

# ALFALAH GHP ISLAMIC INCOME FUND

ANNUAL REPORT 2016



Alfalah Investments



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## FUND'S INFORMATION

Management Company:	Alfalah GHP Investment Management Limited 8-B, 8th Floor, Executive Tower, Dolmen City, Block-4, Clifton, Karachi.
Board of Directors of the Management Company:	-Ms. Maheen Rahman -Syed Ali Sultan -Mr. Michael H J Buchen -Mr. Hanspeter Beier -Mr. Amin Dawood Saleh -Mr. Abid Naqvi -Mr. Tufail Jawed Ahmad
Chief Operating Officer and Company Secretary :	-Mr. Noman Ahmed Soomro
Chief Financial Officer:	-Mr. Muhammad Shehzad Dhedhi
Audit Committee:	-Mr. Abid Naqvi -Syed Ali Sultan -Mr. Amin Dawood Saleh
HR Committee:	-Syed Ali Sultan -Mr. Michael H J Buchen -Ms. Maheen Rahman
Trustee:	Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', SMCHS, Main Share-e-Faisal, Karachi
Fund Manager:	-Mr. Kashif Kasim (Jr. Fund Manager)
Bankers to the Fund:	Bank Alfalah Limited
Auditors:	EY Ford Rhodes Chartered Accountants Progressive Plaza, Beaumont Road P.O.Box 15541, Karachi 75530 Pakistan
Legal Advisor:	Bawaney & Partners Room No.404,4th Floor Beaumont Plaza,6-cl-10 Beaumont Road, Civil Lines Karachi.
Shariah Advisor:	BankIslami Pakistan Limited 11th Floor, Dolmen Executive Towers, Marine Drive, Clifton-4, Karachi.
Registrar:	Alfalah GHP Investment Management Limited 8-B, 8th Floor, Executive Tower, Dolmen City, Block-4, Clifton, Karachi.
Distributor:	Bank Alfalah Limited
Rating:	Stablity Rating A+ (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 **Alfalsh GHP Islamic Income Fund** 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.

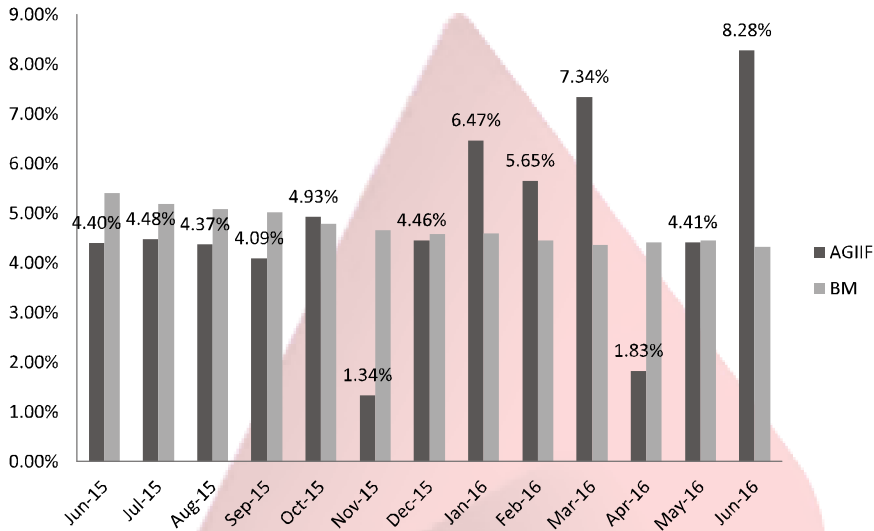
**FUND PERFORMANCE AND REVIEW**

The fund earned annual return of 4.91% against benchmark return (avg. 6M deposit rates of 3 Islamic Banks) of 4.66%.

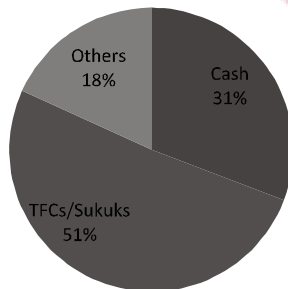
During the year under review the fund operated with the strategy of providing investors with consistent and competitive return. In line with this strategy, the fund kept its focus on placements with Islamic Banks or Islamic windows of conventional banks and accumulation of corporate Sukuks in order to achieve consistency and stable yields.

The fund's credit rating was maintained at "A+ (f)" by PACRA.

**AGHP Islamic Income Fund Vs Benchmark**



**AGIIF Asset Allocation**



**Key Financial Data**
**(Rupees in Million)**

Description	For the year ended June 30 ,2016	For the year ended June 30 ,2015
Average Net Assets	224.525	112.176
Gross income	14.632	10.808
Total Comprehensive Income	4.391	2.803
Net Assets Value per Unit (PKR)	100.6098	100.5030
Issuance of units during the period	3,033.389	106.502
Redemption of units during the period	3,051.266	102.291

**Payout**

At the end of the year under review, the fund paid out cash dividend of PKR. 4.8198 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 Alfalah GHP Islamic Income Fund 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 Alfalah GHP Islamic Income Fund 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 H J Buchen	Director	5	5	-

Mr. Hanspeter Beier	Director	5	2	68th, 70th & 72nd BOD
Ms. Maheen Rahman	Chief Executive Officer	5	5	-
Mr. Abid Naqvi	Director	5	5	-
Mr. Asif Saad	Director	-	-	-
Syed Tariq Husain	Director	1	-	70th BOD
Mr. Tufail J. Ahmad	Director	2	2	

#### Change in Board Members during the year

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

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

#### Audit Committee Meetings

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

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

#### Acknowledgement

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

For and behalf of the Board

Chief Executive Officer  
September 22, 2016



## REPORT OF THE FUND MANAGER

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

**Category of Fund:** Shariah Compliant (Islamic) Income Scheme

### Investment Objective

To minimize risk, construct a liquid portfolio of shariah approved fixed income instruments and provide competitive returns to the unit holders.

### Accomplishment of Objective

The Fund has strived to achieve its objective as it provided the unit holders a competitive return as compared to peer funds with minimum possible risk through investing in low duration shariah compliant 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.

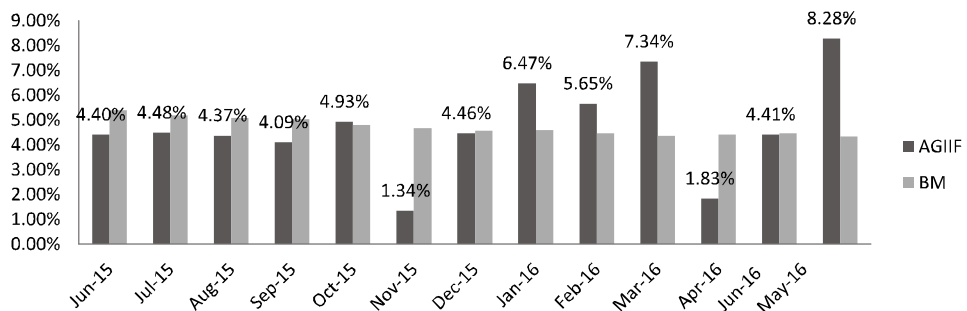
### Fund Performance

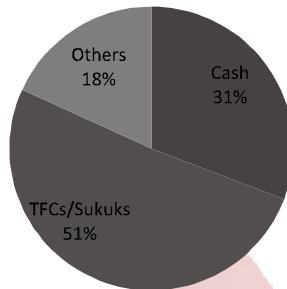
The fund earned annual return of 4.91% against benchmark return (avg. 6M deposit rates of 3 Islamic Banks) of 4.66%. During the year under review the fund operated with the strategy of providing investors with consistent and competitive return. In line with this strategy, the fund kept its focus on placements with Islamic Banks or Islamic windows of conventional banks and accumulation of corporate Sukuks in order to achieve consistency and stable yields.

The fund's credit rating was maintained at "A+ (f)" by PACRA.

Performance comparison with Benchmark

### AGHP Islamic Income Fund Vs Benchmark



**Credit Quality/Asset Allocation**
**AGIIF Asset Allocation**

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

Govt. Guar.	0.00%	A	0.00%
AAA	30.62%	A-	0.00%
AA+	0.00%	BBB+	0.00%
AA	16.25%	BBB	0.00%
AA-	34.95%	Below IG	0.00%
A+	14.74%	NR/UR	3.44%

**Future Outlook**

The Fund plans to increase allocation to high yield corporate or government SUKUKs. A heavy chunk of the portfolio is likely to stay in cash and equivalents so as to keep credit quality in check and earn reasonable returns along with having ample liquidity to be used in case of fresh corporate SUKUK issues with an A+ or higher credit rating.

**Key Financial Data**
**(Rupees in Million)**

Description	For the year ended June 30 ,2016	For the year ended June 30 ,2015
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Redemption of units during the period	3,051.266	102.291

**Payout**

At the end of the year under review, the fund paid out cash dividend of PKR. 4.8198 Per unit.

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

CDC House, 99-B, Block 'B',  
S.M.C.H.S. Main Shakra-e-Faisal,  
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URL: [www.cdcpakistan.com](http://www.cdcpakistan.com)  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**ALFALAH GHP ISLAMIC INCOME FUND**

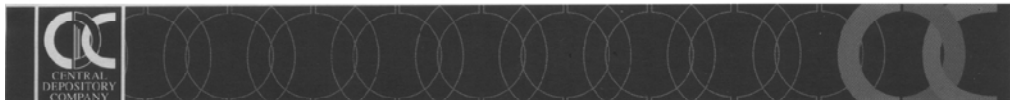
**Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of  
the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

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

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

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

Karachi: September 16, 2016





**REPORT OF THE SHARIAH ADVISORY BOARD  
ALFALSH GHP ISLAMIC INCOME FUND**

We, the Shariah Advisers of the Alfalah GHP Islamic Income Fund ('AGIIF') managed by Alfalah GHP Investment Management Limited, are issuing this report in accordance with the Modified and Restated Trust deed dated February 12, 2015 and Replacement 3<sup>rd</sup> Supplement Offering Document Dated March 11, 2015 of the said Fund. The scope of the report is to express an opinion on the Shariah Compliance of the Fund's activities.

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

In the capacity of Shariah Advisor, we have reviewed and given approval for investment in following avenues during the period from July 01, 2015 to June 30, 2016.

Investment Head	Investment Avenue
<i>Sukuk</i>	Government of Pakistan Ijarah Sukuk Sukuk Certificates of Engro Fertilizer, Sukuk Certificates of Hascol Petroleum Limited and Sukuk Certificates of K-Electric
<i>Banks Deposits</i>	Banks Deposit and Term Deposit Receipts in Islamic Banks or Islamic Window of Conventional Banks

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

According to the instructions, if any income is earned by the Fund from the investments whereby a portion of income of such investment has been derived from prohibited sources, such proportion of income of the Fund should be donated to charitable purposes. However, during the year ended June 30, 2016, no such income is earned.

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

For and on behalf of Shariah Advisory Board



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



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

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

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

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

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

### **3. Our responsibility**

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

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

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



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**4. Framework**

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

**5. Our opinion**

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

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**Chartered Accountants****Audit Engagement Partner: Shaikh Ahmed Salman****Date: 22 September 2016****Karachi**

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

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Fax: +9221 3568 1965  
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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 Alfalah GHP Islamic Income 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:



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

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## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

### *REPORT ON THE FINANCIAL STATEMENTS*

We have audited the accompanying financial statements of **Alfalsh GHP Islamic Income 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.





-: 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 15.1 to the accompanying financial statements which explains the matter with respect to the contribution for Workers' Welfare Fund amounting to Rs.2.247 million for which no provision has been made in these financial statements.

Our opinion is not modified in respect of the above matters.

**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:

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	84,971,590	83,089,384
Investments	8	95,125,369	30,544,586
Deposit and prepayments		100,143	137,033
Profit receivable	9	6,308,738	820,023
<b>Total assets</b>		<b>186,505,840</b>	114,591,026
<b>Liabilities</b>			
Payable to the Management Company	10	1,879,552	580,137
Payable to the Trustee	11	183,706	31,047
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)	12	168,379	81,396
Payable to unit holders		82,140,343	-
Provision for Workers' Welfare Fund (WWF)	13	179,131	179,131
Accrued and other liabilities	14	1,781,993	1,542,875
<b>Total liabilities</b>		<b>86,333,104</b>	2,414,586
<b>Net assets attributable to unit holders</b>		<b>100,172,736</b>	112,176,440
<b>Unit holders' fund (as per the statement attached)</b>		<b>100,172,736</b>	112,176,440
<b>Contingencies and commitments</b>	15	----- (Number of units) -----	
<b>Number of units in issue</b>		<b>995,656</b>	1,116,150
		----- (Rupees) -----	
Net asset value per unit		<b>100.6098</b>	100.5030

The annexed notes from 1 to 27 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	16	14,710,584	10,033,994
'At fair value through profit or loss' - held-for-trading			
- Net gain on sale of investments		22,650	154,800
- Net unrealised (loss) / gain on revaluation of investments		(101,368) (78,718)	619,586 774,386
<b>Total income</b>		<b>14,631,866</b>	<b>10,808,380</b>
<b>Expenses</b>			
Remuneration of the Management Company	10.1	2,245,385	1,077,324
Sales tax on management fee		364,651	187,454
Federal excise duty on management fee	17	359,262	172,372
Remuneration of the Trustee		346,731	177,923
Sales tax on trustee fee		48,538	-
Annual fee to SECP		168,404	81,396
Legal and professional fee		26,021	825,179
Brokerage expense		8,723	19,199
Bank and settlement charges		30,912	16,292
Amortisation of deferred formation cost		-	181,786
Auditors' remuneration	18	467,940	463,988
Annual listing fee		20,000	12,496
Annual rating fee		142,212	301,600
Printing charges		150,000	149,934
CDS Charges		7,767	6,592
Expenses allocated by the Management Company	19	134,716	-
Provision for Workers' Welfare Fund	13	-	57,204
<b>Total expenses</b>		<b>4,521,262</b>	<b>3,730,739</b>
<b>Net income from operating activities</b>		<b>10,110,604</b>	<b>7,077,641</b>
Element of loss and capital losses included in prices of units sold less those in units redeemed - net		(5,719,656)	(4,274,656)
<b>Net income for the year before taxation</b>		<b>4,390,948</b>	<b>2,802,985</b>
Taxation	20	-	-
<b>Net income for the year after taxation</b>		<b>4,390,948</b>	<b>2,802,985</b>

The annexed notes from 1 to 27 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

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

	Note	June 30, 2016	June 30, 2015
		----- (Rupees) -----	-----
<b>Net income for the year after taxation</b>		<b>4,390,948</b>	2,802,985
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b><u>4,390,948</u></b>	<b><u>2,802,985</u></b>

The annexed notes from 1 to 27 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

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

	June 30, 2016	June 30, 2015
Note	----- (Rupees) -----	
<b>Undistributed income brought forward</b>		
Realised (losses) / gains	(119,764)	170,091
Unrealised gains	<u>619,586</u>	<u>834,501</u>
	<u>499,822</u>	<u>1,004,592</u>
Element of loss and capital losses included in prices of units sold less those in units redeemed - net	(53,958)	-
Total comprehensive income for the year	<b>4,390,948</b>	2,802,985
Interim cash distribution @ 4.8198 per unit (2015: @ 7.5632 per unit) approved on June 29, 2016	<b>(4,236,703)</b>	(3,307,755)
<b>Undistributed income carried forward</b>	<u><b>600,109</b></u>	<u>499,822</u>
<b>Undistributed income carried forward:</b>		
- Realised gains / (losses)	<u>701,477</u>	(119,764)
- Unrealised (losses) / gains	<u>(101,368)</u>	<u>619,586</u>
	<u><b>600,109</b></u>	<u>499,822</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director



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

	June 30, 2016 ----- (Rupees) -----	June 30, 2015 -----
<b>Net assets at beginning of the year</b>	112,176,440	104,196,156
Amount realised on issuance of 28,956,005 units (2015: 1,046,227 units)	3,033,388,823	106,501,845
Amount paid on redemption of 29,076,499 units (2015: 962,181 units)	<u>(3,051,266,428)</u>	<u>(102,291,447)</u>
	94,298,835	108,406,554
Element of loss and capital losses included in prices of units sold less those in units redeemed - net	5,719,656	4,274,656
Total comprehensive income for the year before capital gains - realised and unrealised	4,469,666	2,028,599
Net gain on sale of investments classified as 'at fair value through profit or loss' - held-for-trading	22,650	154,800
Net unrealised (loss) / gain on investments classified as 'at fair value through profit or loss' - held-for-trading	(101,368)	619,586
Total comprehensive income for the year	4,390,948	2,802,985
<b>Distributions made during the year</b>		
Interim distribution of cash dividend approved on June 29, 2016	(4,236,703)	(3,307,755)
Net total comprehensive income / (loss) less distribution for the year	154,245	(504,770)
<b>Net assets at end of the year</b>	100,172,736	112,176,440
[Net asset value: Rs.100.6098 per unit (2015: Rs.100.5030 per unit)]		

The annexed notes from 1 to 27 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

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

	June 30, 2016	June 30, 2015
Note	----- (Rupees) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	4,390,948	2,802,985
<b>Adjustments for:</b>		
Net gain on sale of investments classified as 'at fair value through profit or loss' - held-for-trading	(22,650)	(154,800)
Net unrealised loss / (gain) on investments classified as 'at fair value through profit or loss' - held-for-trading	101,368	(619,586)
Amortisation of deferred formation cost	-	181,786
Provision for Workers' Welfare Fund	-	57,204
Element of loss and capital losses included in prices of units sold less those in units redeemed - net	5,719,656	4,274,656
	10,189,322	6,542,245
<b>(Increase) / decrease in assets</b>		
Investments - net	(64,659,501)	39,494,300
Deposit and prepayments	36,890	349,448
Profit receivable	(5,488,715)	2,361,685
	(70,111,326)	42,205,433
<b>Increase in liabilities</b>		
Payable to the Management Company	1,299,415	143,524
Payable to the Trustee	152,659	1,636
Annual fee payable to SECP	86,983	5,126
Payable to unit holders	82,140,343	-
Accrued and other liabilities	(697,202)	912,545
	82,982,198	1,062,831
<b>Net cash generated from operating activities</b>	23,060,194	49,810,509
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(3,719,263)	(3,307,755)
Amounts received on issuance of units	3,033,388,823	106,501,845
Payments made against redemption of units	(3,050,847,548)	(102,291,447)
<b>Net cash (used in) / generated from financing activities</b>	(21,177,988)	902,643
Net increase in cash and cash equivalents during the year	1,882,206	50,713,152
Cash and cash equivalents at beginning of the year	83,089,384	32,376,232
<b>Cash and cash equivalents at end of the year</b>	84,971,590	83,089,384

The annexed notes from 1 to 27 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**

**1.1** Alfalah GHP Islamic Income 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) on July 01, 2008. It has been constituted under a Trust Deed, dated July 03, 2008 between IGI Funds Limited (Former Management Company), a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited (CDC) as the Trustee, also incorporated under the Companies Ordinance, 1984.

On October 15, 2013, the management rights of the Fund were transferred from IGI Funds Limited (Former Management Company) to Alfalah 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 SECP has approved Third Supplemental Trust Deed, under the NBFC Regulations, vide its letter No. SCD/AMCW/AGIIF/240/2015 dated February 03, 2015 to modify and restate the previous Trust Deed to effectuate renaming of the Fund to Alfalah GHP Islamic Income Fund.

The Fund is an open ended fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The units are listed on the Pakistan Stock Exchange Limited (Formerly: Lahore Stock Exchange Limited). The Fund was launched on December 03, 2009.

The scheme seeks to provide good total return through a combination of current income and long-term capital appreciation, consistent with reasonable investment risk in a shariah compliant manner. The Fund invests in shariah compliant deposits, profit bearing accounts, certificates of investment, Musharika and Morabaha arrangements and debt securities. The Fund is categorised as a shariah compliant (Islamic) scheme as specified by SECP and is subject to the guidelines prescribed by SECP.

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

The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM2 (stable outlook) dated June 08, 2016 to the Management Company and a stability rating of A+(f) dated December 31, 2015 to the Fund.

### **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 that investments held at 'fair value through profit or loss' category 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. 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 4.1 below.

##### **4.1 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 24.5).

##### **4.2 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 classified as 'at fair value through profit or loss' are measured at fair value, in case of investments not at fair value, the investments are carried at fair value plus transaction costs 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 till 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 of Pakistan Ijarah Sukuks**

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.

#### 4.3 Derivative financial instruments

Derivative instruments generally comprise of futures contracts, options and forward 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 (unrealised gains) are included in other assets and derivatives with negative market values (unrealised 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.

#### 4.4 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 profit 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.

#### 4.5 Unit holders' fund

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

#### 4.6 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 plus the allowable sales load. The sales load is payable to the Management Company as processing fee. 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.

#### 4.7 Net asset value per unit

The net assets value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at year end.

#### 4.8 Revenue recognition

- Gains or losses arising on sale of investments are included in the income statement in the period in which they arise.
- Unrealised gains or losses arising on revaluation of investments classified as financial assets at fair value through profit or loss are included in the income statement in the period in which they arise.
- Profit from Shariah Compliant debt securities and return on bank balances is recognised on a time proportion basis using effective profit rate method.

#### 4.9 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.0.048 million.

#### 4.10 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.

#### 4.11 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, security deposits and profit receivable on bank balances and Sukuk certificates.

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

#### 4.12 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.

#### 4.13 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.

#### 4.14 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 December 03, 2009 (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.

#### 4.15 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.

#### 4.16 Distribution to unit holders

Distribution to unit holders made subsequent to the statement of assets and liabilities date are considered as non-adjusting events and are recognised in the financial statements in the period in which such dividends are declared and approved by the Board of Directors of the Management Company.

#### 4.17 Other assets

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

#### 4.18 Liabilities

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

### 5. 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 4.2, 4.3 and 4.4.

### 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:

Standard or Interpretation	Effective date (annual periods beginning on or after)
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 above standards and amendments are not expected to have any material impact on the Fund's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after January 01, 2016. The Company expects that such improvements to the standards will not have any material impact on the Company'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.

**Standard**

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



7. BANK BALANCES	Note	June 30,	June 30,
		2016	2015
Deposit accounts	7.1	84,971,590	83,089,384

7.1 This represents deposit accounts maintained with various Islamic banks or Islamic banking division of conventional banks carrying profit rates ranging from 5% to 6.45% (2015: 5% to 6.45%) per annum. This include Rs.0.365 million (2015: Rs.0.157 million) placed with Bank Alfalah Limited (a related party).

## 8. INVESTMENTS

Financial assets classified as 'at fair value through profit or loss' - held-for-trading

Sukuk Certificates	8.1	95,125,369	30,544,586
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### 8.1 Sukuk certificates - 'at fair value through profit or loss' - held-for-trading

Particulars	Maturity	Yield per annum	Face value					Net assets on the basis of market value	Total investment on the basis of market value
			As at July 01, 2015	Purchased during the year	Sold / redemption during the year	As at June 30, 2016	Market value as at June 30, 2016		
----- (Rupees) -----									
Engro Fertilizer Limited (July 09, 2014)	July 9, 2019	6 Month Kibor + 1.75%	14,625,000	3,800,000	850,000	17,575,000	18,127,481	18	19
K-Electric Limited (March 19, 2014)	March 19, 2017	3 Month Kibor + 2.25%	15,000,000	15,000,000	-	30,000,000	30,030,394	30	31
"Hascol Petroleum Limited (January 07, 2016)	"January 7, 2022	3 Month Kibor + 1.50%	-	30,000,000	-	30,000,000	30,967,494	31	33
Engro Fertilizer Limited - PP-Sukuk (May 17, 2016)	November 16, 2016	6 Month Kibor + 0.4%	-	16,000,000	-	16,000,000	16,000,000	16	17
<b>Total as at June 30, 2016</b>			<b>29,625,000</b>	<b>64,800,000</b>	<b>850,000</b>	<b>93,575,000</b>	<b>95,125,369</b>		
<b>Total as at June 30, 2015</b>			<b>12,000,000</b>	<b>30,000,000</b>	<b>12,375,000</b>	<b>29,625,000</b>	<b>30,544,586</b>		

8.2 Circular No.16 dated July 07, 2010 issued by the SECP requires details of investments not compliant with the investment criteria specified for the category assigned to open-end collective investment schemes or the investment requirements of the constitutive documents of the Fund to be disclosed in the annual accounts of the Fund. The table below gives the details of such non-compliant investments.

### Disclosure of excess exposure as at June 30, 2016

#### Name of investment

Name of investment	Exposure Type	% of net assets	Limit in %	Excess in %
Engro Fertilizer Limited (July 09, 2014)	Per issue	18	15	3
K-Electric Limited (March 19, 2014)	Per issue	30	15	15
"Hascol Petroleum Limited (January 07, 2016)"	Per issue	31	15	16
Engro Fertilizer Limited - PP-Sukuk (May 17, 2016)	Per issue	16	15	1
Total Investment in Sukuks	Net assets	95	75	20



9. PROFIT RECEIVABLE	Note	June 30, 2016 ----- (Rupees) -----	June 30, 2015 -----
Profit receivable on:			
- Bank balances		4,920,389	-
- Sukuk certificates		<u>1,388,349</u>	<u>820,023</u>
		<u><u>6,308,738</u></u>	<u><u>820,023</u></u>

#### 10. PAYABLE TO THE MANAGEMENT COMPANY

Remuneration payable	10.1	859,541	64,280
Sales tax on management fee		236,106	91,324
Federal excise duty on management fee	17	779,497	420,485
Sale load payable		<u>4,408</u>	<u>4,048</u>
		<u><u>1,879,552</u></u>	<u><u>580,137</u></u>

**10.1** 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 @ 1% (2015: 1.5%) of the average daily net assets of the Fund.

#### 11. PAYABLE TO THE TRUSTEE

Trustee fee	11.1	163,343	31,047
Sales tax on trustee fee		<u>20,363</u>	-
		<u><u>183,706</u></u>	<u><u>31,047</u></u>

**11.1** 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	0.17% p.a. of net assets.
Rs.1 billion to Rs.5 billion	Rs.1.7 million plus 0.085% p.a. of net assets exceeding Rs.1 billion.
Over Rs.5 billion	Rs.5.1 million plus 0.07% p.a. of net assets exceeding Rs.5 billion.

#### 12. 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.

#### 13. 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 mutual funds / Collective Investment Schemes (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.

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.0.179 million up till June 30, 2015 (2015: Rs.0.179 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.0.18 (0.18%) per unit (2015: Re.0.16 (0.16%) per unit) (see note 15.1).

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.

14. ACCRUED AND OTHER LIABILITIES	Note	June 30, 2016	June 30, 2015
		----- (Rupees) -----	-----
Brokerage payable		10,627	4,125
Auditors' remuneration		393,659	390,941
Annual rating fee payable		203,407	197,995
Printing charges payable		160,333	107,306
Withholding tax and capital gains tax payable		955,724	799,086
Sales load payable		58,243	43,422
		<u>1,781,993</u>	<u>1,542,875</u>

## 15. CONTINGENCIES AND COMMITMENTS

### 15.1 Contingencies

As disclosed in note 13, 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.2.247 million.

### 15.2 Commitments

There were no commitments outstanding as at June 30, 2016.

16. FINANCE INCOME	Note	June 30, 2016	June 30, 2015
		-----	(Rupees) -----
Profit on:			
<b>Investments classified as 'at fair value through profit or loss' - held-for-trading</b>			
- Government of Pakistan Ijarah Sukuk		-	2,331,279
- Sukuk certificates		<b>4,013,464</b>	3,737,502
<b>Others</b>			
- Bank deposits		<b>10,697,120</b>	3,965,213
		<b><u>14,710,584</u></b>	<u>10,033,994</u>

#### 17. 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.

Further, 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' to 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 can not 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.0.780 million (2015: Rs.0.420 million).

#### 18. AUDITORS' REMUNERATION

Audit fee	<b>291,308</b>	258,940
Review and other certifications	<b>103,576</b>	135,944
	<b>394,884</b>	394,884
Sales tax	<b>23,693</b>	19,744
Out of pocket expenses	<b>49,363</b>	49,360
	<b><u>467,940</u></b>	<u>463,988</u>

**19. EXPENSES ALLOCATED BY THE MANAGEMENT COMPANY**

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.

**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 in cash not less than 90 percent of its annual accounting income to avail the tax exemption. Accordingly, no provision for current and deferred tax has been made in these financial statements.

<b>21. CASH AND CASH EQUIVALENTS</b>	<b>Note</b>	<b>June 30, 2016</b>	<b>June 30, 2015</b>
		-----	-----
		<b>(Rupees)</b>	<b>(Rupees)</b>
Bank balances		<b><u>84,971,590</u></b>	<b><u>83,089,384</u></b>

**22. NON SHARIAH COMPLIANT INCOME**

According to the instructions of the Shariah Advisor, if any income is earned by the Fund from the investments whereby a portion of income of such investees has been derived from prohibited sources, such proportion of income of the Fund should be donated to charitable purposes. However, during the year ended June 30, 2016, no such income is earned.

**23. 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 the 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 / Dividend reinvestment	Redeemed / conversion out / transfer out	As at June 30, 2016	As at July 01, 2015	Issued for cash / conversion in / transfer in	Bonus / Dividend reinvestment	Redeemed / conversion out / transfer out	Net asset value as at June 30, 2016
	(Units)					(Rupees)				
<b>Associated companies / undertakings</b>										
Alfalah GHP Investment management Ltd. *	454,689	79,515	5,241	395,408	144,037	45,696,245	8,104,414	525,258	40,075,037	14,491,534
<b>Unit holder holding 10% or more units</b>										
Gurmani Foundation	496,917	-	-	496,917	-	49,940,159	-	-	49,941,649	-
Pakistan Mobile Communications Limited	-	95,814	9,216	4,608	100,422	-	10,130,517	923,612	130,517	10,103,437
TCS (Private) Limited -	-	-	-	-	-	-	-	-	-	-
Employee Provident Fund	-	242,501	20,410	11,662	251,249	-	25,130,515	2,045,412	618,487	25,278,112
Fauji Fertilizer Bin Qasim Limited	-	335,765	29,087	47,911	316,941	-	35,456,811	2,914,993	3,956,811	31,887,371
<b>June 30, 2015</b>										
	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	Amount outstanding as at June 30, 2016
	(Units)					(Rupees)				
<b>Associated companies / undertakings</b>										
Alfalah GHP Investment management Ltd. *	238,368	222,580	22,151	28,410	454,689	24,064,446	22,921,973	2,224,655	3,000,000	45,696,245
<b>Key management personnel</b>										
Employees of the Management Company	-	8,087	-	8,087	-	-	850,000	-	852,029	-
<b>Unit holder holding 10% or more units</b>										
Gurmani Foundation	755,743	566,724	-	825,550	496,917	76,296,061	50,000,000	-	88,135,082	49,940,159

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

**23.2 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>2,245,385</u>	<u>1,077,324</u>
Sales tax on management fee	<u>364,651</u>	<u>187,454</u>
Federal excise duty on management fee	<u>359,262</u>	<u>172,372</u>
<b>Bank Alfalah Limited</b>		
Profit on bank deposits	<u>55,712</u>	<u>25,961</u>
<b>Other related parties</b>		
<b>Central Depository Company of Pakistan Limited (Trustee of the Fund)</b>		
Remuneration of the trustee	<u>346,731</u>	<u>177,923</u>
Sales tax on trustee fee	<u>48,538</u>	<u>-</u>
CDS charges	<u>7,767</u>	<u>6,592</u>
<b>Alfalsh GHP Income Multiplier Fund</b>		
GOP Ijarah Sukuk - purchased	<u>-</u>	<u>52,509,000</u>
GOP Ijarah Sukuk - sold	<u>-</u>	<u>7,035,000</u>

**23.3 Other balances**

<b>Associated companies / undertakings</b>		
<b>Alfalsh GHP Investment Management Limited - Management Company</b>		
Remuneration payable to the Management Company	<u>859,541</u>	<u>64,280</u>
Sales tax on management fee payable	<u>236,106</u>	<u>91,324</u>
Federal excise duty on management fee payable	<u>779,497</u>	<u>420,485</u>
Sales load payable	<u>4,408</u>	<u>4,048</u>
<b>Bank Alfalah Limited</b>		
Bank balance	<u>365,396</u>	<u>156,856</u>
<b>Other related parties</b>		
<b>Central Depository Company of Pakistan Limited (Trustee of the Fund)</b>		
Remuneration payable to the Trustee	<u>163,343</u>	<u>31,047</u>
Sales tax on trustee fee	<u>20,363</u>	<u>-</u>
Security deposit	<u>100,000</u>	<u>100,000</u>

## 24. 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 specified shariah compliant money market investments such as investment-grade sukuk certificates etc. 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.

### 24.1 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 profit receivable on bank deposits and investments. 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	<b>84,971,590</b>	83,089,384
Profit receivable on bank balances	<b>4,920,389</b>	-
Investments	<b>95,125,369</b>	30,544,586
	<b><u>185,017,348</u></b>	<u>113,633,970</u>

All deposits with Central Depository Company of Pakistan Limited - CDC 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 return receivable thereon) are as follows:

Name of Bank	Rating	June 30, 2016	June 30, 2015
		----- (%) -----	----- (%) -----
Al-Baraka Islamic Bank	A1/A	-	0.02
Bank Alfalah Limited	A1+/AA	<b>0.40</b>	0.19
Bank of Khyber	A1/A	-	0.01
MCB Bank Limited	A1+/AAA	<b>0.00</b>	0.01
Burj Bank Limited	A2/BBB+	-	0.02
Habib Bank Limited	A1+/AAA	<b>67.30</b>	99.75
Bank Islami Pakistan Limited	A1/A+	<b>32.30</b>	-
		<b><u>100.00</u></b>	<u>100.00</u>

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

Credit risk arising on debt securities along with profit receivable is mitigated by investing primarily in investment-grade rated instruments published by MUFAP (and as determined by Pakistan Credit Rating Agency or JCR-VIS). The Fund is required to follow the guidelines / restrictions imposed in its offering document and SECP in respect of minimum ratings prior to any investment, etc.

The tables below analyse the Fund's investment in sukuk certificates (including return receivable thereon) on the basis of long-term rating given to the instruments by the credit rating agencies:

Rating	June 30, 2016		June 30, 2015	
	Amount of credit exposure	% of held-for-trading investments	Amount of credit exposure	% of held-for-trading investments
	----- (Rupees) -----		----- (Rupees) -----	
AA / AA-	<b>95,125,369</b>	<b>100%</b>	30,544,586	100%
	<b><u>95,125,369</u></b>	<b><u>100%</u></b>	<u>30,544,586</u>	<u>100%</u>

**Past due or impaired financial assets**

None of the financial assets are considered to be past due or impaired as at June 30, 2016 and June 30, 2015.

**Credit quality of profit receivable on bank deposits and other receivables**

Profit receivable on bank deposits and other receivables were 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.

**24.2 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:

**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	863,949	863,949	-	-
Payable to the Trustee	163,343	163,343	-	-
Accrued and other liabilities	802,576	10,627	791,949	-
Payable to unit holders	82,140,343	82,140,343	-	-
	<u>83,970,211</u>	<u>83,178,262</u>	<u>791,949</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	68,328	68,328	-	-
Payable to the Trustee	31,047	31,047	-	-
Accrued and other liabilities	724,045	47,547	676,498	-
	<u>823,420</u>	<u>146,922</u>	<u>739,664</u>	<u>-</u>

Above financial liabilities do not carry any mark-up.

### 24.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market profit 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, profit rate risk and other price risk (equity price risk). The Fund is exposed to profit rate risk only.

#### 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.

#### Profit rate risk

Profit rate risk arises from the effects of fluctuations in the prevailing levels of market profit rates on the fair value of financial instruments and future cash flows. The profit rate environment is monitored on a regular basis and the portfolio mix of fixed and floating rate securities is altered. The Fund's investments in variable profit rate securities expose the Fund to cash flow profit rate risk. The Fund is not exposed to fair value profit rate risk.

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

	Note	June 30, 2016	June 30, 2015
----- (Rupees) -----			
<b>Variable rate instruments</b>			
Bank balances		84,971,590	83,089,384
Sukuk certificates		95,125,369	30,544,586
		<u>180,096,959</u>	<u>113,633,970</u>

#### Sensitivity analysis for variable rate instruments

In case of 100 basis points increase / decrease in KIBOR at year end, the net assets attributable to unit holders of the Fund and net income for the year would be higher / lower by Rs.0.542 million (2015: Rs.1.130 million).

**Sensitivity analysis for fixed rate instruments**

Presently, the Fund does not hold any fixed rate instrument as at June 30, 2016 which expose the Fund to fair value profit rate risk (2015: Nil).

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

June 30, 2016						
On-balance sheet financial instruments	Profit rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
----- (Rupees) -----						
<b>Financial assets</b>						
Bank balances	5 - 6.45	84,971,590	-	-	-	84,971,590
Investments		-	95,125,369	-	-	95,125,369
Profit receivable		-	-	-	6,308,738	6,308,738
		84,971,590	95,125,369	-	6,308,738	186,405,697
<b>Financial liabilities</b>						
Payable to the Management Company		-	-	-	863,949	863,949
Payable to the Trustee		-	-	-	163,343	163,343
Accrued and other liabilities		-	-	-	802,576	802,576
		-	-	-	1,829,868	1,829,868
<b>On-balance sheet gap</b>		<u>84,971,590</u>	<u>95,125,369</u>	<u>-</u>	<u>4,478,870</u>	<u>184,575,829</u>
----- (Rupees) -----						
June 30, 2015						
On-balance sheet financial instruments	Profit rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
----- (Rupees) -----						
<b>Financial assets</b>						
Bank balances	5 - 6.45	83,089,384	-	-	-	83,089,384
Investments		-	30,544,586	-	-	30,544,586
Profit receivable		-	-	-	820,023	820,023
		83,089,384	30,544,586	-	820,023	114,453,993
<b>Financial liabilities</b>						
Payable to the Management Company		-	-	-	68,328	68,328
Payable to the Trustee		-	-	-	31,047	31,047
Accrued and other liabilities		-	-	-	724,045	724,045
		-	-	-	823,420	823,420
<b>On-balance sheet gap</b>		<u>83,089,384</u>	<u>30,544,586</u>	<u>-</u>	<u>(3,397)</u>	<u>113,630,573</u>

### Other price risk

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from profit rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market. The Fund manages its exposure to price risk by investing in funds as per the trust deed.

### 24.4 Unit Holders' Fund risk management

The Fund is an 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 cause 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
- Monitor portfolio allocations and return on net assets and where required make necessary adjustments in portfolio allocations in light of changes in market conditions.

The Fund Manager / 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.

### 24.5 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 affect on the financial statements.

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

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

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

	As at June 30, 2016			
	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
<b>Financial assets classified as at fair value through profit or loss' - held-for-trading</b>				
Sukuk Certificates	<u>79,125,369</u>	<u>-</u>	<u>-</u>	<u>79,125,369</u>
	<u>79,125,369</u>	<u>-</u>	<u>-</u>	<u>79,125,369</u>

	June 30,2015			
	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
<b>Financial assets classified as at fair value through profit or loss' - held-for-trading</b>				
Sukuk Certificates	<u>30,544,586</u>	<u>-</u>	<u>-</u>	<u>30,544,586</u>
	<u>30,544,586</u>	<u>-</u>	<u>-</u>	<u>30,544,586</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.

## 25. 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.

## 26. DATE OF AUTHORISATION FOR ISSUE

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

## 27. GENERAL

27.1 Figures are rounded off to the nearest rupee.

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

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

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

\_\_\_\_\_  
Director

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

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

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

Category	As at June 30, 2016			
	Number of unit holders	Number of units held	Amount Rupees	% of total
Individuals	36	90,670	9,122,268	9%
Associated Co./ Directors	2	144,035	14,491,366	14%
Banks/Dfis	-	-	-	0%
Insurance Co.	1	71,929	7,236,723	7%
Retirement & Other Funds	4	668,616	67,269,327	67%
Others	3	20,406	2,053,052	2%
	<b>46</b>	<b>995,656</b>	<b>100,172,736</b>	<b>100%</b>

Category	As at 30 June 2015			
	Number of unit holders	Number of units held	Amount Rupees	% of total
Individuals	16	31,741	3,190,042	3%
Associated Co./ Directors	1	454,687	45,697,424	41%
Retirement Funds	4	113,326	11,389,601	10%
Other Corporate	3	516,397	51,899,373	46%
	<b>24</b>	<b>1,116,151</b>	<b>112,176,440</b>	<b>100%</b>

**(ii) TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID**
**30 June  
2016  
%**

JS Global Capital Limited	<b>100.00%</b>
---------------------------	----------------

**30 June  
2015  
%**

Icon Securities Limited	13.02%
Invest & Finance Securities Limited	11.98%
Invest One Markets Limited	23.44%
JS Global Capital Limited	12.50%
Summit Capital (Pvt) Limited	39.06%

**(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.

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**

**PERFORMANCE TABLE**

	30 June 2016	30 June 2015	30 June 2014	30 June 2013	30 June 2012
Net Assets (Rs. '000)	<b>100,172</b>	112,176	104,196	110,943	202,210
NAV per unit	<b>100.6098</b>	100.5030	100.9551	102.3422	102.4824
Selling price per unit	<b>101.9403</b>	101.8437	102.3136	103.3656	103.5072
Redemption price per unit	<b>100.6098</b>	100.5030	100.9551	102.3422	102.4824
Highest selling price per unit	<b>106.4243</b>	109.2365	103.3054	103.8800	104.4887
Highest redemption price per unit	<b>105.0353</b>	107.7985	102.2826	102.8515	103.4542
Lowest selling price per unit	<b>1018566.0000</b>	101.8437	101.2045	101.4767	101.2334
Lowest redemption price per unit	<b>100.5272</b>	100.5030	100.2025	100.4720	100.2311
Total interim distribution per unit	<b>4.8198</b>	7.5632	5.3198	7.338	7.1773
Interim distribution date	<b>29-Jun-16</b>	23-Jun-15	27-Sep-13	5-Jul-12	29-Sep-11
			27-Dec-13	26-Sep-12	29-Dec-11
			4-Apr-14	31-Dec-12	29-Mar-12
			30-Jun-14	27-Mar-13	27-Jun-12
Final distribution per unit	<b>Nil</b>	Nil	Nil	1.9788	1.9946
Final distribution date	<b>N/A</b>	N/A	N/A	4-Jul-13	5-Jul-12
Annualized returns	<b>4.91%</b>	6.85%	6.05%	7.35%	9.68%
Income distribution	<b>4.80%</b>	7.49%	5.20%	6.73%	7.84%
Weighted avg. portfolio duration	<b>2.57%</b>	0.79 Yrs	1.37 Yrs	185 Days	1.19 Yrs

Return since inception is **6.11%**

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

بورڈ آف ڈائریکٹرز:

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

سال کے دوران بورڈ کے ممبران کی تبدیلی:

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

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

آڈٹ کمیٹی کی مینٹننگ:

اس سال کے دوران آڈٹ کی مینٹننگ 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)

برائے سال ۳۰ جون ۲۰۱۵ء	برائے سال ۳۰ جون ۲۰۱۶ء	تفصیل
112.176	100.172	اوسط صافی اثاثہ
10.808	14.631	مجموعی آمدنی
2.803	4.390	کل آمدنی
100.5030	100.6098	نی یونٹ صافی اثاثہ کی واپس لینے (پاکستانی روپے)
106.502	3,033.388	سال کے دوران پونٹس کا اجراء
102.291	3,051.266	سال کے دوران پونٹس کی کمی

ادا ہوگی:

زیر نظر سال کے آخر میں فنڈ کی نقد ادا ہوگی کا ڈیویڈنڈ 4.8198 پاکستانی روپے فی یونٹ رہا۔

کارپوریٹ گورننس:

- انتظامی کمیٹی اعلیٰ معیار کے کارپوریٹ گورننس پر یقین رکھتی ہے لہذا اس کے مطابق بورڈ آف ڈائریکٹرز کی جانب سے درج ذیل کی یقین دہانی کی جاتی ہے:
- (اے) کمیٹی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کمیٹی کے حالات، اس کے آپریشنز کے نتائج، پیش نظر ہوا اور ایکویٹی میں تبدیلی کی شفاف عکاسی کرتے ہیں۔
  - (بی) کمیٹی 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 ماہرانہ اور چھ ماہانہ فیصلوں پر مبنی ہوتے ہیں۔
  - (ڈی) مالیاتی گوشوارے کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ معیارات (IFRS)، جو کہ پاکستان میں نافذ العمل ہیں، ان کی پیروی کی گئی ہے۔
  - (ای) انڈر کنٹرول کے نظام مضبوط ہیں اور اس پر موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
  - (ایف) آنے والے سالوں میں الفلاح جی ایچ بی انویسٹمنٹ لمیٹڈ کی انتظامیہ کے تحت فنڈ کے کاروباری تسلسل پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
  - (جی) مالیاتی گوشواروں میں تمام واجب الادا سیکسز، ڈیویڈنڈ اور دیگر چارجز کی مکمل تفصیلات فراہم کر دی گئی ہیں۔
  - (ایچ) کمیٹی میں کارپوریٹ گورننس کو مکمل طور پر نافذ کیا ہے جو کہ سٹیٹک ریگولیشن میں درج ہے اور اس سے کوئی انحراف نہیں کیا گیا ہے۔
  - (آئی) اہم مالیاتی تفصیلات اس ڈائریکٹرز رپورٹ میں فراہم کر دی گئی ہیں۔
  - (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۔
  - (ایم) چیف ایگزیکٹو، ڈائریکٹرز، ایگزیکٹو اور ان کے شریک حیات کی جانب سے فنڈ کے پونٹس کی تعداد ۳۰ جون ۲۰۱۶ء نوٹ نمبر 22.1 میں فراہم کر دی گئی ہے۔
  - (این) چیف ایگزیکٹو، ڈائریکٹرز، ایگزیکٹو اور ان کی بیگمات کی جانب سے مطلوب پونٹس/تعداد ۳۰ جون ۲۰۱۶ء نوٹ نمبر 22.1 میں فراہم کر دی گئی ہے۔

فنز کی کارکردگی اور تجزیہ:

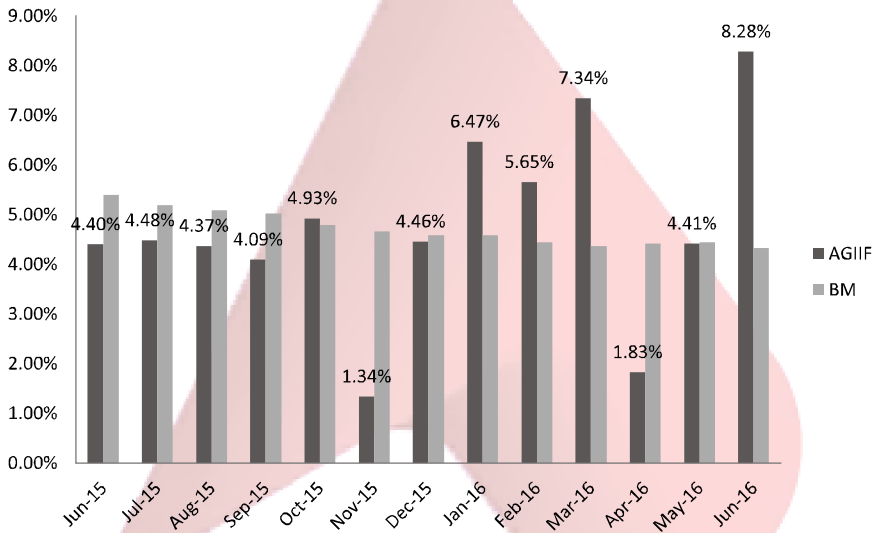
الفلاح جی ایچ پی اسلامک انکم فنڈ: فنڈ آپریشن اور اس کی کارکردگی:

شیف مارک ریٹرن کے مقابلے میں فنڈ کی کل سالانہ آمدنی 4.91% (تاسب 6 ملین ڈپازٹ کی شرح تین اسلامک بینکس) جس کا تناسب 4.66% ہے۔

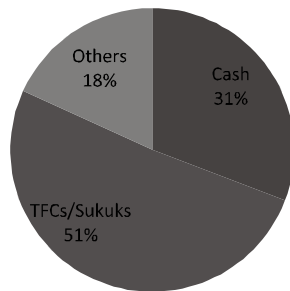
زیر نظر سال کے دوران فنڈ کو اس حکمت عملی کے تحت آپریٹ کیا گیا ہے تاکہ سرمایہ داران کو رعایت حاصل ہو سکے اس کے علاوہ فنڈ کو اسلامک بینک یا دیگر اسلامی روایات کے تحت مکمل کیا جائے گا جس میں کارپوریٹ سٹاک بھی شامل ہیں تاکہ منافع کے استئصال کو برقرار رکھا جاسکے۔

فنز کے سلسلے میں PACRA نے "A+(f)" کی ریٹنگ تفویض کی ہے۔

### AGHP Islamic Income Fund Vs Benchmark



### AGIIF Asset Allocation



ڈائریکٹرز رپورٹ:

ہمارے محضرہ بیٹھنے ہوئے۔

الفلاح جی ایچ پی انویسٹمنٹ منیجمنٹ 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 زرعی شعبے کی ناقص کارکردگی پس پردہ رہی تو اتائی کی وافر فراہمی اور پاک چائے کا ناقص اقتصادی راہداری منصوبوں کو مستقبل 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 ایشیا کی قیمتوں میں اسی بنیاد پر سال کے آخر میں افراط زر کی شرح میں اضافہ کے نتیجے میں شروع 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 ہمیں 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 تیل کی قیمتوں میں کمی کی وجہ سے اس میں کافی حد تک فائدہ ہوا ہے۔ خارجی حالت کے تحت (۱) سرکاری مقبلی کے حوالے سے خصوصی طور پر ستمبر ۲۰۱۵ء میں آئی ایم ایف کے پروگرام کے اختتام کے بعد مقرر ہوئی۔ (۲) مملکت شرح ترسیلات زر جس میں مملکت پر سٹریٹ رسی۔ (۳) تیل کی قیمتوں میں اضافہ (۴) مملکت 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 خام تیل کی قیمتوں میں بچھلے 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 برڈرز کی تحقیقات کے نتیجے میں پہلے سات سے آٹھ ماہ کے دوران منفی اثرات پائے گئے۔ کم شرح سود کے ماحول میں بینکاری پر سرمایہ کار کا اعتماد کم 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 قبل 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 مہون منت رہا اور انڈیکس کے اہم حصص کی MSCI میں شمولیت کی توقع رہی۔

مٹی مارکیٹ:

افراط زر اور اس کے نتیجے میں پیدا ہونے والے پالیسی ریٹ مالیاتی سال ۲۰۱۶ء کے دوران دو مرتبہ کمی و مدتی سے متاثر ہوئے، پہلے ستمبر ۲۰۱۵ء میں 50bps اور اس کے بعد مئی ۲۰۱۶ء میں 25bps جو کہ سال کے دوران آمدنی میں 100-250bps کمی کا باعث بنا اور ڈیٹا کا ڈونٹ 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 ابر جنگ مارکیٹ انڈیکس میں دوبارہ درجہ بندی (۲) وفاقی بجٹ مالیاتی سال ۲۰۱۸ء کیلئے توقع کی جاتی ہے بالخصوص زرعی اور تجارتی شعبوں میں حکومت اپنی مدت کے آخری سال اس پر ضرور توجہ دے گی۔

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

- ۱۔ خام تیل میں قیمتوں میں اضافہ بوجہ 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۔








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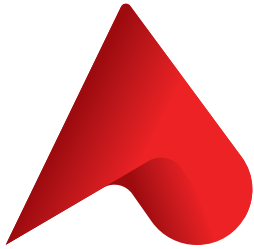


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