### *Other matters*

The financial statements of the Fund for the year ended 30 June 2012 were audited by another firm of Chartered Accountants whose report dated 16 October 2012 expressed an unqualified opinion thereon.

*Signature*



**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, NBFC Rules and NBFC Regulations, 2008.

*Omer Chughtai*  
Chartered Accountants

**Audit Engagement Partner:** Omer Chughtai  
Date: 12 August 2013  
Karachi



## STATEMENT OF ASSETS AND LIABILITIES AS AT 30 JUNE 2013

	<i>Note</i>	<b>30 June 2013 (Rupees in '000)</b>	<b>30 June 2012 (Rupees in '000)</b>
<b>Assets</b>			
Bank balances	4	7,443	20,392
Investments	5	108,914	90,153
Dividend and profit receivable	6	79	238
Deposits, prepayments and other receivables	7	2,700	2,700
Preliminary expenses and floatation costs	8	59	360
Receivable against sale of investments		16,239	-
<b>Total assets</b>		<b>135,434</b>	<b>113,843</b>
<b>Liabilities</b>			
Payable against purchase of investment		-	5,734
Payable to Alfalah GHP Investment Management Limited - Management Company	9	727	399
Payable to Central Depository Company of Pakistan Limited - Trustee	10	63	60
Payable to Securities and Exchange Commission of Pakistan - Annual fee	11	123	109
Accrued expenses and other liabilities	12	24,479	2,601
<b>Total liabilities</b>		<b>25,392</b>	<b>8,903</b>
<b>Contingencies and Commitments</b>	13	-	-
<b>Net assets</b>		<b>110,042</b>	<b>104,940</b>
<b>Unit holders' funds (as per statement attached)</b>		<b>110,042</b>	<b>104,940</b>
		<b>(Number of units)</b>	
<b>Number of units in issue</b>		<b>1,936,758</b>	<b>1,919,299</b>
		<b>(Rupees)</b>	
<b>Net asset value per unit</b>		<b>56.82</b>	<b>54.68</b>

The annexed notes from 1 to 22 form an integral part of these financial statements.

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

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

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

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	<i>Note</i>	30 June 2013	30 June 2012
(Rupees in '000)			
<b>Income</b>			
Capital gain / (loss) on sale of investments		36,510	10,852
Dividend income		6,296	7,044
Profit on deposit accounts with banks		1,726	1,604
Unrealised appreciation / (diminution) in the value of investment - 'at fair value through profit or loss'	5.2	7,220	(7,144)
<b>Total income</b>		<b>51,752</b>	<b>12,356</b>
<b>Expenses</b>			
Remuneration of Alfalah GHP Investment Management Limited - Management Company	9.1	3,337	3,006
Sindh Sales tax on Management fee	9.3	545	481
Federal Excise Duty on Management Fee	9.4	73	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	700	700
Annual fee - Securities and Exchange Commission of Pakistan	11	123	109
Amortisation of preliminary expenses and floatation costs	8	301	301
Bank and settlement charges		265	293
Legal and professional charges		-	122
Auditors' remuneration	15	512	516
Brokerage		2,431	3,122
Provision for workers' welfare fund	12.1	840	43
Fees and subscriptions		167	155
Printing and related charges		123	127
<b>Total expenses</b>		<b>9,417</b>	<b>8,975</b>
<b>Net income from operating activities</b>		<b>42,335</b>	<b>3,381</b>
Net element of loss and capital losses included in prices of units issued less those in units redeemed		<b>(1,193)</b>	<b>(1,285)</b>
<b>Net income for the year</b>		<b>41,142</b>	<b>2,096</b>

The annexed notes from 1 to 22 form an integral part of these financial statements.

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

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

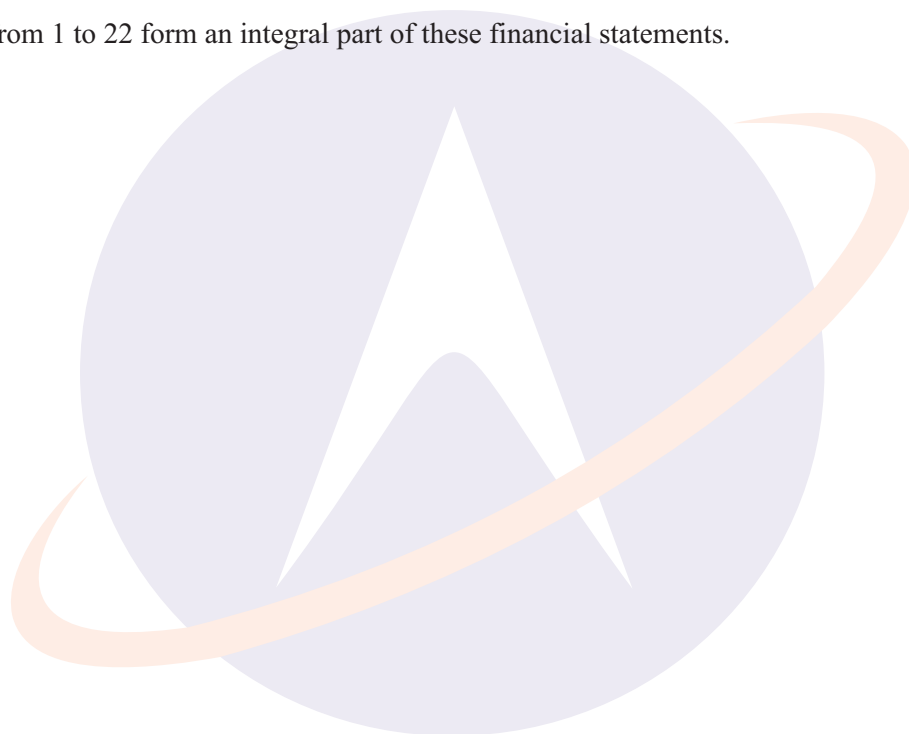
\_\_\_\_\_  
**Director**



## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	30 June 2013	30 June 2012
	(Rupees in '000)	
Net income for the year	41,142	2,096
Other comprehensive gain / (loss) for the year	-	-
<b>Total comprehensive income for the year</b>	<b>41,142</b>	<b>2,096</b>

The annexed notes from 1 to 22 form an integral part of these financial statements.



For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

## DISTRIBUTION STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	<i>Note</i>	<b>30 June 2013</b>	<b>30 June 2012</b>
		<b>(Rupees in '000)</b>	
Undistributed income / (loss) brought forward:			
Realised		<b>16,121</b>	28,267
Unrealised		<b>(7,144)</b>	(3,147)
		<b>8,977</b>	25,120
Net income for the year		<b>41,142</b>	2,096
Final distribution for the year ended 30 June 2013:			
- Cash distribution of Rs. Nil per unit (2012: Rs. 7 per unit)		-	(13,226)
- Issue of Nil bonus units (2012: 21,316 units)		-	(1,177)
Interim distribution for the year ended 30 June 2013:			
- Cash distribution of Rs. 18.02 per unit (2012: Rs. 2.00 per unit)	16	<b>(34,051)</b>	(3,779)
- Issue of 51,578 bonus units (2012: 1,052 units)		<b>(2,863)</b>	(57)
		<b>4,228</b>	(16,143)
Undistributed income / (loss) carried forward:			
Realised		<b>20,425</b>	16,121
Unrealised		<b>(7,220)</b>	(7,144)
		<b>13,205</b>	8,977

The annexed notes from 1 to 22 form an integral part of these financial statements.

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

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

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

## STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE YEAR ENDED 30 JUNE 2013

	<i>Note</i>	30 June 2013	30 June 2012
		(Rupees in '000)	
Net assets at the beginning of the year		104,940	128,001
Issue of 432,952 units (2012: 90 units)		25,789	5
Redemption of 467,071 units (2012: 160,772 units)		(28,971) (3,182)	(9,442) (9,437)
Element of loss and capital losses included in prices of units issued less those in units redeemed		1,193	1,285
Final distribution of Nil units for the year ended 30 June 2013 (2012: 21,316 units)		-	1,177
Interim distribution of 51,578 bonus units for the year ended 30 June 2013 (2012: 1,052 bonus units)		2,863	57
Capital gain / (loss) on sale of investments		36,510	10,852
Unrealised appreciation / (diminution) in the value of investment			
- 'at fair value through profit or loss'		7,220	(7,144)
Other net income / (loss) for the year		(2,588)	(1,612)
Final distribution for the year ended 30 June 2013:			
- Cash distribution of Rs. Nil per unit (2012: Rs. 7 per unit)		-	(13,226)
- Issue of Nil bonus units (2012: 21,316 units)		-	(1,177)
Interim distribution for the year ended 30 June 2013:			
- Cash distribution of Rs. 18.02 per unit (2012: Rs. 2.00 per unit)	16	(34,051)	(3,779)
- Issue of 51,578 bonus units (2012: 1,052 units)		(2,863)	(57)
Net income / (loss) for the year less distribution		4,228	(16,143)
<b>Net assets at the end of the year</b>		<b>110,042</b>	<b>104,940</b>
		(Rupees)	
Net asset value per unit at the beginning of the year		54.68	62.21
Net asset value per unit at the end of the year		56.82	54.68

The annexed notes from 1 to 22 form an integral part of these financial statements.

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

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

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

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013

	30 June 2013	30 June 2012
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year	41,142	2,096
<b>Adjustments for:</b>		
Unrealised appreciation / (diminution) in the value of investment - 'at fair value through profit or loss'	(7,220)	7,144
Dividend income	(6,296)	(7,044)
Profit on deposit accounts with banks	(1,726)	(1,604)
Amortisation of preliminary expenses and floatation costs	301	301
Provision for workers' welfare fund	840	43
Net element of loss and capital losses included in prices of units issued less those in units redeemed	1,193	1,285
	28,234	2,221
<b>(Increase) / decrease in assets</b>		
Investments	(11,541)	12,524
Receivable against sale of investments	(16,239)	-
	(27,780)	12,524
<b>Increase / (decrease) in liabilities</b>		
Payable against purchase of investments	(5,734)	5,734
Payable to Alfalah GHP Investment Management Limited - Management Company	328	121
Payable to Central Depository Company of Pakistan Limited - Trustee	3	2
Payable to Securities and Exchange Commission of Pakistan - Annual fee	14	(39)
Accrued expenses and other liabilities	21,038	68
	15,649	5,886
Dividend and profit received	8,181	9,003
<b>Net cash flows from operating activities</b>	24,284	29,634
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amount received on issue of units	25,789	5
Payment against redemption of units	(28,971)	(9,442)
Cash dividend paid	(34,051)	(17,005)
<b>Net cash (used in) financing activities</b>	(37,233)	(26,442)
Net (decrease) / increase in cash and cash equivalents during the year	(12,949)	3,192
Cash and cash equivalents at beginning of the year	20,392	17,200
Cash and cash equivalents at end of the year	7,443	20,392

The annexed notes from 1 to 22 form an integral part of these financial statements.

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 1. LEGAL STATUS AND NATURE OF BUSINESS

Alfalah GHP Alpha 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 27 December 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the NBFC (Establishment and Regulation) Rules 2003 ("NBFC Rules"), on 29 February 2008 .

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 12th Floor, Tower A, Saima Trade Tower, I.I Chundrigar Road Karachi.

Alfalah GHP Alpha Fund is listed on the Karachi Stock Exchange. 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.

Alfalah GHP Alpha Fund (AGAF) is open-end Equity Fund. The primary investment objective of the fund is long term capital appreciation from a portfolio that is substantially constituted of equity and equity related securities.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned 'AM3' (Outlook: Negative) to the Management Company in its rating report dated 22 July 2013 and 2 Star (long term) to the fund in its rating report dated 08 November 2012.

The "Title" to the assets of the Fund are held in the name of Central Depository Company of Pakistan as the Trustee of the Fund.

### 2. BASIS OF PRESENTATION

#### 2.1 Statement of compliance

These 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.

#### 2.2 Basis of measurement

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

#### 2.3 Functional and presentation currency

These financial information are presented in Pak Rupees which is the functional and presentation currency of the Fund and have been rounded off to the nearest thousand of Rupees.

## 2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise their judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in application of accounting policies principally relate to classification and valuation of investments and impairment thereagainst (note 3.2, 3.3 and 5).

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

### 3.1 New and amended standards and interpretations

The Fund has adopted the following amendments to IFRSs which became effective for the current year:

IAS 1 – Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)  
IAS 12 – Income Taxes - Recovery of Underlying Assets (Amendment)

The adoption of the above amendments did not have any effect on the financial statements. "

### 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.

All derivatives in a net receivable position (positive fair value), are reported as financial assets held for trading. All derivatives in a net payable position (negative fair value), are reported as financial liabilities 'held for trading'.

#### 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 recognizes 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 recognized 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 recognized 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 recognized in the Income Statement. Changes in the fair value of financial instruments classified as 'available-for-sale' are recognized in Unit Holders' Fund until derecognized or impaired, then the accumulated fair value adjustments recognized in Unit Holders' Fund 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 Karachi Stock Exchange at the balance sheet date without any deduction for estimated future selling costs.

### **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 an impairment loss is in Income Statement.

However, the decrease in impairment loss on equity securities classified as available for sale is recognized in unit holder's fund and for debt securities classified as available for sale is recognized income statement.

### **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 interest 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 sold less those in units repurchased' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption as dividend.

The Fund records the net element of accrued income / (loss) and realised capital gains / (losses) relating to units issued and redeemed during an accounting period in the Income Statement while the portion of the element of income / (loss) and capital gains / (losses) that relates to unrealised gains / (losses) held by the Fund is recorded in a separate reserve account and any

amount remaining in this reserve account at the end of an accounting period (whether gain or loss) is included in the amount available for distribution to the unit holders.

### 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 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and are being amortised over a period of five years commencing from 10 September 2008 as per Trust Deed of the Fund.

### 3.10 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.

### 3.11 Earnings per unit

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

### 3.12 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.

### 3.13 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.

### 3.14 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.
- Gains / (losses) arising on revaluation of derivatives to fair value are taken to the Income Statement.
- Element of income / (loss) and capital gains / (losses) included in prices of units issued 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.
- Profit on bank deposit is recognized on time proportionate basis taking into account effective yield.

### 3.15 Expenses

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



### 3.16 Cash and cash equivalents

Cash and cash equivalent comprises deposits maintained with banks and term deposit receipts. 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.

### 3.17 Dividend distribution and appropriations

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

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

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

<b>Standard or Interpretation</b>	<b>Effective date (annual periods Beginning on or after)</b>
IFRS 7 - Financial Instruments : Disclosures - (Amendments) -Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	01 January 2013
IAS 19 - Employee Benefits -(Revised)	01 January 2013
IAS 32 - Offsetting Financial Assets and Financial liabilities - (Amendment)	01 January 2014
IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	01 January 2013

The Fund expects that the adoption of the above revision, 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 amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2013. 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, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

<b>Standard</b>	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2015
IFRS 10 – Consolidated Financial Statements	01 January 2013
IFRS 11 – Joint Arrangements	01 January 2013
IFRS 12 – Disclosure of Interests in Other Entities	01 January 2013
IFRS 13 – Fair Value Measurement	01 January 2013

4	<b>BANK BALANCES</b>	<i>Note</i>	<b>30 June 2013</b>	30 June 2012
			<b>(Rupees in '000)</b>	
	Deposit accounts	4.1	<u>7,443</u>	<u>20,392</u>

4.1 This represents saving deposit accounts maintained with various banks carrying mark-up rate of 8.00 % to 11.00% (30 June 2012: 9.50% to 11.00%) per annum. This includes Rs. 7.43 million (30 June 2012: 3.23 million) with a related party which carries markup ranging from 8.00 % to 11.00% per annum.

5.	<b>INVESTMENTS</b>	<i>Note</i>	<b>30 June 2013</b>	30 June 2012
			<b>(Rupees in '000)</b>	
	<b>At fair value through profit or loss - held for trading</b>			
	Quoted equity securities	5.1	<u>108,914</u>	<u>90,153</u>

#### 5.1 In quoted equity securities - 'Held for trading'

Name of the investee company	Note	As at 01 Jul 2012	Purchases during the year	Bonus / Demerger/ rights Issue during the year	Sales during the year	As at 30 June 2013	Cost as at 30 June 2013	Market value as at 30 June 2013	Market value as a percentage of:		Par value as a percentage of issued capital of the investee company
									Net Assets	Total Investments	
		----- (Number of shares) -----					-- (Rupees in '000) --				
<b>Chemicals</b>											
Engro Corporation Limited		-	804,900	-	733,700	71,200	10,250	8,677	7.89	7.97	0.01
Fauji Fertilizer Bin Qasim Limited		-	952,500	-	952,500	-	-	-	-	-	-
Fauji Fertilizer Company Limited		50,000	215,000	-	265,000	-	-	-	-	-	-
ICI Pakistan Limited		20,000	-	(6,692)	13,308	-	-	-	-	-	-
Engro Polymer & Chemicals Limited		-	1,164,000	-	1,164,000	-	-	-	-	-	-
Lotte Pakistan PTA Limited		305,000	614,500	-	919,500	-	-	-	-	-	-
Arif Habib Corporation Limited		199,908	1,307,500	19,990	1,127,398	400,000	10,199	8,864	8.06	8.14	0.09
Descon Chemical Ltd		-	1,379,000	-	1,379,000	-	-	-	-	-	-
Fatima Fertilizer Company Limited		152,000	180,000	-	332,000	-	-	-	-	-	-
							<u>20,449</u>	<u>17,541</u>			
<b>Banks</b>											
Bank Alfalah Limited		200,000	1,756,000	-	1,456,000	500,000	8,930	9,110	8.28	8.36	0.04
MCB Bank		-	60,900	-	60,900	-	-	-	-	-	-
Faysal Bank Limited		366,317	344,000	16,164	726,481	-	-	-	-	-	-
Habib Bank Limited		2,000	-	-	2,000	-	-	-	-	-	-
National Bank of Pakistan		105,275	500,000	6,691	420,666	191,300	8,124	7,866	7.15	7.22	0.01
Bank Islami		-	200,000	-	-	200,000	1,700	1,302	1.18	1.20	0.04
Soneri Bank Limited		330,000	-	36,300	130,000	236,300	1,852	1,773	1.61	1.63	0.02
Summit Bank Limited		-	100,000	-	100,000	-	-	-	-	-	-
Askari Bank Limited		212,011	1,639,000	-	1,250,950	600,061	10,082	9,133	8.30	8.39	0.07
							<u>30,688</u>	<u>29,184</u>			
<b>Non- Life Insurance</b>											
Adamjee Insurance Company Limited		-	275,000	-	275,000	-	-	-	-	-	-
							<u>-</u>	<u>-</u>			
<b>Fixed Line Telecom</b>											
Pakistan Telecommunication Limited		-	839,000	-	339,000	500,000	11,547	11,095	10.08	10.19	0.01
							<u>11,547</u>	<u>11,095</u>			
<b>Construction and Materials</b>											
D.G.Khan Cement Company Limited		98,953	759,000	-	809,000	48,953	3,802	4,097	3.72	3.76	0.01
Flying Cement Limited		1,649,822	-	-	1,649,822	-	-	-	-	-	-
Lucky Cement Limited		46,000	90,000	-	86,000	50,000	6,878	10,486	9.53	9.63	0.02
Maple Leaf Cement Company Limited		-	1,349,500	-	1,249,500	100,000	2,243	2,193	1.99	2.01	0.02
Dewan Cement Limited		290,000	795,500	-	1,085,500	-	-	-	-	-	-
Pioneer Cement Company Limited		-	220,000	-	220,000	-	-	-	-	-	-
Akzo Nobel Pakistan Limited		-	-	6,692	6,692	-	-	-	-	-	-
							<u>12,923</u>	<u>16,776</u>			

Name of the investee company	Note	As at 01 Jul 2012	Purchases during the year	Bonus / Demerger/ rights Issue during the year	Sales during the year	As at 30 June 2013	Cost as at 30 June 2013	Market value as at 30 June 2013	Market value as a percentage of:		Par value as a percentage of issued capital of the investee company
									Net Assets	Total Investments	
----- (Number of shares) -----						-- (Rupees in '000) --					
<b>Electricity</b>											
The Hub Power Company Ltd.		-	40,000	-	40,000	-	-	-	-	-	-
Nishat Power Limited		100,000	-	-	100,000	-	-	-	-	-	-
<b>Oil &amp; Gas</b>											
Pakistan Petroleum Limited	5.3	39,900	61,000	14,975	92,500	23,375	4,029	4,945	4.49	4.54	0.00
Pakistan State Oil Company Limited	5.3	-	105,000	4,000	69,000	40,000	8,218	12,815	11.65	11.77	0.02
Oil & Gas Development Company Limited	5.3	36,500	43,100	-	35,000	44,600	7,887	10,202	9.27	9.37	0.00
Pakistan Oilfields Limited		27,781	1,900	-	29,681	-	-	-	-	-	-
Attock Petroleum Limited		-	-	-	-	-	-	-	-	-	-
							<u>20,134</u>	<u>27,962</u>			
<b>Automobile And Parts</b>											
The General Tyre & Rubber Company of Pakistan Limited		-	383,000	-	383,000	-	-	-	-	-	-
<b>General Industries</b>											
Thal Limited		54,028	-	-	54,028	-	-	-	-	-	-
<b>House Hold Goods</b>											
Tariq Glass Limited		-	572,000	-	377,500	194,500	<u>4,584</u>	<u>4,279</u>	3.89	3.93	0.28
							<u>4,584</u>	<u>4,279</u>			
<b>Personal Goods</b>											
Nishat (Chunian) Limited		-	100,000	-	100,000	-	-	-	-	-	-
Nishat Mills Limited		125,376	100,000	-	225,376	-	-	-	-	-	-
Amtex Limited		781,707	179,831	-	201,000	760,538	<u>2,005</u>	<u>2,077</u>	1.89	1.91	0.29
							<u>2,005</u>	<u>2,077</u>			
<b>Forestry and Paper</b>											
Century Paper & Board Mills Ltd		-	200,000	-	200,000	-	-	-	-	-	-
<b>Gas Water and Multiutilities</b>											
Sui Northern Gas Pipelines Company Limited		-	25,000	-	25,000	-	-	-	-	-	-
							-	-	-	-	-
<b>Total</b>							<u><b>102,330</b></u>	<u><b>108,914</b></u>			

5.1.1 All shares have a face value of Rs. 10 each except for Thal Ltd of Rs. 5 each.

**5.2 Net unrealised appreciation / (diminution) in the value of investments classified as 'at fair value through profit or loss'**

**30 June 2013**      **30 June 2012**  
**(Rupees in '000)**

Market value of investments	<b>108,914</b>	90,153
Less: Cost of investments	<b>(102,330)</b>	(97,863)
Unrealised appreciation / (diminution) in the value of investments	<b>6,584</b>	(7,710)
Net unrealised appreciation / (diminution) in the value of investments at the beginning of the year	<b>7,710</b>	275
Realized on disposal during the year	<b>(7,074)</b>	291
	<b>636</b>	566
Net unrealised appreciation / (diminution) in the value of investments at the end of the year	<b>7,220</b>	(7,144)

5.3 Investment includes 15,000 shares of Pakistan Petroleum Limited, 25,000 shares of Oil and Gas Development Company Limited and 20,000 shares of Pakistan State Oil Limited which have been deposited with National Clearing Company of Pakistan Limited as collateral against exposure margin and MTM losses for settlement of the Fund's trades as allowed in Circular number 11 dated 23 October 2007 issued by the Securities & Exchange Commission of Pakistan.

		<b>30 June 2013</b>	<b>30 June 2012</b>
		<b>(Rupees in '000)</b>	
<b>6. DIVIDEND AND PROFIT RECEIVABLE</b>	<i>Note</i>		
Dividend receivable		<b>78</b>	55
Profit receivable on deposit accounts with banks		<b>1</b>	183
		<u><b>79</b></u>	<u>238</u>
<b>7. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Deposit with Central Depository Company of Pakistan Limited		<b>200</b>	200
Deposit with National Clearing Company of Pakistan Limited		<b>2,500</b>	2,500
		<u><b>2,700</b></u>	<u>2,700</u>
<b>8. PRELIMINARY EXPENSES AND FLOATATION COSTS</b>			
Balance at the beginning of the year		<b>360</b>	661
Amortisation during the year	<i>8.1</i>	<b>(301)</b>	(301)
Balance at the end of the year		<u><b>59</b></u>	<u>360</u>
8.1 Preliminary expenses and floatation costs represents expenditure incurred prior to the commencement of operations of the Fund and are being amortised over a period of five years commencing from 10 September 2008 as per Trust Deed of the Fund.			
<b>9. PAYABLE TO ALFALAH GHP INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>	<i>Note</i>	<b>30 June 2013</b>	<b>30 June 2012</b>
		<b>(Rupees in '000)</b>	
Management fee	<i>9.1</i>	<b>302</b>	183
Performance fee	<i>9.2</i>	<b>425</b>	216
		<u><b>727</b></u>	<u>399</u>
9.1 Under the provisions of the NBFC Regulations 2008, 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 1.75 % per annum for the current year.			
9.2 In addition to management fee, the Management Company also charges performance fee on out- performance of the Fund over the hurdle rate as defined in clause 6.3 of the Offering Document. The Management Company has charged Rs. 1.078 million (2012: Rs. 1.167 million) against performance fee for the year.			
<b>9.3 SALES TAX ON MANAGEMENT FEE</b>			
During the current year, an amount of Rs. 0.545 million (2012: Rs. 0.481 million) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011.			
<b>9.4 FEDERAL EXCISE DUTY ON MANAGEMENT FEE</b>			
During the current year, an amount of Rs. 0.0725 million (2012: Rs. Nil) was charged on account of Federal Excise Duty on Asset Management Services levied through finance bill 2013.			

<b>10. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>	<i>Note</i>	<b>30 June 2013</b>	<b>30 June 2012</b>
		<b>(Rupees in '000)</b>	
Trustee fee	<i>10.1</i>	<b>60</b>	57
CDS charges payable		<b>3</b>	3
		<b>63</b>	60

10.1 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 net asset value of the Fund. The remuneration is payable to the trustee according to the following tariff:

Average net asset value (Rupees in million)		Tariff per annum
From	To	
1	1,000	Rs. 0.7 million or 0.20 % per annum of NAV, whichever is higher.
>1,000	& above	Rs. 2.0 million plus 0.10 % per annum of NAV, exceeding Rs. 1 billion.

#### 11. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN - ANNUAL FEE

Under the provisions of NBFC Regulations 2008, an open ended fund is required to pay an annual fee to the SECP, an amount equal to 0.095% of the average annual net assets of the Fund.

<b>12. ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<i>Note</i>	<b>30 June 2013</b>	<b>30 June 2012</b>
		<b>(Rupees in '000)</b>	
Legal and professional charges		-	90
Auditors' remuneration		<b>411</b>	335
WHT payable		<b>6</b>	-
Brokerage payable		<b>405</b>	176
Settlement charges		<b>19</b>	17
Annual fee payable		<b>138</b>	137
Distribution payable		<b>20,815</b>	-
Provision for Workers' Welfare Fund	<i>12.1</i>	<b>2,685</b>	1,846
		<b>24,479</b>	2,601

#### 12.1 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 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. However, during 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.

MUFAP's legal counsel is of the view that the stay granted to mutual funds in respect of recovery of WWF remains intact and the constitutional petition filed by the Mutual Funds to challenge the Workers Welfare Fund contribution has not been affected by the Judgment passed by the larger bench of SHC.

However, keeping in view the uncertainty on the applicability of WWF to mutual fund, the management company as a matter of prudence has decided to continue to maintain the provision for WWF amounting to Rs.2.685 million (30 June 2012: Rs. 1.846) up to 30 June 2013. If the same were not made the NAV per unit would be higher by Rs. 0.02.

### 13. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at 30 June 2013.

### 14. CLASSES OF UNITS IN ISSUE

14.1 The Fund may issue following types of units:

Class	Note	Description
A (Restricted /core units)	14.1.1	Units that shall be charged with no sales load.
A	14.1.2	Units that shall be charged with no sales load.
B	14.1.3	Units that shall be issued with sales load.

14.1.1 These units were issued to core investors. These units cannot be redeemed for a period of two years from the date of closure of initial public offer.

14.1.2 These units were offered and issued during the private placement and initial period of offer.

14.1.3 These units were offered and issued after the initial period of offer.

### 15. AUDITORS' REMUNERATION

	30 June 2013	30 June 2012
	(Rupees in '000)	
Audit fee	275	275
Other certification and services	185	200
Out of pocket expenses	52	41
	<u>512</u>	<u>516</u>

### 16. INTERIM DISTRIBUTIONS

The Fund has made following interim distribution during the year:

Date	Rate /unit (Rupees)	Bonus		Cash distribution	Total
		Units	Amounts		
27 December 2012	7.00	43,942	2,430	13,227	15,657
27 June 2013	11.02	7,636	433	20,824	21,257
	<u>18.02</u>	<u>51,578</u>	<u>2,863</u>	<u>34,051</u>	<u>36,914</u>

**17. 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 realized or unrealized 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 ended 30 June 2013 in order to comply with the above stated clause to enjoy the tax exemption. Accordingly, no tax provision has been made in these financial statements for the year ended 30 June 2013.

**18. 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 and MAB Investment Incorporated being associated companies of Management Company, Bank Alfalah Limited - Employees' Provident Fund, Bank Alfalah Limited - Employees' Gratuity Fund, Alfalah GHP Investment Management Limited - Staff Provident Fund, directors and key management personnel of Alfalah GHP Investment Management Limited and Central Depository Company of Pakistan Limited (CDC) being the trustee of the Fund, and other associated companies and connected persons.

The transactions with connected persons are in the normal course of business, at contractual rates and terms determined in accordance with market rates.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Rules 2003, the NBFC Regulations 2008 and Trust Deed respectively.

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

	<b>30 June 2013</b>	30 June 2012
	<b>(Rupees in '000)</b>	
<b>Alfalah GHP Investment Management Limited - Management Company</b>	<b>399</b>	278
Balance at beginning of the year	<b>3,337</b>	2,000
Remuneration for the year	<b>545</b>	481
Sales tax on Management fee for the year	<b>73</b>	-
Federal Excise Duty on Management Fee	<b>1,078</b>	1,006
Performance fee for the year	<b>5,033</b>	3,487
Amount paid during the year	<b>(4,705)</b>	(3,366)
Balance at the end of the year	<b>727</b>	399
<b>Central Depository Company of Pakistan Limited</b>		
Balance at beginning of the year	<b>60</b>	58
Remuneration for the year	<b>700</b>	700
CDS charges for the year	<b>39</b>	50
	<b>739</b>	750
Amount paid during the year	<b>(736)</b>	(748)
Balance at the end of the year	<b>63</b>	60
Security deposit at the end of the year	<b>200</b>	200
<b>Bank Alfalah Limited</b>		
Deposits at the end of the year	<b>7,435</b>	3,232
Profit receivable at the end of the year	<b>1</b>	98
Profit on deposit accounts at the end of the year	<b>1,149</b>	1,290
Bank Charges	<b>10</b>	13

	<b>30 June 2013</b>		<b>30 June 2012</b>	
	(No. of shares)	(Rupees in '000)	(No. of shares)	(Rupees in '000)
<b>Bank Alfalah Limited</b>				
Investment held by fund	<u>500,000</u>	<u>9,110</u>	<u>200,000</u>	<u>3,420</u>
Capital gain / (loss) on sale of securities	<u>1,456,000</u>	<u>796</u>	<u>1,045,000</u>	<u>1,880</u>

	<b>30 June 2013</b>	<b>30 June 2012</b>
	<b>(Units in '000)</b>	
<b>Units held by:</b>		
Bank Alfalah Limited - Employees' Provident Fund	<u>1,389</u>	<u>1,389</u>
Bank Alfalah Limited - Employees' Gratuity Fund	<u>500</u>	<u>500</u>

	<b>(Rupees in '000)</b>	
<b>Cash dividend distributed:</b>		
Bank Alfalah Limited - Employees' Provident Fund	<u>25,027</u>	<u>12,500</u>
Bank Alfalah Limited - Employees' Gratuity Fund	<u>9,010</u>	<u>4,500</u>

## 19. FINANCIAL RISK MANAGEMENT FRAMEWORK

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 interest rate risk, currency risk and other price risk), credit risk, liquidity risk and operational risks 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 interest 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 money market scheme the objective of the Fund is to provide a regular stream of income at a 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 of money market securities and placements. 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: Interest rate risk, Currency risk and other price risk.

#### 19.1.1 Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial instrument and future cash flows. The Fund does not have any financial assets or liabilities with floating interest rate that expose it to interest rate risk in respect of future cash flows. The fund does not have any financial instrument with fixed interest rates except fixed interest rate deposit accounts with certain banks amounting to Rs. 7.443 million (2012: Rs. 20.392 million). However since the Fund does not account for any fixed rate



financial assets and liabilities at fair value through profit and loss or as available for sale financial instruments, any change in interest rates at the reporting date would not affect Income Statement and Net Assets of the Fund.

### 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 interest 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 risks arising from investment in the equity securities by diversifying its portfolio within the eligible limits prescribed in the Fund's Constitutive Documents, NBFC Regulations and circulars issued by SECP from time to time. The Fund's equity investments are concentrated in the following sectors:

At 30 June 2013, the fair value of equity securities exposed to price risk is disclosed in notes 5.1.

The following table illustrates the sensitivity of the Profit for the year and the unit holders' fund to an increase or decrease of 10% in the fair values of the Fund's equity securities. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Funds' equity securities at each Statement of Assets and Liabilities date, with all other variables held constant.

	<b>30 June 2013</b>	30 June 2012
	<b>(Rupees in '000)</b>	
<i>Effect due to increase / decrease in KSE 100 index</i>		
Investment and net assets	<u><b>10,891</b></u>	<u>9,015</u>
Income statement	<u><b>10,891</b></u>	<u>9,015</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 cash and cash equivalents, deposits and other receivable balances.

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 (2012: AA by PACRA)

The maximum exposure to credit risk before any credit enhancements at 30 June 2013 is the carrying amount of the financial assets as set out below:

	<b>30 June 2013</b>	30 June 2012
	<b>(Rupees in '000)</b>	
<b>Financial assets</b>		
Bank balances	7,443	20,392
Dividend and profit receivables	79	238
Deposits, prepayments and other receivables	<u>2,700</u>	<u>2,700</u>
	<u><b>10,222</b></u>	<u><b>23,330</b></u>
Secured	-	-
Unsecured	<u>10,222</u>	<u>23,330</u>
	<u><b>10,222</b></u>	<u><b>23,330</b></u>

None of these assets are impaired nor past due.

All deposits with Banks and Central Depository Company of Pakistan Limited - CDC are highly rated and risk of default is considered minimal.

The analysis below summarizes the credit quality of the Fund's bank balances as at 30 June 2013 and 30 June 2012:

	<b>30 June 2013</b>	30 June 2012
	<b>(Rupees in '000)</b>	
<b>Bank balances by rating category</b>		
AA	7,442	20,385
A-	-	-
A	<u>1</u>	<u>7</u>
	<u><b>7,443</b></u>	<u><b>20,392</b></u>

### 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 total 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 analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet 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>30 June 2013</b>		
	<b>Carrying Value</b>	<b>Upto three month</b>	<b>Over three months and upto one year</b>
----- (Rupees in '000) -----			
<b>On balance sheet financial liabilities and others</b>			
<b>Liabilities</b>			
Payable against purchase of investments	-	-	-
Payable to Alfalah GHP Investment Management Limited - Management Company	727	727	-
Payable to Central Depository Company of Pakistan Limited - Trustee	63	63	-
Accrued expenses and other liabilities	21,794	-	21,794
	<u>22,584</u>	<u>790</u>	<u>21,794</u>

	<b>30 June 2012</b>		
	<b>Carrying Value</b>	<b>Upto three month</b>	<b>Over three months and upto one year</b>
----- (Rupees in '000) -----			
<b>On balance sheet financial liabilities and others</b>			
<b>Liabilities</b>			
Payable against purchase of investments	5,734	5,734	-
Payable to Alfalah GHP Investment Management Limited - Management Company	399	399	-
Payable to Central Depository Company of Pakistan Limited - Trustee	60	60	-
Accrued expenses and other liabilities	755	-	755
	<u>6,948</u>	<u>6,193</u>	<u>755</u>

Units of the Fund are redeemable on demand at the holder's option. However, holders of these instruments typically retain them for the 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 risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks 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 risks faced, and the adequacy of controls and procedures to address the the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

## 19.5 Capital Risk Management

Alfalah GHP Alpha Fund (AGAF) is open end collective investment scheme. The capital of the open end schemes is represented by net assets attributable to unit holders. The 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 daily basis as the Fund is subject to daily issuance and redemption of Units at the discretion of the unit holders and occurrence of the unexpected losses in investment portfolio which may causes adverse effects on the Fund's continuation as going concern.

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

- Monitors the level of daily issuance and redemptions relative to liquid assets;
- Redeem and issue units 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

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

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 analyses financial instruments measured at the end of the reporting year by the level in the fair value hierarchy into which the fair value measurement is categorised:

	<b>30 June 2013</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
	<b>(Rupees in '000)</b>			
<b>At fair value through profit or loss</b>				
- Equity securities	<b>108,914</b>	-	-	<b>108,914</b>
	<b>108,914</b>	-	-	<b>108,914</b>
	<b>30 June 2012</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
	<b>(Rupees in '000)</b>			
<b>At fair value through profit or loss</b>				
- Equity securities	90,153	-	-	90,153
	90,153	-	-	90,153

There have been no transfers during the year.

## 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 Non Banking Finance Companies and Notified Entities Regulations, 2008 has been disclosed in Annexure I to the financial statements.

## 22. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 12 August 2013 by the Board of Directors of the Management Company.

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

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

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

**SUPPLEMENTARY NON FINANCIAL INFORMATION**  
**As required under sections 6(D), (F), (G), (H), (I) and (J) of the Fifth schedule of the**  
**Non Banking Finance Companies and Notified Entities Regulation, 2008**

**1.1 PERFORMANCE TABLE**

	<b>30 June 2013</b>	<b>30 June 2012</b>	<b>30 June 2011</b>
	----- <b>( Rupees in '000)</b> -----		
Net assets	<u>110,042</u>	<u>104,940</u>	<u>128,001</u>
	----- <b>(Rupees per Unit)</b> -----		
Net asset value per unit	<u>56.82</u>	<u>54.68</u>	<u>62.21</u>
Year end offer price	<u>59.66</u>	<u>57.41</u>	<u>65.32</u>
Highest offer price	<u>75.90</u>	<u>66.63</u>	<u>71.21</u>
Lowest offer price	<u>54.70</u>	<u>52.62</u>	<u>55.70</u>
Year end repurchase price	<u>56.82</u>	<u>54.68</u>	<u>62.21</u>
Highest repurchase price	<u>72.29</u>	<u>63.45</u>	<u>67.82</u>
Lowest repurchase price	<u>52.10</u>	<u>50.11</u>	<u>53.04</u>
Distribution - Interim (PKR Rs.)	<u>18.02</u>	<u>Rs. 2.00</u>	<u>Nil</u>
Distribution - Final (PKR. Rs.)	<u>Nil</u>	<u>Nil</u>	<u>Rs. 7.00</u>
Total distribution (PKR. Rs.)	<u>Rs. 18.02</u>	<u>Rs. 2.00</u>	<u>Rs. 7.00</u>
	<b>(Announcement date of distribution)</b>		
Interim	<u><b>i) 27-Dec-2012</b></u>	<u>27-Jun-12</u>	<u>07 July 2011</u>
Final	<u><b>ii) 27-Jun-2013</b></u>	<u>N/A</u>	<u>N/A</u>
	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
	----- <b>(Percentage)</b> -----		
Total return of the Fund	<u><b>39.81%</b></u>	<u>2.67%</u>	<u>17.69%</u>
Annual dividend distribution	<u><b>32.95%</b></u>	<u>3.62%</u>	<u>13.25%</u>
Capital growth	<u><b>6.86%</b></u>	<u>-0.95%</u>	<u>4.44%</u>
Average annual return			
- Half year	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
- First year	<u><b>39.81%</b></u>	<u>2.67%</u>	<u>17.69%</u>
- Second year	<u><b>21.24%</b></u>	<u>10.18%</u>	<u>27.71%</u>
- Third year	<u><b>20.06%</b></u>	<u>19.36%</u>	<u>N/A</u>
- Return Since inception (Absolute)	<u><b>188.87%</b></u>	<u>106.65%</u>	<u>101.28%</u>
- Return Since inception (CAGR)	<u><b>24.69%</b></u>	<u>21.00%</u>	<u>28.32%</u>
		<b>(Days)</b>	
Weighted average portfolio duration	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Launch date		<u>10 September 2008</u>	
Portfolio Composition (See Fund Manager Report).			

**Disclaimer**

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

**1.2 PATTERN OF UNIT HOLDING**

Category	As at 30 June 2013			
	Number of unit holder	Units held	Investment amount (Rupees in '000)	Percentage of total investment %
Individual	11	29,024	1,649	1.50
Retirement Funds	2	1,888,889	107,322	97.53
Others	1	18,845	1,071	0.97
	<b>14</b>	<b>1,936,758</b>	<b>110,042</b>	<b>100.00</b>

Category	As at 30 June 2012			
	Number of unit holder	Units held	Investment amount (Rupees in '000)	Percentage of total investment %
Individual	8	2,396	131	0.12
Retirement Funds	2	1,888,889	103,277	98.42
Others	1	28,014	1,532	1.46
	<b>11</b>	<b>1,919,299</b>	<b>104,940</b>	<b>100.00</b>

**1.3 SIZE OF UNIT HOLDING**
**Unit Holder Pattern of the Fund as at 30 June 2013**

Size of Unit Holding	Number of Unit Holders	Total Units	Invested Amount	%
1 - 1000	10	3,812	217	0.20%
100,1 - 10,000	-	-	-	0.00%
10,001 - 50,000	2	44,057	2,503	2.27%
50,001 - 500,000	1	500,000	28,409	25.82%
500,001 - 1,500,000	1	1,388,889	78,913	71.71%
<b>Total</b>	<b>14</b>	<b>1,936,758</b>	<b>110,042</b>	<b>100%</b>

**Unit Holder Pattern of the Fund as at 30 June 2012**

Size of Unit Holding	Number of Unit Holders	Total Units	Invested Amount	%
1 - 1000	8	2,396	131	0.12%
1001 - 10000	-	-	-	0.00%
10001 - 50000	1	28,014	1,532	1.46%
50001 - 500000	1	500,000	27,338	26.05%
500001 - 1500000	1	1,388,889	75,939	72.36%
<b>Total</b>	<b>11</b>	<b>1,919,299</b>	<b>104,940</b>	<b>100%</b>

#### 1.4 TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

List of the top ten brokers by percentage of the commission paid during the year are as follows:

	<b>30 June 2013</b>
<b>Nael Capital (Pvt.) Ltd</b>	<b>10.27%</b>
<b>DJM Securities (Private) Limited</b>	<b>7.94%</b>
<b>Taurus Securities Limited</b>	<b>7.45%</b>
<b>KASB Securities Limited</b>	<b>6.18%</b>
<b>Habib Metropolitan Financial Services Ltd.</b>	<b>5.50%</b>
<b>Ismail Iqbal Securities (Pvt.) Ltd.</b>	<b>5.42%</b>
<b>Invest and Finance Securities Ltd.</b>	<b>4.99%</b>
<b>FDM Capital Securities (Pvt.) Ltd.</b>	<b>4.83%</b>
<b>Cedar Capital (Pvt.) Ltd.</b>	<b>4.60%</b>
<b>Arif Habib Limited</b>	<b>4.25%</b>
	<b>30 June 2012</b>
Top line Securities (Private) Limited	9.00%
Habib Metropolitan Financial Services Limited	8.19%
Arif Habib Limited	6.90%
KASB Securities Limited	6.87%
FDM Capital Securities (Private) Limited	6.67%
Nael Capital (Private) Limited	6.67%
Taurus Securities Limited	6.32%
Al Habib Capital Markets (Private) Limited	5.70%
Fortune Securities Limited	5.26%
Next Capital Limited	5.13%

#### 1.5 INVESTMENT COMMITTEE

Details of members of the investment committee of the Fund are as follow:

<b>Name</b>	<b>Designation</b>	<b>Qualification</b>	<b>Experience in years</b>
Abdul Aziz Anis	Chief Executive Officer	CFA / MBA (Finance)	17 +
Omer Bashir Mirza	CFO and Company Secretary	ACA	11 +
Ather H. Medina	Fund Manager	MBA / CFA-II	18 +
Zeshan Khalil	Fund Manager	CMA	8 +

Mr. Ather H. Medina is the Manager of the Fund. Other Funds being managed by the Fund Manager are as follows:

- Alfalah GHP Islamic Fund
- Alfalah GHP Value Fund



**1.6 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS**

The 48th , 49th, 50th, 51st, 52nd, 53rd Board Meetings were held on 08 Aug 2012, 16 Oct 2012, 15 Feb 2013, 28 Feb 2013, 16 Apr 2013 and 22 May 2013 respectively.

Name of Director	Number of Meetings			
	Held	Attended	Leave granted	Meeting not attended
<b>Mr. Abdul Aziz Anis*</b>	6	6	-	-
<b>Mr. Hanspeter Beier*</b>	6	-	6	-
<b>Syed Ali Sultan*</b>	4	4	-	-
<b>Mr. David Burlison*</b>	1	-	1	-
<b>Mr. Amin Dawood Saleh*</b>	1	1	-	-
<b>Mr. Kashif Abdur Rehman*</b>	1	1	-	-
<b>Mr. Suleman Hudda*</b>	1	1	-	-
<b>Mr. Shakil Sadiq**</b>	4	4	-	-
<b>Mr. Shahab Bin Shahid ***</b>	5	5	-	-
<b>Mr. Shahid Hosain Kazi****</b>	-	-	-	-

\* New Board of Directors appointed on April 26, 2013 subject to SECP approval.

\*\* Mr. Shakil Sadiq (Nominee Director - Bank Alfalah Ltd) has resigned from the Board with effect from April 08, 2013.

\*\*\* Mr. Shahab bin Shahid (Nominee Director - Bank Alfalah Ltd) has completed his tenor of Directorship on April 26, 2013.

\*\*\*\* Mr. Shahid Hosain Kazi (Nominee Director - Bank Alfalah Ltd) has resigned from the Board with effect from August 06, 2012.