

# ALFALAH GHP MONEY MARKET FUND

ANNUAL REPORT 2016



Alfalah Investments

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## FUND'S INFORMATION

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



### **MISSION STATEMENT**

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

### **VISION STATEMENT**

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

## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

To our valued Unit Holders,

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

### FY16 Economic Review

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

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

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

### Equity Market:

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

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

### Money Market:

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

### Future Outlook

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

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

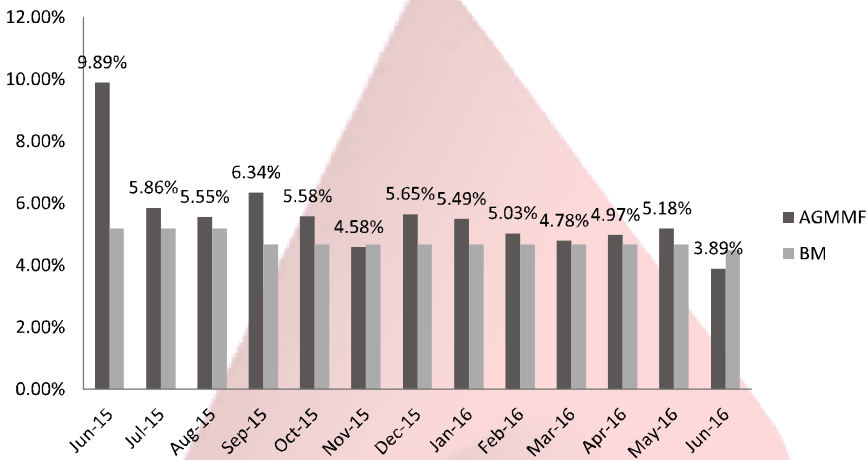
**FUND PERFORMANCE AND REVIEW**

**Alfalsh GHP Money Market Fund: Fund Operations and Performance**

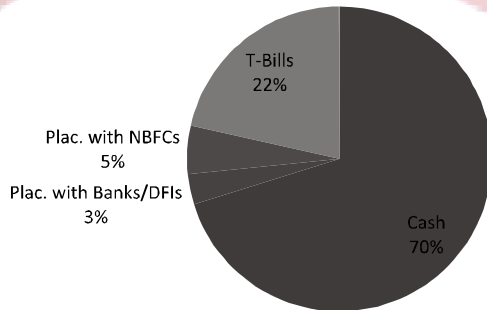
For the year ended June 30, 2016 the Fund posted an appreciation of 5.37% in NAV against the benchmark return (avg. 3M Deposit rates of 3 "AA" rated banks) of 4.75%. The Fund maintained a strategy of bolstering the overall yield via placement with BANKS/DFIs and high yielding DPAs which resulted in significant outperformance to benchmark. Focus remained in short to midterm T-Bills.

The fund's credit rating stands at "AA(f)" by PACRA.

**AGHP Money Market Fund Vs Benchmark**



**AGMMF Asset Allocation**



**Key Financial Data**

**Key Financial Data**

(Rupees in Million)

Description	For the year ended June 30 ,2016	For the year ended June 30 ,2015
Average Net Assets	1,836.33	2,785.865
Gross income	121.187	303.612
Total Comprehensive Income	66.837	61.532
Net Assets Value per Unit (PKR)	98.2198	100.8185
Issuance of units during the period	9,368.519	9,260.601
Redemption of units during the period	8,304.034	9,487.538

**Payout**

At the end of the year under review, the fund paid out cash dividend of PKR. 8.0228 per unit.

**Corporate Governance**

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

- Financial Statement represents fairly the state of affairs of funds under management of Alfalah GHP Investment Management Limited, the results of their operations, cash flows and the changes in Unit-holders funds.
- Proper books of accounts have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in 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 under management of Alfalah GHP Investment Management Limited's ability to continue as a going concern.
- Outstanding statutory payment on account of taxes, duties, levies and charges have been fully disclosed in the Financial Statements.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.
- The summary of key financial data is given above in this Director Report.
- Details of meetings of the Board of Directors held and the attendance of each director for these meetings are given in note # (iv.) of supplementary non financial information of this annual report.
- The pattern of unit holding is given in note # (i.) of supplementary non financial information of this annual report.
- The number of units of the Fund held by the Chief Executive, directors, executives and their spouses as at June 30, 2016 as given in note # 22.1
- Summary of units acquired/ redeemed during the year by the Chief Executive, director, executives and their spouses during the year ended June 30, 2016 is given in note # 22.1;

**Board of Directors**

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

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

#### Change in Board Members during the year

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

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

#### Audit Committee Meetings

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

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

#### Acknowledgement

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

For and behalf of the Board

Chief Executive Officer  
September 22, 2016



## REPORT OF THE FUND MANAGER

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

**Category of Fund:** Money Market Scheme

### Investment Objective

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

### Accomplishment of Objective

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

### Market Review

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

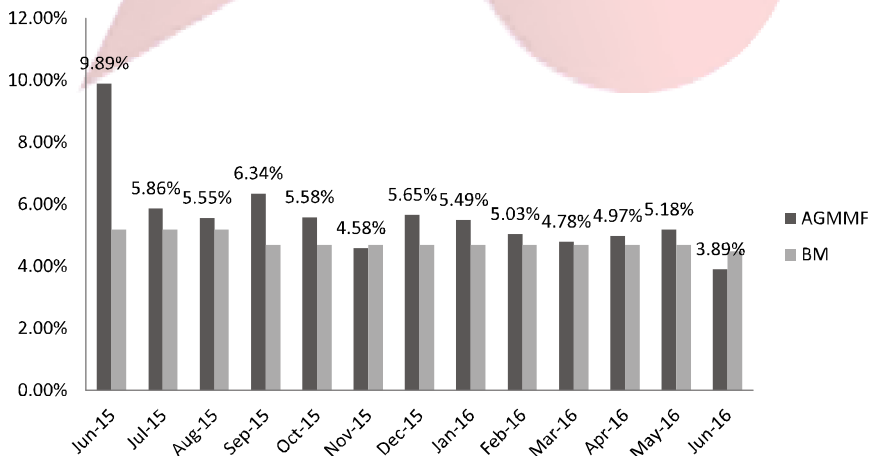
Given an outlook of subdued inflation in the short term and slightly higher CPI growth towards the end of 2016, it may be expected that the monetary policy rate will remain stable for the medium term. Factors that can lead to a sooner than expected rate hike include (i) further strengthening of oil prices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

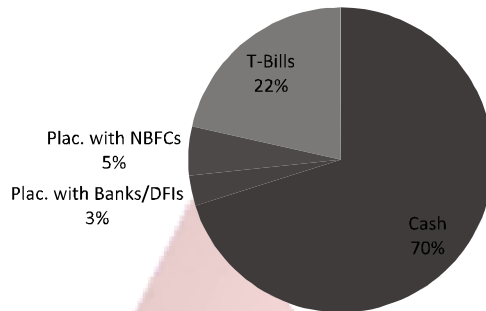
### Fund Performance

For the year ended June 30, 2016 the Fund posted an appreciation of 5.37% in NAV against the benchmark return (avg. 3M Deposit rates of 3 "AA" rated banks) of 4.75%. The Fund maintained a strategy of bolstering the overall yield via placement with BANKS/DFIs and high yielding DPAs which resulted in significant outperformance to benchmark. Focus remained in short to mid-term T-Bills.

The fund's credit rating stands at "AA(f)" by PACRA.

### AGHP Money Market Fund Vs Benchmark



**Asset Allocation/Portfolio Quality**
**AGMMF Asset Allocation**

**Credit Quality (as % of Total Assets)**

Govt. Guar.	21.40%	A	0.00%
AAA	14.96%	A-	0.00%
AA+	46.87%	BBB+	0.00%
AA	16.71%	BBB	0.00%
AA-	0.00%	Below IG	0.00%
A+	0.00%	NR/UR	0.07%

**Future Outlook**

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

**Key Financial Data**

Description	For the year ended June 30, 2016	For the year ended June 30, 2015
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Issuance of units during the period	9,368.519	9,260.601
Redemption of units during the period	8,304.034	9,487.53

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

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

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

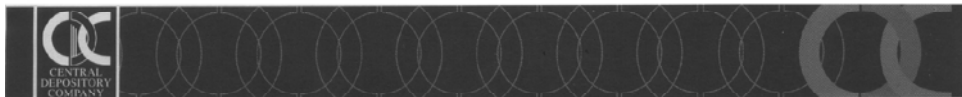
We Central Depository Company of Pakistan Limited, being the Trustee of Alfalah GHP Money Market Fund (the Fund) are of the opinion that Alfalah GHP Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2016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

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



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

Karachi: September 16, 2016



## STATEMENT OF COMPLIANCE BY Alfalah GHP Money Market Fund WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2016

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

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

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

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

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

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

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

For and on behalf of the Board

Maheen Rahman  
Chief Executive Officer



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

Tel: +9221 3565 0007-11  
Fax: +9221 3568 1965  
ey.kh@pk.ey.com  
ey.com/pk

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

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

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

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

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

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



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

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

EYK

Chartered Accountants

Karachi

Date: September 22, 2016



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

Tel: +9221 3565 0007-11  
Fax: +9221 3568 1965  
ey.khi@pk.ey.com  
ey.com/pk

## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

### *REPORT ON THE FINANCIAL STATEMENTS*

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

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

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

### *Auditors' responsibility*

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

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

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

*em*





- 2 -

**Opinion**

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

**Emphasis of matter**

We draw attention to note 16.1 to the accompanying financial statements which explains the matter with respect to the contribution for Workers' Welfare Fund amounting to Rs.17.029 million for which no provision has been made in these financial statements.

Our opinion is not modified in respect of this matter.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

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

Date: September 22, 2016

Karachi

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

	Note	June 30, 2016 ----- (Rupees) -----	June 30, 2015
<b>Assets</b>			
Bank balances	7	2,720,499,730	363,084,315
Investments	8	1,155,163,976	2,622,321,240
Prepayments	9	83,295	-
Accrued interest on bank deposits		<u>2,123,085</u>	2,807,883
<b>Total assets</b>		<b><u>3,877,870,086</u></b>	<u>2,988,213,438</u>
<b>Liabilities</b>			
Payable to the Management Company	11	<u>14,016,149</u>	12,183,496
Payable to the Trustee	12	<u>379,156</u>	240,004
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)	13	<u>1,375,684</u>	2,423,712
Payable on redemption to unit holders		-	173,189,674
Provision for Workers' Welfare Fund (WWF)	14	<u>5,612,930</u>	5,612,930
Accrued and other liabilities	15	<u>6,445,994</u>	8,699,067
<b>Total liabilities</b>		<b><u>27,829,913</u></b>	<u>202,348,883</u>
<b>Net assets attributable to unit holders</b>		<b><u>3,850,040,173</u></b>	<u>2,785,864,555</u>
<b>Unit holders' fund (as per the statement attached)</b>		<b><u>3,850,040,173</u></b>	<u>2,785,864,555</u>
<b>Contingencies and commitments</b>	16		
		----- (Number of units) -----	
<b>Number of units in issue</b>		<u>39,198,212</u>	<u>27,632,467</u>
		----- (Rupees) -----	
<b>Net asset value per unit</b>		<u>98.2198</u>	<u>100.8185</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

## INCOME STATEMENT

### FOR THE YEAR ENDED JUNE 30, 2016

	Note	June 30, 2016 ----- (Rupees) -----	June 30, 2015
<b>Income</b>			
Finance income	17	<b>124,941,013</b>	298,067,568
'At fair value through profit or loss' - held-for-trading			
- Net (loss) / gain on sale of investments		<b>(98,542)</b>	4,674,665
- Net unrealised (loss) / gain on revaluation of investments		<b>(3,654,935)</b>	869,584
		<b>(3,753,477)</b>	5,544,249
<b>Total income</b>		<b>121,187,536</b>	303,611,817
<b>Expenses</b>			
Remuneration of the Management Company	11.1	<b>14,677,823</b>	25,852,774
Sales tax on management fee		<b>2,383,015</b>	4,498,382
Federal excise duty on management fee	18	<b>2,347,803</b>	4,136,444
Remuneration of the Trustee		<b>2,126,216</b>	3,173,211
Sales tax on Trustee fee		<b>297,591</b>	-
Annual fee of SECP		<b>1,375,684</b>	2,423,712
Brokerage expense		<b>125,855</b>	285,571
Bank and settlement charges		<b>52,295</b>	142,199
Amortisation of deferred formation cost		<b>-</b>	347,889
Auditors' remuneration	19	<b>481,057</b>	472,006
Legal and professional charges		<b>-</b>	-
Annual listing fee		<b>40,000</b>	40,000
Annual rating fee		<b>247,767</b>	248,298
Printing charges		<b>99,599</b>	183,013
Expenses allocated by the Management Company	11.2	<b>1,090,916</b>	-
Provision for Workers' Welfare Fund (WWF)	14	<b>-</b>	1,255,745
<b>Total expenses</b>		<b>25,345,621</b>	43,059,244
<b>Net income from operating activities</b>		<b>95,841,915</b>	260,552,573
Element of loss and capital losses included in prices of units sold less those in units redeemed - net		<b>(29,004,727)</b>	(199,021,031)
<b>Net income for the year before taxation</b>		<b>66,837,188</b>	61,531,542
Taxation	20	<b>-</b>	-
<b>Net income for the year after taxation</b>		<b>66,837,188</b>	61,531,542

The annexed notes from 1 to 26 form an integral part of these financial statements.

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

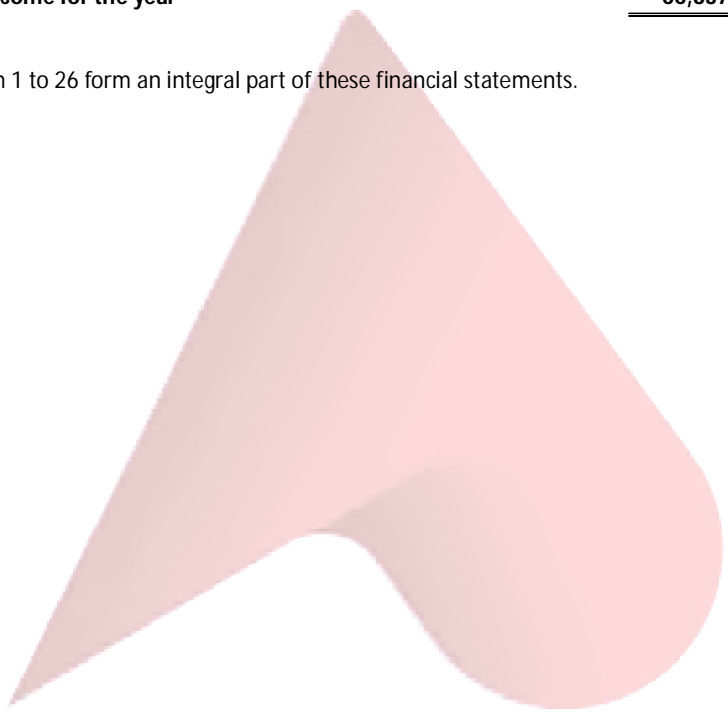
\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

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

	June 30, 2016	June 30, 2015
	----- (Rupees) -----	-----
<b>Net income for the year after taxation</b>	<b>66,837,188</b>	61,531,542
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<u><b>66,837,188</b></u>	<u>61,531,542</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.



For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

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

	June 30, 2016	June 30, 2015
	----- (Rupees) -----	
<b>Undistributed income brought forward</b>		
Realised gains	20,552,630	24,241,165
Unrealised gains / (losses)	<u>869,584</u>	<u>(96,862)</u>
	<b>21,422,214</b>	<b>24,144,303</b>
 Element of income and capital gains included in prices of units sold less those in units redeemed - net	 <b>8,966,404</b>	 -
Total comprehensive income for the year	<b>66,837,188</b>	61,531,542
 Interim distribution of cash dividend @ Rs.8.0288 per unit held, approved on: June 22, 2016 (June 2015: Rs.8.8576 per unit)	 <b>(96,151,575)</b>	 (64,253,631)
<b>Undistributed income carried forward</b>	<u><b>1,074,231</b></u>	<u>21,422,214</u>
 <b>Undistributed income carried forward:</b>		
- Realised gains	<b>4,729,166</b>	20,552,630
- Unrealised (losses) / gains	<u><b>(3,654,935)</b></u>	<u>869,584</u>
	<u><b>1,074,231</b></u>	<u>21,422,214</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

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

	Note	June 30, 2016 ----- (Rupees) -----	June 30, 2015
<b>Net assets at beginning of the year</b> [Net asset value: Rs.100.8185 per unit (2014: Rs.100.9170 per unit)]		2,785,864,555	2,816,501,795
Amount realised on issuance of 91,744,456 units (2015: 89,261,033 units)		9,368,518,966	9,260,601,460
Amount paid on redemption of 80,178,711 units (2015: 89,537,647 units)		(8,304,033,688)	(9,487,537,642)
		<u>3,850,349,833</u>	<u>2,589,565,613</u>
Element of loss and capital losses included in prices of units sold less those in units redeemed - net		29,004,727	199,021,031
Total comprehensive income for the year before capital gains - realised and unrealised		70,590,665	55,987,293
Net (loss) / gain on sale of investments classified as 'at fair value through profit or loss' - held-for-trading		(98,542)	4,674,665
Net unrealised (loss) / gain on investments classified as 'at fair value through profit or loss' - held-for-trading		(3,654,935)	869,584
Total comprehensive income for the year		66,837,188	61,531,542
<b>Distributions made during the year</b>			
Final distribution of cash dividend approved on June 22, 2016		(96,151,575)	(64,253,631)
Net total comprehensive income less distributions for the year		(29,314,387)	(2,722,089)
<b>Net assets at end of the year</b> [Net asset value: Rs.98.2198 per unit (2015: Rs.100.8185 per unit)]		<u>3,850,040,173</u>	<u>2,785,864,555</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

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

Note	June 30, 2016	June 30, 2015
	----- (Rupees) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	<b>66,837,188</b>	61,531,542
<b>Adjustments for:</b>		
Net loss / (gain) on sale of investments classified as 'at fair value through profit or loss' - held-for-trading	<b>98,542</b>	(4,674,665)
Net unrealised loss / (gain) on revaluation of investments classified as 'at fair value through profit or loss' - held-for-trading	<b>3,654,935</b>	(869,584)
Amortisation of deferred formation cost	-	347,889
Provision for Worker's Welfare Fund (WWF)	-	1,255,745
Element of loss and capital losses included in prices of units sold less those in units redeemed - net	<b>29,004,727</b>	199,021,031
9	<b>9,595,392</b>	256,611,958
<b>Decrease / (increase) in assets</b>		
Investments - net	<b>1,407,519,206</b>	(473,031,768)
Accrued interest on bank deposits	<b>684,798</b>	(1,779,608)
	<b>1,408,204,004</b>	(474,811,376)
<b>(Decrease) / Increase in liabilities</b>		
Payable to the Management Company	<b>1,832,653</b>	5,865,043
Payable to the Trustee	<b>139,152</b>	20,106
Annual fee payable to SECP	<b>(1,048,028)</b>	300,185
Payable on redemption to unit holders	<b>(173,189,674)</b>	173,133,184
Accrued and other liabilities	<b>(7,466,238)</b>	8,241,656
	<b>(179,732,135)</b>	187,560,174
<b>Net cash generated from / (used in) operating activities</b>	<b>1,328,067,261</b>	(30,639,244)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	<b>(93,757,785)</b>	(64,253,631)
Amounts received on issuance of units	<b>9,368,518,966</b>	9,260,601,460
Payments made against redemption of units	<b>(8,301,297,608)</b>	(9,487,537,642)
<b>Net cash generated from / (used in) financing activities</b>	<b>973,463,573</b>	(291,189,813)
Net increase / (decrease) in cash and cash equivalents during the year	<b>2,301,530,834</b>	(321,829,057)
Cash and cash equivalents at beginning of the year	<b>1,189,449,152</b>	1,511,278,209
<b>Cash and cash equivalents at end of the year</b>	<b>3,490,979,986</b>	1,189,449,152
21		

The annexed notes from 1 to 26 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

Chief Executive Officer

Director

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016**

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

Alfalsh GHP Money Market Fund (the Fund) has been established under the Non-Banking Finance Companies (Establishment and Regulation), Rules 2003 (the NBFC Rules) and has been authorised as a unit trust scheme by the Securities and Exchange Commission of Pakistan (SECP). It was constituted under Trust Deed dated March 04, 2010, between IGI Funds Limited (Former Management Company), incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust deed was registered with Sub-Registrar on March 04, 2010.

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

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

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

The SECP has approved Second Supplemental Trust Deed, under the NBFC Regulations, vide its letter No. SCD/AMCW/AGMMF/238/2015 dated February 03, 2015 to modify and restate the previous Trust Deed to effectuate renaming of the Fund to Alfalsh GHP Money Market Fund.

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

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

The Pakistan Credit Rating Agency Limited (PACRA) has assigned 'AM2 (Outlook:Stable)' rating to the Management Company as of June 08, 2016.

PACRA has assigned a rating of AA(f) to the scheme as of December 31, 2015.

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

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

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

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

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



#### 4. Accounting estimates and judgments

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

Judgments made by management in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment are explained in notes 5.2 and 5.5.

#### 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described in note 5.1 below.

##### 5.1 New and amended standards and interpretations

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

IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 13 – Fair Value Measurement

The adoption of the above accounting standards did not have any effect on the financial statements, except for IFRS 13, which requires certain additional disclosure (see note 23.5).

##### 5.2 Investments

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

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

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

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

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

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

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

**- Held to maturity**

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

Fair value of investments is determined as follows:

**Government securities**

The Government securities are revalued at their fair values (determined by reference to the quotations obtained from the PKRV and PKISRV Reuters rate circulated by Mutual Funds Association of Pakistan), based on the remaining tenure of the security.

**5.3 Derivative Financial Instruments**

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

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

**5.4 Securities under repurchase / resale agreements**

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

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

**5.5 Impairment of financial assets**

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

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

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

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

### 5.6 Unit holders' fund

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

### 5.7 Issue and redemption of units

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

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

### 5.8 Net asset value per unit

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

### 5.9 Revenue recognition

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

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

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

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

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

Since the element is an equalisation account between income for the period and undistributed income, the change did not have any impact on Net Asset Value (NAV) of the Fund. Had the methodology not been changed, the net income for the year ended June 30, 2016 would have been lower by Rs.72.551 million.

### 5.11 Taxation

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

### 5.12 Financial assets and financial liabilities

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

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

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

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

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

### **5.14 Provision**

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

### **5.15 Deferred formation cost**

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

### **5.16 Cash and cash equivalents**

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

### **5.17 Distribution to unit holders**

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

### **5.18 Other assets**

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

### **5.19 Liabilities**

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

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

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

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

<b>Standard, interpretation or amendment</b>	<b>Effective date (accounting periods beginning on or after)</b>
IFRS 2 – Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	January 01, 2018
IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016
IFRS 10 – Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 – Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 01, 2016
IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 01, 2016
IAS 7 – Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	January 01, 2017
IAS 12 – Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 01, 2017
IAS 16 – Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 01, 2016
IAS 16 – Property, Plant and Equipment IAS 41 Agriculture – Agriculture: Bearer Plants (Amendment)	January 01, 2016
IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	January 01, 2016

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

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

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

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

<b>7. BANK BALANCES</b>	<b>Note</b>	<b>June 30, 2016</b>	<b>June 30, 2015</b>
		----- (Rupees) -----	
Bank balances	7.1	<u><b>2,720,499,730</b></u>	<u>363,084,315</u>
<p><b>7.1</b> The deposit accounts with banks carry profit rates ranging from 5.50% to 6.70% per annum (June 30, 2015: 6% to 7% per annum). This includes Rs.522.854 million (2015: Rs.358.267 million) placed with Bank Alfalah Limited (a related party).</p>			
<b>8. INVESTMENTS</b>	<b>Note</b>	<b>June 30, 2016</b>	<b>June 30, 2015</b>
		----- (Rupees) -----	
<b>Financial assets classified as 'at fair value through profit or loss' - held-for-trading</b>			
Market treasury bills	8.1	<b>829,849,765</b>	1,795,956,403
<b>Held to maturity</b>			
Certificates of investment	8.2	-	326,266,200
Letters of placement	8.3	<b>200,071,232</b>	-
Term deposit receipt	8.4	<b>125,242,979</b>	500,098,637
		<u><b>1,155,163,976</b></u>	<u>2,622,321,240</u>

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

Note	Face value				Carrying Value June 30, 2016	Market value as at June 30, 2016	Unrealised gain on revaluation	% of net assets on the basis of market value	% of total investment on the basis of market value
	As at July 01, 2015	Purchased during the year	Sold / matured during the year	As at June 30, 2016					
	----- (No. of certificates) -----				----- (Rupees) -----		----- (%) -----		
Maturity upto 3 months	-	29,550,000	23,050,000	6,500,000	645,147,761	645,237,277	89,516	17%	56%
Maturity upto 6 months	18,275,000	31,180,000	47,595,000	1,860,000	184,573,401	184,612,488	39,087	5%	16%
Maturity upto 12 months	-	11,000,000	11,000,000	-	-	-	-	-	-
<b>Total as at June 30, 2016</b>	<u>18,275,000</u>	<u>71,730,000</u>	<u>81,645,000</u>	<u>8,360,000</u>	<u>829,721,162</u>	<u>829,849,765</u>	<u>128,603</u>	-	-
<b>Total as at June 30, 2015</b>	<u>24,644,000</u>	<u>145,850,000</u>	<u>152,219,000</u>	<u>18,275,000</u>	<u>1,795,183,675</u>	<u>1,795,956,403</u>	<u>772,728</u>		

**8.1.1** These represent Market Treasury Bills having face value of Rs.836 million (2015: Rs.1,827.5 million) carrying purchase yield ranging between 5.82% to 6.25% (2015: 6.87% to 9.12%) per annum. These Market Treasury Bills will mature by September 01, 2016 (2015: October 01, 2015).

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

Name of the investee company	Face value					Carrying value as at June 30, 2016	Maturity	Rating	Face value as percentage of total investments	Face value as percentage of net assets
	Rate of return per annum	As at July 01, 2015	Purchased during the year	Matured during the year	As at June 30, 2016					
----- (Rupees) -----										
Pak Brunei Investment Company Limited	8.40%	160,000,000	-	160,000,000	-	-	-	-	-	-
Pak Oman Investment Company Limited	8.32%	160,000,000	-	160,000,000	-	-	-	-	-	-
<b>Total as at June 30, 2016</b>		<u>320,000,000</u>	<u>-</u>	<u>320,000,000</u>	<u>-</u>	<u>-</u>				
<b>Total as at June 30, 2015</b>		<u>125,000,000</u>	<u>470,000,000</u>	<u>275,000,000</u>	<u>320,000,000</u>	<u>326,266,200</u>				

**8.3 Letters of placement - held to maturity**

Name of the investee company	Face value					Carrying value as at June 30, 2016	Maturity	Rating	Face value as percentage of total investments	Face value as percentage of net assets
	Rate of return per annum	As at July 01, 2015	Purchased during the year	Matured during the year	As at June 30, 2016					
----- (Rupees) -----										
Pak Oman Investment Company Limited	6.50%	-	200,000,000	-	200,000,000	200,071,232	July 13, 2016	AA+ / A1+	17.31%	5.19%
Pak Brunei Investment Company Limited	6.70%	-	140,000,000	140,000,000	-	-	-	-	-	-
<b>Total as at June 30, 2016</b>		<u>-</u>	<u>340,000,000</u>	<u>140,000,000</u>	<u>200,000,000</u>	<u>200,071,232</u>				
<b>Total as at June 30, 2015</b>		<u>-</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>-</u>	<u>-</u>				

**8.4 Term Deposit Receipts - held to maturity**

Name of the investee company	Face value					Carrying value as at June 30, 2016	Maturity	Rating	Face value as percentage of total investments	Face value as percentage of net assets
	Rate of return per annum	As at July 01, 2015	Purchased during the year	Matured during the year	As at June 30, 2016					
----- (Rupees) -----										
Allied Bank Limited	7.00% to 7.25%	-	790,000,000	790,000,000	-	-	-	-	-	-
Bank Alfalah Limited - a related party	6.45% to 7.25%	-	825,000,000	700,000,000	125,000,000	125,242,979	August 22, 2016	AA+ / A1+	10.82%	3.25%
<b>Total as at June 30, 2016</b>		<u>-</u>	<u>1,615,000,000</u>	<u>1,490,000,000</u>	<u>125,000,000</u>	<u>125,242,979</u>				
<b>Total as at June 30, 2015</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>				

**8.5 Pakistan Investment Bonds - 'at fair value through profit or loss' - held-for-trading**

	Units				Balance as at June 30, 2016		Unrealised gain on revaluation	Net assets on the basis of market value	Investment on the basis of market value
	As at July 01, 2015	Purchased during the year	Sold / matured during the year	As at June 30, 2016	Carrying Value June 30, 2016	Market value as at June 30, 2016			
----- (No. of certificates) -----									
----- (Rupees) -----									
----- (%) -----									
Pakistan Investment Bonds - 3 years	-	2,500,000	2,500,000	-	-	-	-	-	-
<b>Total as at June 30, 2016</b>	<u>-</u>	<u>2,500,000</u>	<u>2,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total as at June 30, 2015</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

		June 30, 2016	June 30, 2015
	Note	----- (Rupees) -----	-----
<b>9. PREPAYMENTS</b>			
PACRA rating fee		83,295	-
<b>10. PRELIMINARY EXPENSES AND FLOATATION COSTS</b>			
Unamortised cost at the beginning of the year		-	347,889
Amortised during the year		-	(347,889)
Unamortised cost at the end of the year		<u>-</u>	<u>-</u>
<b>11. PAYABLE TO THE MANAGEMENT COMPANY</b>			
Remuneration payable	11.1	1,192,500	1,998,831
Sales tax payable on management fee		735,902	540,966
Federal excise duty on management fee	18	11,119,352	8,771,550
Sales load payable		1,321	872,149
Expenses allocated by the Management Company	11.2	967,074	-
		<u>14,016,149</u>	<u>12,183,496</u>

**11.1** The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the NBFC Regulations, of an amount not exceeding 3% per annum of the average daily net assets of the Fund during first five years of the Fund's existence and thereafter an amount equal to 2% per annum of such assets of the Fund. Currently the management fee is charged @ 0.8% (2015: 0.8%) of the average daily net assets of the Fund.

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

		June 30, 2016	June 30, 2015
	Note	----- (Rupees) -----	-----
<b>12. PAYABLE TO THE TRUSTEE</b>			
Trustee fee	12.1	331,657	240,004
Sales tax on Trustee fee		47,499	-
		<u>379,156</u>	<u>240,004</u>

**12.1** 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 structure:

Average net asset value	Tariff per annum
Up to Rs.1 billion	0.15% p.a. of net assets
Rs.1 billion to Rs.10 billion	Rs.1.5 million plus 0.075% p.a. of net assets exceeding Rs.1 billion
Over Rs.10 billion	Rs.8.25 million plus 0.06% p.a. of net assets exceeding Rs.10 billion



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

This represents annual fee payable to the Securities and Exchange Commission of Pakistan (SECP) in accordance with Regulation 62 of the NBFC Regulations, whereby the Fund is required to pay SECP an amount at the rate of 0.075% (2015: 0.075%) of the average daily net assets of the Fund.

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

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

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

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

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

The Finance Act, 2015 has excluded Mutual Funds and Collective Investment Schemes from the definition of 'industrial establishment' subject to WWF under WWF Ordinance, 1971. Accordingly, no provision for WWF is made from July 01, 2015 onwards. However, provision made from July 01, 2013 to June 30, 2015 has not been reversed as the above lawsuit is pending in the SHC.

As a matter of abundant caution, with effect from July 01, 2013, the Fund has started making provision in respect of contribution to WWF prospectively. Accordingly, the Management Company has made provision for WWF amounting to Rs.5.613 million up till June 30, 2015 (2015: Rs.5.613 million) in these financial statements. Had the provision not been made, the net asset value per unit of the Fund would have been higher by Re.0.14 (0.14%) per unit (2015: Re.0.20 (0.20%) per unit) (see note 16).

**15. ACCRUED AND OTHER LIABILITIES**

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

Brokerage and settlement charges	<b>47,119</b>	81,207
Auditors' remuneration	<b>367,853</b>	363,355
Printing charges	<b>101,015</b>	135,319
Withholding and capital gains tax	<b>3,073,848</b>	8,057,279
Dividend payable to unit holders	<b>36,592</b>	36,592
Annual listing fee	-	25,315
Withholding tax on dividend	<b>2,393,790</b>	-
Other Payables	<b>425,777</b>	-
	<b><u>6,445,994</u></b>	<b><u>8,699,067</u></b>

**16. CONTINGENCIES AND COMMITMENTS**
**16.1 Contingencies**

As disclosed in note 14, the Fund commenced making provision in respect of WWF with effect from July 01, 2013. The aggregate unrecognised amount of WWF upto June 30, 2013 amounted to Rs.17.029 million.

**16.2 Commitments**

There were no commitments as at June 30, 2016.

**17. FINANCE INCOME**

Interest income on:

**Investments classified as  
'at fair value through profit or loss' - held-for-trading**

- Market treasury bills

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

<b>83,530,620</b>	248,446,154
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**Held to maturity**

- Certificates of investment

<b>367,531</b>	17,223,184
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- Letters of placement

<b>1,433,259</b>	6,745,027
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- Term deposit receipts

<b>11,201,598</b>	11,453,268
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- Pakistan Investment Bonds

<b>9,040,178</b>	-
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**Others**

- Bank deposits

<b>19,367,827</b>	14,199,935
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<b><u>124,941,013</u></b>	<b><u>298,067,568</u></b>
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**18. FEDERAL EXCISE DUTY ON MANAGEMENT FEE**

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

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

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

The Management Company, in view of the pending decision and as a matter of abundant caution has made a provision for FED in the books of accounts of the Fund with effect from June 13, 2013 to June 30, 2016 aggregating to Rs.11.119 million (2015: Rs.8.771 million).

**19. AUDITORS' REMUNERATION**

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

Audit fee	266,200	266,200
Review and other certifications	139,755	139,755
	405,955	405,955
Sales tax	24,357	20,298
Out of pocket expenses	50,745	45,753
	<u>481,057</u>	<u>472,006</u>

**20. TAXATION**

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

**21. CASH AND CASH EQUIVALENTS**

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

Bank balances	2,720,499,730	363,084,315
Market treasury bills maturing within 3 months	645,237,277	-
Certificates of Investment maturing within 3 months	-	326,266,200
Term deposit receipt maturing within 3 months	125,242,979	500,098,637
	<u>3,490,979,986</u>	<u>1,189,449,152</u>

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

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

Remuneration payable to the Management Company and the Trustee are determined in accordance with the provisions of NBFC Regulations, and the Trust Deed respectively.

**22.1 Unit Holders' Fund**

June 30, 2016

As at July 01, 2015	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	As at June 30, 2016	As at July 01, 2015	Issued for cash / conversion in / transfer in	Bonus	"Redeemed / conversion out / transfer out"	"Net asset value as at June 30, 2016"
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----- (Units) ----- (Rupees) -----

**Associated companies / undertakings**

MCBFSL - Trustee Alfalah GHP Capital Preservation Fund *	2,693,621	35,699,228	817,765	32,882,298	6,328,316	271,566,829	3,634,828,400	80,273,785	3,415,828,400	621,565,928
Bank Alfalah Limited	524,771	-	85,779	42,889	567,661	52,906,625	-	8,420,262	-	55,755,476
Alfalah Insurance Company Ltd.	699,355	661,374	-	1,360,729	-	70,507,922	70,913,576	-	144,548,125	-
Alfalah GHP Prosperity Planning Fund:										
- Conservative Allocation Plan	-	3,229,703	-	2,771,547	458,156	-	333,800,407	-	294,754,897	45,000,000
- Moderate Allocation Plan	-	1,098,723	-	742,379	356,344	-	113,461,765	-	78,994,687	35,000,000
- Active Allocation Plan	-	222,022	-	222,022	-	-	23,300,176	-	23,415,252	-

**Key Management Personnel**

Employees										
Head of Corporate Strategy	1,430	-	-	1,430	-	144,170	-	-	145,643	-
Chief Executive Officer	-	15,460	-	-	15,460	-	1,538,049	-	19,815	1,518,525
Head of Operations	-	100	-	-	100	-	10,163	13	163	10,001

**Unit holder holding 10% or more units**

Fauji Oil Terminal & Distribution Co Ltd.	1,046,242	5,295,413	-	1,732,900	4,608,755	105,480,564	529,358,718	-	190,828,265	452,671,026
Muller & Phipps Pakistan Pvt Ltd										
Staff Provident Fund	221,451	-	-	221,451	-	22,326,373	-	-	22,668,581	-
The Nishat Mills Ltd										
Employees Provident Fund	-	5,059,368	827,003	413,502	5,472,869	-	544,008,617	81,180,591	7,008,617	537,544,121
Lahore University of Management Sciences (LUMS)	-	1,913,448	-	1,913,448	-	-	192,910,940	-	192,985,182	-
Jinnah Medical & Dental College (SMST)	346,729	-	-	346,729	-	34,956,658	-	-	35,341,111	-
Attock Cement Pakistan Ltd.	-	4,847,419	-	-	4,847,419	-	482,165,235	-	-	476,112,484

June 30, 2015

As at July 01, 2014	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	As at June 30, 2015	As at July 01, 2014	Issued for cash / conversion in / transfer in	Bonus	"Redeemed / conversion out / transfer out"	"Net asset value as at June 30, 2015"
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----- (Units) ----- (Rupees) -----

**Associated companies / undertakings**

MCBFSL - Trustee Alfalah GHP Capital Preservation Fund *	2,618,606	2,665,216	-	2,590,201	2,693,621	264,261,862	285,500,000	-	275,000,000	271,566,829
Bank Alfalah Limited	5,165,658	42,590	-	4,683,477	524,771	521,302,708	4,270,968	-	500,000,000	52,906,625
Alfalah Insurance Company Ltd.	362,519	931,399	-	594,563	699,355	36,584,330	95,450,000	-	64,857,145	70,507,922

**Key Management Personnel**

Employees										
Head of Corporate Strategy	189	5,125	-	3,884	1,430	19,073	545,565	-	419,270	144,170
Chief Operating Officer & Company Secretary	4,986	-	-	4,986	-	503,172	-	-	512,493	-
Head of Operations	1,723	-	-	1,723	-	173,880	-	-	179,653	-

**Unit holder holding 10% or more units**

Gul Ahmed Energy Limited	-	8,021,806	-	5,008,912	3,012,894	-	821,514,058	-	518,485,661	303,755,454
Jubilee General Insurance Company Limited	994,980	3,471,450	-	1,488,340	2,978,090	100,410,397	350,000,000	-	162,436,646	300,246,567

\* MCBFSL - Trustee Alfalah GHP Capital Preservation Fund also hold more than 10% units in the Fund.

**22.2 Other transactions**

	June 30, 2016	June 30, 2015
	----- (Rupees) -----	-----
<b>Associated companies / undertakings</b>		
<b>Alfalsh GHP Investment Management Limited - Management Company</b>		
Remuneration of the Management Company	<u>14,677,823</u>	25,852,774
Sales tax on management fee	<u>2,383,015</u>	4,498,382
Federal excise duty on management fee	<u>2,347,803</u>	4,136,444
Sales load	<u>-</u>	872,149
Expenses allocated by the Management Company	<u>1,090,916</u>	-
<b>Alfalsh GHP Income Fund - (Common Management)</b>		
Market treasury bills - purchased	<u>-</u>	64,471,225
Market treasury bills - sold	<u>39,890,790</u>	223,102,000
<b>Alfalsh GHP Income Multiplier Fund - (Common Management)</b>		
Market treasury bills - purchased	<u>178,336,350</u>	214,893,140
Market treasury bills - sold	<u>68,968,480</u>	491,274,955
<b>Alfalsh GHP Cash Fund - (Common Management)</b>		
Market treasury bills - purchased	<u>9,989,770</u>	1,461,702,835
Market treasury bills - sold	<u>16,974,839</u>	153,960,225
<b>Alfalsh GHP Sovereign Fund - (Common Management)</b>		
Market treasury bills - purchased	<u>308,165,520</u>	49,370,350
Market treasury bills - sold	<u>803,517,830</u>	600,467,035
Pakistan Investment Bond (PIB) Purchased	<u>254,689,000</u>	-
<b>Alfalsh GHP Stock Fund - (Common Management)</b>		
Market treasury bills - sold	<u>-</u>	54,787,205
<b>Alfalsh GHP Value Fund - (Common Management)</b>		
Market treasury bills - purchased	<u>-</u>	19,743,580
<b>Bank Alfalsh Limited</b>		
Profit on bank deposits	<u>7,267,567</u>	13,291,982
Market treasury bills - purchased	<u>2,837,644,470</u>	6,065,155,944
Market treasury bills - sold	<u>1,734,600,195</u>	1,401,518,181
Term deposit receipts	<u>225,000,000</u>	500,098,630
Bank charges	<u>39,126</u>	54,549
<b>Other related parties</b>		
<b>Central Depository Company of Pakistan Limited - (Trustee of the Fund)</b>		
Remuneration of the Trustee	<u>2,126,216</u>	3,173,211
Sales tax on Trustee fee	<u>297,591</u>	-

22.3 Other balances	June 30, 2016	June 30, 2015
	----- (Rupees) -----	
<b>Associated companies / undertakings</b>		
<b>Alfalah GHP Investment Management Limited - Management Company</b>		
Remuneration payable to the Management Company	<u>1,192,500</u>	1,998,831
Sales tax payable on management fee	<u>735,902</u>	540,966
Federal excise duty on management fee	<u>11,119,352</u>	8,771,550
Sales load payable	<u>1,321</u>	872,149
Expenses allocated by the Management Company	<u>967,074</u>	-
<b>Bank Alfalah Limited</b>		
Bank balance	<u>522,853,963</u>	358,266,842
Profit receivable	<u>263,091</u>	2,590,180
<b>Other related parties</b>		
<b>Central Depository Company of Pakistan Limited - (Trustee of the Fund)</b>		
Remuneration payable to the Trustee	<u>331,657</u>	240,004
Sales tax on Trustee fee	<u>47,499</u>	-

## 23. FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

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

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

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

**23.1 Credit risk**

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

**Management of credit risk**

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

**Exposure to credit risk**

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

	Carrying amount	
	June 30, 2016	June 30, 2015
	----- (Rupees) -----	
Bank balances	2,720,499,730	363,084,315
Investments classified as held to maturity	325,314,211	826,364,837
Interest receivable on bank deposits	2,123,085	2,807,883
	<u>3,047,937,026</u>	<u>1,192,257,035</u>

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

**Credit quality of bank balances**

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

Name of Bank	Rating	June 30, 2016	June 30, 2015
		----- % -----	----- % -----
Allied Bank Limited	A1+/AA+	59.46	7.41
Bank Alfalah Limited	A1+/AA	19.22	91.18
MCB Bank Limited	A1+/AAA	-	0.12
Habib Bank Limited	A1+/AAA	21.32	1.23
Habib Metropolitan Bank Limited	A1+/AA+	-	0.05
		<u>100.00</u>	<u>100.00</u>

**Credit quality of Held to Maturity (HTM) investments**

Rating	As at June 30, 2016		As at June 30, 2015	
	Amount of credit exposure (Rupees)	% of HTM Investments	Amount of credit exposure (Rupees)	% of HTM Investments
AA+ / A1+	200,071,232	62%	326,266,200	39%
A1+/AA	125,242,979	38%	500,098,637	61%
	<u>325,314,211</u>	<u>100%</u>	<u>826,364,837</u>	<u>100%</u>

**Past due and impaired**

None of the financial assets are considered to be past due or impaired as at June 30, 2016 (2015: Rs.Nil).

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

Investment in government securities i.e. Treasury bills and Pakistan investment bonds is not exposed to credit risk.

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

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

**Concentration of the credit risk**

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

**23.2 Liquidity risk**

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

**Management of liquidity risk**

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

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

**Maturity analysis for financial liabilities**

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

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

**As at June 30, 2016**

	Carrying amount	Upto one month	More than one month and upto three months	More than three months and upto one year
	----- (Rupees) -----			
<b>Financial liabilities</b>				
Payable to the Management Company	2,160,895	1,193,821	967,074	-
Payable to the Trustee	331,657	331,657	-	-
Accrued and other liabilities	953,999	472,896	481,103	-
	<u>3,446,551</u>	<u>1,998,374</u>	<u>1,448,177</u>	<u>-</u>



June 30, 2015

	Carrying amount	Upto one month	More than one month and upto three months	More than three months and upto one year
----- (Rupees) -----				
<b>Financial liabilities</b>				
Payable to the Management Company	2,870,980	2,870,980	-	-
Payable to the Trustee	240,004	240,004	-	-
Amount payable on redemption of units	173,189,674	173,189,674	-	-
Accrued and other liabilities	621,490	81,207	540,283	-
	<u>176,922,148</u>	<u>176,381,865</u>	<u>540,283</u>	<u>-</u>

Above financial liabilities do not carry any mark-up.

### 23.3 Market risk

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

#### Management of market risk

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

#### 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 were carried out in Pak rupees.

#### Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial instruments and future cash flows. The interest rate environment is monitored on a regular basis and the portfolio of fixed rate securities is altered. The Fund's investment in fixed interest rate securities expose to its fair value interest rate risk and investments in variable interest rate securities expose the Fund to cash flow interest rate risk.

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

	Note	June 30, 2016 ----- (Rupees) -----	June 30, 2015
<b>Fixed rate instruments</b>			
Market treasury bills		<b>829,849,765</b>	1,795,956,403
Certificates of investment		-	326,266,200
Letters of placement		<b>200,071,232</b>	-
Term deposit receipt		<b>125,242,979</b>	500,098,637
		<u><b>1,155,163,976</b></u>	<u>2,622,321,240</u>
<b>Variable rate instruments</b>			
Bank balances		<u><b>2,720,499,730</b></u>	<u>363,084,315</u>

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

Treasury bills which are classified as 'at fair value through profit or loss' expose the Fund to the fair value interest rate risk. In case of 100 basis points increase / decrease in interest rates announced by the MUFAP (Mutual Funds Association of Pakistan) on June 30, 2016, with all other variables held constant, the net assets attributable to unit holders of the Fund and net income for the year would be lower / higher by Rs.1.002 million (June 30, 2015: Rs.16.247 million).

**Cash flow sensitivity analysis for variable rate instruments**

Balances with bank in saving accounts expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on June 30, 2016, with all other variables held constant, the net assets of the Fund and net income for the year would be higher / lower by Rs.27.205 million (June 30, 2015: Rs.3.630 million).

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

June 30, 2016						
Exposed to yield / interest rate risk						
Yield / Effective interest rate (%)	Upto three months	More than three months and upto one year	More than one year	Not exposed to yield / interest rate risk	Total	
----- (Rupees) -----						
<b>On-balance sheet financial instruments</b>						
<b>Financial Assets</b>						
Balances with banks	5.50 - 6.70	2,720,499,730	-	-	-	2,720,499,730
Investments classified: At fair value through profit or loss' - held-for-trading						
- Market treasury bills		645,237,277	184,612,488	-	-	829,849,765
- Certificates of investment		-	-	200,071,232	-	200,071,232
- Term deposit receipts		-	-	125,242,979	-	125,242,979
Accrued interest on bank deposits		-	-	2,123,085	-	2,123,085
Prepayments		-	-	83,295	-	83,295
		<u>3,365,737,007</u>	<u>184,612,488</u>	<u>327,520,591</u>	<u>-</u>	<u>3,877,870,086</u>
<b>Financial Liabilities</b>						
Payable to the Management Company		-	-	2,160,895	-	2,160,895
Payable to the Trustee		-	-	331,657	-	331,657
Payable to unit holders		-	-	-	-	-
Accrued and other liabilities		-	-	953,999	-	953,999
		<u>-</u>	<u>-</u>	<u>3,446,551</u>	<u>-</u>	<u>3,446,551</u>
<b>On-balance sheet gap</b>		<u><u>3,365,737,007</u></u>	<u><u>184,612,488</u></u>	<u><u>324,074,040</u></u>	<u><u>-</u></u>	<u><u>3,874,423,535</u></u>

June 30, 2015

**Exposed to yield / interest rate risk**

	Yield / Effective interest rate (%)	Exposed to yield / interest rate risk			Total	
		Upto three months	More than three months and upto one year	More than one year		Not exposed to yield / interest rate risk
----- (Rupees) -----						
<b>On-balance sheet financial instruments</b>						
<b>Financial Assets</b>						
Balances with banks	6.00 - 7.00	363,084,315	-	-	-	363,084,315
Investments classified:						
At fair value through profit or loss <sup>1</sup> - held-for-trading						
- held-for-trading		-	1,795,956,403	-	-	1,795,956,403
- Market treasury bills		-	1,795,956,403	-	-	1,795,956,403
		<u>363,084,315</u>	<u>1,795,956,403</u>	<u>-</u>	<u>-</u>	<u>2,159,040,718</u>
<b>Financial Liabilities</b>						
Payable to the Management Company		-	-	-	2,870,980	2,870,980
Payable to the Trustee		-	-	-	240,004	240,004
Payable to unit holders		-	-	-	173,189,674	173,189,674
Accrued and other liabilities		-	-	-	621,490	621,490
		<u>-</u>	<u>-</u>	<u>-</u>	<u>176,922,148</u>	<u>176,922,148</u>
<b>On-balance sheet gap</b>		<u>363,084,315</u>	<u>1,795,956,403</u>	<u>-</u>	<u>(176,922,148)</u>	<u>1,982,118,570</u>

**Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Fund, at present is not exposed to other price risk.

**23.4 Unit Holders' Fund risk management**

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

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

- Monitors the level of daily issuance and redemptions relative to liquid assets;
- Redeems and issues unit in accordance with the constitutive documents of the Fund, which include the ability to restrict redemptions as allowed under rules and regulations; and

- Monitors portfolio allocations and return on net assets and where required make necessary adjustments in portfolio allocations in light of changes in market conditions.

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

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

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

### 23.5 Fair value hierarchy

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

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

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

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

	As at June 30, 2016			
	Level 1	Level 2	Level 3	Total
<b>Financial assets classified as 'at fair value through profit or loss' - held-for-trading</b>	----- (Rupees) -----			
Market Treasury bills	-	829,849,765	-	829,849,765
	<u>-</u>	<u>829,849,765</u>	<u>-</u>	<u>829,849,765</u>
	June 30, 2015			
	Level 1	Level 2	Level 3	Total
<b>Financial assets classified as 'at fair value through profit or loss' - held-for-trading</b>	----- (Rupees) -----			
Market Treasury bills	-	1,795,956,403	-	1,795,956,403
	<u>-</u>	<u>1,795,956,403</u>	<u>-</u>	<u>1,795,956,403</u>

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

**24. SUPPLEMENTARY NON FINANCIAL INFORMATION**

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

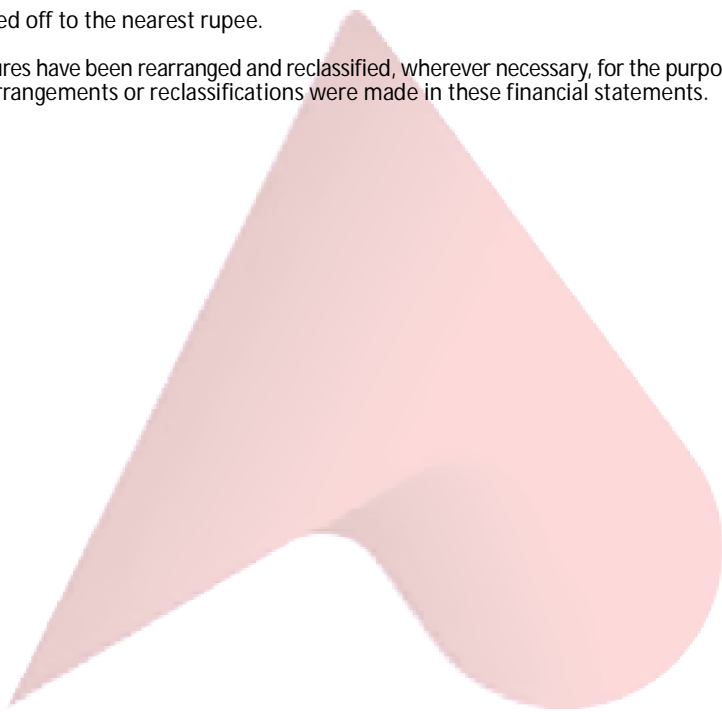
**25. DATE OF AUTHORISATION FOR ISSUE**

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

**26. GENERAL**

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

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



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

**NON BANKING FINANCE COMPANIES AND NOTIFIED ENTITIES REGULATIONS, 2008**

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

Category	As at June 30, 2016			
	Number of unit holders	Number of units held	Amount Rupees	% of total
Individuals	77	1,625,508	159,657,035	4%
Associated Co./ Directors	4	7,710,476	757,321,404	20%
Insurance Co.	7	2,158,537	212,011,102	6%
Retirement & Other Funds	9	6,035,117	592,767,998	15%
Others	14	21,668,574	2,128,282,634	55%
	<u>111</u>	<u>39,198,212</u>	<u>3,850,040,173</u>	<u>100%</u>

Category	As at 30 June 2015			
	Number of unit holders	Number of units held	Amount Rupees	% of total
Individuals	53	960,912	96,877,708	3%
Associated Co./ Directors	3	4,972,557	501,325,907	18%
Insurance Co.	7	3,954,775	398,714,613	14%
Banks/ DFIs	2	5,010,688	505,170,167	18%
Retirement & Other Funds	7	411,175	41,454,041	1%
Others	16	12,322,360	1,242,322,119	45%
	<u>88</u>	<u>27,632,467</u>	<u>2,785,864,555</u>	<u>100%</u>

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

	30 June 2016 %
<b>BMA Capital Management Limited</b>	<b>29</b>
<b>Invest One Markets Limited</b>	<b>12</b>
<b>Invest Capital Markets Limited</b>	<b>12</b>
<b>Global Securities Limited</b>	<b>10</b>
<b>Invest &amp; Finance Securities Limited</b>	<b>9</b>
<b>Magenta Capital Private Limited</b>	<b>8</b>
<b>Summit Capital (Private) Limited</b>	<b>5</b>
<b>Vector Capital (Pvt.) Limited</b>	<b>5</b>
<b>Next Capital Limited</b>	<b>4</b>
<b>ICON Securities</b>	<b>3</b>

30 June  
2015

%

Invest Capital Markets Limited	33
JS Global Capital Limited	24
Invest One Market Limited	17
Summit Capital (Pvt) Ltd	12
BMA Capital management	5
Icon Securities Pvt limited	4
KASB Securities Limited	3
Vector Capital Pvt Limited	1
Global securities Pvt Limited	1
AMZ	0

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

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

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

**Maheen Rahman – CEO**

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

**Noman Soomro**

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

**Shariq Mukhtar Hashmi**

Mr. Hashmi holds a diversified experience of over 11 years with various private sector enterprises of repute. He joined IGI Funds Limited (which subsequently merged into Alfalah GHP Investment Management Limited in Oct. 2013) in 2010 to lead the back office function as Head of Operations & Settlements. His association has continued, post-merger, as Head of Compliance & Risk Management. He has previously served National Asset Management Company as Head of Internal Audit and Feroze Sharif Tariq & Co Chartered Accountants in various capacities. He has also headed the Internal Audit Department

of the Company. Mr. Hashmi is a qualified Accountant from the Association of Chartered Certified Accountants, UK and holds MBA degree in Finance from SZABIST University. He is also enrolled for Financial Risk Manager Certification of Global Association of Risk Professionals; USA.

**Muddasir Ahmed Shaikh**

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

**Nabeel Malik**

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

**Imran Altaf**

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

**Kashif Kasim**

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

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

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

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

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

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



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

	30 June 2016	30 June 2015	30 June 2014	30 June 2013	30 June 2012
Net Assets (Rs. '000)	3,850,040	2,785,865	2,816,502	2,466,313	2,901,171
NAV per unit	98.2198	100.8185	100.9170	101.2983	101.5329
Selling price per unit	99.5187	102.1634	102.2749	102.3113	102.5482
Redemption price per unit	98.2198	100.8185	100.9170	101.2983	101.5329
Highest selling price per unit	107.5894	110.5954	102.7432	102.7688	103.0854
Highest redemption price per unit	106.1852	109.1395	101.3790	101.7513	102.0648
Lowest selling price per unit	99.4854	102.0795	101.4101	101.2403	101.1161
Lowest redemption price per unit	98.1870	100.7357	100.4060	100.2379	100.1150
Total interim distribution per unit	8.0288	8.8576	7.4065	8.2188	9.9866
Interim distribution date	22-Jun-16	23-Jun-15	3-Aug-13	27-Jul-12	29-Jul-11
	N/A	N/A	1-Sep-13	29-Aug-12	29-Aug-11
	N/A	N/A	28-Sep-13	26-Sep-12	29-Sep-11
	N/A	N/A	10-Nov-13	25-Oct-12	28-Oct-11
	N/A	N/A	30-Nov-13	28-Nov-12	29-Nov-11
	N/A	N/A	27-Dec-13	31-Dec-12	29-Dec-11
	N/A	N/A	6-Feb-14	29-Jan-13	30-Jan-12
	N/A	N/A	8-Mar-14	27-Feb-13	27-Feb-12
	N/A	N/A	5-Apr-14	27-Mar-13	28-Mar-12
	N/A	N/A	5-May-14	27-Apr-13	27-Apr-12
	N/A	N/A	5-Jun-14	31-May-13	28-May-12
	N/A	N/A	30-Jun-14	27-Jun-13	28-Jun-12
Final distribution per unit	Nil	Nil	Nil	0.89	1.13
Final distribution date	N/A	N/A	N/A	4-Jul-13	5-Jul-12
Annualized returns %	5.37%	8.73%	8.22%	9.45%	11.79%
Income distribution %	7.96%	8.78%	7.31%	10.63%	9.11%
Weighted avg. portfolio duration (Days)	13 Days	66 Days	63 Days	79 Days	38 Days

Return since inception is 9.24%

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

بورڈ آف ڈائریکٹرز:

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

سال کے دوران بورڈ کے ممبران کی تبدیلی:

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

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

آڈٹ کمیٹی کی مینگنز:

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

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

اظہار تشکر:

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

بورڈ کی جانب سے

چیف ایگزیکٹو آفیسر

مورخہ: 22 ستمبر 2016ء

مالی تفصیلات:

(ملین روپے)

تفصیل	برائے سال ۲۰۱۶ء	برائے سال ۲۰۱۵ء
اوسط صافی اثاثہ	1,836.333	2,785.865
مجموعی آمدنی	121.187	303.612
کل آمدنی	66.837	61.532
فی یونٹ صافی اثاثہ کی ویلیو (پاکستانی روپے)	98.2198	100.8185
سال کے دوران پنشن کا اجراء	9,368.519	9,260.601
سال کے دوران پنشن کی کمی	8,304.034	9,487.538

ادا ہوگی:

زیر نظر سال کے آخر میں فنڈ کی نقد ادائیگی کا ڈویڈنڈ 8.0228 پاکستانی روپے فی یونٹ رہا۔

کارپوریٹ گورننس:

- انتظامی کابینہ اعلیٰ معیار کے کارپوریٹ گورننس بریلیئم رکھتی ہے لہذا اس کے مطابق بورڈ آف ڈائریکٹرز کی جانب سے درج ذیل کی یقین دہانی کی جاتی ہے:
- (اے) کابینہ کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کابینہ کی حالات، اس کے آپریشنز کے نتائج، کیش فلوا اور ایکویٹی میں تبدیلی کی شفاف عکاسی کرتے ہیں۔
- (بی) کابینہ کے کھاتے مناسب طریقہ سے رکھے جا رہے ہیں۔
- (سی) مناسب اکاؤنٹنگ پالیسیوں کے تسلسل کو مالیاتی گوشوارے کی تیاری میں لاگو کیا گیا ہے۔ اکاؤنٹنگ کے انداز سے ماہانہ اور محتاط فیصلوں پر مبنی ہوتے ہیں۔
- (ڈی) مالیاتی گوشوارے کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ معیار (IFRS)، جو کہ پاکستان میں نافذ العمل ہیں، ان کی پیروی کی گئی ہے۔
- (ای) انٹرنل کنٹرول کے نظام مضبوط ہیں اور اس پر موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- (ایف) آنے والے سالوں میں افلاح جی ایچ پی انویسٹمنٹ لمیٹڈ کی انتظامیہ کے تحت فنڈز کے کاروباری تسلسل پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- (جی) مالیاتی گوشواروں میں تمام واجب الادا اسکیمز، ڈیویڈنڈ اور دیگر چارجز کی مکمل تفصیلات فراہم کر دی گئی ہیں۔
- (ایچ) کابینہ میں کارپوریٹ گورننس کو مکمل طور پر نافذ کیا ہے جو کہ اسٹاک ریکولیشن میں درج ہے اور اس سے کوئی انحراف نہیں کیا گیا ہے۔
- (آئی) اہم مالیاتی تفصیلات اس ڈائریکٹر رپورٹ میں فراہم کر دی گئی ہیں۔
- (یے) بورڈ آف ڈائریکٹرز کی میٹنگ کی تفصیلات اور ان میٹنگز میں ہر ڈائریکٹر کی شرکت ضمنی غیر مالیاتی معلومات کی سالانہ رپورٹ کے نوٹ نمبر (iv) میں دی گئی ہیں۔
- (کے) اس سالانہ رپورٹ کی ضمنی غیر مالیاتی معلومات یونٹ ہولڈرز کی تفصیل نوٹ نمبر (i) میں دی گئی ہیں۔
- (ایل) چیف ایگزیکٹو، ڈائریکٹر، ایگزیکٹو ز اور ان کے شریک حیات کی جانب سے فنڈز کے پنشن کی تعداد ۲۰۱۶ء نوٹ نمبر 22.1 میں فراہم کر دی گئی ہے۔
- (ایم) چیف ایگزیکٹو، ڈائریکٹر، ایگزیکٹو ز اور ان کی بیگمات کی جانب سے منسلوبہ پنشن/تعداد ۲۰۱۶ء نوٹ نمبر 22.1 میں فراہم کر دی گئی ہے۔

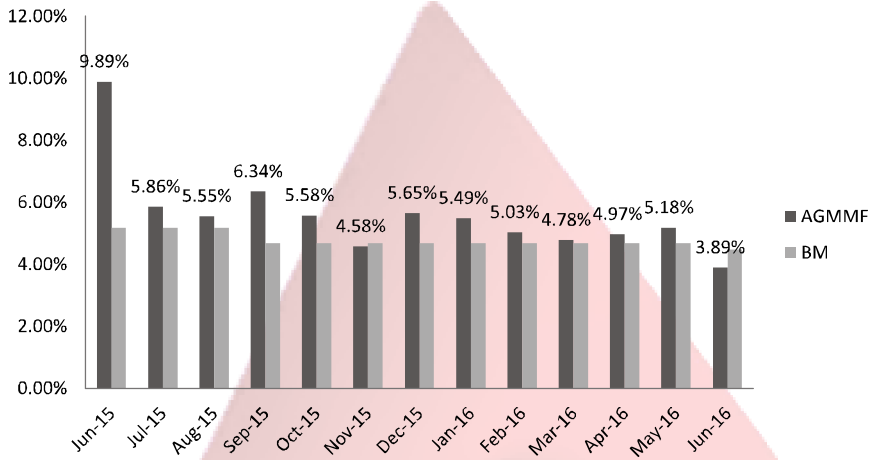
فونڈ کی کارکردگی اور تجزیہ:

الفلاح جی ایچ پی مانی مارکیٹ فونڈ: فونڈ آپریشن اور اس کی کارکردگی:

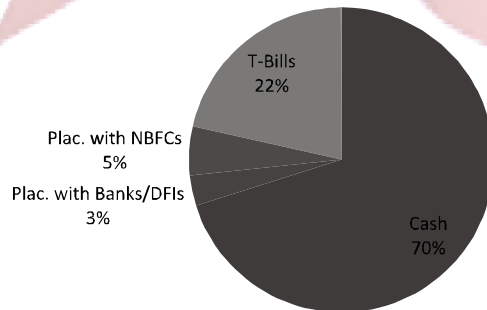
مابین سال 30 جون 2016ء کے لئے فونڈ کے حوالے سے NAV میں 5.37% اضافہ ہوا اسی مدت کے دوران بیچ مارک ریٹرن (تین "AA" ریٹ کردہ بینک کل اوسط شرح) 4.75% تھا اور صافی اثاثہ جات کی سرمایہ کاری بہترین ریٹ کی بنیاد پر T-Bills میں کی گئی اس کے ساتھ ساتھ سرمایہ کاری کے معیار کو بہتر بنانے کے لئے جس میں پیکنس /DFI کے بہتر شرح سود والے لکھاتوں میں سرمایہ کاری کی گئی۔

فونڈ کے سلسلے میں PACRA نے "AA (f)" کی ریٹنگ تفویض کی ہے۔

### AGHP Money Market Fund Vs Benchmark



### AGMMF Asset Allocation



**Key Financial Data**

(Rupees in Million)

ڈائریکٹرز رپورٹ:

ہمارے معزز یونٹ ہولڈرز،

الفلاح جی ایچ پی انویسٹمنٹ میجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز مالیاتی سال ۲۰۱۶ء کیلئے فنڈز کی سالانہ رپورٹ پیش کر رہے ہیں۔

اقتصادی جائزہ برائے مالیاتی سال ۲۰۱۶ء:

مالیاتی سال ۲۰۱۶ء میں پاکستان کی معیشت میں 4.70% اضافہ ہوا جو گذشتہ آٹھ سالوں میں سب سے زیادہ شرح رہی۔ یہ اضافہ بنیادی طور پر صنعتی اور خدماتی شعبوں کی بدولت رہا، جس سے زری شعبے کی ناقص کارکردگی پس پردہ رہی تو اتائی کی وافر فراہمی اور پاک چائے کا اقتصادی راہداری منصوبوں کو مستقل میں بھی جاری رکھنے کی امید کی جاتی ہے۔

مالیاتی سال ۲۰۱۶ء میں افراط زر کا تناسب 2.85% رہا جس کا موازنہ مالیاتی سال ۲۰۱۵ء کے تناسب 4.56% سے کیا جاسکتا ہے، تیل کی کم قیمتوں کی بدولت معیشت میں ترقی ہوئی اور شہاء کی قیمتوں میں اسی بنیاد پر سال کے آخر میں افراط زر کی شرح میں اضافہ کے نتیجے میں شرح ہونے والے اگلے مالیاتی سال میں اضافہ کا امکان ہے۔ مالیاتی سال ۲۰۱۶ء کیلئے اسٹیٹ بینک کے تخمینوں کے مطابق اس کا تناسب 4.50% سے 4.80% ہے جو کہ ان منصوبوں سے قریب ترین تناسب ہے اور شرح سود 5.75% بنتی ہے اور نہیں امکان ہے کہ اس مدت کے ساتھ سود کی شرح میں اگلی مدت کیلئے مزید اضافہ ہوگا۔

اس سال کے دوسرے حصہ میں مکمل طور پر معیشت کی خارجی حالت اسی تناسب کے تحت ہے جس کا تناسب 0.02%- امریکی ڈالر کے مقابلے میں ہے اس طرح کم برآمدات اور ترسیلات زر کی سست رفتار اور بین الاقوامی طور پر نام ٹیل کی قیمتوں میں کمی کی وجہ سے اس میں کافی حد تک فائدہ ہوا ہے۔ خارجی حالت کے تحت (۱) سرکاری منتقلی کے حوالے سے خصوصی طور پر ستمبر ۲۰۱۵ء میں آئی ایم ایف کے پروگرام کے اختتام کے بعد مقرر ہوئی۔ (۲) مکنڈ شرح ترسیلات زر جس میں مکنڈ طور پر سست روی رہی۔ (۳) تیل کی قیمتوں میں اضافہ (۴) مکنڈ طور پر برآمدات کی آمدنی میں کمی واقع ہوئی۔

اسٹاک مارکیٹ:

کے ایس ای 100 انڈیکس جس میں دوران سال 3,300 پوائنٹس کا اضافہ ہوا اور مالیاتی سال ۲۰۱۶ء کے دوران ریٹرن کا تناسب 9.8% رہا۔ سال کے پہلے سات مہینوں میں مارکیٹ مندی رہی جبکہ فروری کے آخر سے اضافہ دیکھا گیا۔ بین الاقوامی طور پر نام ٹیل کی قیمتوں میں پچھلے ۱۲ سالوں کے مقابلے میں سال ۲۰۱۶ء میں کافی کمی رہی اور عالمی مارکیٹ کے حصص میں غیر ملکی سرمایہ کاروں کی طرف سے فروخت کیلئے دباؤ بڑھا اور مقامی برکڈز کی تحقیقات کے نتیجے میں پہلے سات سے آٹھ ماہ کے دوران منفی اثرات پائے گئے۔ کم شرح سود کے ماحول میں بینکاری پرسر مایہ کار کا اجتماع رہا اور مارکیٹ میں بالخصوص فروری کے مہینے سے ایک بار پھر اضافہ ہوا۔ MSCI میں پاکستان کی شمولیت سے اسٹاک مارکیٹ میں مزید تیزی کا رجحان رہا۔ برطانوی عوام کی جانب سے یورپی یونین سے اخراج کی بدولت انڈیکس میں قبیل مدتی کمی ہوئی جسے جون ۲۰۱۶ء میں بحال کیا گیا۔

سال کی آخری سہ ماہی میں اضافہ پاکستان کی MSCI میں از سر نو درجہ بندی کے مہم ہونے اور اہل بینکس کے اہم حصص کی MSCI میں شمولیت کی توقع رہی۔

منفی مارکیٹ:

افراط زر اور اس کے نتیجے میں پیدا ہونے والے پالیسی ریٹ مالیاتی سال ۲۰۱۶ء کے دوران دو مرتبہ کمی پیشی سے متاثر ہوئے؛ پہلے ستمبر ۲۰۱۶ء میں 50bps اور اس کے بعد مئی ۲۰۱۶ء میں 25bps جو کہ سال کے دوران آمدنی 100-250bps کمی کا باعث بنا اور ڈسکونٹ ریٹ میں سب سے زیادہ کمی ۴ سے ۱۰ سالہ بونڈز میں دیکھی گئی جس کی وجہ سے شرح سود میں طویل مدتی کمی کی توقع ہے۔

مستقبل کا نقطہ نظر:

سال ۲۰۱۶ء میں مارکیٹ کی کارکردگی میں بہتری کی توقع ہے جو کہ (۱) پاکستان کی MSCI بمرجنٹ مارکیٹ انڈیکس میں دوبارہ درجہ بندی (۲) وفاقی بجٹ مالیاتی سال ۲۰۱۸ء کیلئے توقع کی جاتی ہے بالخصوص زری اور تجارتی شعبوں میں حکومت اپنی مدت کے آخری سال اس پر ضرور توجہ دیگی۔

قبیل مدت میں افراط زر میں کمی کی پیش نظر 2016ء کے آخر میں CPI میں کچھ اضافہ کے باعث یہ توقع کی جا رہی ہے کہ ماہی پالیسی میں درمیانی مدت میں استحکام سے گا۔ وہ عوامل جو جلد یا بدیر اضافہ کی وجہ بن سکتے ہیں وہ درج ذیل ہیں:

- ۱۔ خام تیل میں قیمتوں میں اضافہ جو طلب و رسد کے فرق میں کمی۔
- ۲۔ توانائی کے علاوہ دیگر شعبوں میں خلاف توقع قیمتوں میں زیادہ اضافہ
- ۳۔ کرنٹ اکاؤنٹ خسارہ میں اضافہ سے روپے کی قدر پر بڑھتا ہوا دباؤ۔
- ۳۔ کرنٹ اکاؤنٹ خسارہ میں اضافہ سے روپے کی قدر پر بڑھتا ہوا دباؤ۔








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
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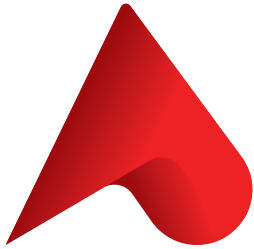


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# Alfalah Investments

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