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FUND'S INFORMATION

Management Company:	Alfalsh GHP Investment Management Limited 8-B, 8th Floor, Executive Tower, Dolmen City, Block-4, Clifton, Karachi.
Board of Directors of the Management Company:	<ul style="list-style-type: none">- Ms. Maheen Rahman- Syed Ali Sultan- Mr. Michael Hermann- Mr. Hanspeter Beier- Mr. Amin Dawood Saleh- Mr. Muhammad Asif Saad- Mr. Abid Naqvi
Head of Finance:	- Syed Hyder Raza Zaidi
Chief Operating Officer & Company Secretary:	- Noman Ahmed Soomro
Audit Committee:	<ul style="list-style-type: none">- Syed Ali Sultan- Mr. Abid Naqvi- Mr. Amin Dawood Saleh
HR Committee:	<ul style="list-style-type: none">- Syed Ali Sultan- Mr. Michael Hermann- Ms. Maheen Rahman
Trustee:	Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', SMCHS, Main Shara-e-Faisal, Karachi
Fund Manager:	Mr. Kashif Kasim
Bankers to the Fund:	Bank Alfalah Limited
Auditors:	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants Progressive Plaza, Beaumont Road P.O.Box 15541, Karachi 75530 Pakistan
Legal Advisor:	Bawaney & Partners Room No. 404, 4th Floor Beaumont Plaza, 6-cl-10 Beaumont Road, Civil Lines Karachi.
Registrar:	Alfalsh GHP Investment Management Limited 8-B, 8th Floor, Executive Tower, Dolmen City, Block-4, Clifton, Karachi.
Distributor:	Bank Alfalah Limited
Rating:	Stability 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 Alfalah GHP Islamic Income Fund (Formerly IGI Islamic Income Fund) for the year ended June 30, 2015.

FY15 Economic Review

Macroeconomic landscape improved drastically over FY15. As agreed with the IMF, Pakistan's reform program was prioritized as the government increased utility prices multiple times to combat circular debt and curtail resource subsidies. The government also successfully privatized (completely or partially) United Bank Limited, Habib Bank Limited, Allied Bank Limited and Pakistan Petroleum Limited - thereby elevating its foreign exchange reserves. Although the divestment of Oil & Gas Development Company fell through due to under-subscription, the government was able to offset this by an immensely successful conventional Eurobond issuance of USD 2.0 bn and Shariah compliant Eurobond issuance of USD 1.0 bn.

As a result of those well-timed privatization and Eurobond issuances, the federal government was able to increase foreign exchange reserves from USD 14.1bn to USD 18.2bn. The rise in reserves was also helped by a 63% drop in Arab light crude oil price (from a high of USD 112.98/bbl to low of USD 41.36/bbl), which had a trickledown effect on reserves via trade and current accounts. As a result of cheaper oil, total import bill fell by 1.5%, which in turn pushed trade deficit lower by 28%. Current account balance over 11MFY15 stood at USD 1.98bn as compared to USD 3.03bn in corresponding period last year - down by 34%. Better external accounts and rising foreign exchange reserves kept the currency in check as the PKR lost only 3% against the greenback over FY15 as opposed to historical depreciation of 5%.

Headline inflation clocked in at a decade low of 2.11% in Apr'15, and averaged 4.56% for the entire year. In addition to a high base effect, disinflation was primarily led by a fall in food and commodity prices. Curtailed inflation allowed the central bank to reduce the key policy rate by 300bps over FY15.

As a result of improvement of macroeconomic indicators, Moody's rating agency upgraded Pakistan's sovereign credit rating from Caa1 to B3 during the year. With the government focused aggressively on privatization, infrastructure spending, fiscal consolidation and its energy reform agenda, further macroeconomic improvement can be expected over FY16.

Equity Market:

The benchmark index gained 16% in FY15 (13% in USD terms) compared to 42% in FY14. Although multiple sectors posted substantial price appreciation, the overall index could not keep up pace because of the sluggish performance put up by the index heavy-weight Oil & Gas and Banking sector.

Volumes of the KSE-100 index remained largely flat at 140.0mn per day over FY15. However, the value traded improved by a decent 26% to USD 90mn per day. Trading activity was more diversified this time around as substantial price appreciation was witnessed in second-tier and third-tier stocks. During the year, the KSE-All Share Index appreciated by 9%, while the KSE-100 index appreciated by 16%.

In terms of net investment at the bourse, mutual funds took the lead with net buying of USD 122.0mn, while Banks/DFIs were the biggest net sellers at USD138.0mn. Foreigners invested a net amount of mere USD 39.0mn over FY15, compared to net inflow of USD 262.0mn in FY14 and USD 553.0mn in FY13.

Sector wise analysis reveals that automobile manufacturers, cement players and electricity producers enjoyed the most success among heavy-weight sectors. The automobile sector appreciated by 94% due to margin growth and rise in sales. The cement sector observed 47% appreciation on the bourse on account of 3.5% rise in cement dispatches and prospects



of higher construction spending in the coming years. The electricity sector appreciated by 63% on account of attractive dividend yields in the midst of falling interest rate scenario. Other sectors that posted handsome returns include Chemicals (+41%), Food Producers (+14%), Pharmaceutical & Biotech (+31%), General Industrials (+34%) and Engineering (+75%). On the other hand, Oil & Gas sector lost 25% in value terms owing to fall in crude oil prices, while commercial banks lost 6% of value owing to falling net interest margins.

Despite rise in capital gain tax in budget FY16, the equity market is expected to remain upbeat on account of improving broader macroeconomic picture, successful negotiations with bilateral and multilateral partners and improving perception among foreign investors, healthy corporate earnings, higher aggregate demand and better business climate. Possible inclusion of Pakistan in MSCI Emerging Market Index and upgrade to B3 category by Moody's rating agency shall also highlight and elevate the bourse on the international platform over FY16. Most of the ingredients for a buoyant market remain in place with discount rate and inflation at a decade low and external account outlook stable. As alternate fixed income returns continue to drop, we see interest shifting towards equities.

Money Market:

On account of record low inflation that touched a low of 2.11%, and averaged 4.56% for the year, the central bank reduced the discount rate by 300bps over four monetary policies. With inflation under control, the SBP aimed at boosting aggregate demand and demand for loanable funds. This easing cycle brought down bond yields by 430bps (3Y), 371bps (5Y) and 306bps (10Y). Yields, however, were quick to rebound marginally in Jun'15 on account of profit-taking, deposit mobilization by banks and prevalence of illiquidity.

The year was particularly generous to bond fund managers who maintained high duration PIB exposures. Yields slipped substantially on these longer-tenor instruments, generating multi-year high returns. The government increased its borrowing horizon considerably and funded the fiscal gap via longer-tenor PIBs as opposed to T-bills. Barring unforeseen circumstances, we expect the market to remain range bound over the next six months as interest rates are largely expected to stay flat over this period. The easing cycle appears to have bottomed out and it remains to be seen when exactly a reversal will kick in.

Overall outlook

Political stability and a faster pace of economic reform will be key elements of the government's strategy to revive GDP growth over FY16. Significant issues remain unresolved and to a certain level unaddressed - in particular structural issues within the power sector, pace of tax collection and a general reluctance to widen the tax net will all filter into weaker economic growth and a miss in key budgetary targets. Positive developments on the external front need to be matched with stronger revenue generation on the internal side so that the economy may re-rate to an overall better level of growth.

FUND PERFORMANCE AND REVIEW**Alfalah GHP Islamic Income Fund (Formerly IGI Islamic Income Fund)
Fund Operations and Performance**

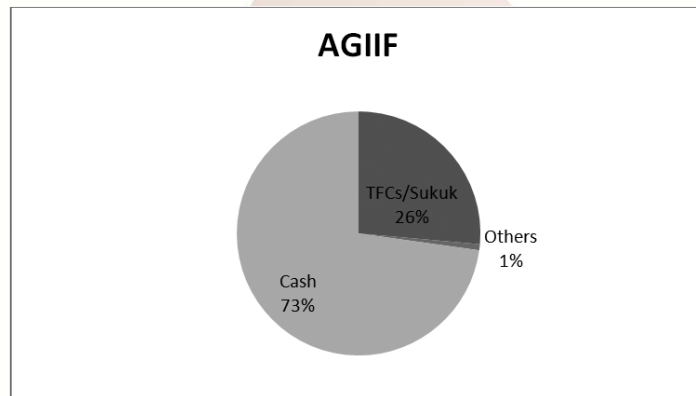
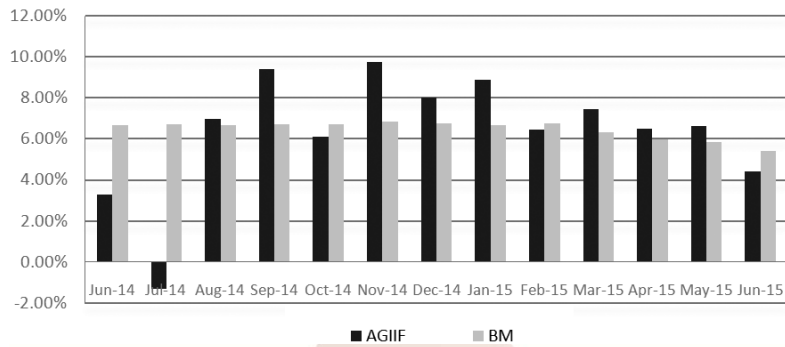
The fund earned annual return of 6.85% against benchmark return (avg. 6M deposit rates of 3 Islamic Banks) of 6.45%. During the year under review the fund operated with the strategy of providing investors with consistent and competitive return. In line with this strategy, the fund kept its focus on placements with Islamic Banks or Islamic windows of conventional banks and accumulation of Government and corporate Sukuks in order to achieve consistency and higher yields.

Going forward the investment portfolio will follow the strategy to increase exposure to high yielding corporate SUKUKS and bank deposits in order to keep yield competitive.



The fund's credit rating was maintained at "A+ (f)" by PACRA. The fund size on June 30th 2015 stood at PKR 112 mn compared to PKR 104 mn on June 30th 2014.

AGIIF Return vs Benchmark



Key Financial Data

(Rupees in Million)

Description	For the year ended June 30 ,2015	For the year ended June 30 ,2014
Net Assets	112.176	104.196
Gross income	10.808	9.769
Total Comprehensive Income	2.803	5.888
Net Assets Value per Unit (Rs.)	100.50	100.96
Issuance of units during the period	106.502	31.381
Redemption of units during the period	102.291	44.058

Payout

At the end of the year under review, the fund paid out cash dividend of Rs.7.5632 per unit.

**Future Outlook**

The Fund plans to increase allocation to high yield corporate bonds. A heavy chunk of the portfolio is likely to stay in cash 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.

Corporate Governance

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

- a) Financial Statement represents fairly the state of affairs of funds under management of Alfalah GHP Investment Management Limited, the results of their operations, cash flow and the changes in Unit-holders funds.
- b) Proper books of accounts have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon Funds under management of Alfalah GHP Investment Management Limited's ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.
- h) The summary of key financial data is given above in this Director Report.
- i) 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.
- j) The pattern of unit holding is given in note # (i.) of supplementary non financial information of this annual report.
- k) The number of units of the Fund held by the Chief Executive, directors, executives and their spouses as at June 30, 2015 as given in note # 23.1.
- l) Summary of units acquired/ redeemed during the year by the Chief Executive, director, executives and their spouses during the year ended June 30, 2015 is given in note # 23.1.

Board of Directors

Name of Director	Designation	Meetings Held	Meeting Attended	Leave Granted
Syed Ali Sultan	Chairman	6	5	67th BOD
Mr. Amin Dawood Saleh	Director	6	4	62nd & 67th BOD
Mr. Michael Buchen	Director	6	6	-
Mr. David Burlison	Director	-	-	-
Mr. Hanspeter Beier	Director	6	3	64th, 65th & 67th BOD
Ms. Maheen Rahman	Chief Executive Officer	6	6	-
Mr. Abid Naqvi	Director	6	6	-
Mr. Asif Saad *	Director	6	2	64th, 65th, 66th & 67th BOD

* Subsequent to the year end, Mr. Asif Saad resigned from the Board of Directors of the Company with effect from July 9, 2015

**Change in Board Members during the period**

Name	Designation	Appointed	Resigned
Mr. Michael Buchen	Director	Appointed	
Mr .David Burlison	Director	-	Resigned

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 on behalf of the Board

August 24, 2015
Karachi.

Maheen Rahman
Chief Executive



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

On account of record low inflation that touched as low as 2.11%, and averaged 4.56% for the year, the central bank reduced the discount rate by 300bps over four monetary policies. With inflation under control, the SBP aimed at boosting aggregate demand and demand for loanable funds. This easing cycle brought down bond yields by 430bps (3Y), 371bps (5Y) and 306bps (10Y). Yields, however, were quick to rebound marginally in Jun'15 on account of profit-taking, deposit mobilization by banks and prevalence of illiquidity.

The year was particularly generous to bond fund managers who maintained high duration PIB exposures. Yields slipped substantially on these longer-tenor instruments, generating multi-year high returns. The government increased its borrowing horizon considerably and funded the fiscal gap via longer-tenor PIBs as opposed to T-bills. The SBP conducted 12 PIB auctions over FY15 and targeted PKR 750bn in borrowings. The bank mopped up a sizeable PKR 1,042bn against this target. Out of total acceptance, 45% was borrowed via 3Y PIB, 28% via 5Y PIB and remaining 21% via 10Y PIB. The Islamic instruments market remained dry in absence of sizeable issue by GoP/Corporate SUKUKs therefore due to too much liquidity chasing fewer avenues, Islamic funds' returns remained on the lower side compared to their conventional counterparts.

Barring unforeseen circumstances, we expect the market to remain range bound over the next six months as interest rates are largely expected to stay flat over this period. The easing cycle appears to have bottomed out and it remains to be seen when exactly a reversal will kick in.

Fund Performance

The fund earned annual return of 6.85% against benchmark return (avg. 6M deposit rates of 3 Islamic Banks) of 6.45%. 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 Government and corporate Sukuks in order to achieve consistency and higher yields.

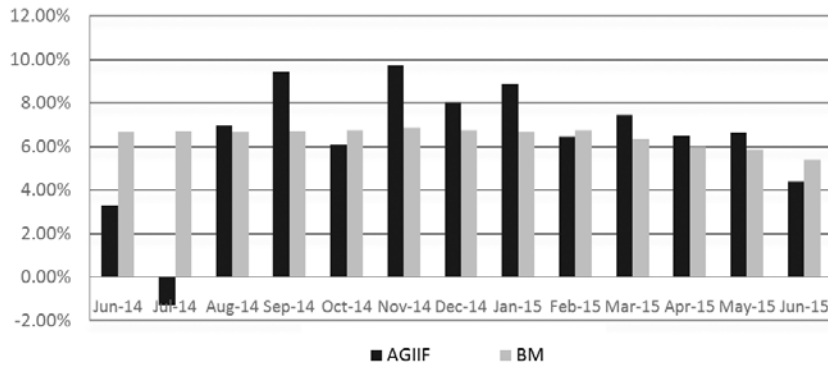
Going forward the investment portfolio will follow the strategy to increase exposure to high yielding corporate SUKUKs and bank deposits in order to keep yield competitive.

The fund's credit rating was maintained at "A+ (f)" by PACRA. The fund size on June 30th 2015 stood at PKR 112mn compared to PKR 104 mn on June 30th 2014.

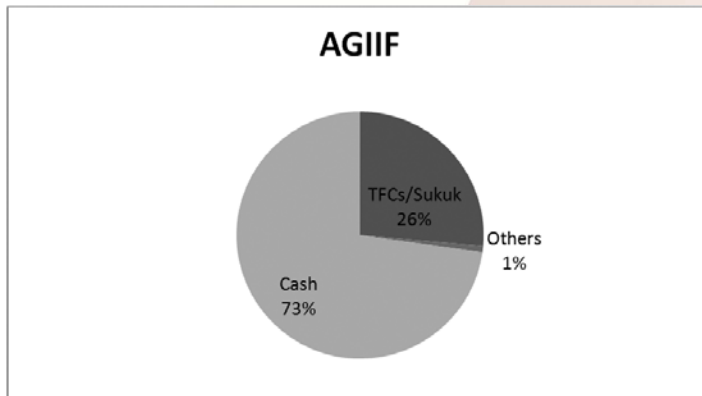


Performance comparison with Benchmark

AGIIF Return vs Benchmark



Credit Quality/Asset Allocation



Credit Quality (as % of Total Assets)

Govt. Guar.	0.00%	A	0.00%
AAA	72.82%	A-	0.00%
AA+	0.00%	BBB+	0.00%
AA	13.28%	BBB	0.00%
AA-	0.00%	Below IG	0.00%
A+	13.08%	NR/UR	0.83%

Future Outlook

The Fund plans to increase allocation to high yield corporate bonds. A heavy chunk of the portfolio is likely to stay in cash 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 ,2015	For the year ended June 30 ,2014
Net Assets	112.176	104.196
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Net Assets Value per Unit (Rs.)	100.50	100.96
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Redemption of units during the period	102.291	44.058

Payout

At the end of the year under review, the fund paid out cash dividend of Rs.7.5632 per unit.

Fund Manager



**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

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



TRUSTEE REPORT TO THE UNIT HOLDERS

**ALFALAH GHP ISLAMIC INCOME FUND
(FORMERLY IGI 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, 2015 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: October 12, 2015





REPORT OF THE SHARIAH ADVISOR ALFALAH GHP ISLAMIC INCOME FUND

We, the Shariah Advisers of the Alfalah GHP Islamic Income Fund ('AGIIF') (formerly IGI Islamic Income Fund) managed by Alfalah GHP Investment Management Limited, are issuing this report in accordance with the Trust deed and Offering Document of the said Fund. The scope of the report is to express an opinion on the Shariah Compliance of the Fund's activities. The SECP has approved Third Supplemental Trust Deed, under the NBFC Regulations, restate the previous Trust Deed to effectuate renaming of the Fund to Alfalah GHP Islamic Income Fund (formerly IGI Islamic Income Fund).

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

In the capacity of Shariah Advisor, we have checked following avenues presented to us by the Management in which AGISF made investment during the period from July 01, 2014 to June 30, 2015.

Investment Head	Investment Avenue
Sukuk	Government of Pakistan Ijarah Sukuk and Sukuk Certificates of WAPDA, Engro Fertilizer and K-Electric with following screening criteria: <ul style="list-style-type: none"> • Mode of Investment in accordance with Shariah guidelines and perspective.

We hereby certify that all the above mentioned investments and all the provisions of the scheme 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 where by 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 June30, 2015, 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 Javed Ahmad
Resident Shariah Board Member
BankIslami Pakistan Limited



Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

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

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 2015.

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 is, 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.

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



-: 2 :-

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 2015.

Chartered Accountants

Karachi

Date: August 24, 2015





STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2015

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No. 35 of Listing Regulation of Lahore Stock Exchange 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, 2015 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. Asif Saad
Non-Executive Directors	Mr. Syed Ali Sultan Mr. Michael Buchen Mr. Hanspeter Beier Mr. Amin Dawood Saleh

The Independent Director meets the criteria of independence under clause i (b) of the Code.

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. During the year, one casual vacancy occurred on the Board which was filled within a period of 90 days.
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 these 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), Company Secretary, 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. Three directors have obtained certification under the 'Directors' training program' conducted by Institute of Corporate Governance. During the year two directors enrolled for Directors' training program and the certification was completed subsequent to the year end.



10. During the year, a new Company Secretary of the Management Company was appointed by the Board. The remuneration and terms and conditions of employment of the Company Secretary and any change thereto have been approved by the Board. No new appointment of the CFO and Head of Internal Audit was made during the year.
11. The Directors' Report of the Fund for the year ended June 30, 2015 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, COO and Head of Finance 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 and notes to the financial statements.
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. YousufAdilSaleem& 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 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the net assets value of the Fund, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through the Exchanges.
23. We confirm that all other material principles contained in the Code have been complied with, except the requirement to put in place a mechanism for undertaking annual evaluation of the performance of the Board.

For and on behalf of the Board

Maheen Rahman
Chief Executive Officer



Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants Progressive Plaza, Beaumont Road P.O. Box 15541, Karachi 75530 Pakistan

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

We have reviewed the 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 Alfalsh GHP Investment Management Limited (the Management Company) of Alfalsh GHP Islamic Income Fund (formerly IGI Islamic Income Fund) (the Fund) for the year ended 30 June 2015 to comply with the requirements of Regulation No. 35 of Listing Regulations of Lahore Stock Exchange 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 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 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 2015.

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
9	Two directors enrolled in a directors' training program during the year and the certification was completed subsequent to the year end.
23	The Board has yet to finalise and implement a mechanism for annual evaluation of the Board's performance.

Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants

Karachi

Date: 24 August 2015

A member firm of Ernst & Young Global Limited



INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Alfalah GHP Islamic Income Fund** (Formerly IGI Islamic Income Fund) (the Fund), which comprise the statement of assets and liabilities as at **30 June 2015**, 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.

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 2015** 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:

- a) note 1.2 to the accompanying financial statements which explains that a single unit holder holds 40.74% of the units in issue of the Fund as of 30 June 2015. Therefore, the future operations of the Fund are dependent upon the continuity of the said unit holder; and
- b) note 16.1 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 the financial statements.

Our opinion is not qualified 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**

August 24, 2015
Karachi



STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2015

	Note	June 30, 2015 ----- (Rupees) -----	June 30, 2014 -----
Assets			
Bank balances	7	83,089,384	32,376,232
Investments	8	30,544,586	69,264,500
Deferred formation cost	9	-	181,786
Deposit and prepayments		137,033	486,481
Profit and other receivables	10	820,023	3,181,708
Total assets		114,591,026	105,490,707
Liabilities			
Payable to the Management Company	11	580,137	436,613
Payable to the Trustee	12	31,047	29,411
Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)	13	81,396	76,270
Provision for Workers' Welfare Fund (WWF)	14	179,131	121,927
Accrued and other liabilities	15	1,542,875	630,330
Total liabilities		2,414,586	1,294,551
Net assets		112,176,440	104,196,156
Unit holders' fund (as per the statement attached)		112,176,440	104,196,156
Contingencies and Commitments	16	----- (Number of units) -----	
Number of units in issue		1,116,150	1,032,104
		----- (Rupees) -----	
Net assets value per unit		100.5030	100.9551

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

Alfalah GHP Investment Management Limited
(Management Company)

Chief Executive Officer

Director



INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	June 30, 2015	June 30, 2014
----- (Rupees) -----			
Income			
Finance income	17	10,033,994	9,013,964
'At fair value through profit or loss' - held-for-trading			
- Net gain / (loss) on sale of investments		154,800	(79,814)
- Net unrealised gain on revaluation of investments		619,586	834,501
		774,386	754,687
Total income		10,808,380	9,768,651
Expenses			
Remuneration of the Management Company		1,077,324	1,525,552
Sales tax on management fee		187,454	243,772
Federal excise duty on management fee	18	172,372	283,467
Remuneration of the Trustee		184,515	172,915
Annual fee to SECP		81,396	76,270
Legal and professional charges		825,179	28,425
Brokerage expense		19,199	11,325
Bank and settlement charges		16,292	19,489
Amortisation of deferred formation cost	9	181,786	427,415
Auditors' remuneration	19	463,988	447,074
Annual listing fee		12,496	20,096
Annual rating fee		301,600	314,995
Printing charges		149,934	144,905
Provision for Workers' Welfare Fund	14	57,204	121,927
Total expenses		3,730,739	3,837,627
Net income from operating activities		7,077,641	5,931,024
Element of loss and capital losses included in prices of units sold less those in units redeemed - net		(4,274,656)	(43,376)
Net income for the year before taxation		2,802,985	5,887,648
Taxation	20	-	-
Net income for the year after taxation		2,802,985	5,887,648

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

Alfalah GHP Investment Management Limited
(Management Company)

Chief Executive Officer

Director

**STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED JUNE 30, 2015

	June 30, 2015	June 30, 2014
	----- (Rupees) -----	-----
Net income for the year	2,802,985	5,887,648
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>2,802,985</u>	<u>5,887,648</u>

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

Alfalah GHP Investment Management Limited
(Management Company)

Chief Executive Officer

Director



DISTRIBUTION STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	June 30, 2015	June 30, 2014
	----- (Rupees) -----	
Undistributed income brought forward		
Realised gains	170,091	3,260,756
Unrealised gains / (losses)	834,501	(721,850)
	1,004,592	2,538,906
Total comprehensive income for the year	2,802,985	5,887,648
Final distribution of bonus @ Nil units for every 100 units held (2014: @ 1.9716 units for every 100 units held, approved on: July 04, 2013)	-	(2,145,090)
Interim cash distribution @ 7.5632 per unit (2014: @ Nil units) approved on June 23, 2015	(3,307,755)	-
Interim distribution of bonus @ Nil units for every 100 units held (2014: @ 1.4470 units for every 100 units held, approved on: September 27, 2013)	-	(1,393,880)
Interim distribution of bonus @ Nil units for every 100 units held (2014: @ 1.1761 units for every 100 units held, approved on: December 27, 2013)	-	(1,151,646)
Interim distribution of bonus @ Nil units for every 100 units held, (2014: @ 1.1761 units for every 100 units held, approved on: April 04, 2014)	-	(1,486,705)
Interim distribution of bonus @ Nil units for every (2014: @ 1.2085 units for every 100 units held, approved on: June 04, 2014)	-	(1,244,641)
	(3,307,755)	(7,421,962)
Undistributed income carried forward	499,822	1,004,592
Undistributed income carried forward at end of the year		
- Realised (losses) / gains	(119,764)	170,091
- Unrealised gains	619,586	834,501
	499,822	1,004,592

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

Alfalah GHP Investment Management Limited
(Management Company)

Chief Executive Officer

Director

**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND**

FOR THE YEAR ENDED JUNE 30, 2015

	June 30, 2015	June 30, 2014
	----- (Rupees) -----	
Net assets at beginning of the year	104,196,156	110,942,555
Amount realised / unrealised on issuance of 1,046,227 units (2014: 308,299 units)	106,501,845	31,381,065
Issuance of Nil bonus units in respect of final and interim distributions (2014: 73,821 units)	-	7,421,961
Amount paid / payable on redemption of 962,181 units (2014: 434,052 units)	(102,291,447)	(44,058,487)
	108,406,554	105,687,094
Element of loss and capital losses included in prices of units sold less those in units redeemed - net	4,274,656	43,376
Total comprehensive income for the year before capital gains - realised and unrealised	2,028,599	5,132,961
Net gain / (loss) on sale of investments classified as 'at fair value through profit or loss' - held-for-trading	154,800	(79,814)
Net unrealised gain on investments classified as 'at fair value through profit or loss' - held-for-trading	619,586	834,501
Total comprehensive income for the year	2,802,985	5,887,648
Distributions made during the year		
Final distribution of bonus units	-	(2,145,090)
Interim distribution of cash dividend approved on June 23, 2015	(3,307,755)	-
Interim distribution of bonus units	-	(5,276,872)
Net total comprehensive income less distribution for the year	(3,307,755)	(7,421,962)
	(504,770)	(1,534,314)
Net assets at end of the year	112,176,440	104,196,156

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

Alfalah GHP Investment Management Limited
(Management Company)

Chief Executive Officer

Director



STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	June 30, 2015	June 30, 2014
Note	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	2,802,985	5,887,648
Adjustments for:		
Net (gain) / loss on sale of investments classified as 'at fair value through profit or loss' - held-for-trading	(154,800)	79,814
Net unrealised gain on investments classified as 'at fair value through profit or loss' - held-for-trading	(619,586)	(834,501)
Amortisation of deferred formation cost	181,786	427,415
Provision for Workers' Welfare Fund	57,204	121,927
Element of loss and capital losses included in prices of units sold less those in units redeemed - net	<u>4,274,656</u>	<u>43,376</u>
	6,542,245	5,725,679
Decrease / (increase) in assets		
Investments	39,494,300	(13,904,513)
Deposit and prepayments	349,448	(386,481)
Profit and other receivables	2,361,685	(1,873,016)
	42,205,433	(16,164,010)
Increase in liabilities		
Payable to the Management Company	143,524	263,965
Payable to the Trustee	1,636	13,934
Annual fee payable to SECP	5,126	(55,587)
Payable on redemption to unit holders	-	-
Accrued and other liabilities	912,545	165,829
	1,062,831	388,141
Net cash generated from / (used in) operating activities	49,810,509	(10,050,190)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(3,307,755)	-
Amounts received on issue of units	106,501,845	31,381,065
Payment made against redemption of units	(102,291,447)	(44,058,487)
Net cash generated from / (used in) financing activities	902,643	(12,677,422)
Net increase / (decrease) in cash and cash equivalents during the year	50,713,152	(22,727,612)
Cash and cash equivalents at beginning of the year	32,376,232	55,103,844
Cash and cash equivalents at end of the year	83,089,384	32,376,232
	21	

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

Alfalah GHP Investment Management Limited
(Management Company)

Chief Executive Officer

Director

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Alfalah GHP Islamic Income Fund (formerly IGI 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-5, 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 (formerly IGI 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 Lahore Stock Exchange (Guarantee) Limited (LSE). The Fund was launched on December 03, 2009.

The scheme seeks to provide 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 Murabaha 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 CDC as Trustee of the Fund.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned a 'AM2-' rating to the Management Company as of April 15, 2015.

PACRA has assigned a rating of A+(f) to the scheme as of March 19, 2015.

- 1.2** As at June 30, 2015, the Management Company held 454,688 (June 30 2014: 238,368) units representing 40.74% (June 30 2014: 23.1%) of the units in issue of the Fund as at that date. The Management Company of the Fund has confirmed that it will continue its investment in the Fund, as the Fund has made profit during this period and is confident that this trend will continue in the future.

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.

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:

IAS 19 – Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions

IAS 32 – Financial Instruments : Presentation – (Amendment)
– Offsetting Financial Assets and Financial Liabilities

IAS 36 – Impairment of Assets – (Amendment)
– Recoverable Amount Disclosures for Non-Financial Assets

IAS 39 – Financial Instruments: Recognition and Measurement – (Amendment)
– Novation of Derivatives and Continuation of Hedge Accounting

IFRIC 21 – Levies

Improvements to Accounting Standards Issued by the IASB

IFRS 2 Share-based Payment – Definitions of vesting conditions

IFRS 3 Business Combinations – Accounting for contingent consideration in a business combination
– Scope exceptions for joint ventures

IFRS 8 Operating Segments – Aggregation of operating segments
– Reconciliation of the total of the reportable segments' assets to the entity's assets

IFRS 13 Fair Value Measurement - Scope of paragraph 52 (portfolio exception)



IAS16 Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method – proportionate restatement of accumulated depreciation / amortisation

IAS 24 Related Party Disclosures - Key management personnel

IAS 40 Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

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

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

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

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

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

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

- Held to maturity

Investment securities with fixed maturities and fixed or determinable payments are classified as 'held-to-maturity investments' when management has both the intention and ability to hold 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

These are valued by reference to the quotations obtained from the Reuters page.



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



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

The Fund records the net element of accrued income / (loss) and realised capital gains / (losses) relating to units issued and redeemed during an accounting period in the Income Statement while the portion of the element of income / (loss) and capital gains / (losses) that relates to unrealised gains / (losses) held by the Fund is recorded in a separate reserve account and any amount remaining in this reserve account at the end of an accounting period (whether gain or loss) is included in the amount available for distribution to the unit holders.

The net "element of income / loss and capital gains / losses in prices of units issued less those in units redeemed" during an accounting period is reported to the income statement. The Element is arrived at by comparing the unit prices with opening Ex-NAV at the beginning of the year.

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, other receivables and Government of Pakistan Ijarah Sukuk.



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 04, 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 in significant 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 respectively.

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 10 – Consolidated Financial Statements	January 01, 2015
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities (Amendment)	January 01, 2015
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – 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)	January 01, 2016
IFRS 11 – Joint Arrangements	January 01, 2015
IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 01, 2016
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 – Fair Value Measurement	January 01, 2015
IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 01, 2016
IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 01, 2016
IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	January 01, 2016
IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	January 01, 2016



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

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

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

Standard	Effective date (annual periods beginning on or after)		
		June 30, 2015	June 30, 2014
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		
	Note	(Rupees)	
7. BANK BALANCES			
Deposit accounts	7.1	<u>83,089,384</u>	<u>32,376,232</u>
7.1	The deposit accounts with banks carry profit rates ranging from 5% to 6.45% (June 30, 2014: 7% to 8.75%) per annum.		
8. INVESTMENTS			
Financial assets classified as 'at fair value through profit or loss' - held-for-trading			
Government securities - Government of Pakistan Ijarah Sukuk	8.1	-	56,556,500
Sukuk Certificates	8.2	<u>30,544,586</u>	<u>12,708,000</u>
		<u>30,544,586</u>	<u>69,264,500</u>

8.1 Government securities - GOP Ijarah Sukuk - held-for-trading

Particulars	Maturity	Yield per annum	Face value			Market value as at June 30, 2015	Net assets on the basis of market value	Total investment on the basis of market value
			As at July 01, 2014	Purchased during the year	Sold / matured during the year			
----- (Rupees) -----								
GOP Ijara Sukuk - XII	June 28, 2015	9.47%	55,000,000	7,000,000	62,000,000	-	-	-
GOP Ijara Sukuk - IX	June 23, 2015	9.49%	-	45,000,000	45,000,000	-	-	-
			<u>55,000,000</u>	<u>52,000,000</u>	<u>107,000,000</u>	-	-	-



8.2 Sukuk certificates - 'at fair value through profit or loss' - held-for-trading

Particulars	Maturity	Yield per annum	Face value				Market value as at June 30, 2015	Net assets on the basis of market value	Total investment on the basis of market value
			As at July 01, 2014	Purchased during the year	Sold / redemption during the year	As at June 30, 2015			
----- (Rupees) -----									
WAPDA - III	October 14, 2021	6 Month Kibor + 1%	12,000,000	-	12,000,000	-	-	-	
Engro Fertilizer	July 9, 2019	6 Month Kibor + 1.75%	-	15,300,000	-	15,300,000	15,155,156	14	
K-Electric	March 19, 2017	3 Month Kibor + 2.25%	-	15,000,000	375,000	14,625,000	15,389,430	14	
			12,000,000	30,300,000	12,375,000	29,925,000	30,544,586	28	100

9. DEFERRED FORMATION COST

	June 30, 2015	June 30, 2014
Unamortised cost at the beginning of the year	181,786	609,201
Amortised during the year	(181,786)	(427,415)
Unamortised cost at the end of the year	-	181,786

Formation cost represents expenditure incurred prior to the commencement of operations of the Fund as incurred by the Management Company and are being amortised over a period of five years commencing from December 04, 2009.

10. PROFIT AND OTHER RECEIVABLES

Profit receivable on:	June 30, 2015	June 30, 2014
- Bank balances	-	113,118
- Government of Pakistan Ijarah Sukuks	-	2,781,845
- Sukuk certificates	820,023	286,745
	820,023	3,181,708

11. PAYABLE TO MANAGEMENT COMPANY

Remuneration payable	11.1	64,280	127,476
Sales tax on management fee		91,324	13,284
Federal excise duty on management fee	18	420,485	295,853
Sale load payable		4,048	-
		580,137	436,613



11.1 The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the NBFC Regulations, of an amount not exceeding 3% per annum of the average daily net assets of the Fund during first five years of the Fund's existence and thereafter an amount equal to 2% per annum of such assets of the Fund. Currently, the management fee is charged @ 1.5% (June 30, 2014: 1.5%) of the average daily net assets of the Fund.

	Note	June 30, 2015 ----- (Rupees)	June 30, 2014 -----
12. PAYABLE TO THE TRUSTEE			
Trustee fee	12.1	<u>31,047</u>	<u>29,411</u>

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

Average net asset value	Tariff per annum
Up to Rs.1 billion	0.17% 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.

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

This represents annual fee payable to the Securities and Exchange Commission of Pakistan (SECP) in accordance with Regulation 62 of the NBFC Regulations, whereby the Fund is required to pay SECP an amount at the rate of 0.075% (June 30, 2014: 0.075%) of the average daily net assets of the Fund.

14. PROVISION FOR WORKERS' WELFARE FUND (WWF)

The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all 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.



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, a provision for WWF amounting to Rs.0.179 million has been made 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.0.16 (0.16%) per unit (June 30, 2014: Re.0.12 (0.12%) per unit) (see note 16).

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

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

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

	June 30, 2015	June 30, 2014
	----- (Rupees) -----	
15. ACCRUED AND OTHER LIABILITIES		
Brokerage payable	4,125	-
Auditors' remuneration	390,941	363,000
Annual rating fee payable	197,995	197,995
Printing charges payable	107,306	69,305
Withholding tax and capital gains tax payable	799,086	30
Sales Load payable	43,422	-
	<u>1,542,875</u>	<u>630,330</u>

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

As disclosed in note 14, the Fund commenced making provision in respect of WWF with effect from July 01, 2013. The aggregate unrecognised amount of WWF upto June 30, 2013 amounted to Rs.2.247 million.

16.2 Commitments

There are no commitments as at June 30, 2015.



	June 30, 2015	June 30, 2014
	----- (Rupees) -----	
17. FINANCE INCOME		
Profit on:		
Investments classified as 'at fair value through profit or loss' - held-for-trading		
- Government of Pakistan Ijarah Sukuk	2,331,279	4,872,954
- Sukuk certificates	3,737,502	966,872
Others		
- Bank deposits	3,965,213	3,174,138
	<u>10,033,994</u>	<u>9,013,964</u>

18. FEDERAL EXCISE DUTY ON MANAGEMENT FEE

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

	June 30, 2015	June 30, 2014
	----- (Rupees) -----	
19. AUDITORS' REMUNERATION		
Audit fee	258,940	242,000
Review and other certifications	135,944	127,050
	394,884	369,050
Sales tax	19,744	14,762
Out of pocket expenses	49,360	63,262
	<u>463,988</u>	<u>447,074</u>

20. TAXATION

The income of the Fund is exempt from income tax under Clause (99) of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001 (Clause 99) subject to the condition that not less than 90 percent of the accounting income for the year, as reduced by capital gains, whether realized or unrealized, is distributed in cash amongst the unit holders. The Management Company has distributed 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.



June 30, **June 30,**
2015 **2014**
----- (Rupees) -----

21. CASH AND CASH EQUIVALENTS

Bank balances **83,089,384** **32,376,232**

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, 2015, 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 Non-Banking Finance Companies and Notified Entities Regulations, 2008, and the Trust Deed respectively.

23.1 Unit Holders' Fund

	June 30, 2015									
	As at July 01, 2014	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	As at June 30, 2015	As at July 01, 2014	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	Net asset value as at June 30, 2015
	----- (Units) -----					----- (Rupees) -----				
Associated companies / undertakings										
Management Company *	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
Key management personnel										
Employees	-	8,087	-	8,087	-	-	850,000	-	852,029	-
Unit holder holding 10% or more units										
Gurmani Foundation	755,743	566,724	-	825,550	496,917	76,296,061	50,000,000	-	88,135,082	49,940,159



	June 30, 2014									
	As at July 01, 2013	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	As at June 30, 2014	As at July 01, 2013	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	Net asset value as at June 30, 2014
	(Units)					(Rupees)				
Unit holder holding 10% or more units										
Gurmani Foundation	984,661	-	65,865	294,783	755,743	100,772,342	-	6,620,893	30,000,000	76,299,813
Associated companies / undertakings										
Management Company *	-	234,945	3,423	-	238,368	-	23,952,384	345,584	-	24,065,633
Key management personnel										
Employees	-	1,633	7	1,640	-	-	165,000	-	165,293	-

* Management company also hold more than 10% units in the fund

23.2 Other transactions

June 30, 2015 June 30, 2014
----- (Rupees) -----

Associated companies / undertakings

Alfalah GHP Investment Management Limited - Management Company

Remuneration of the Management Company	<u>1,077,324</u>	<u>1,525,552</u>
Sales tax on management fee	<u>187,454</u>	<u>243,772</u>
Federal excise duty on management fee	<u>172,372</u>	<u>283,467</u>

Bank Alfalah Limited

Profit on bank deposits	<u>25,961</u>	<u>-</u>
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Other Related Parties

Central Depository Company of Pakistan Limited (Trustee of the Fund)

Remuneration of the trustee	<u>184,515</u>	<u>172,915</u>
CDS charges	<u>6,592</u>	<u>6,000</u>



	June 30, 2015	June 30, 2014
	----- (Rupees) -----	
23.3 Other balances		
Associated companies / undertakings		
Alfalah GHP Investment Management Limited - Management Company		
Remuneration payable to the Management Company	<u>64,280</u>	<u>127,476</u>
Sales tax on management fee payable	<u>91,324</u>	<u>13,284</u>
Federal excise duty on management fee	<u>420,485</u>	<u>295,853</u>
Sales load payable	<u>4,048</u>	<u>-</u>
Bank Alfalah Limited		
Bank balance	<u>156,856</u>	<u>15,695</u>
Other related parties		
Central Depository Company of Pakistan Limited (Trustee of the Fund)		
Remuneration payable to the Trustee	<u>31,047</u>	<u>29,411</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, 2015	June 30, 2014
	----- (Rupees) -----	
Bank balances	83,089,384	32,376,232
Deposits	100,000	100,000
Profit receivable on bank balances	-	113,118
	<u>83,189,384</u>	<u>32,589,350</u>



All deposits with Banks and 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,	June 30,
		2015	2014
		----- (%) -----	
Al-Baraka Islamic Bank	A1/A	0.02	0.04
Bank Alfalah Limited	A1+/AA	0.19	0.02
Bank of Khyber	A1/A	0.01	0.02
MCB Bank Limited	AAA/A1+	0.01	0.03
Burj Bank Limited	A/A1	0.02	0.06
Habib Bank Limited	AAA/A1+	99.75	99.83
		<u>100.00</u>	<u>100.00</u>

Credit quality of held-for-trading investments

Investment in government securities i.e. GOP ijarah sukuks is not exposed to credit risk.

Past due or impaired financial assets

None of the financial assets are considered to be past due or impaired as at June 30, 2015 and June 30, 2014.

Credit quality of profit receivable on bank deposits and other receivables

Profit receivable on bank deposits and other receivables was received subsequent to the year end.

Concentration of the credit risk

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

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, 2015			
	Carrying amount and contractual cash flows	Less than a month	More than one month and upto three months	More than three months and upto one year
----- (Rupees) -----				
Financial liabilities				
Payable to the				
Management Company	68,328	68,328	-	-
Payable to the Trustee	31,047	31,047	-	-
Accrued and other liabilities	743,789	4,125	739,664	-
	<u>843,164</u>	<u>103,500</u>	<u>739,664</u>	<u>-</u>

	June 30, 2014			
	Carrying amount and contractual cash flows	Less than a month	More than one month and upto three months	More than three months and upto one year
----- (Rupees) -----				
Financial liabilities				
Payable to the				
Management Company	127,476	127,476	-	-
Payable to the Trustee	29,411	29,411	-	-
Accrued and other liabilities	630,330	-	630,330	-
	<u>787,217</u>	<u>156,887</u>	<u>630,330</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:

	June 30, 2015	June 30, 2014
	----- (Rupees) -----	
Variable rate instruments		
Bank balances	83,089,384	32,376,232
Government of Pakistan Ijarah Sukuks	-	56,556,500
Sukuk certificates	30,544,586	12,708,000
	<u>113,633,970</u>	<u>101,640,732</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.1.130 million (June 30, 2014: Rs.1.016 million).

Sensitivity analysis for fixed rate instruments

Presently, the Fund does not hold any fixed rate instrument as at June 30, 2015 which expose the Fund to fair value profit rate risk (2014: Nil).

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 causes adverse effects on the Fund's continuation as going concern.

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

- Monitors the level of daily issuance and redemptions relative to liquid assets;
- Redeems and issues unit in accordance with the constitutive documents of the Fund, which include the ability to restrict redemptions as allowed under rules and regulations; and
- 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 2008, 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

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.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities 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:

	Level 1	Level 2	Level 3	Total
	(Rupees)			
Financial assets classified as at fair value through profit or loss' - held-for-trading				
Sukuk Certificates	-	30,544,586	-	30,544,586
	-	30,544,586	-	30,544,586

	Level 1	Level 2	Level 3	Total
	(Rupees)			
Financial assets classified as at fair value through profit or loss' - held-for-trading				
Government securities - Government of Pakistan - Ijarah Sukuks	-	56,556,500	-	56,556,500
Sukuk Certificates	-	12,708,000	-	12,708,000
	-	69,264,500	-	69,264,500

During the year ended June 30, 2015, 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 August 24, 2015.

27. GENERAL

Figures are rounded off to the nearest rupee.

Alfalah GHP Investment Management Limited
(Management Company)

Chief Executive Officer

Director



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

(i) UNIT HOLDING PATTERN OF THE FUND

Category	As at 30 June 2015			
	Number of unit holders	Number of units held	(Rupees)	% of total
Individuals	16	31,741	3,190,042	3%
Associated Co./ Directors	1	454,687	45,697,424	41%
Retirement & Other Funds	4	113,326	11,389,601	10%
Other Corporate	3	516,397	51,899,374	46%
	24	1,116,151	112,176,441	100%

Category	As at 30 June 2014			
	Number of unit holders	Number of units held	(Rupees)	% of total
Individuals	14	37,918	3,828,046	4%
Associated Co./ Directors	1	238,368	24,064,486	23%
Retirement Funds	1	4	379	0%
Other Corporate	1	71	7,184	0%
Others	1	755,743	76,296,061	73%
	18	1,032,104	104,196,156	100%

(ii) TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

	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%
	30 June 2014
	%
Summit Capital (Pvt) Ltd	100.00%

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

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

Maheen Rahman
Ather Husain Medina
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.

Ather Husain Medina

Mr. Medina, a qualified professional with extensive work experience of over 20 years in the financial sector is serving Alfalah GHP Investment Management Ltd. as Chief Investment Officer. Prior to joining the company he was associated with Invest Capital Investment Bank Ltd. as Head of Business Development and Atlas Asset Management as Chief Investment Officer. He has also worked with some other leading organizations which include National Investment Trust where he was heading the Research team, and SG Securities (HK) Holdings Ltd. and Indosuez W.I Carr Securities Pakistan in the Investment Research area. His expertise includes the banking sector of Pakistan as well, in which he worked at two leading commercial banks, Habib Bank Ltd. and MCB Bank Ltd. By qualification Mr. Medina is an MBA from the Institute of Business Administration (IBA), Karachi and holds a Computer Science degree from National University of Computer and Emerging Sciences (FAST-NU), Karachi.

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 62nd, 63rd, 64th, 65th, 66th & 67th Board Meetings were held on 27 Aug 2014, 27 Oct 2014, 02 Feb 2015, 23 Apr 2015, 13 May 2015 and 26 June 2015 respectively.

Name of Director	Number of Meetings			
	Held	Attended	Leave granted	Meeting not attended
Syed Ali Sultan	6	5	1	1
Mr. Amin Dawood Saleh	6	4	2	2
Mr. Michael Buchen	6	6	-	-
Mr. David Burlison	-	-	-	-
Mr. Hanspeter Beier	6	3	3	3
Ms. Maheen Rahman	6	6	-	-
Mr. Abid Naqvi	6	6	-	-
Mr. Asif Saad	6	2	4	4

- Subsequent to the year end, Mr. Asif Saad resigned from the Board of Directors of the Company with effect from July 9, 2015



PERFORMANCE TABLE AGAF

	30 June 2015	30 June 2014	30 June 2013	30 June 2012	30 June 2011
	----- (Rupees in '000) -----				
Net Assets	112,176	104,196	110,943	202,210	680,470
NAV per unit	100.5030	100.9551	102.3422	102.4824	103.4900
Selling price per unit	101.8437	102.3136	103.3656	103.5072	104.5200
Redemption price per unit	100.5030	100.9551	102.3422	102.4824	103.4900
Highest selling price per unit	109.2365	103.3054	103.8800	104.4887	104.5200
Highest redemption price per unit	107.7985	102.2826	102.8515	103.4542	103.4900
Lowest selling price per unit	101.8437	101.2045	101.4767	101.2334	101.2800
Lowest redemption price per unit	100.5030	100.2025	100.4720	100.2311	100.2800
Total interim distribution per unit	7.5632	5.3198	7.338	7.1773	6.54
Interim distribution date	23-Jun-15	27-Sep-13	5-Jul-12	29-Sep-11	1-Oct-10
		27-Dec-13	26-Sep-12	29-Dec-11	29-Dec-10
		4-Apr-14	31-Dec-12	29-Mar-12	28-Mar-11
		30-Jun-14	27-Mar-13	27-Jun-12	N/A
Final distribution per unit	Nil	Nil	1.9788	1.9946	3.2600
Final distribution date	N/A	N/A	4-Jul-13	5-Jul-12	5-Jul-11
Annualized returns	6.85%	6.05%	7.35%	9.68%	10.20%
Income distribution	7.49%	5.20%	6.73%	7.84%	9.80%
Weighted avg. portfolio duration	0.79 Yrs	1.37 Yrs	185 Days	1.19 Yrs	1.71 Yrs

Return since inception is **9.80%**








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










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