

# ALFALAH INVESTMENTS

ANNUAL REPORT, 2017



Alfalah Investments

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**MISSION STATEMENT**

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

**VISION STATEMENT**

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



## DIRECTORS' REPORT TO THE UNIT HOLDERS FOR THE YEAR ENDED JUNE 30, 2017

On behalf of the Board of Directors, I am pleased to present the Financial Statements of Alfalah GHP Income Multiplier Fund (AGIMF), Alfalah GHP Cash Fund (AGCF), Alfalah GHP Islamic Stock Fund (AGISTF), Alfalah GHP Alpha Fund (AGAF), Alfalah GHP Value Fund (AGVF), Alfalah GHP Sovereign Fund (AGSOF), Alfalah GHP Income Fund (AGIF), Alfalah GHP Stock Fund (AGSTF), Alfalah GHP Money Market Fund (AGMMF), Alfalah GHP Islamic Income Fund (AGIIF), Alfalah GHP Prosperity Planning Fund (AGPPF), Alfalah GHP Islamic Prosperity Planning Fund (AGIPPF), Alfalah GHP Dedicated Equity Fund (AGIDEF), for the year ended June 30, 2017.

### Economy Overview

Pakistan has witnessed strong economic growth during the past year, on the back of successful-concluded IMF stabilization program. GDP growth was 5.3% for FY-17, up from 4.5% a year earlier. For the first time, Pakistan's GDP has crossed the USD300bn mark and taken per capita income to USD1,400. Growth has been driven by a recovery in Large Scale Manufacturing (up 4.9%) and the agricultural sector (up 3.0%). However, on the external front, current account deficit (CAD) for FY17 reached USD 12.1 bn (or ~4% of the GDP) compared to USD 4.6 bn a year earlier, up 130% YoY. Deterioration of the current account is mainly due to trade deficit that reached USD 30.4 bn, wherein, imports increased to USD 57.6 bn and exports dropped to USD 27.1 bn. The widening CAD coupled with external debt servicing drove foreign reserves down to USD 21.4 bn. However, the SBP has managed to keep a stable PKR/USD parity throughout the year.

On financial front, the budget deficit for 9MFY17 stood at PKR 1.24 trillion which translates into 3.7% of the GDP. However, as the final year of the current government progresses over FY18, political noise has considerably exacerbated and a smooth transition into the next elections will be key in determining the pace of structural reform and ongoing economic projects including CPEC. Further, external factors such as oil prices will also play a key role in monetary outlook for next year.

### Equity Market Review

KSE-100 gave a return of 23.24% in FY17 as compared to 9.84% return in FY16. Low crude oil prices, low inflation outlook (4.2%), and gradual resolution in energy crisis were major drivers for the stock market performance. The SBP maintained the discount rate at historic low levels during the year encouraging construction and manufacturing companies to begin expansions to cater to increasing demand. Additionally, corporate results have been on an uptick for those in the consumer and manufacturing space. The major stock market sectors which contributed to the 23.24% return performance during the year were i) Commercial Banks (6.94%), ii) Oil and Gas (3.95%), iii) Construction and Materials (2.80%) and iv) Automobile and Parts (1.99%).

During the year under review, Pakistan was reclassified into the MSCI Emerging Market Index representing an upgrade from the Frontier Market with effect from June 1, 2017. This reclassification announced in 2016 provided significant impetus to the stock market which culminated in an all-time intraday high level on the KSE100 benchmark Index of 53,124 in May 2017. However, the positive sentiment could not sustain due to political uncertainty, unfavorable taxation changes in the Federal Budget related to the stock market and increasingly apparent pressure on USD/PKR parity due to a widening external account position. As a result, the KSE-100 index declined by -7.7% during the month of June 2017 and closed the year at 46,565 points.

Activity in KSE-ALL index remained robust as shares traded averaged at 350mn shares in FY17 as compared to 208mn shares in FY16. Average value traded amounted to Rs 11.03 bn in FY17 as compared to Rs 7.68 bn in the previous year, hitting an all-time high of Rs 50 bn on May 31, 2017.

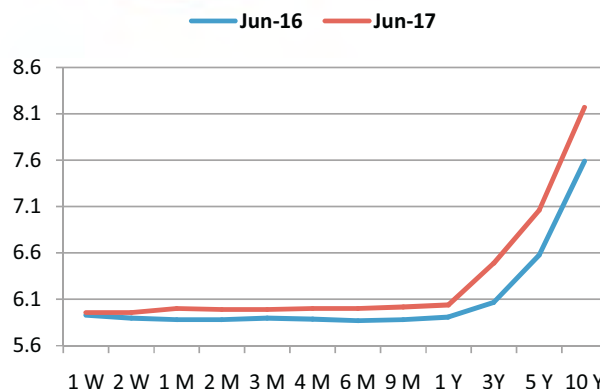
### Money Market

Inflation for FY17 averaged at 4.15% against 2.86% reported during FY16. It is expected that inflation has now approached a more sustainable level. The State Bank of Pakistan (SBP) has resultantly kept interest rates steady with the key policy rate currently at 5.75%.

The yield curve during the year under review has rationalized as the yields on 3, 5 and 10 year bonds had increased by 42, 48 and 58 bps respectively indicating a bottoming out of interest rates. Meanwhile, yields on 3-months, 6-months and 12-months Treasury bills rose by 9, 13 and 13 bps respectively during the year. A higher YoY average inflation led to a correction in the overall yield curve and therefore the spread of longer term bonds over the discount rate adjusted itself for a more stable interest rate regime.

During the year, the SBP raised Rs778 billion through PIBs against the target of Rs800 billion with participation seen mainly in the three year tenor. Through T-bills, Rs7.1 trillion was raised compared to the cumulative target of Rs7.2 trillion with participation skewed towards the 3 and 6 month tenors.

During the latter half of FY17, the federal government raised Rs71 billion through IjaraSukuk auction against the participation of Rs167 billion in order to finance the fiscal deficit and to facilitate the Islamic banking industry by providing investment avenues.





Overall liquidity in the interbank market was adequate throughout the year with stability in rates expected to continue over the immediate six month period.

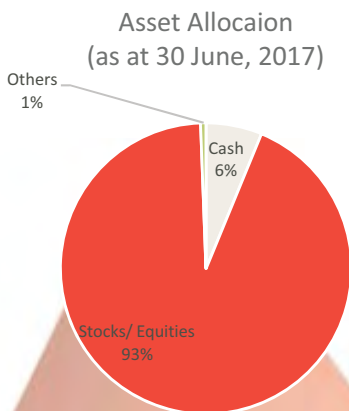
**Fund Operations and Performance**

**Alfalah GHP Alpha Fund**

During FY17, AGAF earned a return of 28.99% versus the benchmark (KSE-100) return of 23.24% during the same period.

**Payout**

At the end of the year under review, the fund paid out cash dividend of PKR.2.9418 per unit



**Key Financial Data**

(Rupees in Million)

| Description                           | For the year ended June 30, 2017 | For the year ended June 30, 2016 |
|---------------------------------------|----------------------------------|----------------------------------|
| Average Net Assets                    | 1,667.60                         | 903.48                           |
| Gross income                          | 416.58                           | 144.16                           |
| Total Comprehensive Income            | 342.35                           | 111.98                           |
| Net Assets Value per Unit (PKR)       | 84.50                            | 67.79                            |
| Issuance of units during the period   | 2,043.07                         | 848.64                           |
| Redemption of units during the period | 1,879.75                         | 656.51                           |

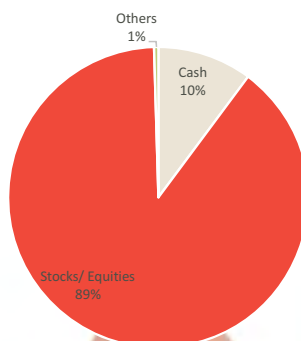
### Alfalah GHP Islamic Stock Fund

In FY17, AGISTF earned a return of 24.81% while its benchmark earned a return of 18.80% during the same period.

#### Payout

At the end of the year under review, the fund paid out cash dividend of PKR.5.7232&1.1972 per unit

Asset Allocation  
(As at 30 June, 2017)



#### Key Financial Data

(Rupees in Million)

| Description                           | For the year ended<br>June 30, 2017 | For the year ended<br>June 30, 2016 |
|---------------------------------------|-------------------------------------|-------------------------------------|
| Average Net Assets                    | 6,533.29                            | 1,065.28                            |
| Gross income                          | 1,346.79                            | 189.43                              |
| Total Comprehensive Income            | 1,904.36                            | 293.66                              |
| Net Assets Value per Unit (PKR)       | 72.8229                             | 63.8413                             |
| Issuance of units during the period   | 10,923.38                           | 2,623.96                            |
| Redemption of units during the period | 4,102.21                            | 1,210.05                            |

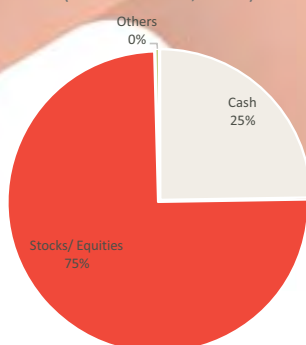
### Alfalah GHP Stock Fund

During FY17, AGSF earned a return of 28.69% versus the benchmark (KSE-100) return 23.24% during the same period.

#### Payout

At the end of the year under review, the fund paid out cash dividend of PKR.3.6164& 1.7596per unit

Asset Allocation  
(As at 30 June, 2017)



#### Key Financial Data

(Rupees in Million)

| Description                           | For the year ended<br>June 30, 2017 | For the year ended<br>June 30, 2016 |
|---------------------------------------|-------------------------------------|-------------------------------------|
| Average Net Assets                    | 2,720.74                            | 1,527.84                            |
| Gross income                          | 644.73                              | 301.60                              |
| Net Comprehensive Income              | 614.83                              | 176.77                              |
| Net Assets Value per Unit (Rs.)       | 156.8824                            | 126.0747                            |
| Issuance of units during the period   | 3,965.14                            | 3,177.76                            |
| Redemption of units during the period | 3,239.70                            | 3,016.84                            |

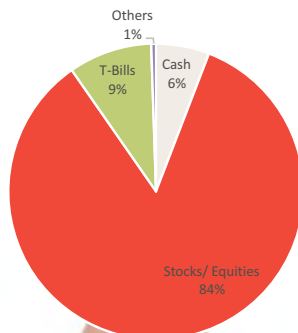
### Alfalah GHP Value Fund

During FY17, AGVF outperformed its benchmark with a return of 26.18% versus the benchmark return of 17.60% during the same period.

#### Payout

At the end of the year under review, the fund paid out cash dividend of PKR.8.4571 & 1.0389 per unit

Asset Allocation  
(As at 30 June, 2017)



#### Key Financial Data

(Rupees in Million)

| Description                           | For the year ended<br>June 30, 2017 | For the year ended<br>June 30, 2016 |
|---------------------------------------|-------------------------------------|-------------------------------------|
| Average Net Assets                    | 1,544.048                           | 760.99                              |
| Gross income                          | 283.17                              | 144.08                              |
| Total Comprehensive Income            | 461.49                              | 103.03                              |
| Net Assets Value per Unit (PKR)       | 70.4655                             | 63.3712                             |
| Issuance of units during the period   | 3,530.23                            | 353.73                              |
| Redemption of units during the period | 2,068.79                            | 354.87                              |

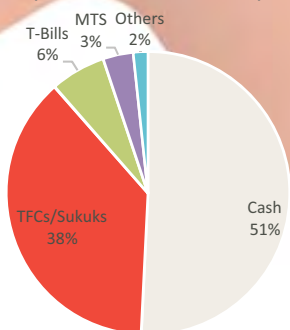
### Alfalah GHP Income Fund

During the period under review, AGIF earned a return of 5.20% while the fund's benchmark stood at 6.10%.

#### Payout

At the end of the year under review, the fund paid out cash dividend of PKR.4.5031 per unit

Asset Allocation  
(As at 30 June, 2017)



#### Key Financial Data

(Rupees in Million)

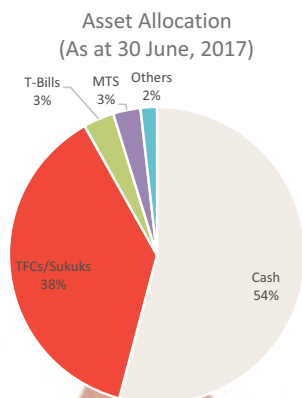
| Description                           | For the year ended<br>June 30, 2017 | For the year ended<br>June 30, 2016 |
|---------------------------------------|-------------------------------------|-------------------------------------|
| Average Net Assets                    | 1,256.978                           | 1,730.00                            |
| Gross income                          | 93.42                               | 140.82                              |
| Total Comprehensive Income            | 34.07                               | 33.15                               |
| Net Assets Value per Unit (PKR)       | 111.9719                            | 110.7178                            |
| Issuance of units during the period   | 3,012.47                            | 1,950.14                            |
| Redemption of units during the period | 2,929.27                            | 2,519.65                            |

### Alfalah GHP Income Multiplier Fund

During the period, Alfalah GHP Income Multiplier Fund generated a return of 5.90% while the benchmark stood at 6.40% during the same period.

#### Payout

At the end of the year under review, the fund paid out cash dividend of PKR.2.8811 per unit



#### Key Financial Data

(Rupees in Million)

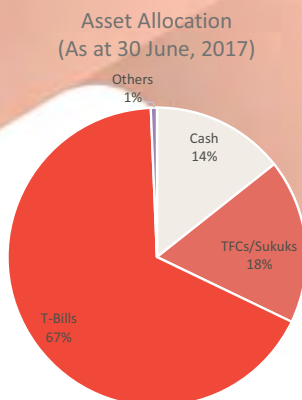
| Description                           | For the year ended<br>June 30, 2017 | For the year ended<br>June 30, 2016 |
|---------------------------------------|-------------------------------------|-------------------------------------|
| Average Net Assets                    | 2,276.115                           | 2,574.14                            |
| Gross income                          | 175.35                              | 255.07                              |
| Total Comprehensive Income            | 52.27                               | 93.02                               |
| Net Assets Value per Unit (PKR)       | 53.2500                             | 53.0087                             |
| Issuance of units during the period   | 4,299.03                            | 3,323.16                            |
| Redemption of units during the period | 4,147.55                            | 3,689.49                            |

### Alfalah GHP Sovereign Fund

During FY17, Alfalah GHP Sovereign Fund generated a return of 5.54% while the fund's benchmark returned 5.80% during the same period.

#### Payout

At the end of the year under review, the fund paid out cash dividend of PKR.5.8914 per unit



#### Key Financial Data

(Rupees in Million)

| Description                           | For the year ended<br>June 30, 2017 | For the year ended<br>June 30, 2016 |
|---------------------------------------|-------------------------------------|-------------------------------------|
| Average Net Assets                    | 3108.014                            | 8,166.05                            |
| Gross income                          | 206.40                              | 692.65                              |
| Total Comprehensive Income            | 40.1776                             | 192.55                              |
| Net Assets Value per Unit (PKR.)      | 105.7586                            | 105.7890                            |
| Issuance of units during the period   | 5,554.170                           | 10,818.27                           |
| Redemption of units during the period | 7,436.773                           | 15,515.19                           |

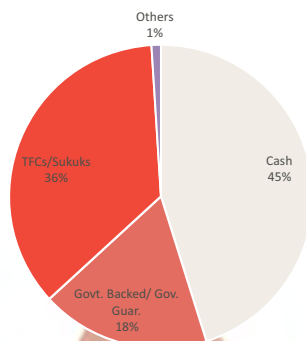
### Alfalsh GHP Islamic Income Fund

Alfalsh GHP Islamic Income Fund during the period under review generated a return of 5.35% p.a. while the benchmark generated an average return of 3.20% p.a.

#### Payout

At the end of the year under review, the fund paid out cash dividend of PKR.4.7495per unit

Asset Allocation  
(As at 30 June, 2017)



#### Key Financial Data

(Rupees in Million)

| Description                           | For the year ended<br>June 30, 2017 | For the year ended<br>June 30, 2016 |
|---------------------------------------|-------------------------------------|-------------------------------------|
| Average Net Assets                    | 3,654.929                           | 319.36                              |
| Gross income                          | 241.30                              | 14.63                               |
| Total Comprehensive Income            | 82.80                               | 4.39                                |
| Net Assets Value per Unit (PKR)       | 101.2353                            | 100.6098                            |
| Issuance of units during the period   | 9,442.35                            | 3,033.39                            |
| Redemption of units during the period | 6,887.71                            | 3,051.27                            |

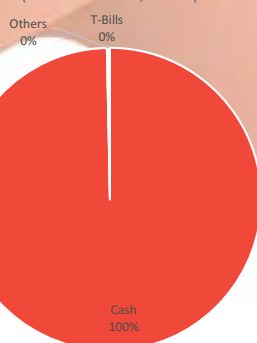
### Alfalsh GHP Cash Fund

During FY17, Alfalah GHP Cash Fund (AGCF) generated a return of 6.86% while the benchmark of the fund generated 5.02% during the same period.

#### Payout

At the end of the year under review, the fund paid out cash dividend of PKR.32.8386per unit

Asset Allocation  
(As at 30 June, 2017)



#### Key Financial Data

(Rupees in Million)

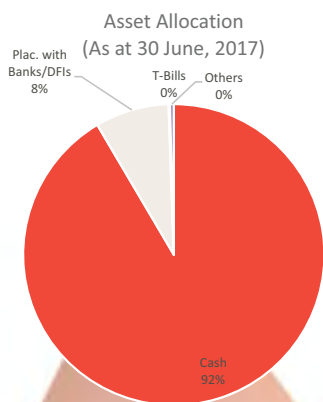
| Description                           | For the year ended<br>June 30, 2017 | For the year ended<br>June 30, 2016 |
|---------------------------------------|-------------------------------------|-------------------------------------|
| Average Net Assets                    | 838.590                             | 743.43                              |
| Gross income                          | 70.16                               | 56.91                               |
| Total Comprehensive Income            | 90.38                               | 33.46                               |
| Net Assets Value per Unit (PKR)       | 496.75                              | 495.60                              |
| Issuance of units during the period   | 2,874.25                            | 1,418.81                            |
| Redemption of units during the period | 3,303.94                            | 599.72                              |

**Alfalah GHP Money Market Fund**

During FY17, Alfalah GHP Money Market Fund (AGMMF) generated a return of 5.62% while the benchmark of the fund generated 5.02% during the same period.

**Payout**

At the end of the year under review, the fund paid out cash dividend of PKR.6.3483per unit



**Key Financial Data**

(Rupees in Million)

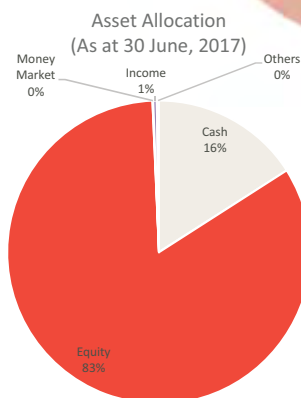
| Description                           | For the year ended June 30, 2017 | For the year ended June 30, 2016 |
|---------------------------------------|----------------------------------|----------------------------------|
| Average Net Assets                    | 1,394.236                        | 1,755.95                         |
| Gross income                          | 92.94                            | 121.19                           |
| Total Comprehensive Income            | 9.940                            | 66.84                            |
| Net Assets Value per Unit (PKR)       | 97.4166                          | 98.2198                          |
| Issuance of units during the period   | 7,625.02                         | 9,368.52                         |
| Redemption of units during the period | 10,299.52                        | 8,304.03                         |

**Alfalah GHP Prosperity Planning Fund- ActiveAllocation Plan**

The fund generated a return of 16.65% against the benchmark which generated 15.93%.

**Payout**

At the end of the year under review, the fund paid out cash dividend of PKR.7.1554& 0.8673 per unit



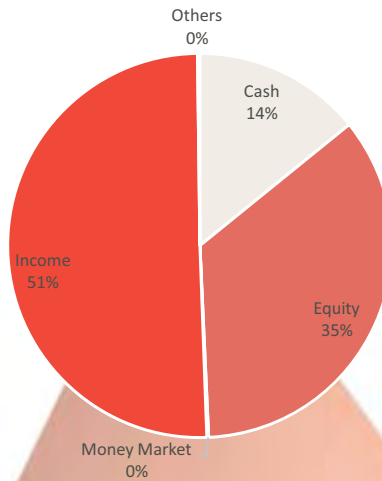
**Alfalah GHP Prosperity Planning Fund- Moderate Plan**

The fund generated a return of 12.07% against the benchmark which generated 12.82%.

**Payout**

At the end of the year under review, the fund paid out cash dividend of PKR.10.5442per unit

Asset Allocation  
(As at 30 June, 2017)



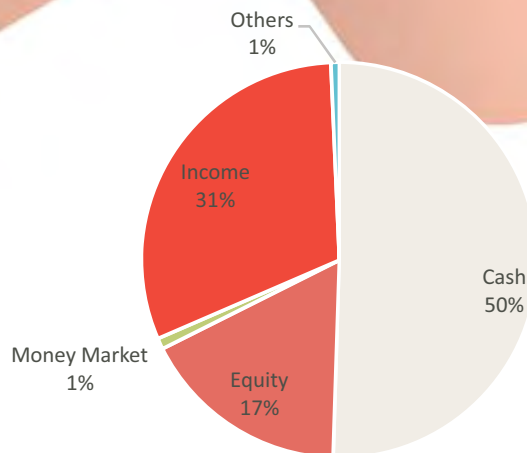
**Alfalah GHP Prosperity Planning Fund- Conservative Plan**

The fund generated a return of 8.46% against the benchmark which generated 9.49%.

**Payout**

At the end of the year under review, the fund paid out cash dividend of PKR.4.5144per unit

Asset Allocation  
(As at 30 June, 2017)





| Description                           | Alfalah GHP Active Allocation Plan | Alfalah GHP Conservative Allocation Plan | Alfalah GHP Moderate Allocation Plan | Alfalah GHP Active Allocation Plan | Alfalah GHP Conservative Allocation Plan | Alfalah GHP Moderate Allocation Plan |
|---------------------------------------|------------------------------------|------------------------------------------|--------------------------------------|------------------------------------|------------------------------------------|--------------------------------------|
|                                       | For the year ended June 30 ,2017   |                                          |                                      | For the year ended June 30 ,2016   |                                          |                                      |
| Average Net Assets                    | 307.19                             | 382.84                                   | 547.56                               | 220.016                            | 114.551                                  | 295.707                              |
| Gross income                          | 38.72                              | 31.17                                    | 49.65                                | 19.539                             | 19.805                                   | 19.514                               |
| Total Comprehensive Income            | 48.14                              | 38.75                                    | 101.59                               | 15.913                             | 6.075                                    | 21.331                               |
| Net Assets Value per Unit (PKR)       | 117.4231                           | 109.9390                                 | 106.9507                             | 107.5354                           | 105.5315                                 | 104.8369                             |
| Issuance of units during the period   | 202.84                             | 457.38                                   | 998.95                               | 248.950                            | 509.740                                  | 351.361                              |
| Redemption of units during the period | 114.44                             | 99.94                                    | 331.85                               | 47.166                             | 413.631                                  | 66.549                               |

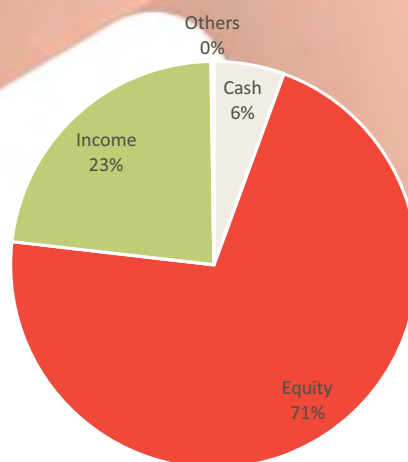
#### Alfalah GHP Islamic Prosperity Planning Fund- Active Allocation Plan

The fund generated a return of 14.72% against the benchmark which generated 11.56%.

#### Payout

At the end of the year under review, the fund paid out cash dividend of PKR.5.9883 & 1.2709 per unit

#### Asset Allocation (As at 30 June, 2017)



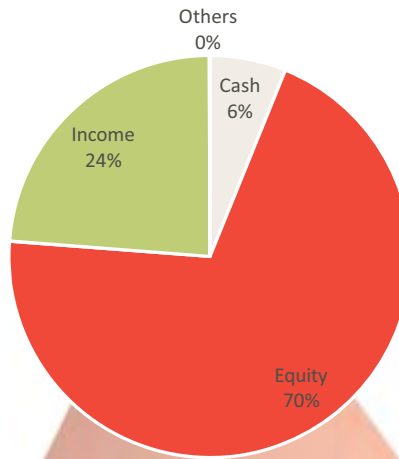
**Alfalah GHP Islamic Prosperity Planning Fund- Active Allocation Plan II**

The fund generated a return of 7.29% against the benchmark which generated 4.14%.

**Payout**

At the end of the year under review, the fund paid out cash dividend of PKR.6.1617 &0.3248 per unit

Asset Allocation  
(As at 30 June, 2017)



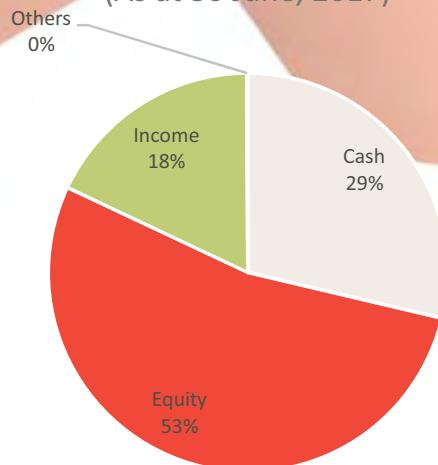
**Alfalah GHP Islamic Prosperity Planning Fund- Active Allocation Plan III**

The fund generated a return of -0.31% against the benchmark which generated 0.00%, the Fund is launched on June 22, 2017.

**Payout**

At the end of the year under review, the fund paid out cash dividend of PKR.0.0716per unit

Asset Allocation  
(As at 30 June, 2017)



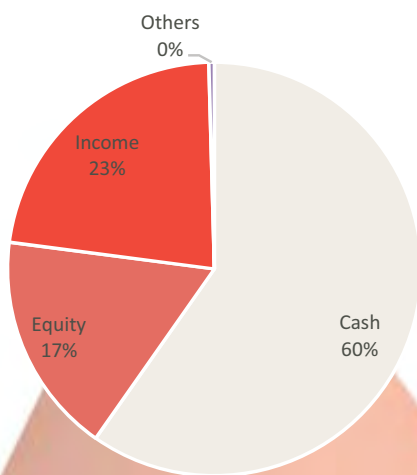
**Alfalah GHP Islamic Prosperity Planning Fund- Balance Allocation Plan**

The fund generated a return of 7.80% against the benchmark which generated 6.11%.

**Payout**

At the end of the year under review, the fund paid out cash dividend of PKR.2.6865& 0.2386 per unit

**Asset Allocation  
( As at 30 June, 2017)**



| Description                           | Active Allocation Plan           | Balance Allocation Plan | Active Allocation Plan - II | Active Allocation Plan - III | Active Allocation Plan           | Balance Allocation Plan |
|---------------------------------------|----------------------------------|-------------------------|-----------------------------|------------------------------|----------------------------------|-------------------------|
|                                       | For the year ended June 30 ,2017 |                         |                             |                              | For the year ended June 30 ,2016 |                         |
| Average Net Assets                    | 1,716.651                        | 2,897.981               | 2,204.806                   | 1,101.757                    | 1,543.04                         | 2,119.03                |
| Gross income                          | 244.80                           | 231.83                  | 165.40                      | -2.37                        | -12.082                          | 0.98                    |
| Total Comprehensive Income            | 231.61                           | 250.17                  | 146.21                      | -3.38                        | -13.458                          | 1.997                   |
| Net Assets Value per Unit (PKR)       | 106.5153                         | 104.8977                | 100.8383                    | 99.6929                      | 99.1445                          | 100.0297                |
| Issuance of units during the period   | 164.06                           | 5,149.55                | 2,191.81                    | 1,101.16                     | 1,556.18                         | 2,137.79                |
| Redemption of units during the period | 98.68                            | 3873.04                 | 120.74                      | -                            | -                                | 17.35                   |

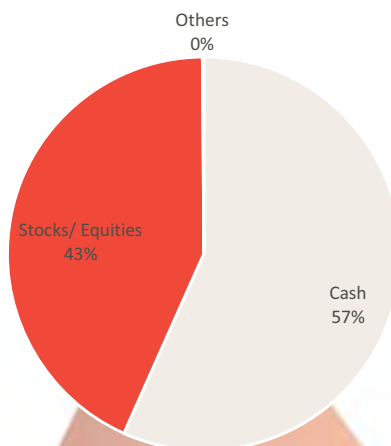
### Alfalalah GHP Islamic Dedicated Equity Fund

The fund generated a return of -3.12% against the benchmark which generated -11.80%.

#### Payout

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

Asset Allocation  
(As at 30 June, 2017)



#### Future Outlook

Going forward, the Fund will maintain high exposure in the market and continue to identify best stocks in key sectors. The healthy earnings growth, inclusion in MSC EM index, increasing depth, rising investor confidence in policymakers' ability to deal with economic troubles and attractive valuations on regional comparison will bid well for equities in the long term. With these factors in play, the index will most likely see new highs during the fiscal year.

#### 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, 2017 as given in note of Transactions with Related Parties / Connected Persons.
- l) Summary of units acquired/ redeemed during the year by the Chief Executive, director, executives and their spouses during the year ended June 30, 2017 is given in note of Transactions with Related Parties / Connected Persons.

### Board of Directors

| Name of Director     | Designation             | Meetings Held | Meetings Attended | Leave Granted                               |
|----------------------|-------------------------|---------------|-------------------|---------------------------------------------|
| Syed Ali Sultan      | Chairman                | 6             | 6                 | -                                           |
| Mr. Amin DawoodSaleh | Director                | 6             | 5                 | 73 <sup>rd</sup> Meeting                    |
| Mr. Michael Buchen   | Director                | 1             | 0                 | 73 <sup>rd</sup> Meeting                    |
| Mr. HanspeterBeier   | Director                | 6             | 4                 | 73 <sup>rd</sup> & 78 <sup>th</sup> Meeting |
| Ms. Maheen Rahman    | Chief Executive Officer | 6             | 6                 | -                                           |
| Mr. Abid Naqvi       | Director                | 6             | 5                 | 74 <sup>th</sup> Meeting                    |
| Mr. AdeelBajwa       | Director                | 2             | 1                 | 78 <sup>th</sup> Meeting                    |
| Mr. Tufail J. Ahmad  | Director                | 6             | 5                 | 73 <sup>rd</sup> Meeting                    |

### Change in Board Members during the year

| Name               | Designation | Appointed | Resigned. |
|--------------------|-------------|-----------|-----------|
| Mr. Michael Buchen | Director    |           | Resigned  |
| Mr. AdeelBajwa     | Director    | Appointed |           |

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

### Audit Committee Meetings

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

| Member               | Meetings Held | Meetings Attended |
|----------------------|---------------|-------------------|
| Mr. Abid Naqvi       | 4             | 4                 |
| Syed Ali Sultan      | 4             | 3                 |
| Mr. Amin DawoodSaleh | 4             | 3                 |

### Acknowledgement

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

### For and behalf of the Board

Chief Executive Officer  
August 23, 2017



**Alfalah  
GHP Cash Fund**

## FUND INFORMATION

|                                                        |                                                                                                                                                                                                  |
|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Management Company:</b>                             | <b>Alfalah GHP Investment Management Limited</b><br>8-B, 8th Floor, Executive Tower, Dolmen City, Block-4,<br>Clifton, Karachi.                                                                  |
| <b>Board of Directors of the Management Company:</b>   | <b>Ms.Maheen Rahman</b><br><b>Syed Ali Sultan</b><br><b>Mr.Hanspeter Beier</b><br><b>Mr.Amin Dawood Saleh</b><br><b>Mr.Abid Naqvi</b><br><b>Mr. Tufail Jawed Ahmad</b><br><b>Mr. Adeel Bajwa</b> |
| <b>Audit Committee:</b>                                | <b>Mr. Abid Naqvi</b><br><b>Syed Ali Sultan</b><br><b>Mr. Amin Dawood Saleh</b>                                                                                                                  |
| <b>HR Committee:</b>                                   | <b>Syed Ali Sultan</b><br><b>Mr. Tufail Jawed Ahmed</b><br><b>Ms. Maheen Rahman</b>                                                                                                              |
| <b>Chief Operating Officer and Company Secretary :</b> | <b>Mr. Noman Ahmed Soomro</b>                                                                                                                                                                    |
| <b>Chief Financial Officer:</b>                        | <b>Mr. Muhammad Shehzad Dhedhi</b>                                                                                                                                                               |
| <b>Trustee:</b>                                        | <b>MCB Financial Services Limited</b><br>4th Floor, Pardasi House,<br>2/1 R-Y old Queens Road,<br>Karachi                                                                                        |
| <b>Bankers to the Fund:</b>                            | <b>Bank Alfalah Limited</b>                                                                                                                                                                      |
| <b>Auditors:</b>                                       | <b>A.F. Ferguson &amp; Co.</b><br>Chartered Accountants<br>State Life Building No. 1-C I.I. Chundrigar Road,<br>P.O.Box 4716 Karachi,<br>Pakistan                                                |
| <b>Legal Advisor:</b>                                  | <b>Ahmed &amp; Qazi</b><br>Advocates & Legal Consultants<br>402,403,404,417<br>Clifton Centre,<br>Clifton, Karachi                                                                               |
| <b>Registrar:</b>                                      | <b>Alfalah GHP Investment Management Limited</b><br>8-B, 8th Floor, Executive Tower, Dolmen City, Block-4,<br>Clifton, Karachi.                                                                  |
| <b>Distributor:</b>                                    | <b>Bank Alfalah Limited</b>                                                                                                                                                                      |
| <b>Rating:</b>                                         | <b>AA+ (f) by PACRA</b>                                                                                                                                                                          |



# Alfalsh GHP Cash Fund

## Annual Fund Manager`s Report

### Type of Fund

Open-end Scheme

### Category of Fund

Conventional Money Market Scheme

### Investment Objective

The investment objective of Alfalah GHP Cash Fund (AGCF) is to provide regular stream of income at comparative rate of return while preserving capital to extent possible by investing in assets with low risk and high degree of liquidity from a portfolio constituted of mostly money market securities and placements.

### Accomplishment of Objective

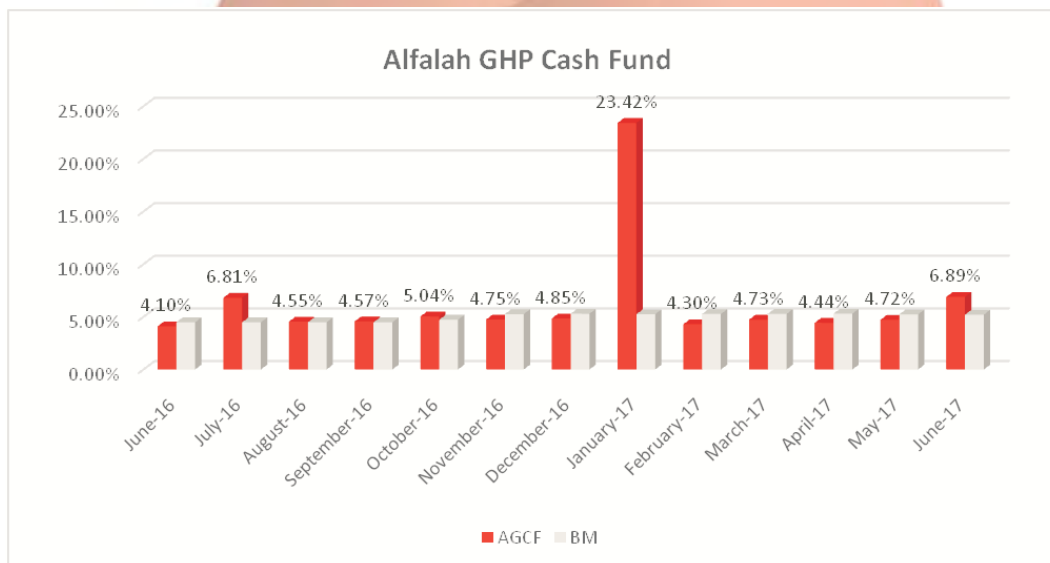
The Fund has strived to achieve its objective as it provided the unit holders a competitive return as compared to peer funds with minimum possible risk through investing in low duration money market instruments within the guidelines provided under NBFC rules.

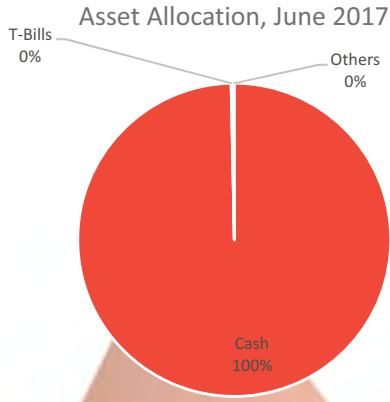
### Market Review

The central bank maintained the discount rate throughout the fiscal year; the money market remained relatively stable since no major shock was witnessed in inflation. During the period market participants maintained their interest in shorter tenure as opposed to medium to long term. The central bank also kept borrowing requirements at relatively stable level thus maintaining the cutoffs mostly during the period. Going forward, with a slightly higher CPI and the absence of low base effect, an increase in discount rate by 25bps by the central bank cannot be ruled out by the end of 2017.

### Fund Performance

For the year ended June 30, 2017 the fund posted a return of 6.86% against the target benchmark of 5.02%. During the period, the fund maintained its strategy of parking funds at premium rates and trading in government securities.





| Credit Quality (as % of Total Assets) |        |          |       |
|---------------------------------------|--------|----------|-------|
| Govt. Guar.                           | 0.14%  | A        | 0.00% |
| AAA                                   | 0.00%  | A-       | 0.00% |
| AA+                                   | 99.40% | BBB+     | 0.00% |
| AA                                    | 0.29%  | BBB      | 0.00% |
| AA-                                   | 0.00%  | Below IG | 0.00% |
| A+                                    | 0.00%  | NR/UR    | 0.18% |

**Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**

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

**Disclosure on unit split (if any), comprising:-**

There were no unit splits during the period.

**Disclosures of circumstances that materially affect any interests of unit holders**

Investments are subject to market risk.

**Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.**

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.



# MCB FINANCIAL SERVICES LIMITED

## REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

### ALFALAH GHP CASH FUND

#### Report of the Trustee Pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

Alfalah GHP Cash Fund, an open-end Scheme established under a Trust Deed dated October 23, 2009 executed between Alfalah GHP Investment Management Limited, as the Management Company and Central Depository Company of Pakistan Limited (CDC), as the Trustee. The Scheme was authorized by Securities and Exchange Commission of Pakistan (Commission) on October 07, 2009.

CDC retired as the Trustee of the Fund and MCB Financial Services Limited (MCBFSL) was appointed as the new trustee with effect from June 21, 2012.

1. Alfalah GHP Investment Management Limited, the Management Company of Alfalah GHP Cash Fund has in all material respects managed Alfalah GHP Cash Fund during the year ended 30<sup>th</sup> June 2017 in accordance with the provisions of the following:
  - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
  - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
  - (iii) the creation and cancellation of units are carried out in accordance with the deed;
  - (iv) and any regulatory requirement

Khawaja Anwar Hussain  
Chief Executive Officer  
MCB Financial Services Limited

Karachi: August 21, 2017

**STATEMENT OF COMPLIANCE BY ALFALAH GHP CASH FUND  
WITH THE CODE OF CORPORATE GOVERNANCE  
FOR THE YEAR ENDED JUNE 30, 2017**

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No.5.19 of Chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Management Company encourages representation of independent, non-executive directors, and directors representing minority interests on its board of directors ("the Board"). At present the Board includes:

| Category                | Names                                                                                  |
|-------------------------|----------------------------------------------------------------------------------------|
| Executive Director      | Ms. Maheen Rahman– Chief Executive Officer (CEO)                                       |
| Independent Directors   | Mr. Abid Naqvi<br>Mr. Tufail Jawed Ahmad                                               |
| Non-Executive Directors | Mr. Syed Ali Sultan<br>Mr. Adeel Bajwa<br>Mr. Hanspeter Beier<br>Mr. Amin Dawood Saleh |

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

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies (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 broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. According to regulation 5.19.3 of the Rule Book and section 155 (3) of the Companies Act, 2017, any casual vacancy occurring on the Board of Directors of a listed company shall be filled up by the directors at the earliest but not later than 90 days thereof. A casual vacancy occurred on the Board on September 22, 2016, due to resignation of Mr. Michael Buchen. However, the Board of Directors appointed Mr. Adeel Bajwa as a director on January 23, 2017 i.e. after 90 days after the date of resignation Mr. Michael Buchen. The appointment was approved in principle by the SECP with effect from February 7, 2017.
5. The Management Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before such meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged no training programs for its directors during the year. However, at present 6 directors of the Management Company have certification under the Directors' Training Program offered by institutions.
10. There was no change of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year. However, the remuneration and terms and conditions of Chief Financial Officer, Company Secretary and Head of Internal Audit were approved by the Board.

11. The Directors' Report for the year ended June 30, 2017 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by the CEO and CFO 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 that disclosed in the Directors' Report and pattern of unit holding.
14. The Management Company has 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, and the Chairman of the Committee 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 Committee have been formed and advised to the Committee for compliance.
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 Deloitte Yousuf Adil Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partner of the firm, their spouse and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'Book Closure' dates were duly determined and intimated to the stock exchange, however the 'closed period' prior to the announcement of interim / final results, and business decisions was not determined and intimated to directors, employees and the stock exchange, considering the fact that NAV of the Fund is announced on a daily basis.
22. Material/price sensitive information has been disseminated among all market participants at once through the stock exchange.
23. The Management Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the Code have been complied with.

**For and on behalf of the Board**

Maheen Rahman  
Chief Executive Officer

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Alfalah GHP Investment Management Limited, the Management Company of **Alfalah GHP Cash Fund** (the Fund) for the year ended June 30, 2017 to comply with the requirements of regulation no. 5.19 of chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company (**Alfalah GHP Investment Management Limited**). Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund'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 Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As a part of our audit of the 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 of Directors' 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 of Directors for their review and approval of 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 of Directors 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 of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2017.

Further, we highlight below an instance of non-compliance with the requirement of the Code as reflected in paragraph reference where it is stated in the Statement of Compliance:

| S. No. | Paragraph reference | Description                                                                                                                                                                                                                                                                                                                                                                                  |
|--------|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | 4                   | According to regulation 5.19.3 of the Rule Book and section 155 (3) of the Companies Act, 2017, any casual vacancy occurring on the Board of Directors of a listed company shall be filled up by the directors at the earliest but not later than 90 days thereof. A casual vacancy occurred on the Board on September 22, 2016 which was filled after 90 days from the date of resignation. |

**A.F. Ferguson & Co.**  
**Chartered Accountants**

Dated: September 20, 2017  
Karachi



# INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Alfalsh GHP Cash Fund** (here in after referred to as the 'Fund'), which comprise the statement of assets and liabilities as at June 30, 2017, and the related income statement, statement of comprehensive income, distribution statement, cash flow statement and statement of movement in unit holders' funds for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

The Management Company (**Alfalsh GHP Investment Management Limited**) of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with 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 the International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial position of the Fund as at June 30, 2017 and of its financial performance, its cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

### Other matter

The financial statements of the Fund for the year ended June 30, 2016 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion on those financial statements vide their report dated September 22, 2016.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

**A.F. Ferguson & Co.**  
**Chartered Accountants**  
**Engagement Partner: Shahbaz Akbar**

Dated: September 20, 2017  
Karachi



**ALFALAH GHP CASH FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
*As AT JUNE 30, 2017*

|                                                                                 | Note | 2017                          | 2016                 |
|---------------------------------------------------------------------------------|------|-------------------------------|----------------------|
|                                                                                 |      | ----- (Rupees) -----          |                      |
| <b>Assets</b>                                                                   |      |                               |                      |
| Bank balances                                                                   | 4    | 1,417,567,939                 | 1,203,660,664        |
| Investments                                                                     | 5    | 1,989,212                     | 695,991,000          |
| Profit receivable on bank balances                                              |      | 2,051,085                     | 1,125,488            |
| Prepayments                                                                     |      | 197,669                       | 198,158              |
| <b>Total assets</b>                                                             |      | <u>1,421,805,905</u>          | <u>1,900,975,310</u> |
| <b>Liabilities</b>                                                              |      |                               |                      |
| Payable to the Management Company                                               | 6    | 11,796,407                    | 12,534,905           |
| Payable to the Trustee                                                          | 7    | 56,892                        | 77,066               |
| Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP) | 8    | 628,786                       | 627,575              |
| Accrued and other liabilities                                                   | 9    | 3,083,796                     | 20,086,497           |
| <b>Total liabilities</b>                                                        |      | <u>15,565,881</u>             | <u>33,326,043</u>    |
| <b>Net assets attributable to unit holders</b>                                  |      | <u>1,406,240,024</u>          | <u>1,867,649,267</u> |
| <b>Unit holders' fund (as per the statement attached)</b>                       |      | <u>1,406,240,024</u>          | <u>1,867,649,267</u> |
| <b>Contingencies and commitments</b>                                            | 10   |                               |                      |
|                                                                                 |      | ----- (Number of units) ----- |                      |
| <b>Number of units in issue</b>                                                 |      | <u>2,830,898</u>              | <u>3,768,440</u>     |
|                                                                                 |      | ----- (Rupees) -----          |                      |
| <b>Net asset value per unit</b>                                                 |      | <u>496.75</u>                 | <u>495.60</u>        |

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

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP CASH FUND**

**INCOME STATEMENT**

FOR THE YEAR ENDED JUNE 30, 2017

|                                                                                                                                                                     | Note | 2017<br>----- (Rupees) ----- | 2016<br>-----            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------------------------------|--------------------------|
| <b>Income</b>                                                                                                                                                       |      |                              |                          |
| Profit / mark-up income                                                                                                                                             | 11   | 52,678,337                   | 56,750,109               |
| 'At fair value through profit or loss' - held-for-trading                                                                                                           |      |                              |                          |
| - (Loss) / gain on sale of investments - net                                                                                                                        |      | (308,536)                    | 114,534                  |
| - Unrealised (loss) / gain on revaluation of investments - net                                                                                                      | 5.1  | (97)                         | 45,658                   |
| Reversal of provision against Workers' Welfare Fund                                                                                                                 | 9.1  | 17,794,505                   | -                        |
| <b>Total income</b>                                                                                                                                                 |      | <u>70,164,209</u>            | <u>56,910,301</u>        |
| <b>Expenses</b>                                                                                                                                                     |      |                              |                          |
| Remuneration of the Management Company                                                                                                                              | 6.1  | 8,385,730                    | 8,370,108                |
| Sindh sales tax on remuneration of the Management Company                                                                                                           | 6.2  | 1,090,135                    | 1,358,549                |
| Federal excise duty on remuneration of the Management Company                                                                                                       | 6.3  | -                            | 1,339,191                |
| Remuneration of the Trustee                                                                                                                                         | 7.1  | 983,117                      | 984,847                  |
| Sindh sales tax on remuneration of the Trustee                                                                                                                      | 7.2  | 127,805                      | 137,879                  |
| Annual fee to the Securities and Exchange Commission of Pakistan                                                                                                    | 8    | 628,786                      | 627,574                  |
| Bank and settlement charges                                                                                                                                         |      | 36,712                       | 25,127                   |
| Legal and professional charges                                                                                                                                      |      | 98,087                       | 123,714                  |
| Auditors' remuneration                                                                                                                                              | 12   | 625,680                      | 625,680                  |
| Brokerage expense                                                                                                                                                   |      | 91,996                       | 57,516                   |
| Provision against Sindh Workers' Welfare Fund                                                                                                                       | 9.1  | 2,164,215                    | -                        |
| Fees and subscriptions                                                                                                                                              |      | 453,249                      | 387,321                  |
| Allocated expenses                                                                                                                                                  | 6.4  | -                            | 502,180                  |
| Printing charges                                                                                                                                                    |      | 51,316                       | 135,588                  |
| <b>Total expenses</b>                                                                                                                                               |      | <u>14,736,828</u>            | <u>14,675,274</u>        |
| <b>Net income for the year before element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net</b> |      | <u>55,427,381</u>            | <u>42,235,027</u>        |
| Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net                                       |      | 34,954,851                   | (8,776,242)              |
| <b>Net income for the year before taxation</b>                                                                                                                      |      | <u>90,382,232</u>            | <u>33,458,785</u>        |
| Taxation                                                                                                                                                            | 14   | -                            | -                        |
| <b>Net income for the year after taxation</b>                                                                                                                       |      | <u><u>90,382,232</u></u>     | <u><u>33,458,785</u></u> |

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

For Alfalah GHP Investment Management Limited  
(Management Company)

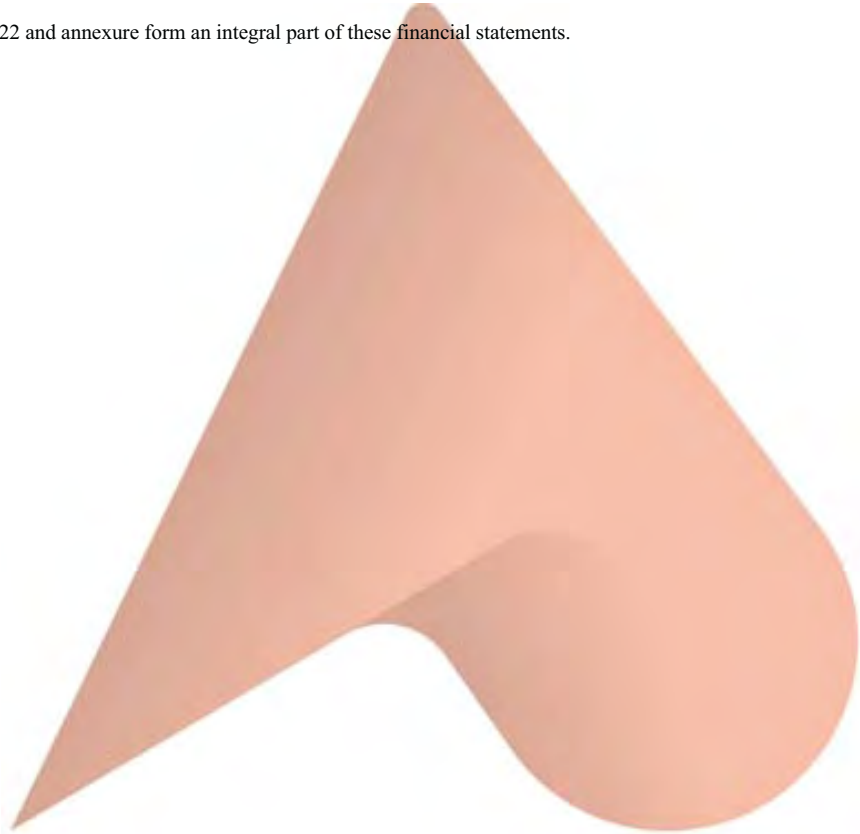
\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

**ALFALAH GHP CASH FUND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED JUNE 30, 2017*

|                                                | 2017                     | 2016                     |
|------------------------------------------------|--------------------------|--------------------------|
|                                                | ----- (Rupees) -----     | -----                    |
| <b>Net income for the year after taxation</b>  | 90,382,232               | 33,458,785               |
| Other comprehensive income for the year        | -                        | -                        |
| <b>Total comprehensive income for the year</b> | <u><u>90,382,232</u></u> | <u><u>33,458,785</u></u> |

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



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

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

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

**ALFALAH GHP CASH FUND**

**CASH FLOW STATEMENT**

FOR THE YEAR ENDED JUNE 30, 2017

|                                                                                                                                         | Note | 2017                        | 2016                        |
|-----------------------------------------------------------------------------------------------------------------------------------------|------|-----------------------------|-----------------------------|
|                                                                                                                                         |      | ----- (Rupees) -----        |                             |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                                                             |      |                             |                             |
| Net income for the year before taxation                                                                                                 |      | 90,382,232                  | 33,458,785                  |
| <b>Adjustments for:</b>                                                                                                                 |      |                             |                             |
| Unrealised loss / (gain) on revaluation of investments classified as<br>'at fair value through profit or loss' - held-for-trading - net |      | 97                          | (45,658)                    |
| Reversal of provision against Workers' Welfare Fund                                                                                     |      | (17,794,505)                | -                           |
| Provision against Sindh Workers' Welfare Fund                                                                                           |      | 2,164,215                   | -                           |
| Element of (income) / loss and capital (gains) / losses included in<br>prices of units issued less those in units redeemed - net        |      | (34,954,851)                | 8,776,242                   |
|                                                                                                                                         |      | <u>39,797,188</u>           | <u>42,189,369</u>           |
| <b>Decrease / (increase) in assets</b>                                                                                                  |      |                             |                             |
| Investments - net                                                                                                                       |      | 226,368,650                 | 193,793,420                 |
| Profit receivable                                                                                                                       |      | (925,597)                   | 832,301                     |
| Prepayments                                                                                                                             |      | 489                         | 96,235                      |
|                                                                                                                                         |      | <u>225,443,542</u>          | <u>194,721,956</u>          |
| <b>(Decrease) / increase in liabilities</b>                                                                                             |      |                             |                             |
| Payable to the Management Company                                                                                                       |      | (738,498)                   | 220,047                     |
| Payable to the Trustee                                                                                                                  |      | (20,174)                    | (87,966)                    |
| Annual fee payable to the Securities and Exchange<br>Commission of Pakistan (SECP)                                                      |      | 1,211                       | (1,172,015)                 |
| Accrued and other liabilities                                                                                                           |      | (1,372,411)                 | 1,440,980                   |
|                                                                                                                                         |      | <u>(2,129,872)</u>          | <u>401,046</u>              |
| <b>Net cash flows generated from operating activities</b>                                                                               |      | <u>263,110,858</u>          | <u>237,312,371</u>          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                                                             |      |                             |                             |
| Amount received against issuance of units                                                                                               |      | 2,874,252,481               | 1,418,011,166               |
| Amount paid against redemption of units                                                                                                 |      | (3,303,943,960)             | (708,372,228)               |
| Dividend paid                                                                                                                           |      | (87,145,145)                | (88,130,250)                |
| <b>Net cash flows (used in) / generated from financing activities</b>                                                                   |      | <u>(516,836,624)</u>        | <u>621,508,688</u>          |
| <b>Net (decrease) / increase in cash and cash equivalents during the year</b>                                                           |      | <u>(253,725,766)</u>        | <u>858,821,059</u>          |
| Cash and cash equivalents at beginning of the year                                                                                      |      | 1,671,293,705               | 812,472,646                 |
| <b>Cash and cash equivalents at end of the year</b>                                                                                     | 15   | <u><u>1,417,567,939</u></u> | <u><u>1,671,293,705</u></u> |

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

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP CASH FUND**  
**DISTRIBUTION STATEMENT**  
*FOR THE YEAR ENDED JUNE 30, 2017*

|                                                                                                                                  | 2017                 | 2016             |
|----------------------------------------------------------------------------------------------------------------------------------|----------------------|------------------|
|                                                                                                                                  | ----- (Rupees) ----- |                  |
| <b>Undistributed income brought forward comprises of:</b>                                                                        |                      |                  |
| Realised gain                                                                                                                    | 7,472,415            | 7,384,792        |
| Unrealised gain                                                                                                                  | 45,658               | 84,508           |
| <b>Total undistributed income brought forward</b>                                                                                | <u>7,518,073</u>     | <u>7,469,300</u> |
| Element of (loss) / income and capital (losses) / gains included in prices<br>of units issued less those in units redeemed - net | (1,870,405)          | 6,004,638        |
| Net income for the year after taxation                                                                                           | 90,382,232           | 33,458,785       |
| Distribution of cash dividend @ Rs 32.8386 (2016: Rs 31.3261) per<br>unit approved on June 29, 2017                              | (87,145,145)         | (39,414,650)     |
| <b>Undistributed income carried forward</b>                                                                                      | <u>8,884,755</u>     | <u>7,518,073</u> |
| <b>Undistributed income carried forward comprises of:</b>                                                                        |                      |                  |
| Realised gain                                                                                                                    | 8,884,852            | 7,472,415        |
| Unrealised (loss) / gain                                                                                                         | (97)                 | 45,658           |
| <b>Total undistributed income carried forward</b>                                                                                | <u>8,884,755</u>     | <u>7,518,073</u> |

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

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP CASH FUND**

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

FOR THE YEAR ENDED JUNE 30, 2017

|                                                                                                                                                                       | 2017                 | 2016          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|---------------|
|                                                                                                                                                                       | ----- (Rupees) ----- |               |
| <b>Net assets at beginning of the year</b>                                                                                                                            | 1,867,649,267        | 1,046,532,929 |
| Issuance of 5,531,234 units (2016: 2,854,697 units)                                                                                                                   | 2,874,252,481        | 1,418,011,166 |
| Redemption of 6,468,776 units (2016: 1,175,298 units)                                                                                                                 | (3,303,943,960)      | (599,715,206) |
|                                                                                                                                                                       | (429,691,479)        | 818,295,960   |
| Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net                                         |                      |               |
| - transferred to income statement                                                                                                                                     | (34,954,851)         | 8,776,242     |
| - transferred to distribution statement                                                                                                                               | 1,870,405            | (6,004,638)   |
|                                                                                                                                                                       | (33,084,446)         | 2,771,604     |
| Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - transferred to distribution statement - net | (1,870,405)          | 6,004,638     |
| (Loss) / gain on sale of investments classified as 'at fair value through profit or loss' - held-for-trading - net                                                    | (308,536)            | 114,534       |
| Unrealised (loss) / gain on revaluation of investments classified as 'at fair value through profit or loss' - held-for-trading - net                                  | (97)                 | 45,658        |
| Other income (net of expenses)                                                                                                                                        | 90,690,865           | 33,298,593    |
| Distribution of cash dividend @ Rs 32.8386 (2016: Rs 31.3261) per unit approved on June 29, 2017                                                                      | (87,145,145)         | (39,414,650)  |
| Total comprehensive income less distributions for the year                                                                                                            | 3,237,087            | (5,955,865)   |
| <b>Net assets at end of the year</b>                                                                                                                                  | 1,406,240,024        | 1,867,649,267 |
| Net assets value per unit as at beginning of the year                                                                                                                 | 495.60               | 500.96        |
| Net assets value per unit as at end of the year                                                                                                                       | 496.75               | 495.60        |

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

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

## ALFALAH GHP CASH FUND

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

FOR THE YEAR ENDED JUNE 30, 2017

#### 1 LEGAL STATUS AND NATURE OF BUSINESS

Alfalah GHP Cash Fund (the Fund) is an open-ended Fund constituted under a trust deed entered into on October 23, 2009 between Alfalah GHP Investment Management Limited (the Management Company), a company incorporated under the Companies Ordinance, 1984 and Central Depository Company Limited (CDC) as the Trustee, also incorporated under the Companies Ordinance, 1984. In 2012, the first supplemental trust deed for change of trustee and amendment of trust deed of the Fund was executed and MCB Financial Services Limited was appointed as the new Trustee. The Securities and Exchange Commission of Pakistan authorised the constitution of the Trust Deed on June 13, 2012 and it was executed on June 21, 2012 in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate issued by the SECP on March 09, 2017. The registered office of the Management Company is situated at 8-B, 8th floor, Executive tower, Dolmen city, Block 4, Clifton, Karachi.

The Fund is categorised as a 'money market scheme' pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund are being offered for public subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund. The Fund offers two types of units, Growth and Income. Growth unit holders are entitled to bonus units and Income unit holders are entitled to cash dividend at the time of distribution by the Fund.

According to the trust deed, the objective of the Fund is to provide a regular stream of income at competitive rate of return while preserving capital to the extent possible by investing in assets with low risk and a high degree of liquidity from a portfolio constituted mostly of money market securities and placements.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of AM2+ (stable outlook) to the Management Company on May 16, 2017, and AA+(f) to the Fund in its credit rating report dated December 30, 2016.

Title to the assets of the Fund are held in the name of MCB Financial Services Limited as the Trustee of the Fund.

#### 2 BASIS OF PREPARATION

##### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the 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 the IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The Directors of the asset management company declare that these financial statements give a true and fair view of the state of affairs of the Fund.

##### 2.2 Standards, Interpretations and amendments to published approved accounting standards that are effective in the current year

There are certain new and amended standards and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2016 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

##### 2.3 Standards, Interpretations and amendments to published approved accounting standards that are not yet effective

2.3.1 There are certain new and amended standards and interpretations that are mandatory for the accounting period beginning on or after July 1, 2017 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

2.3.2 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.

| Standards, Interpretations or Amendments        | Effective date (accounting period beginning on or after) |
|-------------------------------------------------|----------------------------------------------------------|
| - IFRS-9 Financial Instruments                  | January 1, 2018                                          |
| - IFRS-15 Revenue from contracts with customers | January 1, 2018                                          |
| - IFRS-16 Leases                                | January 1, 2019                                          |



2.3.3 The SECP vide its SRO 756(1) / 2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations, 2008 which will be applicable on the financial statements of the Fund from the accounting year ending on June 30, 2018. The notification includes a definition and explanation relating to “element of income” and excludes the element of income from the expression “accounting income” as described in Regulation 63 (Amount distributable to unit holders) of the NBFC Regulations, 2008. In addition there are certain changes in the disclosure requirements relating to the Income Statement and the Statement of Movement in Unit Holders’ Fund. The management is currently in the process of assessing the impact of these changes on the financial statements.

#### 2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- Classification and valuation of investments (note 3.2 and 5)
- Impairment of financial assets (note 3.2.6)
- Taxation (note 3.6 and 14)
- Provision against Federal Excise Duty and Sindh Workers' Welfare Fund (note 6.3 and 9.1 respectively)

#### 2.5 Accounting convention

These financial statements have been prepared under the historical cost convention, except for certain investments which are stated at fair value.

#### 2.6 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

#### 3.1 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

#### 3.2 Financial assets

##### 3.2.1 Classification

The Fund classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. The management determines the appropriate classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

Investments are categorised as follows:

##### a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profits from short-term fluctuations in prices are classified as financial assets at fair value through profit or loss category. These include held for trading investments and such other investments that, upon initial recognition, are designated under this category.

##### b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

##### c) Available-for-sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) financial assets at fair value through profit or loss or (b) loans and receivables. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.



### 3.2.2 Derivatives

These are measured at fair value. Derivatives with positive fair values (unrealised gains) are included in fair value of derivative asset and derivatives with negative fair values (unrealised losses) are included in fair value of derivative liability in the statement of assets and liabilities. The resultant gains and losses are included in the income statement.

### 3.2.3 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

### 3.2.4 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed out in the income statement.

### 3.2.5 Subsequent measurement

#### a) Financial assets 'at fair value through profit or loss' and 'available for sale'

Subsequent to initial recognition, financial instruments classified as 'at fair value through profit or loss' and 'available-for-sale' are measured at fair value.

Gains or losses arising, from changes in the fair value and on sale of the financial assets 'at fair value through profit or loss' are recognised in the Income Statement.

Changes in the fair value of financial instruments classified as 'available-for-sale' are recognised in other comprehensive income until derecognised or impaired, when the accumulated fair value adjustments recognised in other comprehensive income are included in the Income Statement.

#### Basis of valuation

- The fair value of investments in Government securities is determined by reference to the quotations obtained from the PKRV rate sheet on the MUFAP website.

#### b) Loans and receivables

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortised cost using the effective yield method.

Gains or losses are recognised in the income statement when the financial assets carried at amortised cost are derecognised or impaired.

### 3.2.6 Impairment

The Fund assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets are impaired. The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

A provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The provision against these amounts is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company in accordance with the requirements of the Securities and Exchange Commission of Pakistan. Impairment losses are recognised in the income statement.

### 3.2.7 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

### 3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

### 3.4 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### 3.5 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

### 3.6 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

### 3.7 Dividend distribution and appropriations

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

### 3.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, and charges on redemption, if applicable.

### 3.9 Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed

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

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

### 3.10 Net asset value per unit

The Net Asset Value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

### 3.11 Revenue recognition

- Gain or loss on sale of investments is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss arising on revaluation of investments classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Profit / mark-up income on bank balances, letter of placement, term deposit receipts, certificate of investment and government securities is recognised on an accrual basis using the effective yield method.

### 3.12 Expenses

All expenses including management fee and trustee fee are recognised in the Income Statement on an accrual basis.

### 3.13 Earnings per unit

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

|                        | Note | 2017                 | 2016                 |
|------------------------|------|----------------------|----------------------|
| <b>4 BANK BALANCES</b> |      | <b>(Rupees)</b>      |                      |
| In saving accounts     | 4.1  | <u>1,417,567,939</u> | <u>1,203,660,664</u> |

- 4.1 The rate of return on these accounts ranges from 5.3% to 6.6% (2016: 5.5% to 7%) per annum. It includes bank balance of Rs 2.22 million (2016: Rs 259.89 million) maintained with Bank Alfalah Limited (a related party).

| 5 INVESTMENTS                                                  | Note | 2017                 | 2016               |
|----------------------------------------------------------------|------|----------------------|--------------------|
|                                                                |      | ----- (Rupees) ----- |                    |
| <b>At fair value through profit or loss - held-for-trading</b> |      |                      |                    |
| Market Treasury Bills                                          | 5.1  | 1,989,212            | 545,858,284        |
| <b>Loans and receivables</b>                                   |      |                      |                    |
| Letter of placement                                            | 5.2  | -                    | 100,035,520        |
| Term deposit receipts                                          | 5.3  | -                    | 50,097,196         |
| Certificate of investment                                      | 5.4  | -                    | -                  |
|                                                                |      | <u>1,989,212</u>     | <u>695,991,000</u> |

5.1 Market Treasury Bills - 'at fair value through profit or loss' - held-for-trading

| Particulars                       | As at July 01, 2016               | Purchased during the year | Sold / matured during the year | As at June 30, 2017  | Carrying value as at June 30, 2017 | Market value as at June 30, 2017 | Unrealised gain / (loss) | Market value as a percentage of net assets | Market value as a percentage of total investment |
|-----------------------------------|-----------------------------------|---------------------------|--------------------------------|----------------------|------------------------------------|----------------------------------|--------------------------|--------------------------------------------|--------------------------------------------------|
|                                   | ----- (No. of certificates) ----- |                           |                                | ----- (Rupees) ----- |                                    |                                  | ----- (%) -----          |                                            |                                                  |
| Market treasury bills - 3 months  | 3,200,000                         | 37,180,000                | 40,380,000                     | -                    | -                                  | -                                | -                        | -                                          | -                                                |
| Market treasury bills - 6 months  | 2,300,000                         | 10,070,000                | 12,350,000                     | 20,000               | 1,989,309                          | 1,989,212                        | (97)                     | 0.14%                                      | 100.00%                                          |
| Market treasury bills - 12 months | -                                 | 2,925,000                 | 2,925,000                      | -                    | -                                  | -                                | -                        | -                                          | -                                                |
| <b>Total as at June 30, 2017</b>  | <u>5,500,000</u>                  | <u>50,175,000</u>         | <u>55,655,000</u>              | <u>20,000</u>        | <u>1,989,309</u>                   | <u>1,989,212</u>                 | <u>(97)</u>              | <u>0.14%</u>                               | <u>100.00%</u>                                   |
| <b>Total as at June 30, 2016</b>  | <u>8,900,000</u>                  | <u>36,942,000</u>         | <u>40,342,000</u>              | <u>5,500,000</u>     | <u>545,812,626</u>                 | <u>545,858,284</u>               | <u>45,658</u>            | <u>40.75%</u>                              | <u>44.10%</u>                                    |

- 5.1.1 These represent market treasury bills having face value of Rs 2 million (2016: Rs 550 million) carrying purchase yield 5.98% (2016: 5.92% to 6.18%) per annum. These market treasury bills have maturity upto August 03, 2017 (2016: September 01, 2016).

5.2 Letter of placement - loans and receivables

| Name of the investee company        | Rate of return per annum | Face value          |                           |                         |                     | Carrying value as at June 30, 2017 | Rating    | Face value as a percentage of net assets | Face value as a percentage of total investment |
|-------------------------------------|--------------------------|---------------------|---------------------------|-------------------------|---------------------|------------------------------------|-----------|------------------------------------------|------------------------------------------------|
|                                     |                          | As at July 01, 2016 | Purchased during the year | Matured during the year | As at June 30, 2017 |                                    |           |                                          |                                                |
| ----- (Rupees) -----                |                          |                     |                           |                         |                     |                                    |           |                                          |                                                |
| Pak Oman Investment Company Limited | 6.50%                    | 100,000,000         | -                         | 100,000,000             | -                   | -                                  | AA+ / A1+ | -                                        | -                                              |
| <b>Total as at June 30, 2016</b>    |                          | <u>-</u>            | <u>100,000,000</u>        | <u>-</u>                | <u>100,000,000</u>  | <u>100,035,520</u>                 |           | <u>5.35%</u>                             | <u>14.37%</u>                                  |

5.3 Term deposit receipts - loans and receivables

| Name of the investee company           | Rate of return per annum | Face value          |                           |                         |                     | Carrying value as at June 30, 2017 | Rating | Face value as a percentage of net assets | Face value as a percentage of total investment |
|----------------------------------------|--------------------------|---------------------|---------------------------|-------------------------|---------------------|------------------------------------|--------|------------------------------------------|------------------------------------------------|
|                                        |                          | As at July 01, 2016 | Purchased during the year | Matured during the year | As at June 30, 2017 |                                    |        |                                          |                                                |
| ----- (Rupees) -----                   |                          |                     |                           |                         |                     |                                    |        |                                          |                                                |
| Bank Alfalah Limited (a related party) | 6.45%                    | 50,000,000          | 145,000,000               | 195,000,000             | -                   | -                                  | AA     | -                                        | -                                              |
| <b>Total as at June 30, 2016</b>       |                          | <u>-</u>            | <u>480,000,000</u>        | <u>430,000,000</u>      | <u>50,000,000</u>   | <u>50,097,196</u>                  |        | <u>2.68%</u>                             | <u>7.18%</u>                                   |

5.4 Certificate of investment - loans and receivables

| Name of the investee company        | Rate of return per annum | Face value           |                           |                         |                     | Carrying value as at June 30, 2017 | Rating    | Face value as a percentage of net assets | Face value as a percentage of total investment |
|-------------------------------------|--------------------------|----------------------|---------------------------|-------------------------|---------------------|------------------------------------|-----------|------------------------------------------|------------------------------------------------|
|                                     |                          | As at July 01, 2016  | Purchased during the year | Matured during the year | As at June 30, 2017 |                                    |           |                                          |                                                |
|                                     |                          | ----- (Rupees) ----- |                           |                         |                     |                                    |           | ---- (%) ----                            |                                                |
| Pak Oman Investment Company Limited | 6.15%                    | -                    | 135,000,000               | 135,000,000             | -                   | -                                  | AA+ / A1+ | -                                        | -                                              |
| <b>Total as at June 30, 2016</b>    |                          | -                    | -                         | -                       | -                   | -                                  |           | -                                        | -                                              |

| <b>6 PAYABLE TO THE MANAGEMENT COMPANY</b>             | <b>Note</b> | <b>2017</b>          | <b>2016</b>       |
|--------------------------------------------------------|-------------|----------------------|-------------------|
|                                                        |             | ----- (Rupees) ----- |                   |
| Management remuneration payable                        | 6.1         | 474,656              | 775,653           |
| Sindh sales tax payable on management remuneration     | 6.2         | 1,511,224            | 1,559,887         |
| Federal excise duty payable on management remuneration | 6.3         | 9,810,527            | 9,810,527         |
| Payable against allocated expenses                     | 6.4         | -                    | 388,838           |
|                                                        |             | <u>11,796,407</u>    | <u>12,534,905</u> |

- 6.1 The Management Company has charged remuneration at a rate of 1% of average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.
- 6.2 During the year, Sindh Sales Tax on management remuneration has been charged at the rate of 13% (2016: 14%).
- 6.3 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On September 4, 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 9.81 million (2016: Rs 9.81 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2017 would have been higher by Rs 3.47 per unit (2016: Rs 2.60 per unit).

- 6.4 In accordance with the provisions of the NBFC Regulations, 2008 (as amended vide S.R.O 1160(I) / 2015 dated November 25, 2015), the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund upto a maximum of 0.1% of the average annual net assets of the Scheme or actual, whichever is less. However, during the year, Management Company has not charged any of the above mentioned expenses to the Fund.

| <b>7 PAYABLE TO THE TRUSTEE</b>                 | <b>Note</b> | <b>2017</b>          | <b>2016</b>   |
|-------------------------------------------------|-------------|----------------------|---------------|
|                                                 |             | ----- (Rupees) ----- |               |
| Trustee remuneration payable                    | 7.1         | 48,235               | 65,346        |
| Sindh Sales Tax payable on trustee remuneration | 7.2         | 8,657                | 11,720        |
|                                                 |             | <u>56,892</u>        | <u>77,066</u> |

- 7.1 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 NAV of the Fund. The remuneration is payable to the Trustee according to the following tariff structure:

| <b>Average net asset value</b> | <b>Tariff per annum</b>                                              |
|--------------------------------|----------------------------------------------------------------------|
| Up to Rs.1 billion             | Rs.0.5 million or 0.12% p.a. of net assets whichever is higher.      |
| Over Rs. 1 billion             | Rs.1.2 million plus 0.06% p.a. of net assets exceeding Rs.1 billion. |

7.2 During the year, Sindh Sales Tax on trustee remuneration has been charged at the rate of 13% (2016: 14%).

## 8 ANNUAL FEE PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.075 percent of the average annual net assets of the Fund.

| 9 ACCRUED AND OTHER LIABILITIES                      | Note | 2017                 | 2016              |
|------------------------------------------------------|------|----------------------|-------------------|
|                                                      |      | ----- (Rupees) ----- |                   |
| Provision against Sindh Workers' Welfare Fund (SWWF) | 9.1  | 2,164,215            | -                 |
| Provision against Workers' Welfare Fund (WWF)        | 9.1  | -                    | 17,794,505        |
| Auditors' remuneration payable                       |      | 391,616              | 406,876           |
| Withholding tax payable                              |      | 485,022              | 1,512,747         |
| Brokerage payable                                    |      | 28,682               | 20,975            |
| Printing charges payable                             |      | 14,261               | 128,691           |
| Other payables                                       |      | -                    | 222,703           |
|                                                      |      | <u>3,083,796</u>     | <u>20,086,497</u> |

9.1 The Finance Act, 2008 had introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeded Rs 0.5 million in a tax year were 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 was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court (SHC) challenging the applicability of WWF on CISs which is pending adjudication. Similar cases were disposed of by the Peshawar and the Lahore High Courts in which these amendments were declared unlawful and unconstitutional. However, these decisions were challenged in the Supreme Court of Pakistan.

Subsequently, the Finance Act, 2015 introduced an amendment under which CISs / mutual funds have been excluded from the definition of "industrial establishment" subject to WWF under the WWF Ordinance. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable from tax year 2016. Accordingly, no further provision in respect of WWF was made with effect from July 1, 2015.

On November 10, 2016 the Supreme Court of Pakistan (SCP) has passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter are still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) has taken legal and tax opinions on the impact of the SCP judgement on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the 'very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

Furthermore, as a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds, MUFAP had recommended the following to all its members on January 12, 2017:

- based on legal opinion, the entire provision against WWF held by the CISs till June 30 2015, to be reversed on January 12, 2017; and
- as a matter of abundant caution provision in respect of SWWF is being made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e., starting from May 21, 2015).

Accordingly, on January 12, 2017 the provision for WWF was reversed and the provision for SWWF was made for the period from May 21, 2015 to January 12, 2017. Thereafter, the provision for SWWF is being made by the Fund on a daily basis going forward.

The above decisions were communicated to the Securities and Exchange Commission of Pakistan (SECP) and the Pakistan Stock Exchange Limited on January 12, 2017. The SECP vide its letter dated February 1, 2017 had advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs / mutual funds. Accordingly, necessary adjustments in this respect were recorded in the books of the Funds on January 12, 2017.



Had the provision for SWWF not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2017 would have been higher by Re 0.76 per unit.

#### 10 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2017.

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 2017                 | 2016                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | ----- (Rupees) ----- |                      |
| <b>11 PROFIT / MARK-UP INCOME</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                      |                      |
| Profit / mark-up income on:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                      |                      |
| <b>'At fair value through profit or loss' - held-for-trading</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                      |                      |
| Market Treasury Bills                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 22,490,194           | 37,502,832           |
| Pakistan Investment Bonds                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | -                    | 2,085,055            |
| <b>Loans and receivables</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                      |                      |
| Letter of placement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 213,795              | 619,246              |
| Term deposit receipts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 1,663,763            | 3,470,785            |
| Certificate of investment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 1,817,178            | 298,610              |
| Bank balances                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 26,493,407           | 12,773,581           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <u>52,678,337</u>    | <u>56,750,109</u>    |
| <b>12 AUDITORS' REMUNERATION</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                      |                      |
| Audit fee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 315,370              | 315,370              |
| Review and other certifications                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 212,630              | 212,630              |
| Sindh sales tax                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 31,680               | 31,680               |
| Out of pocket expenses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 66,000               | 66,000               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <u>625,680</u>       | <u>625,680</u>       |
| <b>13 TOTAL EXPENSE RATIO</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                      |                      |
| The total expense ratio of the Fund for the year ended June 30, 2017 is 1.70% which includes 0.40% representing Government levy, Workers' Welfare Fund and SECP fee.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                      |                      |
| <b>14 TAXATION</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                      |                      |
| The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations, requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Management Company has distributed the income earned by the Fund during the year to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements. |                      |                      |
| <b>15 CASH AND CASH EQUIVALENTS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 2017                 | 2016                 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | ----- (Rupees) ----- |                      |
| Bank balances                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 1,417,567,939        | 1,203,660,664        |
| Market Treasury Bills                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | -                    | 317,500,325          |
| Letter of placement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | -                    | 100,035,520          |
| Term deposit receipts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | -                    | 50,097,196           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <u>1,417,567,939</u> | <u>1,671,293,705</u> |
| <b>16 TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                      |                      |

Connected persons / related parties include Alfalah GHP Investment Management Limited being the Management Company, Funds under management of the Management Company, GHP Beteiligungen Holding Limited, Bank Alfalah Limited and MAB Investment Incorporated being associated companies of Management Company, Bank Alfalah Limited - Employees' Provident Fund, Bank Alfalah Limited - Employees' Gratuity Fund, Alfalah GHP Investment Management Limited - Staff Provident Fund, directors and key management personnel of Alfalah GHP Investment Management Limited and MCB Financial Services Limited (MCBFSL) being the trustee of the Fund, and other associated companies and connected persons. Connected persons also includes any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund. The transactions with connected persons are in the normal course of business and at contractual rates.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investment and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

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

16.1 Unit Holders' Fund

|                                                     |        | June 30, 2017       |                                                |                       |                                          |                     |                     |                                                  |                       |                                          |                                        |
|-----------------------------------------------------|--------|---------------------|------------------------------------------------|-----------------------|------------------------------------------|---------------------|---------------------|--------------------------------------------------|-----------------------|------------------------------------------|----------------------------------------|
| Note                                                |        | As at July 01, 2016 | Issued for cash / conversion in transferred in | Dividend reinvestment | Redeemed / conversion out / transfer out | As at June 30, 2017 | As at July 01, 2016 | Issued for cash / conversion in / transferred in | Dividend reinvestment | Redeemed / conversion out / transfer out | Amount outstanding as at June 30, 2017 |
|                                                     |        | (Units)             |                                                |                       |                                          |                     | (Rupees)            |                                                  |                       |                                          |                                        |
| <b>Associated companies / undertakings</b>          |        |                     |                                                |                       |                                          |                     |                     |                                                  |                       |                                          |                                        |
| Alfalalah GHP Investment Management Limited         | 16.1.1 | -                   | 18,410                                         | 1,217                 | 304                                      | 19,322              | -                   | 9,762,620                                        | 604,546               | 151,137                                  | 9,598,145                              |
| <b>Unit Holder holding 10% or more units</b>        |        |                     |                                                |                       |                                          |                     |                     |                                                  |                       |                                          |                                        |
| The Nishat Mills Limited - Employees Provident Fund | 16.1.1 | 453,921             | 2,556,445                                      | 169,016               | 453,921                                  | 2,725,461           | 224,964,577         | 1,355,191,819                                    | 83,950,083            | 225,076,830                              | 1,353,864,474                          |

|                                                     |  | June 30, 2016       |                                                |                       |                                          |                     |                     |                                                  |                       |                                          |                     |
|-----------------------------------------------------|--|---------------------|------------------------------------------------|-----------------------|------------------------------------------|---------------------|---------------------|--------------------------------------------------|-----------------------|------------------------------------------|---------------------|
| Note                                                |  | As at July 01, 2015 | Issued for cash / conversion in transferred in | Dividend reinvestment | Redeemed / conversion out / transfer out | As at June 30, 2016 | As at July 01, 2015 | Issued for cash / conversion in / transferred in | Dividend reinvestment | Redeemed / conversion out / transfer out | As at June 30, 2016 |
|                                                     |  | (Units)             |                                                |                       |                                          |                     | (Rupees)            |                                                  |                       |                                          |                     |
| <b>Associated companies / undertakings</b>          |  |                     |                                                |                       |                                          |                     |                     |                                                  |                       |                                          |                     |
| Bank Alfalah Limited                                |  | 1,050,927           | -                                              | 66,477                | 66,477                                   | 1,050,927           | 526,475,918         | -                                                | 32,925,556            | 32,925,556                               | 520,842,294         |
| Alfalalah Insurance Company Limited                 |  | 168,747             | -                                              | -                     | 168,747                                  | -                   | 84,536,115          | -                                                | -                     | 86,656,502                               | -                   |
| Alfalalah GHP Capital Preservation Fund             |  | 713,732             | 803,424                                        | -                     | 1,517,156                                | -                   | 357,553,557         | 405,884,387                                      | -                     | 770,549,238                              | -                   |
| <b>Unit holder holding 10% or more units</b>        |  |                     |                                                |                       |                                          |                     |                     |                                                  |                       |                                          |                     |
| Attock Cement Pakistan Limited                      |  | -                   | 1,200,923                                      | -                     | -                                        | 1,200,923           | -                   | 594,973,202                                      | -                     | -                                        | 595,180,607         |
| The Nishat Mills Limited - Employees Provident Fund |  | -                   | 453,921                                        | -                     | -                                        | 453,921             | -                   | 224,886,183                                      | -                     | -                                        | 224,964,577         |

16.1.1 This reflects the position of related party / connected persons status as at June 30, 2017.

16.2 Other transactions

|                                                                         | 2017        | 2016          |
|-------------------------------------------------------------------------|-------------|---------------|
|                                                                         | (Rupees)    |               |
| <b>Associated companies / undertakings</b>                              |             |               |
| <b>Alfalalah GHP Investment Management Limited - Management Company</b> |             |               |
| Remuneration of the Management Company                                  | 8,385,730   | 8,370,108     |
| Sindh sales tax on remuneration of the Management Company               | 1,090,135   | 1,358,549     |
| Federal excise duty on remuneration of the Management Company           | -           | 1,339,191     |
| Allocated expenses                                                      | -           | 502,180       |
| <b>Bank Alfalah Limited</b>                                             |             |               |
| Profit on bank balances                                                 | 5,954,301   | 2,231,357     |
| Profit on term deposit receipts                                         | 1,204,295   | 3,470,785     |
| Bank charges                                                            | 27,896      | 25,127        |
| Market treasury bills - purchased                                       | -           | 1,503,328,880 |
| Market treasury bills - sold                                            | 545,701,200 | 397,480,000   |
| <b>Alfalalah GHP Income Multiplier Fund</b>                             |             |               |
| Market treasury bills - purchased                                       | -           | 248,156,165   |
| Market treasury bills - sold                                            | 44,557,950  | -             |

|                                                                       | 2017                 | 2016        |
|-----------------------------------------------------------------------|----------------------|-------------|
|                                                                       | ----- (Rupees) ----- |             |
| <b>Alfalah GHP Sovereign Fund</b>                                     |                      |             |
| Market treasury bills - sold                                          | 262,806,405          | 9,972,420   |
| Market treasury bills - purchased                                     | -                    | 84,287,955  |
| <b>Alfalah GHP Income Fund</b>                                        |                      |             |
| Market treasury bills - purchased                                     | -                    | 99,148,480  |
| Market treasury bills - sold                                          | 49,654,300           | 4,994,025   |
| <b>Alfalah GHP Money Market Fund</b>                                  |                      |             |
| Market treasury bills - purchased                                     | 622,660,295          | 16,974,839  |
| Market treasury bills - sold                                          | -                    | 9,989,770   |
| <b>Other related parties</b>                                          |                      |             |
| <b>MCB Financial Services Limited - Trustee</b>                       |                      |             |
| Remuneration of the Trustee                                           | 983,117              | 984,847     |
| Sindh sales tax on remuneration of the Trustee                        | 127,805              | 137,879     |
| <b>16.3 Other balances</b>                                            |                      |             |
| <b>Associated companies / undertakings</b>                            |                      |             |
| <b>Alfalah GHP Investment Management Limited - Management Company</b> |                      |             |
| Management remuneration payable                                       | 474,656              | 775,653     |
| Sindh sales tax payable on management remuneration                    | 1,511,224            | 1,559,887   |
| Federal excise duty payable on management remuneration                | 9,810,527            | 9,810,527   |
| Payable against allocated expenses                                    | -                    | 388,838     |
| <b>Bank Alfalah Limited</b>                                           |                      |             |
| Bank balance                                                          | 2,220,178            | 259,887,460 |
| Profit receivable                                                     | 482,219              | 199,883     |
| <b>Other related parties</b>                                          |                      |             |
| <b>MCB Financial Services Limited - Trustee</b>                       |                      |             |
| Trustee remuneration payable                                          | 48,235               | 65,346      |
| Sindh Sales Tax payable on trustee remuneration                       | 8,657                | 11,720      |

## 17 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2017, all the financial assets carried on the statement of assets and liabilities are categorised either as loans and receivables or financial assets at fair value through profit or loss. All the financial liabilities carried on the statement of assets and liabilities are categorised as financial liabilities measured at amortised cost.

| Particulars             | June 30, 2017         |                                                         |                    |                      |
|-------------------------|-----------------------|---------------------------------------------------------|--------------------|----------------------|
|                         | Loans and receivables | Financial assets 'at fair value through profit or loss' | Available for sale | Total                |
|                         | ----- (Rupees) -----  |                                                         |                    |                      |
| <b>Financial assets</b> |                       |                                                         |                    |                      |
| Bank balances           | 1,417,567,939         | -                                                       | -                  | 1,417,567,939        |
| Investments             | -                     | 1,989,212                                               | -                  | 1,989,212            |
| Mark-up receivable      | 2,051,085             | -                                                       | -                  | 2,051,085            |
|                         | <u>1,419,619,024</u>  | <u>1,989,212</u>                                        | <u>-</u>           | <u>1,421,608,236</u> |



| Particulars | June 30, 2017                                      |                                                  |       |
|-------------|----------------------------------------------------|--------------------------------------------------|-------|
|             | Liabilities 'at fair value through profit or loss' | Financial liabilities measured at amortised cost | Total |

----- (Rupees) -----

**Financial liabilities**

|                                   |          |                |                |
|-----------------------------------|----------|----------------|----------------|
| Payable to the Management Company | -        | 474,656        | 474,656        |
| Payable to the Trustee            | -        | 48,235         | 48,235         |
| Accrued and other liabilities     | -        | 434,559        | 434,559        |
|                                   | <u>-</u> | <u>957,450</u> | <u>957,450</u> |

| Particulars | June 30, 2016         |                                                         |                    |       |
|-------------|-----------------------|---------------------------------------------------------|--------------------|-------|
|             | Loans and receivables | Financial assets 'at fair value through profit or loss' | Available for sale | Total |

----- (Rupees) -----

**Financial assets**

|                    |                      |                    |          |                      |
|--------------------|----------------------|--------------------|----------|----------------------|
| Bank balances      | 1,203,660,664        | -                  | -        | 1,203,660,664        |
| Investments        | 150,132,716          | 545,858,284        | -        | 695,991,000          |
| Mark-up receivable | 1,125,488            | -                  | -        | 1,125,488            |
|                    | <u>1,354,918,868</u> | <u>545,858,284</u> | <u>-</u> | <u>1,900,777,152</u> |

| Particulars | June 30, 2016                                      |                                                  |       |
|-------------|----------------------------------------------------|--------------------------------------------------|-------|
|             | Liabilities 'at fair value through profit or loss' | Financial liabilities measured at amortised cost | Total |

----- (Rupees) -----

**Financial liabilities**

|                                   |          |                  |                  |
|-----------------------------------|----------|------------------|------------------|
| Payable to the Management Company | -        | 1,164,491        | 1,164,491        |
| Payable to the Trustee            | -        | 65,346           | 65,346           |
| Accrued and other liabilities     | -        | 779,245          | 779,245          |
|                                   | <u>-</u> | <u>2,009,082</u> | <u>2,009,082</u> |

## 18 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

### 18.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and the regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

#### 18.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

### 18.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The interest rate profile of the Fund's interest bearing financial instruments is as follows:

|                                                   | Note | 2017             | 2016               |
|---------------------------------------------------|------|------------------|--------------------|
| -----Rupees-----                                  |      |                  |                    |
| <b>Variable rate instrument (financial asset)</b> |      |                  |                    |
| Bank balance                                      | 4    | 1,417,567,939    | 1,203,660,664      |
| <b>Fixed rate instrument (financial asset)</b>    |      |                  |                    |
| Market Treasury Bills                             |      | 1,989,212        | 545,858,284        |
| Letter of placement                               |      | -                | 100,035,520        |
| Term deposit receipts                             |      | -                | 50,097,196         |
| Certificate of investment                         |      | -                | -                  |
|                                                   |      | <u>1,989,212</u> | <u>695,991,000</u> |

#### a) Sensitivity analysis for variable rate instrument

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased the income statement and statement of comprehensive income by Rs 14.18 million (2016: Rs 12.04 million) and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

#### b) Sensitivity analysis for fixed rate instrument

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased the income statement and statement of comprehensive income by Rs 0.02 million (2016: Rs 6.96 million) and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

The composition of the Fund's investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2017 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet financial instruments is based on settlement date.

| Particulars | As at June 30, 2017             |                                  |                                           |                    |                                           | Total |
|-------------|---------------------------------|----------------------------------|-------------------------------------------|--------------------|-------------------------------------------|-------|
|             | Effective yield / interest rate | Exposed to yield / interest risk |                                           |                    | Not exposed to yield / interest rate risk |       |
|             |                                 | Upto three months                | More than three months and up to one year | More than one year |                                           |       |
|             | %                               | ----- (Rupees) -----             |                                           |                    |                                           |       |

#### On-balance sheet financial instruments

##### Financial assets

|                    |           |                      |          |          |                  |                      |
|--------------------|-----------|----------------------|----------|----------|------------------|----------------------|
| Bank balances      | 5.3%-6.6% | 1,417,567,939        | -        | -        | -                | 1,417,567,939        |
| Investments        | 5.98%     | -                    | -        | -        | 1,989,212        | 1,989,212            |
| Mark-up receivable |           | -                    | -        | -        | 2,051,085        | 2,051,085            |
| <b>Sub total</b>   |           | <u>1,417,567,939</u> | <u>-</u> | <u>-</u> | <u>4,040,297</u> | <u>1,421,608,236</u> |

| Particulars | As at June 30, 2017             |                                  |                                           |                    |                                           | Total |
|-------------|---------------------------------|----------------------------------|-------------------------------------------|--------------------|-------------------------------------------|-------|
|             | Effective yield / interest rate | Exposed to yield / interest risk |                                           |                    | Not exposed to yield / interest rate risk |       |
|             |                                 | Upto three months                | More than three months and up to one year | More than one year |                                           |       |

% ----- (Rupees) -----

**On-balance sheet financial instruments**

**Financial liabilities**

|                                   |   |   |   |         |         |
|-----------------------------------|---|---|---|---------|---------|
| Payable to the Management Company | - | - | - | 474,656 | 474,656 |
| Payable to the Trustee            | - | - | - | 48,235  | 48,235  |
| Accrued and other liabilities     | - | - | - | 434,559 | 434,559 |
| <b>Sub total</b>                  | - | - | - | 957,450 | 957,450 |

**On-balance sheet gap** 1,417,567,939 - - 3,082,847 1,420,650,786

**Total interest rate sensitivity gap** 1,417,567,939 - - 3,082,847 1,420,650,786

**Cumulative interest rate sensitivity gap** 1,417,567,939 1,417,567,939 1,417,567,939

| Particulars | As at June 30, 2016             |                                  |                                          |                    |                                           | Total |
|-------------|---------------------------------|----------------------------------|------------------------------------------|--------------------|-------------------------------------------|-------|
|             | Effective yield / interest rate | Exposed to yield / interest risk |                                          |                    | Not exposed to yield / interest rate risk |       |
|             |                                 | Upto three months                | More than three months and upto one year | More than one year |                                           |       |

% ----- (Rupees) -----

**On-balance sheet financial instruments**

**Financial assets**

|                    |             |               |   |   |             |               |
|--------------------|-------------|---------------|---|---|-------------|---------------|
| Bank balances      | 5.92%-6.18% | 1,203,660,664 | - | - | -           | 1,203,660,664 |
| Investments        | 5.5%-7%     | -             | - | - | 695,991,000 | 695,991,000   |
| Mark-up receivable |             | -             | - | - | 1,125,488   | 1,125,488     |
| <b>Sub total</b>   |             | 1,203,660,664 | - | - | 697,116,488 | 1,900,777,152 |

**Financial liabilities**

|                                   |   |   |   |           |           |
|-----------------------------------|---|---|---|-----------|-----------|
| Payable to the Management Company | - | - | - | 1,164,491 | 1,164,491 |
| Payable to the Trustee            | - | - | - | 65,346    | 65,346    |
| Accrued and other liabilities     | - | - | - | 779,245   | 779,245   |
| <b>Sub Total</b>                  | - | - | - | 2,009,082 | 2,009,082 |

**On-balance sheet gap** 1,203,660,664 - - 695,107,406 1,898,768,070

**Total interest rate sensitivity gap** 1,203,660,664 - - 695,107,406 1,898,768,070

**Cumulative interest rate sensitivity gap** 1,203,660,664 1,203,660,664 1,203,660,664

### 18.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As at reporting date, the Fund is not exposed to price risk.

### 18.2 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted and arises principally from bank balances, investments, profit and other receivable.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

#### 18.2.1 Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2017 was as follows:

|                    | 2017                                               |                      | 2016                                               |                      |
|--------------------|----------------------------------------------------|----------------------|----------------------------------------------------|----------------------|
|                    | Balance as per statement of assets and liabilities | Maximum exposure     | Balance as per statement of assets and liabilities | Maximum exposure     |
|                    | ----- (Rupees) -----                               |                      |                                                    |                      |
| Bank balances      | 1,417,567,939                                      | 1,417,567,939        | 1,203,660,664                                      | 1,203,660,664        |
| Investments        | 1,989,212                                          | -                    | 695,991,000                                        | 150,132,716          |
| Mark-up receivable | 2,051,085                                          | 2,051,085            | 1,125,488                                          | 1,125,488            |
|                    | <u>1,421,608,236</u>                               | <u>1,419,619,024</u> | <u>1,900,777,152</u>                               | <u>1,354,918,868</u> |

Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investments in Government Securities of Rs 1.99 million (2016: Rs 545.86 million) are not exposed to credit risk.

No financial assets were considered to be past due or impaired either at June 30, 2017 and June 30, 2016.

#### 18.2.2 Bank balances

The Fund held bank balances at June 30, 2017 with banks having following credit ratings:

| Rating    | 2017                 |                | 2016                 |                |
|-----------|----------------------|----------------|----------------------|----------------|
|           | Rupees               | %              | Rupees               | %              |
| A1+ / AA+ | 1,417,567,939        | 100.00%        | 259,887,460          | 21.59%         |
| A1+ / AA  | -                    | -              | 943,773,204          | 78.41%         |
|           | <u>1,417,567,939</u> | <u>100.00%</u> | <u>1,203,660,664</u> | <u>100.00%</u> |

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS as of June 30, 2017.

#### 18.2.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect the groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is mainly held with various banks and securities issued by the State Bank of Pakistan on behalf of the Government.

### 18.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to redemptions of its redeemable units on a regular basis. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is therefore to invest the majority of its assets in short term instruments in order to maintain liquidity.

The Fund can borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was required to be obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month.

| 2017                              | Within<br>1 month    | 1 to 3<br>months   | 3 to 12<br>months | 1 to 5<br>years | Total                |
|-----------------------------------|----------------------|--------------------|-------------------|-----------------|----------------------|
|                                   | ----- Rupees -----   |                    |                   |                 |                      |
| <b>Financial assets</b>           |                      |                    |                   |                 |                      |
| Bank balances                     | 1,417,567,939        | -                  | -                 | -               | 1,417,567,939        |
| Investments                       | -                    | 1,989,212          | -                 | -               | 1,989,212            |
| Mark-up receivable                | 2,051,085            | -                  | -                 | -               | 2,051,085            |
|                                   | 1,419,619,024        | 1,989,212          | -                 | -               | 1,421,608,236        |
| <b>Financial liabilities</b>      |                      |                    |                   |                 |                      |
| Payable to the Management Company | 474,656              | -                  | -                 | -               | 474,656              |
| Payable to the Trustee            | 48,235               | -                  | -                 | -               | 48,235               |
| Accrued and other liabilities     | 434,559              | -                  | -                 | -               | 434,559              |
|                                   | 957,450              | -                  | -                 | -               | 957,450              |
| <b>Net assets</b>                 | <u>1,418,661,574</u> | <u>1,989,212</u>   | <u>-</u>          | <u>-</u>        | <u>1,420,650,786</u> |
|                                   | ----- Rupees -----   |                    |                   |                 |                      |
|                                   | Within<br>1 month    | 1 to 3<br>months   | 3 to 12<br>months | 1 to 5<br>years | Total                |
| 2016                              | ----- Rupees -----   |                    |                   |                 |                      |
| <b>Financial assets</b>           |                      |                    |                   |                 |                      |
| Bank balances                     | 1,203,660,664        | -                  | -                 | -               | 1,203,660,664        |
| Investments                       | 150,132,716          | 545,858,284        | -                 | -               | 695,991,000          |
| Mark-up receivable                | 1,125,488            | -                  | -                 | -               | 1,125,488            |
|                                   | 1,354,918,868        | 545,858,284        | -                 | -               | 1,900,777,152        |
| <b>Financial liabilities</b>      |                      |                    |                   |                 |                      |
| Payable to the Management Company | 1,164,491            | -                  | -                 | -               | 1,164,491            |
| Payable to the Trustee            | 65,346               | -                  | -                 | -               | 65,346               |
| Accrued and other liabilities     | 779,245              | -                  | -                 | -               | 779,245              |
|                                   | 2,009,082            | -                  | -                 | -               | 2,009,082            |
| <b>Net assets</b>                 | <u>1,352,909,786</u> | <u>545,858,284</u> | <u>-</u>          | <u>-</u>        | <u>1,898,768,070</u> |

#### 18.4 Fair value measurement

Fair value is the amount for which an asset could be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of investments is determined as per the policy disclosed in note 3.2.5 to these financial statements.

##### Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted price (unadjusted) in an active market for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: 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: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2017 and June 30, 2016, the Fund held the following assets measured at fair values:

|                                                                | As at June 30, 2017 |             |         |             |
|----------------------------------------------------------------|---------------------|-------------|---------|-------------|
|                                                                | Level 1             | Level 2     | Level 3 | Total       |
|                                                                | Rupees              |             |         |             |
| <b>At fair value through profit or loss - held for trading</b> |                     |             |         |             |
| Market Treasury Bills                                          | -                   | 1,989,212   | -       | 1,989,212   |
|                                                                |                     |             |         |             |
|                                                                | As at June 30, 2016 |             |         |             |
|                                                                | Level 1             | Level 2     | Level 3 | Total       |
|                                                                | Rupees              |             |         |             |
| <b>At fair value through profit or loss - held for trading</b> |                     |             |         |             |
| Market Treasury Bills                                          | -                   | 545,858,284 | -       | 545,858,284 |

During the year ended June 30, 2017, 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.

#### 18.5 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
- Monitors portfolio allocations and return on net assets and where required make necessary adjustments in portfolio allocations in light of changes in market conditions.

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

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

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

**19 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.

**20 CORRESPONDING FIGURES**

Corresponding figures have been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications were made in these financial statements.

**21 GENERAL**

Figures are rounded off to the nearest rupee.

**22 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on August 23, 2017 by the Board of Directors of the Management Company.

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

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

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



**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 2017     |                      |                      |             |
|---------------------------|------------------------|----------------------|----------------------|-------------|
|                           | Number of unit holders | Number of units held | Amount Rupees        | % of total  |
| Individuals               | 26                     | 30,668               | 15,225,559           | 1%          |
| Associated Co./ Directors | 1                      | 19,322               | 9,598,432            | 1%          |
| Banks/Dfis                | -                      | -                    | -                    | 0%          |
| Insurance Co.             | 0                      | -                    | -                    | 0%          |
| Retirement & Other Funds  | 5                      | 2,780,480            | 1,381,203,319        | 98%         |
| Others                    | 5                      | 428                  | 212,714.27           | 0%          |
|                           | <b>37</b>              | <b>2,830,898</b>     | <b>1,406,240,024</b> | <b>100%</b> |

| Category                  | As at 30 June 2016     |                      |                      |             |
|---------------------------|------------------------|----------------------|----------------------|-------------|
|                           | Number of unit holders | Number of units held | Amount Rupees        | % of total  |
| Individuals               | 31                     | 278,573              | 138,060,750          | 7%          |
| Associated Co./ Directors | 1                      | 1,050,927            | 520,839,632          | 28%         |
| Banks/Dfis                | -                      | -                    | -                    | -           |
| Insurance Co.             | 5                      | 643,639              | 318,987,618          | 17%         |
| Retirement & Other Funds  | 5                      | 465,357              | 230,630,860          | 12%         |
| Others                    | 9                      | 1,329,944            | 659,130,408          | 35%         |
|                           | <b>51</b>              | <b>3,768,440</b>     | <b>1,867,649,267</b> | <b>100%</b> |

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

|                                     | 30 June<br>2017<br>% |
|-------------------------------------|----------------------|
| Invest Capital Markets Limited      | 22                   |
| C & M Management PVT Limited        | 15                   |
| Invest & Finance Securities Limited | 13                   |
| Vector Capital (Pvt) Limited        | 12                   |
| Icon Securities Private Limited     | 11                   |
| BMA Capital Management Limited      | 9                    |
| Next Capital Limited                | 7                    |
| Summit Capital (Private) Limited    | 6                    |
| BIPL Securities Limited             | 2                    |
| Magenta Capital Private Limited     | 1                    |



|                                     | 30 June<br>2016<br>% |
|-------------------------------------|----------------------|
| INVEST & FINANCE SECURITIES LIMITED | 19                   |
| VECTOR CAPITAL PVT LIMITED          | 17                   |
| ICON SECURITIES LIMITED             | 16                   |
| BMA CAPITAL MANAGEMENT LIMITED      | 16                   |
| JS GLOBAL CAPITAL LIMITED           | 8                    |
| INVEST ONE MARKETS LIMITED          | 7                    |
| INVEST CAPITAL MARKETS LIMITED      | 6                    |
| KASB SECURITIES LIMITED             | 2                    |
| SUMMIT CAPITAL (PVT) LIMITED        | 1                    |
| C & M Management PVT Limited        | 1                    |

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

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

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

**Maheen Rahman – CEO**

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

**Noman Soomro**

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

**Shariq Mukhtar Hashmi**

Mr. Hashmi holds a diversified experience of over 11 years with various private sector enterprises of repute. He joined IGI Funds Limited (which subsequently merged into Alfalah GHP Investment Management Limited in Oct. 2013) in 2010 to lead the back office function as Head of Operations & Settlements. His association has continued, post-merger, as Head of Compliance & Risk Management. He has previously served National Asset Management Company as Head of Internal Audit and Feroze Sharif Tariq & Co Chartered Accountants in various capacities. He has also headed the Internal Audit Department of the Company. Mr. Hashmi is a qualified Accountant from the Association of Chartered Certified Accountants, UK and holds MBA degree in Finance from SZABIST University. He is also enrolled for Financial Risk Manager Certification of Global Association of Risk Professionals; USA.

**Muddasir Ahmed Shaikh**

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

**Nabeel Malik**

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

**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 73th, 74th, 75th, 76st 77th ,and 78th Board Meetings were held on 26 Aug 2016, 22 Sep 2016, 31 Oct 2016, 07 Dec 2016, 14th Feb 2017 and 26 April 2017 respectively.

| Name of Director       | Number of Meetings |          |               | Meeting not attended |
|------------------------|--------------------|----------|---------------|----------------------|
|                        | Held               | Attended | Leave Granted |                      |
| Syed Ali Sultan        | 6                  | 6        | -             | -                    |
| Ms. Maheen Rahman      | 6                  | 6        | -             | -                    |
| Mr. Amin Dawood Saleh  | 6                  | 5        | 1             | 1                    |
| Mr. Abid Naqvi         | 6                  | 5        | 1             | 1                    |
| Mr. Hanspeter Beier    | 6                  | 4        | 2             | 2                    |
| Mr. Michael Buchen     | 1                  | -        | 1             | 1                    |
| Mr. Tufail Jawed Ahmad | 6                  | 5        | 1             | 1                    |
| Mr.Adeel Bajwa         | 2                  | 1        | 1             | 1                    |

Annexure A

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

**PERFORMANCE TABLE - AGCF**

|                                         | <b>30 June<br/>2017</b> | <b>30 June<br/>2016</b> | 30 June<br>2015 | 30 June<br>2014 | 30 June<br>2013 |
|-----------------------------------------|-------------------------|-------------------------|-----------------|-----------------|-----------------|
|                                         | <b>(Rupees in '000)</b> |                         |                 |                 |                 |
| Net Assets                              | <b>1,406,240</b>        | <b>1,867,649</b>        | 1,046,533       | 2,108,431       | 2,887,941       |
| NAV per unit                            | <b>496.7470</b>         | <b>495.6000</b>         | 500.9600        | 502.6600        | 500.3200        |
| Selling price per unit                  | <b>496.7470</b>         | <b>495.6000</b>         | 500.9600        | 502.6600        | 500.3200        |
| Redemption price per unit               | <b>496.7470</b>         | <b>495.6000</b>         | 500.9600        | 502.6600        | 500.3200        |
| Highest selling price per unit          | <b>530.6400</b>         | <b>526.6200</b>         | 545.2200        | 503.6900        | 505.4700        |
| Highest redemption price per unit       | <b>530.6400</b>         | <b>526.6200</b>         | 545.2200        | 503.6900        | 505.4700        |
| Lowest selling price per unit           | <b>495.8500</b>         | <b>495.4300</b>         | 500.7500        | 500.6400        | 500.1900        |
| Lowest redemption price per unit        | <b>495.8500</b>         | <b>495.4300</b>         | 500.7500        | 500.6400        | 500.1900        |
| Total interim distribution per unit     | <b>32.84</b>            | <b>31.33</b>            | 44.8            | 36.68           | 43.91           |
| Interim distribution date               | <b>22-Jun-17</b>        | <b>22-Jun-16</b>        | 26-Jun-15       | 26-Jul-13       | 27-Jul-12       |
|                                         |                         | N/A                     | N/A             | 28-Aug-13       | 27-Aug-12       |
|                                         | N/A                     | N/A                     | N/A             | 28-Sep-13       | 27-Sep-12       |
|                                         | N/A                     | N/A                     | N/A             | 31-Oct-13       | 28-Oct-12       |
|                                         | N/A                     | N/A                     | N/A             | 28-Nov-13       | 28-Nov-12       |
|                                         | N/A                     | N/A                     | N/A             | 28-Dec-13       | 27-Dec-12       |
|                                         | N/A                     | N/A                     | N/A             | 28-Jan-14       | 27-Jan-13       |
|                                         | N/A                     | N/A                     | N/A             | 28-Feb-14       | 27-Feb-13       |
|                                         | N/A                     | N/A                     | N/A             | 28-Mar-14       | 27-Mar-13       |
|                                         | N/A                     | N/A                     | N/A             | 25-Apr-14       | 29-Apr-13       |
|                                         | N/A                     | N/A                     | N/A             | 28-May-14       | 27-May-13       |
|                                         | N/A                     | N/A                     | N/A             | 27-Jun-14       | 28-Jun-13       |
| Final distribution per unit             | <b>Nil</b>              | <b>Nil</b>              | Nil             | Nil             | Nil             |
| Final distribution date                 | N/A                     | N/A                     | N/A             | N/A             | N/A             |
| Annualized returns %                    | <b>6.86%</b>            | <b>5.17%</b>            | 6.67%           | 8.09%           | 9.06%           |
| Income distribution %                   | <b>6.62%</b>            | <b>6.25%</b>            | 8.91%           | 7.33%           | 8.77%           |
| Weighted avg. portfolio duration (Days) | <b>1 Days</b>           | <b>17 Days</b>          | 31 Days         | 41 Days         | 54 Days         |

**Return since inception is 8.67 %**

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



**Alfalah GHP  
Money Market Fund**

## FUND INFORMATION

|                                                        |                                                                                                                                                                                                  |
|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Management Company:</b>                             | <b>Alfalah GHP Investment Management Limited</b><br>8-B, 8th Floor, Executive Tower, Dolmen City, Block-4,<br>Clifton, Karachi.                                                                  |
| <b>Board of Directors of the Management Company:</b>   | <b>Ms.Maheen Rahman</b><br><b>Syed Ali Sultan</b><br><b>Mr.Hanspeter Beier</b><br><b>Mr.Amin Dawood Saleh</b><br><b>Mr.Abid Naqvi</b><br><b>Mr. Tufail Jawed Ahmad</b><br><b>Mr. Adeel Bajwa</b> |
| <b>Audit Committee:</b>                                | <b>Mr. Abid Naqvi</b><br><b>Syed Ali Sultan</b><br><b>Mr. Amin Dawood Saleh</b>                                                                                                                  |
| <b>HR Committee:</b>                                   | <b>Syed Ali Sultan</b><br><b>Mr. Tufail Jawed Ahmed</b><br><b>Ms. Maheen Rahman</b>                                                                                                              |
| <b>Chief Operating Officer and Company Secretary :</b> | <b>Mr. Noman Ahmed Soomro</b>                                                                                                                                                                    |
| <b>Chief Financial Officer:</b>                        | <b>Mr. Muhammad Shehzad Dhedhi</b>                                                                                                                                                               |
| <b>Trustee:</b>                                        | <b>Central Depository Company of Pakistan Limited</b><br>CDC House, 99-B, Block 'B', SMCHS,<br>Main Share-e-Faisal, Karachi                                                                      |
| <b>Bankers to the Fund:</b>                            | <b>Bank Alfalah Limited</b>                                                                                                                                                                      |
| <b>Auditors:</b>                                       | <b>A.F. Ferguson &amp; Co.</b><br>Chartered Accountants<br>State Life Building No. 1-C I.I. Chundrigar Road,<br>P.O.Box 4716 Karachi,<br>Pakistan                                                |
| <b>Legal Advisor:</b>                                  | <b>Ahmed &amp; Qazi</b><br>Advocates & Legal Consultants<br>402,403,404,417<br>Clifton Centre,<br>Clifton, Karachi                                                                               |
| <b>Registrar:</b>                                      | <b>Alfalah GHP Investment Management Limited</b><br>8-B, 8th Floor, Executive Tower, Dolmen City, Block-4,<br>Clifton, Karachi.                                                                  |
| <b>Distributor:</b>                                    | <b>Bank Alfalah Limited</b>                                                                                                                                                                      |
| <b>Rating:</b>                                         | <b>AA+(f) by PACRA</b>                                                                                                                                                                           |

# Alfalah GHP Money Market Fund

## Annual Fund Manager`s Report

### Type of Fund

Open-end Scheme

### Category of Fund

Money Market Scheme

### Investment Objective

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

### Accomplishment of Objective

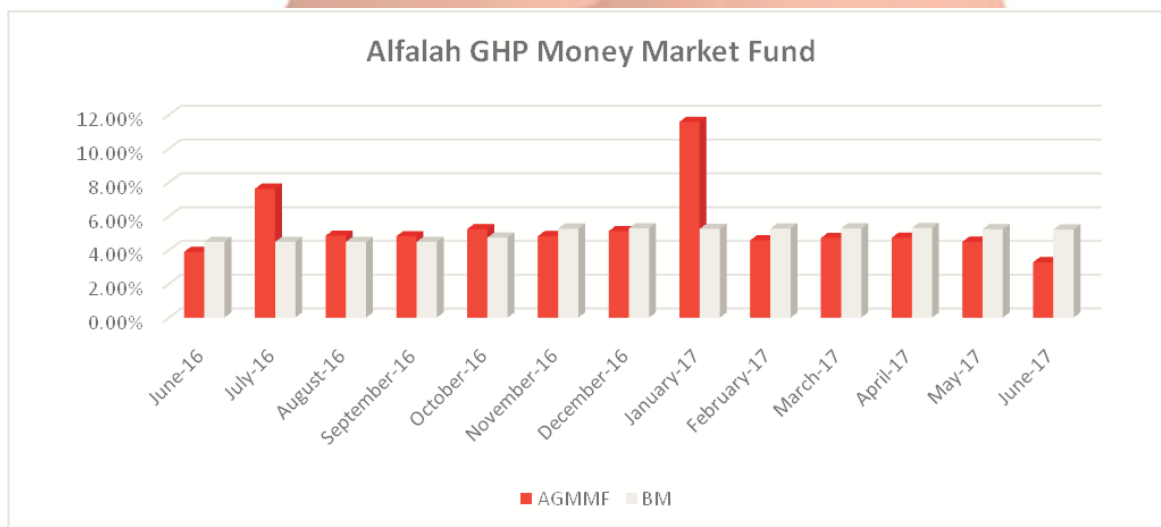
The Fund has achieved its objective of generating regular income by investing in mid to low duration fixed income instruments within the guidelines provided under NBFC rules.

### Market Review

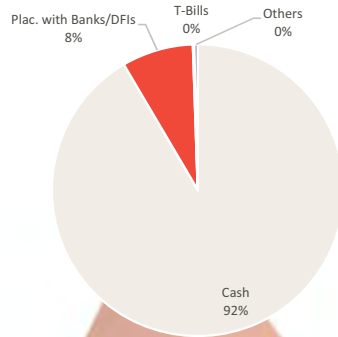
The central bank maintained the discount rate throughout the fiscal year; the money market remained relatively stable since no major shock was witnessed in inflation. During the period market participants maintained their interest in shorter tenure as opposed to medium to long term. The central bank also kept borrowing requirements at relatively stable level thus maintaining the cutoffs mostly during the period. Going forward, with a slightly higher CPI and the absence of low base effect, an increase in discount rate by 25bps by the central bank cannot be ruled out by the end of 2017.

### Fund Performance

For the year ended June 30 2017, the Fund posted a return of 5.65% against the benchmark of 5.02%. The fund maintained its strategy of parking funds at premium rates and trading in government securities in order to outperform its benchmark.



Asset Allocation, June 2017



| Credit Quality (as % of Total Assets) |        |          |       |
|---------------------------------------|--------|----------|-------|
| Govt. Guar.                           | 0.16%  | A        | 0.00% |
| AAA                                   | 7.91%  | A-       | 0.00% |
| AA+                                   | 74.50% | BBB+     | 0.00% |
| AA                                    | 17.04% | BBB      | 0.00% |
| AA-                                   | 0.00%  | Below IG | 0.00% |
| A+                                    | 0.00%  | NR/UR    | 0.40% |

**Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**

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

**Disclosure on unit split (if any), comprising:-**

There were no unit splits during the period.

**Disclosures of circumstances that materially affect any interests of unit holders**

Investments are subject to market risk.

**Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.**

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.



**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 MONEY MARKET FUND**

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

We Central Depository Company of Pakistan Limited, being the Trustee of Alfalah GHP Money Market Fund (the Fund) are of the opinion that Alfalah GHP Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2017 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.

**Aftab Ahmed Diwan**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: September 12, 2017



**STATEMENT OF COMPLIANCE BY ALFALAH GHP MONEY MARKET FUND  
WITH THE CODE OF CORPORATE GOVERNANCE  
FOR THE YEAR ENDED JUNE 30, 2017**

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No.5.19 of Chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Management Company encourages representation of independent, non-executive directors, and directors representing minority interests on its board of directors ("the Board"). At present the Board includes:

| Category                | Names                                                                                |
|-------------------------|--------------------------------------------------------------------------------------|
| Executive Director      | Ms. Maheen Rahman– Chief Executive Officer (CEO)                                     |
| Independent Directors   | Mr. Abid Naqvi<br>Mr. Tufail Jawed Ahmad                                             |
| Non-Executive Directors | Mr. Syed Ali Sultan<br>Mr. AdeelBajwa<br>Mr. HanspeterBeier<br>Mr. Amin Dawood Saleh |

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

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies (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, aDFI or an NBFII or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. According to regulation 5.19.3 of the Rule Book and section 155 (3) of the Companies Act, 2017, any casual vacancy occurring on the Board of Directors of a listed company shall be filled up by the directors at the earliest but not later than 90 days thereof. A casual vacancy occurred on the Board on September 22, 2016, due to resignation of Mr. Michael Buchen. However, the Board of Directors appointed Mr. Adeel Bajwa as a director on January 23, 2017 i.e. after 90 days since resignation of Mr. Michael Buchen. The appointment was approved in principle by the SECP with effect from February 7, 2017.
5. The Management Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before such meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged no training programs for its directors during the year. However, at present 6 directors of the Management Company have certification under the Directors' Training Program offered by institutions.
10. There was no change of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year. However, the remuneration and terms and conditions of Chief Financial Officer, Company Secretary and Head of Internal Audit were approved by the Board.

11. The Directors' Report for the year ended June 30, 2017 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by the CEO and CFO 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 that disclosed in the Directors' Report and pattern of unit holding.
14. The Management Company has 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, and the Chairman of the Committee 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 Committee have been formed and advised to the Committee for compliance.
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 Deloitte Yousuf Adil Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partner of the firm, their spouse and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'Book Closure' dates were duly determined and intimated to the stock exchange, however the 'closed period' prior to the announcement of interim / final results, and business decisions was not determined and intimated to directors, employees and the stock exchange, considering the fact that NAV of the Fund is announced on a daily basis.
22. Material/price sensitive information has been disseminated among all market participants at once through the stock exchange.
23. The Management Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the Code have been complied with.

**For and on behalf of the Board**

Maheen Rahman  
Chief Executive Officer

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Alfalah GHP Investment Management Limited, the Management Company of **Alfalah GHP Money Market Fund** (the Fund) for the year ended June 30, 2017 to comply with the requirements of regulation no. 5.19 of chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company (**Alfalah GHP Investment Management Limited**). Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund'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 Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As a part of our audit of the 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 of Directors' 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 of Directors for their review and approval of 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 of Directors 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 of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2017.

Further, we highlight below an instance of non-compliance with the requirement of the Code as reflected in paragraph reference where it is stated in the Statement of Compliance:

| S. No. | Paragraph reference | Description                                                                                                                                                                                                                                                                                                                                                                                  |
|--------|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | 4                   | According to regulation 5.19.3 of the Rule Book and section 155 (3) of the Companies Act, 2017, any casual vacancy occurring on the Board of Directors of a listed company shall be filled up by the directors at the earliest but not later than 90 days thereof. A casual vacancy occurred on the Board on September 22, 2016 which was filled after 90 days from the date of resignation. |

**A.F. Ferguson & Co.**  
**Chartered Accountants**

Dated: September 20, 2017  
Karachi

# INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Alfalah GHP Money Market Fund** (here in after referred to as the 'Fund'), which comprise the statement of assets and liabilities as at June 30, 2017, and the related income statement, statement of comprehensive income, distribution statement, cash flow statement and statement of movement in unit holders' funds for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

The Management Company (**Alfalah GHP Investment Management Limited**) of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with 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 the International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial position of the Fund as at June 30, 2017 and of its financial performance, its cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

### Other matter

The financial statements of the Fund for the year ended June 30, 2016 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion on those financial statements vide their report dated September 22, 2016. However, the report contained an emphasis of matter paragraph drawing attention to the fact that the fund had commenced making provision for Workers Welfare Fund (WWF) with effect from July 01, 2013 and that the aggregate unrecognised amount of WWF upto June 30, 2013 amounted to Rs. 17.029 million.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

**A.F. Ferguson & Co.**  
**Chartered Accountants**  
**Engagement Partner: Shahbaz Akbar**

Dated: September 20, 2017  
Karachi



**ALFALAH GHP MONEY MARKET FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
*AS AT JUNE 30, 2017*

|                                                                                    | Note | 2017                          | 2016                 |
|------------------------------------------------------------------------------------|------|-------------------------------|----------------------|
|                                                                                    |      | ----- (Rupees) -----          |                      |
| <b>ASSETS</b>                                                                      |      |                               |                      |
| Bank balances                                                                      | 4    | 1,159,217,800                 | 2,720,499,730        |
| Investments                                                                        | 5    | 101,989,214                   | 1,154,849,765        |
| Prepayments and profit receivable                                                  | 6    | 3,400,207                     | 2,520,591            |
| <b>Total assets</b>                                                                |      | <u>1,264,607,221</u>          | <u>3,877,870,086</u> |
| <b>LIABILITIES</b>                                                                 |      |                               |                      |
| Payable to the Management Company                                                  | 7    | 13,076,712                    | 14,016,149           |
| Payable to the Trustee                                                             | 8    | 179,437                       | 379,156              |
| Annual fee payable to the Securities and<br>Exchange Commission of Pakistan (SECP) | 9    | 1,045,311                     | 1,375,684            |
| Accrued and other liabilities                                                      | 10   | 10,163,235                    | 12,022,332           |
| Dividend payable                                                                   |      | -                             | 36,592               |
| <b>Total liabilities</b>                                                           |      | <u>24,464,695</u>             | <u>27,829,913</u>    |
| <b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>                                     |      | <u>1,240,142,526</u>          | <u>3,850,040,173</u> |
| <b>UNIT HOLDERS' FUND (AS PER THE STATEMENT ATTACHED)</b>                          |      | <u>1,240,142,526</u>          | <u>3,850,040,173</u> |
| <b>CONTINGENCIES AND COMMITMENTS</b>                                               | 11   |                               |                      |
|                                                                                    |      | ----- (Number of units) ----- |                      |
| <b>NET ASSET VALUE PER UNIT</b>                                                    |      | <u>12,730,301</u>             | <u>39,198,212</u>    |
|                                                                                    |      | ----- (Rupees) -----          |                      |
| <b>NUMBER OF UNITS IN ISSUE</b>                                                    |      | <u>97.4166</u>                | <u>98.2198</u>       |

The annexed notes from 1 to 25 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP MONEY MARKET FUND**

**INCOME STATEMENT**

FOR THE YEAR ENDED JUNE 30, 2017

|                                                                                                                                             | Note | 2017                    | 2016                     |
|---------------------------------------------------------------------------------------------------------------------------------------------|------|-------------------------|--------------------------|
| ----- (Rupees) -----                                                                                                                        |      |                         |                          |
| <b>Income</b>                                                                                                                               |      |                         |                          |
| Profit / mark-up income                                                                                                                     | 12   | 87,833,617              | 124,941,013              |
| 'At fair value through profit or loss' - held-for-trading                                                                                   |      |                         |                          |
| - Loss on sale of investments - net                                                                                                         |      | (504,355)               | (3,882,080)              |
| - Unrealised (loss) / gain on revaluation of investments - net                                                                              | 5.5  | (97)                    | 128,603                  |
|                                                                                                                                             |      | (504,452)               | (3,753,477)              |
| Reversal of provision against Workers' Welfare Fund                                                                                         | 10.1 | 5,612,930               | -                        |
| <b>Total income</b>                                                                                                                         |      | <u>92,942,095</u>       | <u>121,187,536</u>       |
| <b>Expenses</b>                                                                                                                             |      |                         |                          |
| Remuneration of the Management Company                                                                                                      | 7.1  | 11,220,623              | 14,677,823               |
| Sindh sales tax on remuneration of the Management Company                                                                                   | 7.2  | 1,458,678               | 2,383,015                |
| Federal excise duty on remuneration of the Management Company                                                                               | 7.3  | -                       | 2,347,803                |
| Allocated expenses                                                                                                                          | 7.4  | -                       | 1,090,916                |
| Legal expenses                                                                                                                              |      | 121,587                 | -                        |
| Remuneration of the Trustee                                                                                                                 | 8.1  | 1,785,723               | 2,126,216                |
| Sindh sales tax on remuneration of the Trustee                                                                                              | 8.2  | 232,145                 | 297,591                  |
| Annual fee to the Securities and Exchange Commission of Pakistan                                                                            | 9    | 1,045,311               | 1,375,684                |
| Brokerage expense and capital value tax                                                                                                     |      | 140,895                 | 125,855                  |
| Bank and settlement charges                                                                                                                 |      | 76,982                  | 52,295                   |
| Auditors' remuneration                                                                                                                      | 13   | 473,171                 | 481,057                  |
| Annual listing fee                                                                                                                          |      | 55,000                  | 40,000                   |
| Annual rating fee                                                                                                                           |      | 256,667                 | 247,767                  |
| Printing charges                                                                                                                            |      | 50,920                  | 99,599                   |
| Provision against Sindh Worker's Welfare Fund                                                                                               | 10.1 | 1,431,585               | -                        |
| <b>Total expenses</b>                                                                                                                       |      | <u>18,349,287</u>       | <u>25,345,621</u>        |
| <b>Net income for the year before element of loss and capital losses included in prices of units sold less those in units redeemed -net</b> |      | <u>74,592,808</u>       | <u>95,841,915</u>        |
| Element of loss and capital losses included in prices of units sold less those in units redeemed - net                                      |      | (64,652,190)            | (29,004,727)             |
| <b>Net income for the year before taxation</b>                                                                                              |      | 9,940,618               | 66,837,188               |
| Taxation                                                                                                                                    | 15   | -                       | -                        |
| <b>Net income for the year after taxation</b>                                                                                               |      | <u><u>9,940,618</u></u> | <u><u>66,837,188</u></u> |

The annexed notes from 1 to 25 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

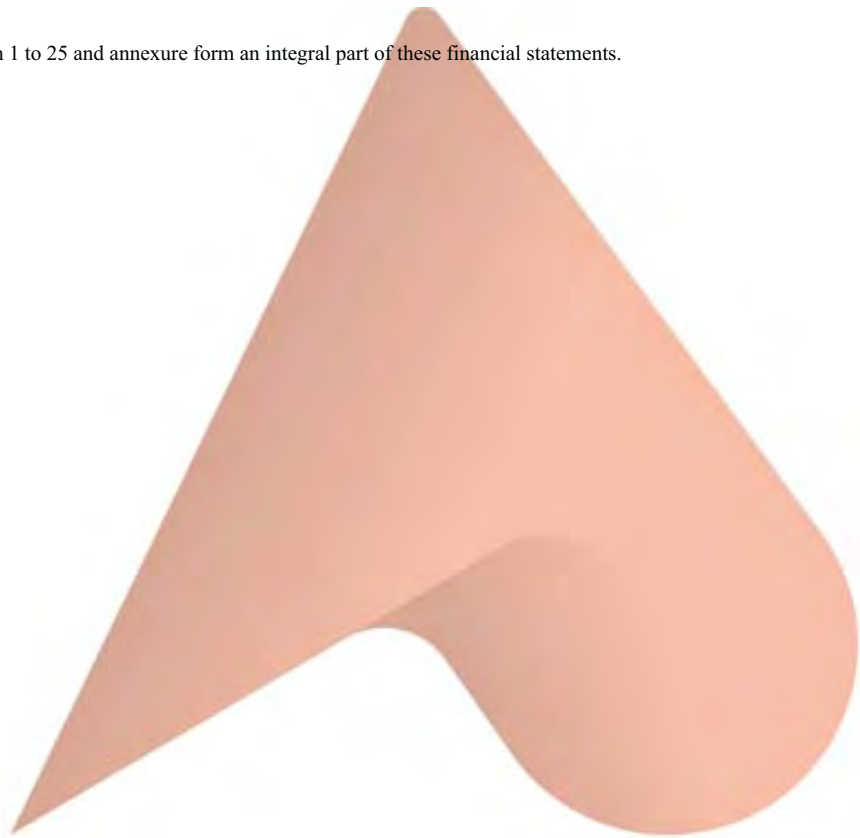
\_\_\_\_\_  
Director



**ALFALAH GHP MONEY MARKET FUND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED JUNE 30, 2017*

|                                                | 2017                 | 2016              |
|------------------------------------------------|----------------------|-------------------|
|                                                | ----- (Rupees) ----- |                   |
| <b>Net income for the year after taxation</b>  | 9,940,618            | 66,837,188        |
| Other comprehensive income for the year        | -                    | -                 |
| <b>Total comprehensive income for the year</b> | <u>9,940,618</u>     | <u>66,837,188</u> |

The annexed notes from 1 to 25 and annexure form an integral part of these financial statements.



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

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

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

**ALFALAH GHP MONEY MARKET FUND**

**CASH FLOW STATEMENT**

FOR THE YEAR ENDED JUNE 30, 2017

|                                                                                                                       | Note | 2017                 | 2016            |
|-----------------------------------------------------------------------------------------------------------------------|------|----------------------|-----------------|
|                                                                                                                       |      | ----- (Rupees) ----- |                 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                                           |      |                      |                 |
| Net income for the year before taxation                                                                               |      | 9,940,618            | 66,837,188      |
| <b>Adjustments for:</b>                                                                                               |      |                      |                 |
| Unrealised (loss) / gain on investments classified as 'at fair value through profit or loss' - held-for-trading - net |      | 97                   | (128,603)       |
| Reversal of provision against Workers' Welfare Fund                                                                   |      | (5,612,930)          | -               |
| Provision against Sindh Workers' Welfare Fund                                                                         |      | 1,431,585            | -               |
| Element of loss and capital losses included in prices of units sold less those in units redeemed - net                |      | 64,652,190           | 29,004,727      |
|                                                                                                                       |      | 70,411,560           | 95,713,312      |
| <b>Decrease / (increase) in assets</b>                                                                                |      |                      |                 |
| Investments - net                                                                                                     |      | 382,623,177          | 1,411,472,518   |
| Prepayments and profit receivable                                                                                     |      | (879,616)            | 287,292         |
|                                                                                                                       |      | 381,743,561          | 1,411,759,810   |
| <b>Increase / (decrease) in liabilities</b>                                                                           |      |                      |                 |
| Payable to the Management Company                                                                                     |      | (939,437)            | 1,832,653       |
| Payable to the Trustee                                                                                                |      | (199,719)            | 139,152         |
| Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)                                       |      | (330,373)            | (1,048,028)     |
| Accrued and other liabilities                                                                                         |      | 2,322,248            | (2,253,073)     |
|                                                                                                                       |      | 852,719              | (1,329,296)     |
| <b>Net cash generated from operating activities</b>                                                                   |      | 453,007,840          | 1,506,143,826   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                                           |      |                      |                 |
| Amount received against issuance of units                                                                             |      | 7,625,015,304        | 9,368,518,966   |
| Payment made against redemption of units                                                                              |      | (10,299,518,159)     | (8,477,223,362) |
| Dividend paid                                                                                                         |      | (10,024,192)         | (96,151,575)    |
| <b>Net cash (used in) / generated from financing activities</b>                                                       |      | (2,684,527,047)      | 795,144,029     |
| Net (decrease) / increase in cash and cash equivalents during the year                                                |      | (2,231,519,207)      | 2,301,287,855   |
| Cash and cash equivalents at beginning of the year                                                                    |      | 3,490,737,007        | 1,189,449,152   |
| <b>Cash and cash equivalents at end of the year</b>                                                                   | 16   | 1,259,217,800        | 3,490,737,007   |

The annexed notes from 1 to 25 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP MONEY MARKET FUND**  
**DISTRIBUTION STATEMENT**  
*FOR THE YEAR ENDED JUNE 30, 2017*

|                                                                                                                               | 2017                  | 2016                    |
|-------------------------------------------------------------------------------------------------------------------------------|-----------------------|-------------------------|
|                                                                                                                               | ----- (Rupees) -----  |                         |
| <b>Undistributed income brought forward</b>                                                                                   |                       |                         |
| Realised gain                                                                                                                 | 945,628               | 20,552,630              |
| Unrealised gain                                                                                                               | 128,603               | 869,584                 |
|                                                                                                                               | <u>1,074,231</u>      | <u>21,422,214</u>       |
| Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net | (725,356)             | 8,966,404               |
| Net comprehensive income for the year after taxation                                                                          | 9,940,618             | 66,837,188              |
| Interim distribution of cash dividend @ Rs.6.3483 per unit held, approved on June16, 2017 (June 2016: Rs.8.0288 per unit)     | (9,987,600)           | (96,151,575)            |
| <b>Undistributed income carried forward</b>                                                                                   | <u><u>301,893</u></u> | <u><u>1,074,231</u></u> |
| <b>Undistributed income carried forward:</b>                                                                                  |                       |                         |
| - Realised gain                                                                                                               | 301,990               | 945,628                 |
| - Unrealised (loss) / gain                                                                                                    | (97)                  | 128,603                 |
|                                                                                                                               | <u><u>301,893</u></u> | <u><u>1,074,231</u></u> |

The annexed notes from 1 to 25 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP MONEY MARKET FUND**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS**  
*FOR THE YEAR ENDED JUNE 30, 2017*

|                                                                                                                                                                   | 2017<br>----- (Rupees) -----        | 2016                             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|----------------------------------|
| <b>Net assets at beginning of the year</b>                                                                                                                        | 3,850,040,173                       | 2,785,864,555                    |
| Issuance of 76,950,250 units (2016: 91,744,456 units)                                                                                                             | 7,625,015,304                       | 9,368,518,966                    |
| Redemption of 103,418,161 units (2016: 80,178,711 units)                                                                                                          | (10,299,518,159)<br>(2,674,502,855) | (8,304,033,688)<br>1,064,485,278 |
|                                                                                                                                                                   | 1,175,537,318                       | 3,850,349,833                    |
| Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed - net                                       |                                     |                                  |
| - transferred to income statement                                                                                                                                 | 64,652,190                          | 29,004,727                       |
| - transferred to distribution statement                                                                                                                           | 725,356                             | (8,966,404)                      |
|                                                                                                                                                                   | 65,377,546                          | 20,038,323                       |
| Element of (loss) / income and capital (losses) / gains included in prices of units sold less those in units redeemed transferred to distribution statement - net | (725,356)                           | 8,966,404                        |
| Loss on sale of investments classified as 'at fair value through profit or loss' - held-for-trading - net                                                         | (504,355)                           | (3,882,080)                      |
| Unrealised loss on investments classified as 'at fair value through profit or loss' - held-for-trading - net                                                      | (97)                                | (97)                             |
| Other income (net of expenses)                                                                                                                                    | 10,445,070                          | 70,719,365                       |
| Total comprehensive income for the year                                                                                                                           | 9,940,618                           | 66,837,188                       |
| Interim distribution of cash dividend @ Rs. 6.3483 per unit, approved on June 16, 2017 (June 2016: Rs. 8.0288 per unit)                                           | (9,987,600)                         | (96,151,575)                     |
| Total comprehensive income less distributions for the year                                                                                                        | (46,982)                            | (29,314,387)                     |
| <b>Net assets at end of the year</b>                                                                                                                              | 1,240,142,526                       | 3,850,040,173                    |
| Net assets value per unit as at beginning of the year                                                                                                             | 98.2198                             | 100.8185                         |
| Net assets value per unit as at end of the year                                                                                                                   | 97.4166                             | 98.2198                          |

The annexed notes from 1 to 25 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

## ALFALAH GHP MONEY MARKET FUND

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

FOR THE YEAR ENDED JUNE 30, 2017

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

Alfalah GHP Money Market Fund (formerly IGI Money Market Fund) (the Fund) is an open-end collective investment scheme established through a Trust Deed under the Trust Act, 1882, executed between IGI Funds Limited, (Former Management Company) and Central Depository Company of Pakistan Limited, (the Trustee). The Trust Deed was executed on March 04, 2010. On October 15, 2013, the management rights were transferred from the Former Management Company to Alfalah GHP Investment Limited (the Management Company) by sanctioning of order by Securities and Exchange Commission of Pakistan Limited (SECP) vide its letter No. SCD/NBFC-II/IGIFL and AFGHP/742/2013. The SECP has approved second Supplemental Trust Deed, under the NBFC Regulations, vide its letter No. SCD/AMCW/AGISF/238/2015 dated February 03, 2015 to modify and restate the previous Trust Deed to effectuate renaming of the Fund to Alfalah GHP Money Market Fund.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate issued by the SECP on March 09, 2017. The registered office of the Management Company is situated at 8-B, 8th floor, Executive tower, Dolmen city, Block 4, Clifton, Karachi.

The Fund is categorised as a 'money market scheme' pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund are being offered for public subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.

According to the trust deed, the objective of the Fund is to provide good total return through a combination of current income and long-term capital appreciation, consistent with reasonable investment risk. The Fund invests in Government Securities, Certificates of Investment, Certificates of Deposit, Certificates of Musharika, Term Deposit Receipts, Commercial Papers, reverse repurchase transactions, etc. The investment objectives and policy are explained in the Fund's offering document.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of AM2+ (stable outlook) to the Management Company on May 16, 2017 and has updated the stability rating of the Fund to AA+(f) on December 30, 2016.

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

#### 2. BASIS OF PREPARATION

##### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the 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 the IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

##### 2.2 Standards, Interpretations and amendments to published approved accounting standards that are effective in current year

There are certain new and amended standards and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2016 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

##### 2.3 Standards, Interpretations and amendments to published approved accounting standards that are not yet effective

2.3.1 There are certain new and amended standards and interpretations that are mandatory for the accounting period beginning on or after July 1, 2017 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

2.3.2 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.

| Standards, Interpretations or Amendments        | Effective date (accounting period beginning on or after) |
|-------------------------------------------------|----------------------------------------------------------|
| - IFRS-9 Financial Instruments                  | January 1, 2018                                          |
| - IFRS-15 Revenue from contracts with customers | January 1, 2018                                          |
| - IFRS 16 - Leases                              | January 1, 2019                                          |

2.3.3 The SECP vide its SRO 756(1) / 2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations, 2008 which will be applicable on the financial statements of the Fund from the accounting year ending on June 30, 2018. The notification includes a definition and explanation relating to “element of income” and excludes the element of income from the expression “accounting income” as described in Regulation 63 (Amount distributable to unit holders) of the NBFC Regulations, 2008. In addition there are certain changes in the disclosure requirements relating to the Income Statement and the Statement of Movement in Unit Holders’ Fund. The management is currently in the process of assessing the impact of these changes on the financial statements.

#### 2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- Classification and valuation of investments (note 3.2 and 5)
- Impairment of financial assets (note 3.2.6)
- Taxation (note 3.6 and 15)
- Provision against Federal Excise Duty and Sindh Workers’ Welfare Fund (note 7.3 and 10.1 respectively)

#### 2.5 Accounting convention

These financial statements have been prepared under the historical cost convention, except for certain investments which are stated at fair value.

#### 2.6 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund’s functional and presentation currency.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

#### 3.1 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

#### 3.2 Financial assets

##### 3.2.1 Classification

The Fund classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. The management determines the appropriate classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

Investments are categorised as follows:

##### a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profits from short-term fluctuations in prices are classified as financial assets at fair value through profit or loss category. These include held for trading investments and such other investments that, upon initial recognition, are designated under this category.

##### b) Loans and receivables

These are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market.

##### c) Available-for-sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) financial assets at fair value through profit or loss or (b) loans and receivables. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.



### 3.2.2 Derivatives

These are measured at fair value. Derivatives with positive fair values (unrealised gains) are included in fair value of derivative asset and derivatives with negative fair values (unrealised losses) are included in fair value of derivative liability in the statement of assets and liabilities. The resultant gains and losses are included in the income statement.

### 3.2.3 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

### 3.2.4 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed out in the income statement.

### 3.2.5 Subsequent measurement

#### a) Financial assets 'at fair value through profit or loss' and 'available for sale'

Subsequent to initial recognition, financial instruments classified as 'at fair value through profit or loss' and 'available-for-sale' are measured at fair value.

Gains or losses arising, from changes in the fair value and on sale of the financial assets 'at fair value through profit or loss' are recognised in the Income Statement.

Changes in the fair value of financial instruments classified as 'available-for-sale' are recognised in other comprehensive income until derecognised or impaired, when the accumulated fair value adjustments recognised in other comprehensive income are included in the Income Statement.

#### Basis of valuation

- The fair value of investments in Government securities is determined by reference to the quotations obtained from the PKRV rate sheet on the MUFAP website.

#### b) Loans and receivables

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortised cost using the effective yield method.

### 3.2.6 Impairment

The Fund assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets are impaired. The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

In the case of equity securities classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered as an objective evidence of impairment. In case of impairment of available for sale securities, the cumulative loss previously recognised in other comprehensive income is removed here from and included in the Income Statement. Impairment losses recognised in the income statement on equity securities are only reversed when the equity securities are derecognised.

For certain other financial assets, a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The provision against these amounts is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company in accordance with the requirements of the Securities and Exchange Commission of Pakistan. Impairment losses are recognized in the income statement.

### 3.2.7 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

### 3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.



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

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### **3.5 Provisions**

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

### **3.6 Taxation**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

### **3.7 Dividend distribution and appropriations**

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

### **3.8 Issue and redemption of units**

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, and charges on redemption, if applicable.

### **3.9 Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed**

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

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

### **3.10 Net asset value per unit**

The Net Asset Value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

### **3.11 Revenue recognition**

- Gain or loss on sale of investment is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss arising on revaluation of investment classified as held for trading is included in the income statement in the period in which it arises.
- Profit / Mark-up income on bank balances, letter of placement, term deposit receipts, certificate of investment and government securities is recognised on an accrual basis using the effective interest method.

### **3.12 Expenses**

All expenses including management fee and trustee fee are recognised in the Income Statement on an accrual basis.

### **3.13 Earnings per unit**

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

| 4 | BANK BALANCES       | Note | 2017                 | 2016          |
|---|---------------------|------|----------------------|---------------|
|   |                     |      | ----- (Rupees) ----- |               |
|   | In savings accounts | 4.1  | 1,159,217,800        | 2,720,499,730 |

4.1 The rate of return on these accounts ranges from 5.30% to 6.60% (2016: 5.50% to 6.70%) per annum. It includes bank balance of Rs 193.88 million (2016: Rs 522.85 million) maintained with Bank Alfalah Limited (a related party).

| 5 | INVESTMENTS                                                     | Note | 2017                 | 2016                 |
|---|-----------------------------------------------------------------|------|----------------------|----------------------|
|   |                                                                 |      | ----- (Rupees) ----- |                      |
|   | <b>At fair value through profit or loss' - held for trading</b> |      |                      |                      |
|   | Market treasury bills                                           | 5.1  | 1,989,214            | 829,849,765          |
|   | <b>Loans and receivables</b>                                    |      |                      |                      |
|   | Certificates of investment                                      | 5.2  | -                    | -                    |
|   | Letters of placement                                            | 5.3  | -                    | 200,000,000          |
|   | Term deposit receipt                                            | 5.4  | 100,000,000          | 125,000,000          |
|   |                                                                 |      | <u>101,989,214</u>   | <u>1,154,849,765</u> |

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

| Particulars                      | Note  | Face value                        |                           |                                |                     | Carrying value as at June 30, 2017 | Market value as at June 30, 2017 | Unrealised gain/ (loss) | Market value as a percentage of |                                   |
|----------------------------------|-------|-----------------------------------|---------------------------|--------------------------------|---------------------|------------------------------------|----------------------------------|-------------------------|---------------------------------|-----------------------------------|
|                                  |       | As at July 01, 2016               | Purchased during the year | Sold / matured during the year | As at June 30, 2017 |                                    |                                  |                         | Net assets of the fund          | Total market value of investments |
|                                  |       | ----- (No. of Certificates) ----- |                           |                                |                     | ----- (Rupees) -----               |                                  | ----- (%age) -----      |                                 |                                   |
| Maturity upto 3 months           |       | 6,500,000                         | 54,600,000                | 61,100,000                     | -                   | -                                  | -                                | -                       | 0.00%                           | 0.00%                             |
| Maturity upto 6 months           | 5.1.1 | 1,860,000                         | 16,350,000                | 18,190,000                     | 20,000              | 1,989,311                          | 1,989,214                        | (97)                    | 0.16%                           | 1.95%                             |
| Maturity upto 12 months          |       | -                                 | 1,065,000                 | 1,065,000                      | -                   | -                                  | -                                | -                       | 0.00%                           | 0.00%                             |
| <b>Total as at June 30, 2017</b> |       | <u>8,360,000</u>                  | <u>72,015,000</u>         | <u>80,355,000</u>              | <u>20,000</u>       | <u>1,989,311</u>                   | <u>1,989,214</u>                 | <u>(97)</u>             | <u>0.16%</u>                    | <u>1.95%</u>                      |
| <b>Total as at June 30, 2016</b> |       | <u>18,275,000</u>                 | <u>71,730,000</u>         | <u>81,645,000</u>              | <u>8,360,000</u>    | <u>829,721,162</u>                 | <u>829,849,765</u>               | <u>128,603</u>          |                                 |                                   |

5.1.1 These represent Market Treasury Bills having face value of Rs.1.989 million (2016: Rs.836 million) carrying purchase yield 6.126% (2016: 5.82% to 6.25%) per annum. These Market Treasury Bills will mature by August 03, 2017 (2016: September 01, 2016).

5.2 Certificates of investment - loans and receivables

| Name of the investee company        | Rate of return per annum | Face value           |                           |                         |                     | Carrying value as at June 30, 2017 | Maturity | Rating | Face value as a percentage of |            |
|-------------------------------------|--------------------------|----------------------|---------------------------|-------------------------|---------------------|------------------------------------|----------|--------|-------------------------------|------------|
|                                     |                          | As at July 01, 2016  | Purchased during the year | Matured during the year | As at June 30, 2017 |                                    |          |        | Total investments             | Net assets |
|                                     |                          | ----- (Rupees) ----- |                           |                         |                     |                                    |          |        |                               |            |
| Pak Oman Investment Company Limited | 8.32%                    | -                    | 240,000,000               | 240,000,000             | -                   | -                                  | -        | -      | -                             | -          |
| <b>Total as at June 30, 2017</b>    |                          | <u>-</u>             | <u>240,000,000</u>        | <u>240,000,000</u>      | <u>-</u>            | <u>-</u>                           |          |        |                               |            |
| <b>Total as at June 30, 2016</b>    |                          | <u>-</u>             | <u>-</u>                  | <u>-</u>                | <u>-</u>            | <u>-</u>                           |          |        |                               |            |

5.3 Letters of placement - loans and receivables

| Name of the investee company        | Rate of return per annum | Face value           |                           |                         |                     | Carrying value as at June 30, 2017 | Maturity | Rating | Face value as a percentage of |            |
|-------------------------------------|--------------------------|----------------------|---------------------------|-------------------------|---------------------|------------------------------------|----------|--------|-------------------------------|------------|
|                                     |                          | As at July 01, 2016  | Purchased during the year | Matured during the year | As at June 30, 2017 |                                    |          |        | Total investments             | Net assets |
|                                     |                          | ----- (Rupees) ----- |                           |                         |                     |                                    |          |        |                               |            |
| Pak Oman Investment Company Limited | 6.50%                    | 200,000,000          | -                         | 200,000,000             | -                   | -                                  | -        | -      | -                             | -          |
| <b>Total as at June 30, 2017</b>    |                          | <u>200,000,000</u>   | <u>-</u>                  | <u>200,000,000</u>      | <u>-</u>            | <u>-</u>                           |          |        |                               |            |
| <b>Total as at June 30, 2016</b>    |                          | <u>-</u>             | <u>340,000,000</u>        | <u>140,000,000</u>      | <u>200,000,000</u>  | <u>200,000,000</u>                 |          |        |                               |            |

5.4 Term deposit receipts - loans and receivables

| Name of the investee company     | Rate of return per annum | Face value          |                           |                         |                     | Carrying value as at June 30, 2017 | Maturity  | Rating | Face value as a percentage of |            |
|----------------------------------|--------------------------|---------------------|---------------------------|-------------------------|---------------------|------------------------------------|-----------|--------|-------------------------------|------------|
|                                  |                          | As at July 01, 2016 | Purchased during the year | Matured during the year | As at June 30, 2017 |                                    |           |        | Total investments             | Net assets |
| ----- (Rupees) -----             |                          |                     |                           |                         |                     |                                    |           |        |                               |            |
| Bank Alfalah Limited             | 6.45%                    | 125,000,000         | 105,000,000               | 230,000,000             | -                   | -                                  | -         | A1+    | 0.00%                         | 0.00%      |
| Habib Bank Limited               | 6.70%                    | -                   | 665,000,000               | 565,000,000             | 100,000,000         | 100,000,000                        | 31-Jul-17 | A1+    | 98.05%                        | 8.06%      |
| <b>Total as at June 30, 2017</b> |                          | <u>125,000,000</u>  | <u>770,000,000</u>        | <u>795,000,000</u>      | <u>100,000,000</u>  | <u>100,000,000</u>                 |           |        |                               |            |
| <b>Total as at June 30, 2016</b> |                          | <u>-</u>            | <u>1,615,000,000</u>      | <u>1,490,000,000</u>    | <u>125,000,000</u>  | <u>125,000,000</u>                 |           |        |                               |            |

|                                                                                                                     | Note | 2017               | 2016                 |
|---------------------------------------------------------------------------------------------------------------------|------|--------------------|----------------------|
| ----- (Rupees) -----                                                                                                |      |                    |                      |
| <b>5.5 Unrealized loss on revaluation of investments classified as 'at fair value through profit or loss' - net</b> |      |                    |                      |
| Market value of investments                                                                                         |      | 1,989,214          | 829,849,765          |
| Less: Carrying value of investments                                                                                 |      | <u>(1,989,311)</u> | <u>(829,721,162)</u> |
|                                                                                                                     |      | <u>(97)</u>        | <u>128,603</u>       |
| <b>6 PREPAYMENTS AND PROFIT RECEIVABLE</b>                                                                          |      |                    |                      |
| Prepaid rating fee                                                                                                  |      | 182,126            | 83,295               |
| Profit receivable on term deposit receipts                                                                          |      | 18,219             | 314,211              |
| Profit receivable on bank balances                                                                                  |      | <u>3,199,862</u>   | <u>2,123,085</u>     |
|                                                                                                                     |      | <u>3,400,207</u>   | <u>2,520,591</u>     |
| <b>7 PAYABLE TO THE MANAGEMENT COMPANY</b>                                                                          |      |                    |                      |
| Management remuneration payable                                                                                     | 7.1  | 1,227,261          | 1,192,500            |
| Sindh sales tax payable on management remuneration                                                                  | 7.2  | 728,778            | 735,902              |
| Federal excise duty payable on management remuneration                                                              | 7.3  | 11,119,352         | 11,119,352           |
| Payable against allocated expenses                                                                                  | 7.4  | -                  | 967,074              |
| Sales load payable                                                                                                  |      | <u>1,321</u>       | <u>1,321</u>         |
|                                                                                                                     |      | <u>13,076,712</u>  | <u>14,016,149</u>    |

7.1 The Management Company has charged remuneration at a rate of 1% of average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.

7.2 During the year, Sindh Sales Tax on management remuneration has been charged at 13%.

7.3 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On September 4, 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016

amounting to Rs 11.119 million (2016: Rs11.119 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2017 would have been higher by Re 0.87 per unit (2016: Re 0.28 per unit).

- 7.4 In accordance with the provisions of the NBFC Regulations, 2008 (as amended vide S.R.O 1160(I) / 2015 dated November 25, 2015), the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund upto a maximum of 0.1% of the average annual net assets of the Scheme or actual, whichever is less. However, during the year, Management Company has not charged above mentioned expenses to the Fund.

|                                                 | Note | 2017<br>----- (Rupees) ----- | 2016    |
|-------------------------------------------------|------|------------------------------|---------|
| <b>8 PAYABLE TO THE TRUSTEE</b>                 |      |                              |         |
| Trustee remuneration payable                    | 8.1  | 157,917                      | 331,657 |
| Sindh Sales tax payable on trustee remuneration | 8.2  | 21,520                       | 47,499  |
|                                                 |      | 179,437                      | 379,156 |

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

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

- 8.2 During the year, Sindh Sales Tax on trustee remuneration has been charged at 13%.

#### 9 ANNUAL FEE PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

Under the provisions of the NBFC Regulations, an open ended asset allocation scheme is required to pay an annual fee to the SECP, an amount equal to 0.075% (2016: 0.075%) of the average annual net assets of the Fund.

|                                                      |      | 2017<br>----- (Rupees) ----- | 2016       |
|------------------------------------------------------|------|------------------------------|------------|
| <b>10 ACCRUED AND OTHER LIABILITIES</b>              |      |                              |            |
| Provision against Sindh Workers' Welfare Fund (SWWF) | 10.1 | 1,431,585                    | -          |
| Provision against Workers' Welfare Fund (WWF)        | 10.1 | -                            | 5,612,930  |
| Auditors' remuneration                               |      | 348,356                      | 367,853    |
| Capital gains tax                                    |      | 6,789,574                    | 3,073,848  |
| Withholding tax                                      |      | 1,473,097                    | 2,393,790  |
| Brokerage and settlement charges                     |      | 63,921                       | 47,119     |
| Printing charges                                     |      | 33,093                       | 101,015    |
| Sales load payable                                   |      | 23,465                       | -          |
| Other payables                                       |      | 144                          | 425,777    |
|                                                      |      | 10,163,235                   | 12,022,332 |

- 10.1 The Finance Act, 2008 had introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeded Rs 0.5 million in a tax year were 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 was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court (SHC) challenging the applicability of WWF on CISs which is pending adjudication. Similar cases were disposed of by the Peshawar and the Lahore High Courts in which these amendments were declared unlawful and unconstitutional. However, these decisions were challenged in the Supreme Court of Pakistan.

Subsequently, the Finance Act, 2015 introduced an amendment under which CISs / mutual funds have been excluded from the definition of "industrial establishment" subject to WWF under the WWF Ordinance. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable from tax year 2016. Accordingly, no further provision in respect of WWF was made with effect from July 1, 2015.

On November 10, 2016 the Supreme Court of Pakistan (SCP) has passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter are still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) has taken legal and tax opinions on the impact of the SCP judgement on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

Furthermore, as a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds, MUFAP had recommended the following to all its members on January 12, 2017:

- based on legal opinion, the entire provision against WWF held by the CISs till June 30 2015, to be reversed on January 12, 2017; and
- as a matter of abundant caution provision in respect of SWWF is being made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e., starting from May 21, 2015).

Accordingly, on January 12, 2017 the provision for WWF was reversed and the provision for SWWF was made for the period from May 21, 2015 to January 12, 2017. Thereafter, the provision for SWWF is being made by the Funds on a daily basis going forward.

The above decisions were communicated to the Securities and Exchange Commission of Pakistan (SECP) and the Pakistan Stock Exchange Limited on January 12, 2017. The SECP vide its letter dated February 1, 2017 had advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs / mutual funds. Accordingly, necessary adjustments in this respect were recorded in the books of the Funds on January 12, 2017.

Had the provision for SWWF not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2017 would have been higher by Re 0.11 per unit.

## 11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2017.

## 12 PROFIT / MARK-UP INCOME

Profit / mark-up income on:

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

|                              | 2017                 | 2016               |
|------------------------------|----------------------|--------------------|
|                              | ----- (Rupees) ----- |                    |
| Market treasury bills        | 37,979,931           | 83,530,620         |
| Pakistan Investment Bonds    | -                    | 9,040,178          |
| <b>Loans and receivables</b> |                      |                    |
| Certificates of investment   | 3,048,044            | 367,531            |
| Letters of placement         | 427,398              | 1,433,259          |
| Term deposit receipts        | 2,809,881            | 11,201,598         |
| Bank balances                | 43,568,363           | 19,367,827         |
|                              | <u>87,833,617</u>    | <u>124,941,013</u> |

## 13 AUDITORS' REMUNERATION

|                                 |                |                |
|---------------------------------|----------------|----------------|
| Audit fee                       | 266,200        | 266,200        |
| Review and other certifications | 139,755        | 139,755        |
| Sindh Sales tax                 | 24,357         | 24,357         |
| Out of pocket expenses          | 42,859         | 50,745         |
|                                 | <u>473,171</u> | <u>481,057</u> |

## 14 TOTAL EXPENSE RATIO

The total expense ratio of the Fund for the year ended June 30, 2017 is 1.22% which includes 0.20% representing Government levy, Workers' Welfare Fund and SECP fee.



## 15 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations, requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Management Company has distributed the income earned by the Fund during the year to the unit holders in the manner as explained above, no provision for taxation has been in these financial statements.

| 16 CASH AND CASH EQUIVALENTS                   | 2017                 | 2016                 |
|------------------------------------------------|----------------------|----------------------|
|                                                | ----- (Rupees) ----- |                      |
| Bank balances                                  | 1,159,217,800        | 2,720,499,730        |
| Market treasury bills maturing within 3 months | -                    | 645,237,277          |
| Term deposit receipt maturing within 3 months  | 100,000,000          | 125,000,000          |
|                                                | <u>1,259,217,800</u> | <u>3,490,737,007</u> |

## 17 TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include Alfalah GHP Investment Management Limited being the Management Company, Funds under management of the Management Company, GHP Beteiligungen Holding Limited, Bank Alfalah Limited and MAB Investment Incorporated being associated companies of Management Company, Bank Alfalah Limited - Employees' Provident Fund, Bank Alfalah Limited - Employees' Gratuity Fund, Alfalah GHP Investment Management Limited - Staff Provident Fund, directors and key management personnel of Alfalah GHP Investment Management Limited and Central Depository Company of Pakistan Limited (CDC) being the trustee of the Fund, and other associated companies and connected persons. Connected persons also includes any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund. The transactions with connected persons are in the normal course of business and at contractual rates.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investment and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

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

### 17.1 Unit Holders' Fund

| Note                                                | June 30, 2017       |                                               |                     |                                          |                     |                     |                                               |                     |                                          |                                     |             |
|-----------------------------------------------------|---------------------|-----------------------------------------------|---------------------|------------------------------------------|---------------------|---------------------|-----------------------------------------------|---------------------|------------------------------------------|-------------------------------------|-------------|
|                                                     | As at July 01, 2016 | Issued for cash / conversion in / transfer in | Dividend reinvested | Redeemed / conversion out / transfer out | As at June 30, 2017 | As at July 01, 2016 | Issued for cash / conversion in / transfer in | Dividend reinvested | Redeemed / conversion out / transfer out | Net asset value as at June 30, 2017 |             |
|                                                     | (Units)             |                                               |                     |                                          |                     | (Rupees)            |                                               |                     |                                          |                                     |             |
| <b>Associated companies / undertakings</b>          |                     |                                               |                     |                                          |                     |                     |                                               |                     |                                          |                                     |             |
| Alfalah GHP Capital Preservation Fund               | 17.1.1              | 6,328,316                                     | 1,003,183           | -                                        | 7,331,499           | -                   | 621,565,932                                   | 100,000,000         | -                                        | 730,637,165                         | -           |
| Bank Alfalah Limited                                | 17.1.1              | 567,661                                       | -                   | -                                        | 567,661             | -                   | 55,755,550                                    | -                   | -                                        | 58,440,225                          | -           |
| Alfalah GHP Prosperity Planning Fund                | 17.1.1              | 814,500                                       | 6,489,812           | 3,806                                    | 7,245,919           | 62,199              | 80,000,000                                    | 662,000,000         | 370,699                                  | 746,354,105                         | 6,059,215   |
| <b>Key management personnel (Employees)</b>         |                     |                                               |                     |                                          |                     |                     |                                               |                     |                                          |                                     |             |
| Chief executive officer                             | 17.1.1              | 15,460                                        | -                   | -                                        | 15,460              | -                   | 1,518,478                                     | -                   | -                                        | 1,529,115                           | -           |
| <b>Unit holder holding 10% or more units</b>        |                     |                                               |                     |                                          |                     |                     |                                               |                     |                                          |                                     |             |
| Fauji Oil Terminal and Distribution Company Limited | 17.1.1              | 4,608,755                                     | 1,438,209           | -                                        | 4,608,755           | 1,438,209           | 452,671,026                                   | 140,139,371         | -                                        | 462,936,362                         | 140,105,431 |
| Gul Ahmed Wind Power Limited                        | 17.1.1              | -                                             | 9,183,723           | -                                        | 7,401,704           | 1,782,019           | -                                             | 929,148,889         | -                                        | 757,216,250                         | 173,598,232 |

June 30, 2016

|                                                                   | As at July 01, 2015 | Issued for cash / conversion in / transfer in | Dividend reinvested | Redeemed / conversion out / transfer out | As at June 30, 2016 | As at July 01, 2015 | Issued for cash / conversion in / transfer in | Dividend reinvested | Redeemed / conversion out / transfer out | Net asset value as at June 30, 2016 |
|-------------------------------------------------------------------|---------------------|-----------------------------------------------|---------------------|------------------------------------------|---------------------|---------------------|-----------------------------------------------|---------------------|------------------------------------------|-------------------------------------|
|                                                                   | (Units)             |                                               |                     |                                          | (Rupees)            |                     |                                               |                     |                                          |                                     |
| <b>Associated companies / undertakings</b>                        |                     |                                               |                     |                                          |                     |                     |                                               |                     |                                          |                                     |
| Alfalsh GHP Capital Preservation Fund                             | 2,693,621           | 35,699,228                                    | 817,765             | 32,882,298                               | 6,328,316           | 271,566,829         | 3,634,828,400                                 | 80,273,785          | 3,415,828,400                            | 621,565,932                         |
| Bank Alfalah Limited                                              | 524,771             | -                                             | 85,779              | 42,889                                   | 567,661             | 52,906,625          | -                                             | 8,420,262           | -                                        | 55,755,550                          |
| Alfalsh Insurance Company Limited                                 | 699,355             | 661,374                                       | -                   | 1,360,729                                | -                   | 70,507,922          | 70,913,576                                    | -                   | 144,548,125                              | -                                   |
| Alfalsh GHP Prosperity Planning Fund                              | -                   | 4,550,448                                     | -                   | 3,735,948                                | 814,500             | -                   | 470,562,348                                   | -                   | 397,164,836                              | 80,000,027                          |
| <b>Key Management Personnel (Employees)</b>                       |                     |                                               |                     |                                          |                     |                     |                                               |                     |                                          |                                     |
| Head of Corporate Strategy                                        | 1,430               | -                                             | -                   | 1,430                                    | -                   | 140,454             | -                                             | -                   | 145,643                                  | -                                   |
| Chief Operating Officer & Company Secretary                       | -                   | -                                             | -                   | -                                        | -                   | -                   | -                                             | -                   | -                                        | -                                   |
| Chief Executive Officer                                           | -                   | 15,460                                        | -                   | -                                        | 15,460              | -                   | 1,538,049                                     | -                   | 19,815                                   | 1,518,478                           |
| Head of Operations                                                | -                   | 100                                           | -                   | -                                        | 100                 | -                   | 10,163                                        | 13                  | 163                                      | 9,822                               |
| <b>Unit holder holding 10% or more units</b>                      |                     |                                               |                     |                                          |                     |                     |                                               |                     |                                          |                                     |
| Fauji Oil Terminal and Distribution Company Limited               | 1,046,242           | 5,295,413                                     | -                   | 1,732,900                                | 4,608,755           | 105,480,564         | 529,358,718                                   | -                   | 190,828,265                              | 452,670,994                         |
| Muller and Phipps Pakistan (Private) Limited Staff Provident Fund | 221,451             | -                                             | -                   | 221,451                                  | -                   | 22,326,373          | -                                             | -                   | 22,668,581                               | -                                   |
| Nishat Mills Limited Employees Provident Fund                     | -                   | 5,059,368                                     | 827,003             | 413,502                                  | 5,472,869           | -                   | 544,008,617                                   | 81,180,591          | 7,008,617                                | 537,544,099                         |
| Lahore University of Management Sciences (LUMS)                   | -                   | 1,913,448                                     | -                   | 1,913,448                                | -                   | -                   | 192,910,940                                   | -                   | 192,985,182                              | -                                   |
| Jinnah Medical and Dental College (SMST)                          | 346,729             | -                                             | -                   | 346,729                                  | -                   | 34,956,658          | -                                             | -                   | 35,341,111                               | -                                   |
| Attock Cement Pakistan Limited                                    | -                   | 4,847,419                                     | -                   | -                                        | 4,847,419           | -                   | 482,165,235                                   | -                   | -                                        | 476,112,525                         |

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

17.1.1 This reflects the position of related party / connected persons status as at June 30, 2017.

## 17.2 Other transactions

|                                                                       | 2017        | 2016        |
|-----------------------------------------------------------------------|-------------|-------------|
|                                                                       | (Rupees)    |             |
| <b>Associated companies / undertakings</b>                            |             |             |
| <b>Alfalsh GHP Investment Management Limited - Management Company</b> |             |             |
| Remuneration of the Management Company                                | 11,220,623  | 14,677,823  |
| Sindh sales tax on remuneration of the Management Company             | 1,458,678   | 2,383,015   |
| Federal excise duty on remuneration of the Management Company         | -           | 2,347,803   |
| Allocated expenses                                                    | -           | 1,090,916   |
| <b>Alfalsh GHP Income Fund</b>                                        |             |             |
| Market treasury bills - sold                                          | -           | 39,890,790  |
| <b>Alfalsh GHP Income Multiplier Fund</b>                             |             |             |
| Market treasury bills - purchased                                     | -           | 178,336,350 |
| Market treasury bills - sold                                          | 49,722,550  | 68,968,480  |
| <b>Alfalsh GHP Cash Fund</b>                                          |             |             |
| Market treasury bills - purchased                                     | -           | 9,989,770   |
| Market treasury bills - sold                                          | 622,660,295 | 16,974,839  |



|                                                                 | 2017                 | 2016          |
|-----------------------------------------------------------------|----------------------|---------------|
|                                                                 | ----- (Rupees) ----- |               |
| <b>Alfalsh GHP Sovereign Fund - (Common Management)</b>         |                      |               |
| Market treasury bills - purchased                               | -                    | 308,165,520   |
| Market treasury bills - sold                                    | 360,040,216          | 803,517,830   |
| Pakistan Investment Bond - purchased                            | -                    | 254,689,000   |
| <b>Bank Alfalah Limited</b>                                     |                      |               |
| Profit on bank balances                                         | 8,200,991            | 7,267,567     |
| Bank charges                                                    | 57,811               | 39,126        |
| Market treasury bills - purchased                               | -                    | 2,837,644,470 |
| Market treasury bills - sold                                    | 50,000,000           | 1,734,600,195 |
| Term deposit receipts - purchased                               | 105,000,000          | 825,000,000   |
| Term deposit receipts - matured                                 | 230,000,000          | 700,000,000   |
| Sales load                                                      | 23,465               | -             |
| <b>Other related parties</b>                                    |                      |               |
| <b>Central Depository Company of Pakistan Limited - Trustee</b> |                      |               |
| Remuneration of the Trustee                                     | 1,785,723            | 2,126,216     |
| Sindh sales tax on remuneration of the Trustee                  | 232,145              | 297,591       |

### 17.3 Other balances

#### Associated companies / undertakings

##### Alfalsh GHP Investment Management Limited - Management Company

|                                                |            |            |
|------------------------------------------------|------------|------------|
| Remuneration payable to the Management Company | 1,227,261  | 1,192,500  |
| Sales tax payable on management fee            | 728,778    | 735,902    |
| Federal excise duty on management fee          | 11,119,352 | 11,119,352 |
| Sales load payable                             | 1,321      | 1,321      |
| Expenses allocated by the Management Company   | -          | 967,074    |

##### Bank Alfalah Limited

|                       |             |             |
|-----------------------|-------------|-------------|
| Bank balance          | 193,884,117 | 522,853,963 |
| Profit receivable     | 2,340       | 263,091     |
| Term deposit receipts | -           | 125,000,000 |
| Sales load payable    | 23,465      | -           |

#### Other related parties

##### Central Depository Company of Pakistan Limited - Trustee

|                                     |         |         |
|-------------------------------------|---------|---------|
| Remuneration payable to the Trustee | 157,917 | 331,657 |
| Sales tax on Trustee fee            | 21,520  | 47,499  |

### 18 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2017, all the financial assets carried on the statement of assets and liabilities are categorised either as loans and receivables or financial assets at fair value through profit or loss. All the financial liabilities carried on the statement of assets and liabilities are categorised as financial liabilities measured at amortised cost.

| Particulars             | June 30, 2017         |                                                         |                    |                      |
|-------------------------|-----------------------|---------------------------------------------------------|--------------------|----------------------|
|                         | Loans and receivables | Financial assets 'at fair value through profit or loss' | Available for sale | Total                |
| (Rupees in '000)        |                       |                                                         |                    |                      |
| <b>Financial assets</b> |                       |                                                         |                    |                      |
| Bank balances           | 1,159,217,800         | -                                                       | -                  | 1,159,217,800        |
| Investments             | 100,000,000           | 1,989,214                                               | -                  | 101,989,214          |
| Profit receivable       | 3,218,081             | -                                                       | -                  | 3,218,081            |
|                         | <u>1,262,435,881</u>  | <u>1,989,214</u>                                        | <u>-</u>           | <u>1,264,425,095</u> |

| Particulars                       | June 30, 2017                                      |                                                  |                  |
|-----------------------------------|----------------------------------------------------|--------------------------------------------------|------------------|
|                                   | Liabilities 'at fair value through profit or loss' | Financial liabilities measured at amortised cost | Total            |
| (Rupees in '000)                  |                                                    |                                                  |                  |
| <b>Financial liabilities</b>      |                                                    |                                                  |                  |
| Payable to the Management Company | -                                                  | 1,228,582                                        | 1,228,582        |
| Payable to the Trustee            | -                                                  | 157,917                                          | 157,917          |
| Accrued and other liabilities     | -                                                  | 468,979                                          | 468,979          |
|                                   | <u>-</u>                                           | <u>1,855,478</u>                                 | <u>1,855,478</u> |

| Particulars             | June 30, 2016         |                                                         |                    |                      |
|-------------------------|-----------------------|---------------------------------------------------------|--------------------|----------------------|
|                         | Loans and receivables | Financial assets 'at fair value through profit or loss' | Available for sale | Total                |
| (Rupees in '000)        |                       |                                                         |                    |                      |
| <b>Financial assets</b> |                       |                                                         |                    |                      |
| Bank balances           | 2,720,499,730         | -                                                       | -                  | 2,720,499,730        |
| Investments             | 325,000,000           | 829,849,765                                             | -                  | 1,154,849,765        |
| Profit receivable       | 2,437,296             | -                                                       | -                  | 2,437,296            |
|                         | <u>3,047,937,026</u>  | <u>829,849,765</u>                                      | <u>-</u>           | <u>3,877,786,791</u> |

| Particulars                       | June 30, 2016                                      |                                                  |                  |
|-----------------------------------|----------------------------------------------------|--------------------------------------------------|------------------|
|                                   | Liabilities 'at fair value through profit or loss' | Financial liabilities measured at amortised cost | Total            |
| (Rupees in '000)                  |                                                    |                                                  |                  |
| <b>Financial liabilities</b>      |                                                    |                                                  |                  |
| Payable to the Management Company | -                                                  | 2,160,895                                        | 2,160,895        |
| Payable to the Trustee            | -                                                  | 331,657                                          | 331,657          |
| Accrued and other liabilities     | -                                                  | 941,764                                          | 941,764          |
| Dividend payable                  | -                                                  | 36,592                                           | 36,592           |
|                                   | <u>-</u>                                           | <u>3,470,908</u>                                 | <u>3,470,908</u> |

## 19 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

### 19.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and the regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

#### 19.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

#### 19.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The interest rate profile of the Fund's interest bearing financial instruments is as follows:

|                                                     | Note | 2017                 | 2016                 |
|-----------------------------------------------------|------|----------------------|----------------------|
| -----Rupees-----                                    |      |                      |                      |
| <b>Variable rate instruments (financial assets)</b> |      |                      |                      |
| Bank balances                                       | 4    | <u>1,159,217,800</u> | <u>2,720,499,730</u> |
| <b>Fixed rate instruments (financial assets)</b>    |      |                      |                      |
| Market Treasury Bills                               |      | 1,989,214            | 829,849,765          |
| Letter of placement                                 |      | -                    | 200,000,000          |
| Term deposit receipts                               |      | <u>100,000,000</u>   | <u>125,000,000</u>   |
|                                                     |      | <u>101,989,214</u>   | <u>1,154,849,765</u> |

##### a) Sensitivity analysis for variable rate instrument

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased the income statement and statement of comprehensive income by Rs 0.484 million (2016: Rs 27.205 million) and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

##### b) Sensitivity analysis for fixed rate instrument

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased the income statement and statement of comprehensive income by Rs 0.002 million (2016: Rs 1.002 million) and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

The composition of the Fund's investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2017 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet financial instruments is based on settlement date.

| Particulars                                     | As at June 30, 2017             |                                  |                                           |                      |                                           | Total                |
|-------------------------------------------------|---------------------------------|----------------------------------|-------------------------------------------|----------------------|-------------------------------------------|----------------------|
|                                                 | Effective yield / interest rate | Exposed to yield / interest risk |                                           |                      | Not exposed to yield / interest rate risk |                      |
|                                                 |                                 | Upto three months                | More than three months and up to one year | More than one year   |                                           |                      |
|                                                 | %                               | (Rupees)                         |                                           |                      |                                           |                      |
| <b>On-balance sheet financial instruments</b>   |                                 |                                  |                                           |                      |                                           |                      |
| <b>Financial assets</b>                         |                                 |                                  |                                           |                      |                                           |                      |
| Bank balances                                   | 5.30 - 6.60                     | 1,159,217,800                    | -                                         | -                    | -                                         | 1,159,217,800        |
| Investments                                     | 6.126                           | 101,989,214                      | -                                         | -                    | -                                         | 101,989,214          |
| Profit receivable                               |                                 | -                                | -                                         | -                    | 3,218,081                                 | 3,218,081            |
| <b>Sub total</b>                                |                                 | <u>1,261,207,014</u>             | <u>-</u>                                  | <u>-</u>             | <u>3,218,081</u>                          | <u>1,264,425,095</u> |
| <b>Financial liabilities</b>                    |                                 |                                  |                                           |                      |                                           |                      |
| Payable to the Management Company               |                                 | -                                | -                                         | -                    | 1,228,582                                 | 1,228,582            |
| Payable to the Trustee                          |                                 | -                                | -                                         | -                    | 157,917                                   | 157,917              |
| Accrued and other liabilities                   |                                 | -                                | -                                         | -                    | 468,979                                   | 468,979              |
| <b>Sub total</b>                                |                                 | <u>-</u>                         | <u>-</u>                                  | <u>-</u>             | <u>1,855,478</u>                          | <u>1,855,478</u>     |
| <b>On-balance sheet gap</b>                     |                                 | <u>1,261,207,014</u>             | <u>-</u>                                  | <u>-</u>             | <u>1,326,011</u>                          | <u>1,262,569,617</u> |
| <b>Total interest rate sensitivity gap</b>      |                                 | <u>1,261,207,014</u>             | <u>-</u>                                  | <u>-</u>             | <u>1,326,011</u>                          | <u>1,262,569,617</u> |
| <b>Cumulative interest rate sensitivity gap</b> |                                 | <u>1,261,207,014</u>             | <u>1,261,207,014</u>                      | <u>1,261,207,014</u> |                                           |                      |

| Particulars                                     | As at June 30, 2016             |                                  |                                          |                      |                                           | Total                |
|-------------------------------------------------|---------------------------------|----------------------------------|------------------------------------------|----------------------|-------------------------------------------|----------------------|
|                                                 | Effective yield / interest rate | Exposed to yield / interest risk |                                          |                      | Not exposed to yield / interest rate risk |                      |
|                                                 |                                 | Upto three months                | More than three months and upto one year | More than one year   |                                           |                      |
|                                                 | %                               | (Rupees)                         |                                          |                      |                                           |                      |
| <b>On-balance sheet financial instruments</b>   |                                 |                                  |                                          |                      |                                           |                      |
| <b>Financial assets</b>                         |                                 |                                  |                                          |                      |                                           |                      |
| Bank balances                                   | 5.50 - 6.70                     | 2,720,499,730                    | -                                        | -                    | -                                         | 2,720,499,730        |
| Investments                                     | 5.82 - 8.32                     | 770,237,277                      | 384,612,488                              | -                    | -                                         | 1,154,849,765        |
| Profit receivable                               |                                 | -                                | -                                        | -                    | 2,437,296                                 | 2,437,296            |
| <b>Sub total</b>                                |                                 | <u>3,490,737,007</u>             | <u>384,612,488</u>                       | <u>-</u>             | <u>2,437,296</u>                          | <u>3,877,786,791</u> |
| <b>Financial liabilities</b>                    |                                 |                                  |                                          |                      |                                           |                      |
| Payable to the Management Company               |                                 | -                                | -                                        | -                    | 2,160,895                                 | 2,160,895            |
| Payable to the Trustee                          |                                 | -                                | -                                        | -                    | 331,657                                   | 331,657              |
| Accrued and other liabilities                   |                                 | -                                | -                                        | -                    | 941,764                                   | 941,764              |
| Dividend payable                                |                                 | -                                | -                                        | -                    | 36,592                                    | 36,592               |
| <b>Sub Total</b>                                |                                 | <u>-</u>                         | <u>-</u>                                 | <u>-</u>             | <u>3,470,908</u>                          | <u>3,470,908</u>     |
| <b>On-balance sheet gap</b>                     |                                 | <u>3,490,737,007</u>             | <u>384,612,488</u>                       | <u>-</u>             | <u>(1,033,612)</u>                        | <u>3,874,315,883</u> |
| <b>Total interest rate sensitivity gap</b>      |                                 | <u>3,490,737,007</u>             | <u>384,612,488</u>                       | <u>-</u>             | <u>(1,033,612)</u>                        | <u>3,874,315,883</u> |
| <b>Cumulative interest rate sensitivity gap</b> |                                 | <u>3,490,737,007</u>             | <u>3,875,349,495</u>                     | <u>3,875,349,495</u> |                                           |                      |

### 19.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As at reporting date, the Fund is not exposed to price risk.

### 19.2 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted and arises principally from bank balances, investments, profit and other receivable.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

#### 19.2.1 Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2017 was as follows:

|                   | 2017                                               |                      | 2016                                               |                      |
|-------------------|----------------------------------------------------|----------------------|----------------------------------------------------|----------------------|
|                   | Balance as per statement of assets and liabilities | Maximum exposure     | Balance as per statement of assets and liabilities | Maximum exposure     |
|                   | ----- (Rupees) -----                               |                      |                                                    |                      |
| Bank balances     | 1,159,217,800                                      | 1,159,217,800        | 2,720,499,730                                      | 2,720,499,730        |
| Investments       | 101,989,214                                        | 100,000,000          | 1,154,849,765                                      | 325,000,000          |
| Profit receivable | 3,218,081                                          | 3,218,081            | 2,437,296                                          | 2,437,296            |
|                   | <u>1,264,425,095</u>                               | <u>1,262,435,881</u> | <u>3,877,786,791</u>                               | <u>3,047,937,026</u> |

Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investments in Government Securities of Rs 1.99 million (2016: Rs 829.85 million) are not exposed to credit risk.

No financial assets were considered to be past due or impaired either at June 30, 2017 and June 30, 2016

#### 19.2.2 Bank balances

The Fund held bank balances at June 30, 2017 with banks having following credit ratings:

| Rating | 2017                 |                | 2016                 |                |
|--------|----------------------|----------------|----------------------|----------------|
|        | Rupees               | %              | Rupees               | %              |
| A1+    | 1,159,217,800        | 100.00%        | 2,720,499,730        | 100.00%        |
|        | <u>1,159,217,800</u> | <u>100.00%</u> | <u>2,720,499,730</u> | <u>100.00%</u> |

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS as of June 30, 2017.

#### 19.2.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect the groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instrument is mainly held with various banks and securities issued by the State Bank of Pakistan on behalf of Government of Pakistan.

### 19.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to redemptions of its redeemable units on a regular basis. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is therefore to invest the majority of its assets in short term instruments in order to maintain liquidity.

The Fund can borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was required to be obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month.

| <b>2017</b>                       | <b>Within<br/>1 month</b> | <b>1 to 3<br/>months</b> | <b>3 to 12<br/>months</b> | <b>1 to 5<br/>years</b> | <b>Total</b>  |
|-----------------------------------|---------------------------|--------------------------|---------------------------|-------------------------|---------------|
|                                   | ----- Rupees -----        |                          |                           |                         |               |
| <b>Financial assets</b>           |                           |                          |                           |                         |               |
| Bank balances                     | 1,159,217,800             | -                        | -                         | -                       | 1,159,217,800 |
| Investments                       | 100,000,000               | 1,989,214                | -                         | -                       | 101,989,214   |
| Profit receivable                 | 3,218,081                 | -                        | -                         | -                       | 3,218,081     |
|                                   | 1,262,435,881             | 1,989,214                | -                         | -                       | 1,264,425,095 |
| <b>Financial liabilities</b>      |                           |                          |                           |                         |               |
| Payable to the Management Company | 1,228,582                 | -                        | -                         | -                       | 1,228,582     |
| Payable to the Trustee            | 157,917                   | -                        | -                         | -                       | 157,917       |
| Accrued and other liabilities     | 468,979                   | -                        | -                         | -                       | 468,979       |
|                                   | 1,855,478                 | -                        | -                         | -                       | 1,855,478     |
| <b>Net assets</b>                 | 1,260,580,403             | 1,989,214                | -                         | -                       | 1,262,569,617 |
|                                   |                           |                          |                           |                         |               |
| <b>2016</b>                       | <b>Within<br/>1 month</b> | <b>1 to 3<br/>months</b> | <b>3 to 12<br/>months</b> | <b>1 to 5<br/>years</b> | <b>Total</b>  |
|                                   | ----- Rupees -----        |                          |                           |                         |               |
| <b>Financial assets</b>           |                           |                          |                           |                         |               |
| Bank balances                     | 2,720,499,730             | -                        | -                         | -                       | 2,720,499,730 |
| Investments                       | 210,962,849               | 943,886,916              | -                         | -                       | 1,154,849,765 |
| Profit receivable                 | 2,437,296                 | -                        | -                         | -                       | 2,437,296     |
|                                   | 2,933,899,875             | 943,886,916              | -                         | -                       | 3,877,786,791 |
| <b>Financial liabilities</b>      |                           |                          |                           |                         |               |
| Payable to the Management Company | 2,160,895                 | -                        | -                         | -                       | 2,160,895     |
| Payable to the Trustee            | 331,657                   | -                        | -                         | -                       | 331,657       |
| Accrued and other liabilities     | 941,764                   | -                        | -                         | -                       | 941,764       |
| Dividend payable                  | 36,592                    | -                        | -                         | -                       | 36,592        |
|                                   | 3,470,908                 | -                        | -                         | -                       | 3,470,908     |
| <b>Net assets</b>                 | 2,930,428,967             | 943,886,916              | -                         | -                       | 3,874,315,883 |

#### 19.4 Fair Value Measurement

Fair value is the amount for which an asset could be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of investments is determined as per the policy disclosed in note 3.2.5 to these financial statements.

## Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted price (unadjusted) in an active market for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: 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: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2017 and June 30, 2016, the Fund held the following assets measured at fair values:

|                                                                | As at June 30, 2017 |             |         |             |
|----------------------------------------------------------------|---------------------|-------------|---------|-------------|
|                                                                | Level 1             | Level 2     | Level 3 | Total       |
|                                                                | Rupees in '000      |             |         |             |
| <b>At fair value through profit or loss - held for trading</b> |                     |             |         |             |
| Market Treasury Bills                                          | -                   | 1,989,214   | -       | 1,989,214   |
|                                                                |                     |             |         |             |
|                                                                | As at June 30, 2016 |             |         |             |
|                                                                | Level 1             | Level 2     | Level 3 | Total       |
|                                                                | Rupees in '000      |             |         |             |
| <b>At fair value through profit or loss - held for trading</b> |                     |             |         |             |
| Market Treasury Bills                                          | -                   | 829,849,765 | -       | 829,849,765 |

## 19.5 Unit Holders' Fund Risk Management

The Fund's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders and to ensure reasonable safety of Unit Holders' Fund.

The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in market conditions. The capital structure depends on the issuance and redemption of units.

The Fund is an open-end collective investment scheme. The capital of the open end schemes is represented by the net assets attributable to unit holders.

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 whether realised or unrealised as reduced by such expenses as are chargeable to the Fund.

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

The objective of Management Company when managing capital of the Fund is to maintain the Fund's ability to continue as a going concern in order to provide returns to unit holders on their investments.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- Monitors the level of daily issuance and redemptions relative to liquid assets;
- Redeem and issue 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 / Investment Committee members and the Chief Executive of the company critically monitor capital of the Fund on the basis of the value of net assets attributable to the unit holders and track the movement of 'Assets under Management' as well returns earned on the net assets to maintain investors confidence and achieve future growth in business. Further the Board of Directors is updated about the Fund yield and movement of NAV and total fund size at the end of each quarter.

In accordance with the NBFC Regulations, the Fund is required to maintain minimum net assets of one hundred million rupees at all times during the life of the scheme.



**21 SUPPLEMENTARY NON FINANCIAL INFORMATION**

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

**22 CORRESPONDING FIGURES**

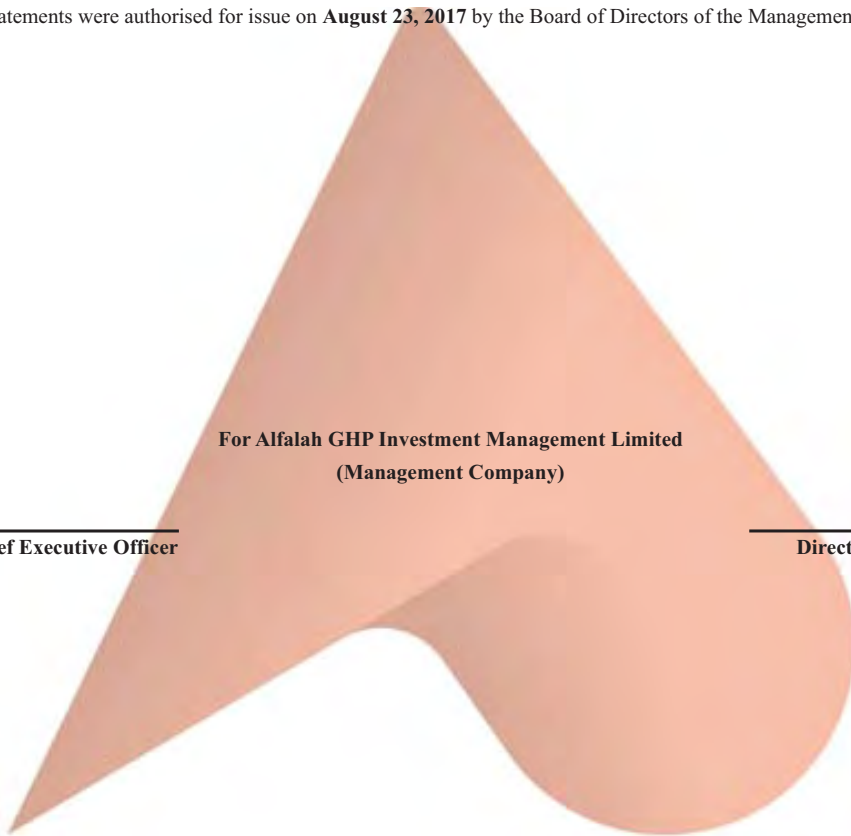
Corresponding figures have been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications were made in these financial statements.

**23 GENERAL**

Figures are rounded off to the nearest rupee.

**24 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on **August 23, 2017** by the Board of Directors of the Management Company.



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

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

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

Annexure I

**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 2017     |                      |                      |             |
|---------------------------|------------------------|----------------------|----------------------|-------------|
|                           | Number of unit holders | Number of units held | Amount Rupees        | % of total  |
| Individuals               | 96                     | 3,714,877            | 361,890,547          | 29%         |
| Associated Co./ Directors | -                      | -                    | -                    | -           |
| Insurance Co.             | 3                      | 234,867              | 22,879,920           | 2%          |
| Retirement & Other Funds  | 14                     | 2,832,834            | 275,965,029          | 22%         |
| Others                    | 12                     | 5,947,724            | 579,407,023          | 47%         |
|                           | <b>125</b>             | <b>12,730,302</b>    | <b>1,240,142,519</b> | <b>100%</b> |

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

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

(ii) TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

|                                     | 30 June<br>2017<br>% |
|-------------------------------------|----------------------|
| Invest Capital Markets Limited      | 26                   |
| BMA Capital Management Limited      | 23                   |
| ICON Securities                     | 12                   |
| Invest & Finance Securities Limited | 12                   |
| C & M Management (Pvt) Ltd          | 10                   |
| Vector Capital (Pvt.) Limited       | 6                    |
| Summit Capital (Private) Limited    | 5                    |
| Next Capital Limited                | 5                    |
| JS Global Capital Limited           | 1                    |
| Magenta Capital Private Limited     | 1                    |

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

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

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

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

**Maheen Rahman – CEO**

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

**Noman Soomro**

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

**Shariq Mukhtar Hashmi**

Mr. Hashmi holds a diversified experience of over 11 years with various private sector enterprises of repute. He joined IGI Funds Limited (which subsequently merged into Alfalah GHP Investment Management Limited in Oct. 2013) in 2010 to lead the back office function as Head of Operations & Settlements. His association has continued, post-merger, as Head of Compliance & Risk Management. He has previously served National Asset Management Company as Head of Internal Audit and Feroze Sharif Tariq & Co Chartered Accountants in various capacities. He has also headed the Internal Audit Department of the Company. Mr. Hashmi is a qualified Accountant from the Association of Chartered Certified Accountants, UK and holds MBA degree in Finance from SZABIST University. He is also enrolled for Financial Risk Manager Certification of Global Association of Risk Professionals; USA.

**Muddasir Ahmed Shaikh**

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

**Nabeel Malik**

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

**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 73th, 74th, 75th, 76st 77th ,and 78th Board Meetings were held on 26 Aug 2016, 22 Sep 2016, 31 Oct 2016, 07 Dec 2016, 14th Feb 2017 and 26 April 2017 respectively.

| Name of Director       | Number of Meetings |          |               | Meeting not attended |
|------------------------|--------------------|----------|---------------|----------------------|
|                        | Held               | Attended | Leave Granted |                      |
| Syed Ali Sultan        | 6                  | 6        | -             | -                    |
| Ms. Maheen Rahman      | 6                  | 6        | -             | -                    |
| Mr. Amin Dawood Saleh  | 6                  | 5        | 1             | 1                    |
| Mr. Abid Naqvi         | 6                  | 5        | 1             | 1                    |
| Mr. Hanspeter Beier    | 6                  | 4        | 2             | 2                    |
| Mr. Michael Buchen     | 1                  | -        | 1             | 1                    |
| Mr. Tufail Jawed Ahmad | 6                  | 5        | 1             | 1                    |
| Mr. Adeel Bajwa        | 2                  | 1        | 1             | 1                    |

Annexure A

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

**PERFORMANCE TABLE - IGI MMF**

|                                         | 30 June<br>2017  | 30 June<br>2016 | 30 June<br>2015 | 30 June<br>2014 | 30 June<br>2013 |
|-----------------------------------------|------------------|-----------------|-----------------|-----------------|-----------------|
|                                         | (Rupees in '000) |                 |                 |                 |                 |
| Net Assets                              | 1,240,143        | 3,850,040       | 2,785,865       | 2,816,502       | 2,466,313       |
| NAV per unit                            | 97.4166          | 98.2198         | 100.8185        | 100.9170        | 101.2983        |
| Selling price per unit                  | 98.5174          | 99.5187         | 102.1634        | 102.2749        | 102.3113        |
| Redemption price per unit               | 97.4166          | 98.2198         | 100.8185        | 100.9170        | 101.2983        |
| Highest selling price per unit          | 104.9178         | 107.5894        | 110.5954        | 102.7432        | 102.7688        |
| Highest redemption price per unit       | 103.7455         | 106.1852        | 109.1395        | 101.3790        | 101.7513        |
| Lowest selling price per unit           | 98.5174          | 99.4854         | 102.0795        | 101.4101        | 101.2403        |
| Lowest redemption price per unit        | 97.4166          | 98.1870         | 100.7357        | 100.4060        | 100.2379        |
| Total interim distribution per unit     | 6.3483           | 8.0288          | 8.8576          | 7.4065          | 8.2188          |
| Interim distribution date               | 16-Jun-17        | 22-Jun-16       | 23-Jun-15       | 3-Aug-13        | 27-Jul-12       |
|                                         | N/A              | N/A             | N/A             | 1-Sep-13        | 29-Aug-12       |
|                                         | N/A              | N/A             | N/A             | 28-Sep-13       | 26-Sep-12       |
|                                         | N/A              | N/A             | N/A             | 10-Nov-13       | 25-Oct-12       |
|                                         | N/A              | N/A             | N/A             | 30-Nov-13       | 28-Nov-12       |
|                                         | N/A              | N/A             | N/A             | 27-Dec-13       | 31-Dec-12       |
|                                         | N/A              | N/A             | N/A             | 6-Feb-14        | 29-Jan-13       |
|                                         | N/A              | N/A             | N/A             | 8-Mar-14        | 27-Feb-13       |
|                                         | N/A              | N/A             | N/A             | 5-Apr-14        | 27-Mar-13       |
|                                         | N/A              | N/A             | N/A             | 5-May-14        | 27-Apr-13       |
|                                         | N/A              | N/A             | N/A             | 5-Jun-14        | 31-May-13       |
|                                         | N/A              | N/A             | N/A             | 30-Jun-14       | 27-Jun-13       |
| Final distribution per unit             | Nil              | Nil             | Nil             | Nil             | 0.89            |
| Final distribution date                 | N/A              | N/A             | N/A             | N/A             | 4-Jul-13        |
| Annualized returns %                    | 5.65%            | 5.37%           | 8.73%           | 8.22%           | 9.45%           |
| Income distribution %                   | 6.46%            | 7.96%           | 8.78%           | 7.31%           | 10.63%          |
| Weighted avg. portfolio duration (Days) | 4 Days           | 13 Days         | 66 Days         | 63 Days         | 79 Days         |

**Return since inception is 8.73%**

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



**Alfalah  
Ghp Sovereign Fund**

## FUND INFORMATION

|                                                        |                                                                                                                                                                                                  |
|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Management Company:</b>                             | <b>Alfalah GHP Investment Management Limited</b><br>8-B, 8th Floor, Executive Tower, Dolmen City, Block-4,<br>Clifton, Karachi.                                                                  |
| <b>Board of Directors of the Management Company:</b>   | <b>Ms.Maheen Rahman</b><br><b>Syed Ali Sultan</b><br><b>Mr.Hanspeter Beier</b><br><b>Mr.Amin Dawood Saleh</b><br><b>Mr.Abid Naqvi</b><br><b>Mr. Tufail Jawed Ahmad</b><br><b>Mr. Adeel Bajwa</b> |
| <b>Audit Committee:</b>                                | <b>Mr. Abid Naqvi</b><br><b>Syed Ali Sultan</b><br><b>Mr. Amin Dawood Saleh</b>                                                                                                                  |
| <b>HR Committee:</b>                                   | <b>Syed Ali Sultan</b><br><b>Mr. Tufail Jawed Ahmed</b><br><b>Ms. Maheen Rahman</b>                                                                                                              |
| <b>Chief Operating Officer and Company Secretary :</b> | <b>Mr. Noman Ahmed Soomro</b>                                                                                                                                                                    |
| <b>Chief Financial Officer:</b>                        | <b>Mr. Muhammad Shehzad Dhedhi</b>                                                                                                                                                               |
| <b>Trustee:</b>                                        | <b>Central Depository Company of Pakistan Limited</b><br>CDC House, 99-B, Block 'B', SMCHS,<br>Main Share-e-Faisal, Karachi                                                                      |
| <b>Bankers to the Fund:</b>                            | <b>Bank Alfalah Limited</b>                                                                                                                                                                      |
| <b>Auditors:</b>                                       | <b>A.F. Ferguson &amp; Co.</b><br>Chartered Accountants<br>State Life Building No. 1-C I.I. Chundrigar Road,<br>P.O.Box 4716 Karachi,<br>Pakistan                                                |
| <b>Legal Advisor:</b>                                  | <b>Ahmed &amp; Qazi</b><br>Advocates & Legal Consultants<br>402,403,404,417<br>Clifton Centre,<br>Clifton, Karachi                                                                               |
| <b>Registrar:</b>                                      | <b>Alfalah GHP Investment Management Limited</b><br>8-B, 8th Floor, Executive Tower, Dolmen City, Block-4,<br>Clifton, Karachi.                                                                  |
| <b>Distributor:</b>                                    | <b>Bank Alfalah Limited</b>                                                                                                                                                                      |
| <b>Rating:</b>                                         | <b>AA-(f) by PACRA</b>                                                                                                                                                                           |



# Alfalah GHP Sovereign Fund

## Annual Fund Manager`s Report

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

**Category of Fund:** Income Scheme

### Investment Objective

The objective of the AGSOF is to deliver optimal risk adjusted returns by investing mainly in mix of short to long term Government Securities and other debt Instruments

### Accomplishment of Objective

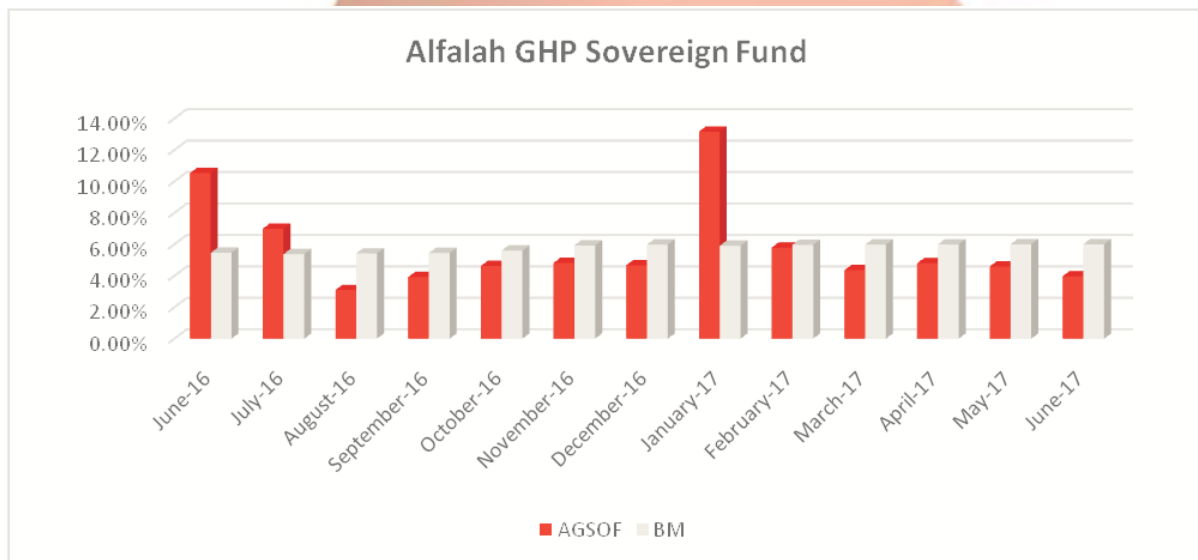
The Fund has achieved its objective of generating regular income by investing in low-medium duration fixed income instruments within the guidelines provided under NBFC rules.

### Market Review

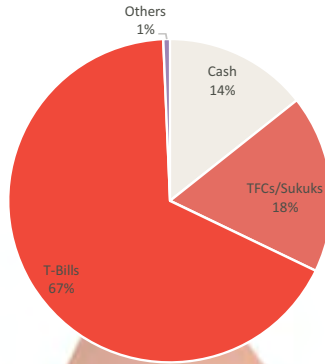
The central bank maintained the discount rate throughout the fiscal year; the money market remained relatively stable since no major shock was witnessed in inflation. During the period market participants maintained their interest in shorter tenure as opposed to medium to long term. The central bank also kept borrowing requirements at relatively stable level thus maintaining the cutoffs mostly during the period. Going forward, with a slightly higher CPI and the absence of low base effect, an increase in discount rate by 25bps by the central bank cannot be ruled out by the end of 2017.

### Fund Performance

For the year ended June 30 2017, the fund posted a return of 5.54% against the benchmark of 5.80%. The fund maintained a balanced portfolio in government securities and deposits with higher credit rating bank deposits/placements in order to generate stable returns. During the period fund WAM was kept on lower end in order to avoid volatility.



Asset Allocation, June 2017



| Credit Quality (as % of Total Assets) |        |            |       |
|---------------------------------------|--------|------------|-------|
| Govt. Guar.                           | 67.19% | A          | 0.00% |
| AAA                                   | 17.80% | A-         | 0.00% |
| AA+                                   | 1.87%  | BBB+       | 0.00% |
| AA                                    | 3.21%  | BBB        | 0.00% |
| AA-                                   | 9.25%  | Below IG   | 0.00% |
| A+                                    | 0.00%  | NR/UR/ MTS | 0.67% |

**Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**

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

**Disclosure on unit split (if any), comprising:-**

There were no unit splits during the period.

**Disclosures of circumstances that materially affect any interests of unit holders**

Investments are subject to market risk.

**Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.**

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

**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](http://www.cdcpakistan.com)  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)



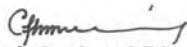
**TRUSTEE REPORT TO THE UNIT HOLDERS**

**ALFALAH GHP SOVEREIGN FUND**

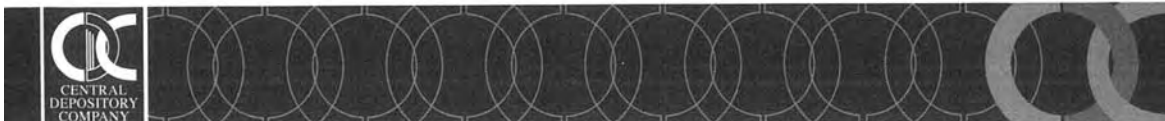
**Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of  
the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We Central Depository Company of Pakistan Limited, being the Trustee of Alfalah GHP Sovereign 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, 2017 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.

  
**Aftab Ahmed Diwan**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: September 12, 2017



**STATEMENT OF COMPLIANCE BY ALFALAH GHP ALFALAH GHP SOVEREIGN FUND  
WITH THE CODE OF CORPORATE GOVERNANCE  
FOR THE YEARENDED JUNE 30, 2017**

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No.5.19 of Chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Management Company encourages representation of independent, non-executive directors, and directors representing minority interests on its board of directors ("the Board"). At present the Board includes:

| Category                | Names                                                                                 |
|-------------------------|---------------------------------------------------------------------------------------|
| Executive Director      | Ms. Maheen Rahman– Chief Executive Officer (CEO)                                      |
| Independent Directors   | Mr. Abid Naqvi<br>Mr. Tufail Jawed Ahmad                                              |
| Non-Executive Directors | Mr. Syed Ali Sultan<br>Mr. Adeel Bajwa<br>Mr. HanspeterBeier<br>Mr. Amin Dawood Saleh |

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

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies (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, aDFI or an NBFII or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. According to regulation 5.19.3 of the Rule Book and section 155 (3) of the Companies Act, 2017, any casual vacancy occurring on the Board of Directors of a listed company shall be filled up by the directors at the earliest but not later than 90 days thereof. A casual vacancy occurred on the Board on September 22, 2016, due to resignation of Mr. Michael Buchen. However, the Board of Directors appointed Mr. Adeel Bajwa as a director on January 23, 2017 i.e. after 90 days since resignation of Mr. Michael Buchen. The appointment was approved in principle by the SECP with effect from February 7, 2017.
5. The Management Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before such meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged no training programs for its directors during the year. However, at present 6 directors of the Management Company have certification under the Directors' Training Program offered by institutions.
10. There was no change of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year. However, the remuneration and terms and conditions of Chief Financial Officer, Company Secretary and Head of Internal Audit were approved by the Board.

11. The Directors' Report for the year ended June 30, 2017 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by the CEO and CFO 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 that disclosed in the Directors' Report and pattern of unit holding.
14. The Management Company has 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, and the Chairman of the Committee 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 Committee have been formed and advised to the Committee for compliance.
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 Deloitte Yousuf Adil Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partner of the firm, their spouse and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'Book Closure' dates were duly determined and intimated to the stock exchange, however the 'closed period' prior to the announcement of interim / final results, and business decisions was not determined and intimated to directors, employees and the stock exchange, considering the fact that NAV of the Fund is announced on a daily basis.
22. Material/price sensitive information has been disseminated among all market participants at once through the stock exchange.
23. The Management Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the Code have been complied with.

**For and on behalf of the Board**

Maheen Rahman  
Chief Executive Officer

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Alfalah GHP Investment Management Limited, the Management Company of **Alfalah GHP Sovereign Fund** (the Fund) for the year ended June 30, 2017 to comply with the requirements of regulation no. 5.19 of chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company (**Alfalah GHP Investment Management Limited**). Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund'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 Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As a part of our audit of the 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 of Directors' 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 of Directors for their review and approval of 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 of Directors 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 of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2017.

Further, we highlight below an instance of non-compliance with the requirement of the Code as reflected in paragraph reference where it is stated in the Statement of Compliance:

| S. No. | Paragraph reference | Description                                                                                                                                                                                                                                                                                                                                                                                  |
|--------|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | 4                   | According to regulation 5.19.3 of the Rule Book and section 155 (3) of the Companies Act, 2017, any casual vacancy occurring on the Board of Directors of a listed company shall be filled up by the directors at the earliest but not later than 90 days thereof. A casual vacancy occurred on the Board on September 22, 2016 which was filled after 90 days from the date of resignation. |

**A.F. Ferguson & Co.**  
**Chartered Accountants**

Dated: September 20, 2017  
Karachi



# INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Alfalsh GHP Sovereign Fund** (here in after referred to as the 'Fund'), which comprise the statement of assets and liabilities as at June 30, 2017, and the related income statement, statement of comprehensive income, distribution statement, cash flow statement and statement of movement in unit holders' funds for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

The Management Company (**Alfalsh GHP Investment Management Limited**) of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with 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 the International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial position of the Fund as at June 30, 2017 and of its financial performance, its cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

### Other matter

The financial statements of the Fund for the year ended June 30, 2016 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion on those financial statements vide their report dated September 22, 2016.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

**A.F. Ferguson & Co.**  
**Chartered Accountants**  
**Engagement Partner: Shahbaz Akbar**

Dated: September 20, 2017  
Karachi



**ALFALAH GHP SOVEREIGN FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
*AS AT JUNE 30, 2017*

|                                                                                 | Note | 2017                          | 2016          |
|---------------------------------------------------------------------------------|------|-------------------------------|---------------|
|                                                                                 |      | ----- (Rupees) -----          |               |
| <b>Assets</b>                                                                   |      |                               |               |
| Bank balances                                                                   | 4    | 180,857,952                   | 686,696,910   |
| Investments                                                                     | 5    | 1,076,705,862                 | 2,351,303,822 |
| Deferred formation cost                                                         | 6    | 713,328                       | 1,096,799     |
| Advances, prepayments and mark-up receivable                                    | 7    | 7,761,466                     | 62,131,364    |
| <b>Total assets</b>                                                             |      | 1,266,038,608                 | 3,101,228,895 |
| <b>Liabilities</b>                                                              |      |                               |               |
| Payable to the Management Company                                               | 8    | 23,351,172                    | 32,038,523    |
| Payable to the Trustee                                                          | 9    | 163,746                       | 1,119,099     |
| Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP) | 10   | 2,331,063                     | 6,040,329     |
| Accrued and other liabilities                                                   | 11   | 18,841,992                    | 74,904,563    |
| <b>Total liabilities</b>                                                        |      | 44,687,973                    | 114,102,514   |
| <b>Net assets attributable to unit holders</b>                                  |      | 1,221,350,635                 | 2,987,126,381 |
| <b>Unit holders' funds (as per the statement attached)</b>                      |      | 1,221,350,635                 | 2,987,126,381 |
| <b>Contingencies and commitments</b>                                            | 12   | ----- (Number of units) ----- |               |
| <b>Number of units in issue</b>                                                 |      | 11,548,476                    | 28,236,636    |
|                                                                                 |      | ----- (Rupees) -----          |               |
| <b>Net asset value per unit</b>                                                 |      | 105.7586                      | 105.7890      |

The annexed notes from 1 to 24 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP SOVEREIGN FUND**

**INCOME STATEMENT**

FOR THE YEAR ENDED JUNE 30, 2017

|                                                                                                                                                | Note | 2017               | 2016               |
|------------------------------------------------------------------------------------------------------------------------------------------------|------|--------------------|--------------------|
| ----- (Rupees) -----                                                                                                                           |      |                    |                    |
| <b>Income</b>                                                                                                                                  |      |                    |                    |
| Profit / mark up income                                                                                                                        | 13   | 199,452,348        | 619,250,930        |
| 'At fair value through profit or loss' - held-for-trading                                                                                      |      |                    |                    |
| - (Loss) / gain on sale of investments - net                                                                                                   |      | (8,375,719)        | 6,427,975          |
| - Unrealised gain on revaluation of investments - net                                                                                          |      | 208,778            | 66,967,540         |
| Reversal of provision against Workers' Welfare Fund                                                                                            |      | 15,107,679         | -                  |
| <b>Total income</b>                                                                                                                            |      | <b>206,393,086</b> | <b>692,646,445</b> |
| <b>Expenses</b>                                                                                                                                |      |                    |                    |
| Remuneration of the Management Company                                                                                                         | 8.1  | 31,081,177         | 80,538,017         |
| Sindh sales tax on remuneration of the Management Company                                                                                      |      | 4,040,557          | 13,079,378         |
| Federal excise duty on remuneration of the Management Company                                                                                  | 8.3  | -                  | 12,886,081         |
| Allocated expenses                                                                                                                             | 8.4  | 3,108,013          | 4,831,552          |
| Remuneration of the Trustee                                                                                                                    |      | 3,073,431          | 6,789,153          |
| Sindh sales tax on remuneration of the Trustee                                                                                                 |      | 399,772            | 950,485            |
| Annual fee to Securities and Exchange Commission of Pakistan                                                                                   |      | 2,331,088          | 6,040,354          |
| Brokerage expense                                                                                                                              |      | 756,232            | 947,762            |
| Bank and settlement charges                                                                                                                    |      | 624,662            | 83,788             |
| Amortisation of deferred formation cost                                                                                                        | 6    | 383,471            | 384,524            |
| Amortisation of MTS annual charges                                                                                                             |      | 250,000            | -                  |
| Auditors' remuneration                                                                                                                         | 14   | 330,467            | 414,750            |
| Annual listing fee                                                                                                                             |      | 72,119             | 40,028             |
| Annual rating fee                                                                                                                              |      | 334,864            | 281,714            |
| Printing charges                                                                                                                               |      | 96,553             | 150,000            |
| Legal and professional fee                                                                                                                     |      | 625,000            | -                  |
| Provision against Sindh Workers' Welfare Fund                                                                                                  | 11.1 | 1,890,757          | -                  |
| <b>Total expenses</b>                                                                                                                          |      | <b>49,398,163</b>  | <b>127,417,586</b> |
| <b>Net income for the year before element of loss and capital losses included in prices of units issued less those in units redeemed - net</b> |      | <b>156,994,923</b> | <b>565,228,859</b> |
| Element of loss and capital losses included in prices of units issued less those in units redeemed - net                                       |      | (116,817,280)      | (372,681,953)      |
| <b>Net income for the year before taxation</b>                                                                                                 |      | <b>40,177,643</b>  | <b>192,546,906</b> |
| Taxation                                                                                                                                       | 17   | -                  | -                  |
| <b>Net income for the year after taxation</b>                                                                                                  |      | <b>40,177,643</b>  | <b>192,546,906</b> |

The annexed notes from 1 to 24 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

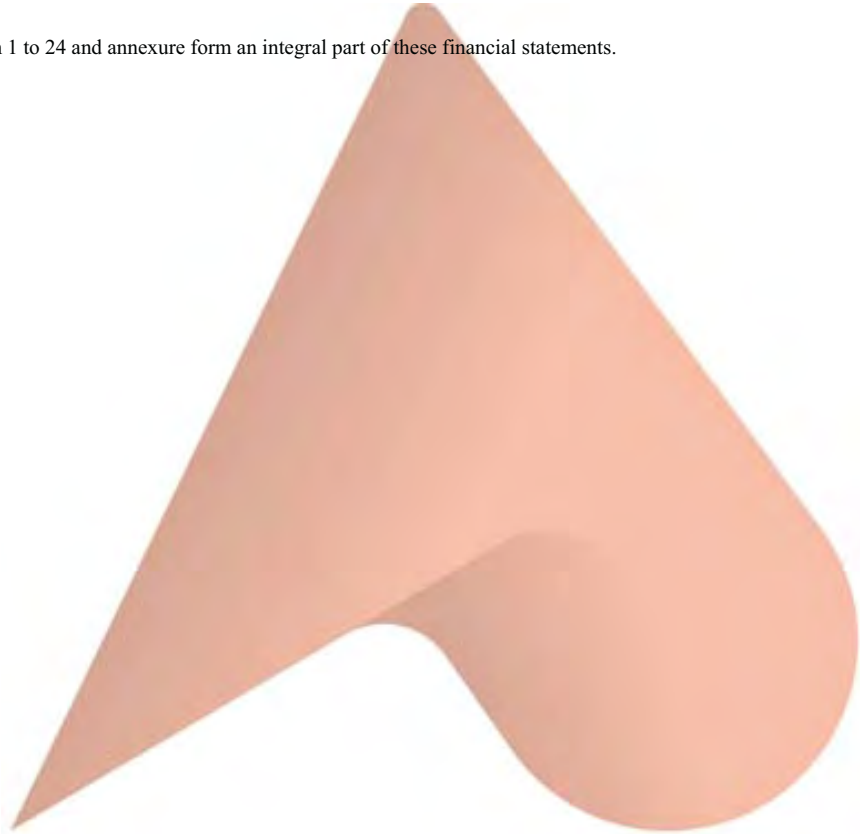
\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

**ALFALAH GHP SOVEREIGN FUND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED JUNE 30, 2017*

|                                                | 2017                 | 2016               |
|------------------------------------------------|----------------------|--------------------|
|                                                | ----- (Rupees) ----- |                    |
| <b>Net income for the year after taxation</b>  | 40,177,643           | 192,546,906        |
| Other comprehensive income for the year        | -                    | -                  |
| <b>Total comprehensive income for the year</b> | <u>40,177,643</u>    | <u>192,546,906</u> |

The annexed notes from 1 to 24 and annexure form an integral part of these financial statements.



For Alfalah GHP Investment Management Limited  
 (Management Company)

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

\_\_\_\_\_  
 Director

**ALFALAH GHP SOVEREIGN FUND**

**CASH FLOW STATEMENT**

FOR THE YEAR ENDED JUNE 30, 2017

|                                                                                                                             | Note | 2017                      | 2016                        |
|-----------------------------------------------------------------------------------------------------------------------------|------|---------------------------|-----------------------------|
|                                                                                                                             |      | ----- (Rupees) -----      |                             |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                                                 |      |                           |                             |
| Net income for the year before taxation                                                                                     |      | 40,177,643                | 192,546,906                 |
| <b>Adjustments for:</b>                                                                                                     |      |                           |                             |
| Amortisation of deferred formation cost                                                                                     |      | 383,471                   | 384,524                     |
| Provision against Sindh Workers' Welfare Fund                                                                               |      | 1,890,757                 | -                           |
| Reversal of provision against Workers' Welfare Fund                                                                         |      | (15,107,679)              | -                           |
| Unrealised gain on revaluation of investments classified as 'at fair value through profit or loss' - held-for-trading - net |      | (208,778)                 | (66,967,540)                |
| Element of loss and capital losses included in prices of units issued less those in units redeemed - net                    |      | 116,817,280               | 372,681,953                 |
| Amortisation of (premium) / discount on investments - unwinding of discounting income                                       |      | -                         | 45,720,444                  |
|                                                                                                                             |      | <u>143,952,694</u>        | <u>544,366,287</u>          |
| <b>Decrease in assets</b>                                                                                                   |      |                           |                             |
| Investments - net                                                                                                           |      | 723,737,628               | 3,343,285,475               |
| Advances, prepayments and mark-up receivable                                                                                |      | 54,369,898                | 125,613,586                 |
|                                                                                                                             |      | 778,107,526               | 3,468,899,061               |
| <b>(Decrease) / increase in liabilities</b>                                                                                 |      |                           |                             |
| Payable to the Management Company                                                                                           |      | (8,687,351)               | 16,944,901                  |
| Payable to the Trustee                                                                                                      |      | (955,353)                 | 675,737                     |
| Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)                                             |      | (3,709,266)               | 3,628,022                   |
| Dividend payable                                                                                                            |      | -                         | (28,004,222)                |
| Accrued and other liabilities                                                                                               |      | (42,845,649)              | (64,405,181)                |
|                                                                                                                             |      | (56,197,619)              | (71,160,743)                |
| <b>Net cash generated from operating activities</b>                                                                         |      | <u>865,862,601</u>        | <u>3,942,104,605</u>        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                                                 |      |                           |                             |
| Amounts received against issuance of units                                                                                  |      | 5,554,170,383             | 10,818,273,942              |
| Payments made against redemption of units                                                                                   |      | (7,436,772,772)           | (15,481,142,429)            |
| Dividend paid                                                                                                               |      | (40,168,280)              | (106,398,695)               |
| <b>Net cash used in financing activities</b>                                                                                |      | (1,922,770,669)           | (4,769,267,182)             |
| <b>Net decrease in cash and cash equivalents during the year</b>                                                            |      | <u>(1,056,908,068)</u>    | <u>(827,162,577)</u>        |
| Cash and cash equivalents at the beginning of the year                                                                      |      | 1,237,766,020             | 2,064,928,597               |
| <b>Cash and cash equivalents at end of the year</b>                                                                         | 17   | <u><u>180,857,952</u></u> | <u><u>1,237,766,020</u></u> |

The annexed notes from 1 to 24 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP SOVEREIGN FUND**

**DISTRIBUTION STATEMENT**

FOR THE YEAR ENDED JUNE 30, 2017

|                                                                                                              | 2017                 | 2016               |
|--------------------------------------------------------------------------------------------------------------|----------------------|--------------------|
|                                                                                                              | ----- (Rupees) ----- |                    |
| <b>Undistributed income brought forward comprises of :</b>                                                   |                      |                    |
| Realised gain                                                                                                | 87,409,720           | 38,651,642         |
| Unrealised gain                                                                                              | 66,967,540           | 154,288,252        |
| <b>Total undistributed income brought forward</b>                                                            | 154,377,260          | 192,939,894        |
| Element of loss and capital losses included in prices of units issued<br>less those in units redeemed - net  | (91,238,645)         | (115,514,271)      |
| Net income for the year after taxation                                                                       | 40,177,643           | 192,546,906        |
| Distribution of cash dividend @ Rs 5.8914 per unit<br>(2016: @ Rs 4.6776 per unit) approved on June 22, 2017 | (40,168,280)         | (115,595,269)      |
| <b>Undistributed income carried forward</b>                                                                  | <u>63,147,978</u>    | <u>154,377,260</u> |
| <b>Undistributed income carried forward comprises of:</b>                                                    |                      |                    |
| Realised gain                                                                                                | 62,939,200           | 87,409,720         |
| Unrealised gain                                                                                              | 208,778              | 66,967,540         |
| <b>Total undistributed income carried forward</b>                                                            | <u>63,147,978</u>    | <u>154,377,260</u> |

The annexed notes from 1 to 24 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP SOVEREIGN FUND**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS**  
*FOR THE YEAR ENDED JUNE 30, 2017*

|                                                                                                                                                  | 2017                 | 2016             |
|--------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------------------|
|                                                                                                                                                  | ----- (Rupees) ----- |                  |
| <b>Net assets at beginning of the year</b>                                                                                                       | 2,987,126,381        | 7,234,406,464    |
| Issuance of 51,830,918 units (2016: 101,707,476 units)                                                                                           | 5,554,170,383        | 10,818,273,942   |
| Redemption of 68,519,008 units (2016: 143,835,923 units)                                                                                         | (7,436,772,772)      | (15,515,187,617) |
|                                                                                                                                                  | (1,882,602,389)      | (4,696,913,675)  |
| Element of loss and capital losses included in prices of units issued less those in units redeemed - net                                         |                      |                  |
| - transferred to income statement                                                                                                                | 116,817,280          | 372,681,953      |
| - transferred to distribution statement                                                                                                          | 91,238,645           | 115,514,271      |
|                                                                                                                                                  | 208,055,925          | 488,196,224      |
| Element of loss and capital losses included in prices of units issued less those in units redeemed - transferred to distribution statement - net | (91,238,645)         | (115,514,271)    |
| (Loss) / gain on sale of investments classified as 'at fair value through profit or loss' - held-for-trading - net                               | (8,375,719)          | 6,427,975        |
| Unrealised gain on revaluation of investments classified as 'at fair value through profit or loss' - held-for-trading - net                      | 208,778              | 66,967,540       |
| Other income (net of expenses)                                                                                                                   | 48,344,584           | 119,151,391      |
| Distribution of cash dividend @ Rs 5.8914 per unit (2016: @ Rs 4.6776 per unit) approved on June 22, 2017                                        | (40,168,280)         | (115,595,269)    |
| Net income for the year less distribution                                                                                                        | 9,363                | 76,951,637       |
| <b>Net assets at end of the year</b>                                                                                                             | 1,221,350,635        | 2,987,126,381    |
| Net assets value per unit as at beginning of the year                                                                                            | 105.7890             | 102.8100         |
| Net assets value per unit as at end of the year                                                                                                  | 105.7586             | 105.7890         |

The annexed notes from 1 to 24 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

## ALFALAH GHP SOVEREIGN FUND

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

FOR THE YEAR ENDED JUNE 30, 2017

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

Alfalah GHP Sovereign Fund (the Fund) was constituted under Trust Deed dated April 21, 2014 between Alfalah GHP Investment Management Limited (AGIML) as Management Company, incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust deed was registered with Sub-Registrar on May 06, 2014.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate issued by the SECP on March 09, 2017. The registered office of the Management Company is situated at 8-B, 8th floor, Executive tower, Dolmen city, Block 4, Clifton, Karachi.

The Fund was registered by the Securities and Exchange Commission of Pakistan (SECP) as a Notified Entity under Regulation 44 of the Non Banking finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) vide its letter No. SCD/AMCW/IGIFL/261/2012 dated September 11, 2012 and Offering Document was approved by SECP under Regulation 54 of the NBFC Regulations, vide its letter No. SCD/AMCW/DD-ZRK/AFGIML/961/2014 dated April 21, 2014.

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

The Pakistan Credit Rating Agency Limited (PACRA) has assigned 'AM2+' (outlook stable) to the Management Company in its rating report dated May 16, 2017 and AA-(f) to the Fund in its rating report dated July 12, 2017.

The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan (CDC) as the Trustee of the Fund.

#### 2. BASIS OF PREPARATION

##### 2.1 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.

The Directors of the asset management company declare that these financial statements give a true and fair view of the state of affairs of the Fund.

##### 2.2 Standards, Interpretations and amendments to published approved accounting standards that are effective in current year

There are certain new and amended standards and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2016 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

##### 2.3 Standards, Interpretations and amendments to published approved accounting standards that are not yet effective

2.3.1 There are certain new and amended standards and interpretations that are mandatory for the accounting period beginning on or after July 1, 2017 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

2.3.2 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.

##### Effective date (accounting period beginning on or after)

##### Standards, Interpretations or Amendments

|                                                 |                 |
|-------------------------------------------------|-----------------|
| - IFRS-9 Financial Instruments                  | January 1, 2018 |
| - IFRS-15 Revenue from contracts with customers | January 1, 2018 |
| - IFRS-16 Leases                                | January 1, 2019 |

2.3.3 The SECP vide its SRO 756(1) / 2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations, 2008 which will be applicable on the financial statements of the Fund from the accounting year ending on June 30, 2018. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (Amount distributable to unit holders) of the NBFC Regulations, 2008. In addition there are certain changes in the disclosure requirements relating to the Income Statement and the Statement of Movement in Unit Holders' Fund. The management is currently in the process of assessing the impact of these changes on the financial statements.



## 2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise the judgment in the application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follow:

- Classification and valuation of investments (note 3.2 and 5)
- Impairment of financial assets (note 3.2.5)
- Taxation (note 3.6 and 17)
- Provision against Federal Excise Duty and Sindh Workers' Welfare Fund (note 8.3 and 11.1 respectively)

## 2.5 Accounting convention

These financial statement have been prepared under the historical cost convention, except for investments which are stated at fair value.

## 2.6 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

### 3.1 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

### 3.2 Financial assets

#### 3.2.1 Classification

The Fund classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. The management determines the appropriate classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

Investments are categorised as follows:

#### a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profits from short-term fluctuations in prices are classified as financial assets at fair value through profit or loss category. These include held for trading investments and such other investments that, upon initial recognition, are designated under this category.

#### b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

#### c) Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) financial assets at fair value through profit or loss or (b) loans and receivables. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

#### 3.2.2 Derivatives

These are measured at fair value. Derivatives with positive fair values (unrealised gains) are included in fair value of derivative asset and derivatives with negative fair values (unrealised losses) are included in fair value of derivative liability in the statement of assets and liabilities. The resultant gains and losses are included in the income statement.

#### 3.2.3 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

### 3.2.4 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed out in the income statement.

### 3.2.5 Subsequent measurement

#### a) Financial assets at fair value through profit or loss and available for sale

Subsequent to initial recognition, financial instruments classified as 'at fair value through profit or loss' and 'available-for-sale' are measured at fair value.

Gains or losses arising, from changes in the fair value and on sale of the financial assets 'at fair value through profit or loss' are recognised in the Income Statement.

Changes in the fair value of financial instruments classified as 'available-for-sale' are recognised in other comprehensive income until derecognised or impaired, then the accumulated fair value adjustments recognised in other comprehensive income are included in the Income Statement.

#### Basis of valuation

- The fair value of investments in Government securities is determined by reference to the quotations obtained from the PKISRV rate sheet on the MUFAP website.
- Other debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its circular no. 33 of 2012 dated October 24, 2012 (which is essentially the same as contained in circular no. 1 of 2009 previously used). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

#### b) Loans and receivables

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortised cost using the effective yield method.

### 3.2.6 Impairment

The Fund assesses at each reporting date whether there is an objective evidence that a financial asset or a group of financial assets is impaired. The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

A provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The provision against these amounts is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company in accordance with the requirements of the Securities and Exchange Commission of Pakistan. Impairment loss is recognised in the income statement.

### 3.2.7 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership.

### 3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

### 3.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### 3.5 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

### 3.6 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

### 3.7 Dividend distribution and appropriations

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

### 3.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, and charges on redemption, if applicable.

### 3.9 "Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed"

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

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

### 3.10 Net asset value per unit

The Net Asset Value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

### 3.11 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 / mark-up on bank balances, term deposit receipts, debt and government securities is recognised on an accrual basis using the effective yield method.

### 3.12 Expenses

All expenses including management fee and trustee fee are recognised in the Income Statement on an accrual basis.

### 3.13 Earnings per unit

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

### 3.14 Margin Trading System

Transactions of purchase under Margin Trading System (MTS) of marketable securities are entered into contracted rates for specified periods of time. Securities purchased under MTS are not recognised in the Statement of Assets and Liabilities. The amount paid under such agreements is recognised as receivable in respect of MTS. Profit is recognised on an accrual basis using the effective interest method. Cash releases are adjusted against the receivable as a reduction in the amount of receivable. The maximum maturity of an MTS contract is 60 calendar days out of which 25 percent exposure is automatically released at expiry of every 15th day from the date of contract.

|                        | Note | 2017                 | 2016               |
|------------------------|------|----------------------|--------------------|
| <b>4 BANK BALANCES</b> |      | ----- (Rupees) ----- |                    |
| In saving accounts     | 4.1  | <u>180,857,952</u>   | <u>686,696,910</u> |

- 4.1 These represent balances in deposit accounts maintained with banks carrying profit rates ranging from 4.00% to 6.76% (2016: 5.50% to 6.70%) per annum. It includes bank balance of Rs.40.709 million (2016: Rs.516.743 million) maintained with Bank Alfalah Limited (a related party).

| 5 INVESTMENTS                                                   | Note | 2017                 | 2016                 |
|-----------------------------------------------------------------|------|----------------------|----------------------|
| ----- (Rupees) -----                                            |      |                      |                      |
| <b>At fair value through profit or loss' - held-for-trading</b> |      |                      |                      |
| Market treasury bills                                           | 5.1  | 851,187,471          | -                    |
| Pakistan Investment Bonds                                       | 5.2  | -                    | 1,800,234,712        |
| Term Finance Certificates                                       | 5.3  | 225,518,391          | -                    |
| <b>Loan and receivables</b>                                     |      |                      |                      |
| Term Deposit Receipts                                           | 5.5  | -                    | 551,069,110          |
|                                                                 |      | <u>1,076,705,862</u> | <u>2,351,303,822</u> |

5.1 Market Treasury bills - 'at fair value through profit or loss' - held-for-trading

|                                   | Face value                        |                              |                                      | As at<br>June 30, 2017 | Carrying value<br>as at<br>June 30, 2017 | Market value as<br>at<br>June 30, 2017 | Net unrealised<br>gain / (loss) on<br>revaluation of<br>investments | Market value as<br>a percentage of<br>Net Assets | Market value<br>as a percentage<br>of Total<br>Investment |
|-----------------------------------|-----------------------------------|------------------------------|--------------------------------------|------------------------|------------------------------------------|----------------------------------------|---------------------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------------|
|                                   | As at July<br>01, 2016            | Purchased<br>during the year | Sold / matured<br>during<br>the year |                        |                                          |                                        |                                                                     |                                                  |                                                           |
|                                   | ----- (No. of Certificates) ----- |                              |                                      | ----- (Rupees) -----   |                                          |                                        | ----- (%) -----                                                     |                                                  |                                                           |
| Market Treasury Bills - 3 months  | -                                 | 5,110,000,000                | 5,110,000,000                        | -                      | -                                        | -                                      | -                                                                   | -                                                | -                                                         |
| Market Treasury Bills - 6 months  | -                                 | 4,449,000,000                | 3,589,000,000                        | 860,000,000            | 851,248,580                              | 851,187,471                            | (61,109)                                                            | 69.69%                                           | 79.05%                                                    |
| Market Treasury Bills - 12 months | -                                 | 2,696,800,000                | 2,696,800,000                        | -                      | -                                        | -                                      | -                                                                   | -                                                | -                                                         |
| <b>Total as at June 30, 2017</b>  | -                                 | <u>12,255,800,000</u>        | <u>11,395,800,000</u>                | <u>860,000,000</u>     | <u>851,248,580</u>                       | <u>851,187,471</u>                     | <u>(61,109)</u>                                                     |                                                  |                                                           |
| <b>Total as at June 30, 2016</b>  |                                   | <u>2,055,000,000</u>         | <u>16,581,600,000</u>                | <u>-</u>               | <u>-</u>                                 | <u>-</u>                               | <u>-</u>                                                            |                                                  |                                                           |

- 5.1.2 These treasury bills have a face value of Rs.100 each and carry effective rate of return ranging from 5.97% to 5.99% per annum and will mature by September 14, 2017.

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

|                                      | Face value                        |                              |                                      | As at<br>June 30, 2017 | Carrying value<br>as at<br>June 30, 2017 | Market value as<br>at<br>June 30, 2017 | Net unrealised<br>gain / (loss) on<br>revaluation of<br>investments | Market value<br>as a percentage<br>of Net Assets | Market value<br>as a percentage<br>of Total<br>Investment |
|--------------------------------------|-----------------------------------|------------------------------|--------------------------------------|------------------------|------------------------------------------|----------------------------------------|---------------------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------------|
|                                      | As at July<br>01, 2016            | Purchased<br>during the year | Sold / matured<br>during<br>the year |                        |                                          |                                        |                                                                     |                                                  |                                                           |
|                                      | ----- (No. of Certificates) ----- |                              |                                      | ----- (Rupees) -----   |                                          |                                        | ----- (%) -----                                                     |                                                  |                                                           |
| Pakistan Investment Bonds - 3 years  | 290,000,000                       | -                            | 290,000,000                          | -                      | -                                        | -                                      | -                                                                   | -                                                | -                                                         |
| Pakistan Investment Bonds - 5 years  | 610,000,000                       | -                            | 610,000,000                          | -                      | -                                        | -                                      | -                                                                   | -                                                | -                                                         |
| Pakistan Investment Bonds - 10 years | 685,000,000                       | 175,000,000                  | 860,000,000                          | -                      | -                                        | -                                      | -                                                                   | -                                                | -                                                         |
| <b>Total as at June 30, 2017</b>     | <u>1,585,000,000</u>              | <u>175,000,000</u>           | <u>1,760,000,000</u>                 | <u>-</u>               | <u>-</u>                                 | <u>-</u>                               | <u>-</u>                                                            |                                                  |                                                           |
| <b>Total as at June 30, 2016</b>     | <u>40,050,000</u>                 | <u>21,650,000</u>            | <u>45,850,000</u>                    | <u>15,850,000</u>      | <u>1,676,134,480</u>                     | <u>1,800,234,712</u>                   | <u>124,100,232</u>                                                  |                                                  |                                                           |

5.3 Term Finance Certificates - 'at fair value through profit or loss' - held-for-trading

| Name of the investee company                | Note  | Secured /<br>Unsecured | Face value             |                              |                                      | As at June 30,<br>2017 | Carrying value<br>as at June 30,<br>2017 | Market value<br>as at<br>June 30, 2017 | Net unrealised<br>gain / (loss) on<br>revaluation of<br>investments | Market value<br>as a percentage<br>of Net Assets | Market value<br>as a percentage<br>of Total<br>Investment | Investment as<br>percentage of<br>issue size |
|---------------------------------------------|-------|------------------------|------------------------|------------------------------|--------------------------------------|------------------------|------------------------------------------|----------------------------------------|---------------------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------------|----------------------------------------------|
|                                             |       |                        | As at July 01,<br>2016 | Purchased<br>during the year | Sold / matured<br>during<br>the year |                        |                                          |                                        |                                                                     |                                                  |                                                           |                                              |
|                                             |       |                        | ----- (Rupees) -----   |                              |                                      | ----- (%) -----        |                                          |                                        |                                                                     |                                                  |                                                           |                                              |
| <b>Term finance certificates - unlisted</b> |       |                        |                        |                              |                                      |                        |                                          |                                        |                                                                     |                                                  |                                                           |                                              |
| Habib Bank Limited                          | 5.3.1 | Unsecured              | -                      | 209,966,000                  | 100,010,000                          | 109,956,000            | 109,946,004                              | 110,230,891                            | 284,887                                                             | 9.03%                                            | 10.24%                                                    | 1.10%                                        |
| Standard Chartered Bank Limited             | 5.3.2 | Unsecured              | -                      | 200,500,000                  | 85,500,000                           | 115,000,000            | 115,302,500                              | 115,287,500                            | (15,000)                                                            | 9.44%                                            | 10.71%                                                    | 5.76%                                        |
| The Bank of Punjab Limited                  |       |                        | -                      | 100,000,000                  | 100,000,000                          | -                      | -                                        | -                                      | -                                                                   | -                                                | -                                                         | -                                            |
| <b>Total as at June 30, 2017</b>            |       |                        | <u>-</u>               | <u>510,466,000</u>           | <u>285,510,000</u>                   | <u>224,956,000</u>     | <u>225,248,504</u>                       | <u>225,518,391</u>                     | <u>269,887</u>                                                      |                                                  |                                                           |                                              |
| <b>Total as at June 30, 2016</b>            |       |                        | <u>-</u>               | <u>-</u>                     | <u>-</u>                             | <u>-</u>               | <u>-</u>                                 | <u>-</u>                               | <u>-</u>                                                            |                                                  |                                                           |                                              |

5.3.1 These Term Finance Certificates having face value of Rs. 99,960 each carrying rate of return of 6 Months KIBOR+0.50% per annum and will mature on February 19, 2026.

5.3.2 These Term Finance Certificates having face value of Rs. 5,000 each carrying rate of return of 6 Months KIBOR+0.75% per annum and will mature on June 29, 2022.

5.4 During the year, the Fund had placed certificate of investment of Rs 200 million with Pak Oman Investment Company Limited which carried rate of return of 6.15% (2016: 6.70%) per annum and matured on October 25, 2016.

**5.5 Term Deposit Receipts - loan and receivables**

| Name of the investee company         | Rate of return per annum | Face value          |                           |                         |                     | Carrying value as at June 30, 2017 | Maturity        | Rating  | Face value as percentage of net assets | Face value as percentage of total investment |
|--------------------------------------|--------------------------|---------------------|---------------------------|-------------------------|---------------------|------------------------------------|-----------------|---------|----------------------------------------|----------------------------------------------|
|                                      |                          | As at July 01, 2016 | Purchased during the year | Matured during the year | As at June 30, 2017 |                                    |                 |         |                                        |                                              |
| Bank Alfalah Limited (Related Party) | 6.45% to 7.25%           | 551,069,110         | -                         | 551,069,110             | -                   | -                                  | August 22, 2016 | AA/ A1+ | -                                      | -                                            |
| <b>Total as at June 30, 2017</b>     |                          | <u>551,069,110</u>  | <u>-</u>                  | <u>551,069,110</u>      | <u>-</u>            | <u>-</u>                           |                 |         |                                        |                                              |
| <b>Total as at June 30, 2016</b>     |                          | <u>-</u>            | <u>2,980,000,000</u>      | <u>2,430,000,000</u>    | <u>550,000,000</u>  | <u>551,069,110</u>                 |                 |         |                                        |                                              |

| <b>6 DEFERRED FORMATION COST</b>        | <b>2017</b>     | <b>2016</b>      |
|-----------------------------------------|-----------------|------------------|
|                                         | <b>(Rupees)</b> |                  |
| Formation cost incurred                 | 1,096,799       | 1,481,323        |
| Amortised during the year               | (383,471)       | (384,524)        |
| Unamortised cost at the end of the year | <u>713,328</u>  | <u>1,096,799</u> |

This represents expenses incurred on the formation of the Fund. The offering document of the Fund, approved by the Securities and Exchange Commission of Pakistan, permits the deferral of the cost over a period not exceeding five years. Accordingly the said expenses are being amortised over a period of five years effective from May 10, 2014, i.e. after the end of initial period of the Fund.

| <b>7 ADVANCES, PREPAYMENTS AND MARK-UP RECEIVABLE</b> | <b>Note</b> | <b>2017</b>      | <b>2016</b>       |
|-------------------------------------------------------|-------------|------------------|-------------------|
|                                                       |             | <b>(Rupees)</b>  |                   |
| <b>Advances and Deposits</b>                          |             |                  |                   |
| - Advance against MTS-NCCPL                           |             | 250,000          | -                 |
| - Advance against TFC exposure                        |             | 2,937,357        | -                 |
| - Other deposits                                      |             | 100,000          | -                 |
| <b>Prepayments:</b>                                   |             |                  |                   |
| - Annual listing fee                                  |             | -                | 17,119            |
| - PACRA rating fee                                    |             | 151,679          | 185,737           |
| <b>Mark-up receivable on:</b>                         |             |                  |                   |
| - Bank balances                                       |             | 1,638,636        | 2,566,637         |
| - Pakistan investment bonds                           |             | -                | 59,361,871        |
| - Term Finance Certificate                            |             | 2,683,794        | -                 |
|                                                       |             | <u>7,761,466</u> | <u>62,131,364</u> |

**8 PAYABLE TO THE ALFALAH GHP INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY**

|                                                        |     |                   |                   |
|--------------------------------------------------------|-----|-------------------|-------------------|
| Management remuneration payable                        | 8.1 | 1,159,768         | 6,073,218         |
| Sindh sales tax payable on management remuneration     | 8.2 | 2,604,815         | 2,474,326         |
| Federal excise duty payable on management remuneration | 8.3 | 18,099,657        | 18,099,657        |
| Formation cost payable                                 |     | 5,000             | 5,000             |
| Sales load payable                                     |     | 628,612           | 628,612           |
| Payable against allocated expenses                     | 8.4 | 803,320           | 4,707,710         |
| Other payables                                         |     | 50,000            | 50,000            |
|                                                        |     | <u>23,351,172</u> | <u>32,038,523</u> |



- 8.1 The Management Company has charged remuneration at a rate of 1% of average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.
- 8.2 During the year, Sindh Sales Tax on management fee has been charged at 13% (2016: 14%) .
- 8.3 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On September 4, 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 18.1 million (2016: Rs 18.1 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2017 would have been higher by Re 1.57 per unit (2016: Re 0.64 per unit).

- 8.4 In accordance with the provisions of the NBFC Regulations, 2008 (as amended vide S.R.O 1160(I) / 2015 dated November 25, 2015), the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund upto a maximum of 0.1% of the average annual net assets of the Scheme or actual, whichever is less. Accordingly, the Management Company has charged expenses at the rate of 0.1% per annum of the average annual net assets of the Fund being lower than actual expenses chargeable to the Fund for the year.

| <b>9 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b> | <b>Note</b> | <b>2017</b>          | <b>2016</b>      |
|----------------------------------------------------------------------------------|-------------|----------------------|------------------|
|                                                                                  |             | ----- (Rupees) ----- |                  |
| Trustee Remuneration payable                                                     | 9.1         | 144,908              | 981,881          |
| Sindh Sales Tax payable on trustee remuneration                                  | 9.2         | 18,838               | 137,218          |
|                                                                                  |             | <u>163,746</u>       | <u>1,119,099</u> |

- 9.1 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 NAV of the Fund. The remuneration is payable to the Trustee according to the following tariff structure:

| <b>Average net asset value</b> | <b>Tariff per annum</b>                                              |
|--------------------------------|----------------------------------------------------------------------|
| Up to Rs.1 billion             | Rs.0.7 million or 0.20% p.a. of net assets whichever is higher.      |
| Over Rs.1 billion              | Rs.2.0 million plus 0.10% 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. |

- 9.2 During the year, Sindh Sales Tax on management fee has been charged at 13% (2016: 14%) .

| <b>10 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)</b> | <b>Note</b> | <b>2017</b>          | <b>2016</b>      |
|----------------------------------------------------------------------------|-------------|----------------------|------------------|
|                                                                            |             | ----- (Rupees) ----- |                  |
| Annual fee payable to the SECP                                             | 10.1        | <u>2,331,063</u>     | <u>6,040,329</u> |

- 10.1 Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.075% (2016: 0.075%) of the average annual net assets of the Fund.

| 11 ACCRUED AND OTHER LIABILITIES             | 2017                 | 2016              |
|----------------------------------------------|----------------------|-------------------|
|                                              | ----- (Rupees) ----- |                   |
| Withholding tax and capital gain tax payable | 7,601,910            | 43,323,029        |
| Auditors' remuneration                       | 325,771              | 420,661           |
| Brokerage payable                            | 8,276                | 233,482           |
| Printing charges payable                     | 35,783               | 58,071            |
| Provision against Workers Welfare Fund       | 11.1 -               | 15,107,679        |
| Provision against Sindh Workers Welfare Fund | 11.1 1,890,757       | -                 |
| Sales load payable                           | 8,979,495            | 15,761,641        |
|                                              | <u>18,841,992</u>    | <u>74,904,563</u> |

**11.1** The Finance Act, 2008 had introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeded Rs 0.5 million in a tax year were 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 was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court (SHC) challenging the applicability of WWF on CISs which is pending adjudication. Similar cases were disposed of by the Peshawar and the Lahore High Courts in which these amendments were declared unlawful and unconstitutional. However, these decisions were challenged in the Supreme Court of Pakistan.

Subsequently, the Finance Act, 2015 introduced an amendment under which CISs / mutual funds have been excluded from the definition of "industrial establishment" subject to WWF under the WWF Ordinance. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable from tax year 2016. Accordingly, no further provision in respect of WWF was made with effect from July 1, 2015.

On November 10, 2016 the Supreme Court of Pakistan (SCP) has passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter are still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) has taken legal and tax opinions on the impact of the SCP judgement on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

Furthermore, as a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds, MUFAP had recommended the following to all its members on January 12, 2017:

- based on legal opinion, the entire provision against WWF held by the CISs till June 30 2015, to be reversed on January 12, 2017; and
- as a matter of abundant caution the provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e., starting from May 21, 2015) on January 12, 2017.

Accordingly, on January 12, 2017 the provision for WWF was reversed and the provision for SWWF was made for the period from May 21, 2015 to January 21, 2017. Thereafter, the provision is being made by the Fund on a daily basis going forward.

The above decisions were communicated to the Securities and Exchange Commission of Pakistan (SECP) and the Pakistan Stock Exchange Limited on January 12, 2017. The SECP vide its letter dated February 1, 2017 had advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs / mutual funds. Accordingly, necessary adjustments in this respect were recorded in the books of the Fund on January 12, 2017.

Had the said provision for SWWF not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2017 would have been higher by Re 0.16 per unit .

## 12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2017 and June 30, 2016.



|                                                                                            | 2017                 | 2016                 |
|--------------------------------------------------------------------------------------------|----------------------|----------------------|
|                                                                                            | ----- (Rupees) ----- |                      |
| <b>13 PROFIT / MARK UP INCOME</b>                                                          |                      |                      |
| Profit / mark up income on:                                                                |                      |                      |
| <b>Investments classified as 'at fair value through profit or loss' - held-for-trading</b> |                      |                      |
| - Market Treasury bills                                                                    | 103,499,779          | 219,285,370          |
| - Pakistan Investment Bonds                                                                | 32,928,544           | 341,940,179          |
| - Term Finance Certificate                                                                 | 12,623,640           | -                    |
|                                                                                            | 149,051,963          | 561,225,549          |
| <b>Loan and receivables</b>                                                                |                      |                      |
| - Letters of placement                                                                     | 2,055,616            | 2,918,630            |
| - Term deposit receipts                                                                    | 14,172,115           | 25,586,866           |
| - Bank balances                                                                            | 31,593,017           | 29,519,885           |
| - MTS income                                                                               | 2,579,637            | -                    |
|                                                                                            | <u>199,452,348</u>   | <u>619,250,930</u>   |
| <b>14 AUDITORS' REMUNERATION</b>                                                           |                      |                      |
| Audit fee                                                                                  | 209,000              | 209,000              |
| Other certification and services                                                           | 141,000              | 141,000              |
|                                                                                            | 350,000              | 350,000              |
| Sindh sales tax                                                                            | 21,000               | 21,000               |
| Out of pocket expenses                                                                     | (40,533)             | 43,750               |
|                                                                                            | <u>330,467</u>       | <u>414,750</u>       |
| <b>15 CASH AND CASH EQUIVALENTS</b>                                                        |                      |                      |
| Bank balances                                                                              | 181,573,591          | 686,696,910          |
| Term deposit receipts                                                                      | -                    | 551,069,110          |
|                                                                                            | <u>181,573,591</u>   | <u>1,237,766,020</u> |

**16 TOTAL EXPENSES RATIO**

The total expense ratio of the Fund for the year ended June 30, 2017 is 1.55% which includes 0.24% representing Government levy, Workers' Welfare Fund and SECP fee.

**17 TAXATION**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations, requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Management Company has distributed the income earned by the Fund during the year to the unit holders in the manner as explained above, no provision for taxation has been in these financial statements.

**18 TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS**

Connected persons / related parties include Alfalah GHP Investment Management Limited being the Management Company, Funds under management of the Management Company, GHP Beteiligungen Holding Limited, Bank Alfalah Limited and MAB Investment Incorporated being associated companies of Management Company, Bank Alfalah Limited - Employees' Provident Fund, Bank Alfalah Limited - Employees' Gratuity Fund, Alfalah GHP Investment Management Limited - Staff Provident Fund, directors and key management personnel of Alfalah GHP Investment Management Limited and Central Depository Company of Pakistan Limited (CDC) being the trustee of the Fund, and other associated companies and connected persons. Connected persons also includes any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund. The transactions with connected persons are in the normal course of business and at contractual rates.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investment and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

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

#### 18.1 Unit Holders' Fund

| Note                                         | June 30, 2017       |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |             |
|----------------------------------------------|---------------------|-----------------------------------------------|-----------------------|------------------------------------------|---------------------|---------------------|-----------------------------------------------|-----------------------|------------------------------------------|-------------------------------------|-------------|
|                                              | As at July 01, 2016 | Issued for cash / conversion in / transfer in | Dividend reinvestment | Redeemed / conversion out / transfer out | As at June 30, 2017 | As at July 01, 2016 | Issued for cash / conversion in / transfer in | Dividend reinvestment | Redeemed / conversion out / transfer out | Net asset value as at June 30, 2017 |             |
|                                              | (Units)             |                                               |                       |                                          | (Rupees)            |                     |                                               |                       |                                          |                                     |             |
| <b>Associated companies / undertakings</b>   |                     |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |             |
| Bank Alfalah Limited                         | 18.1.1              | 1,978,187                                     | -                     | -                                        | 1,978,187           | -                   | 209,270,425                                   | -                     | -                                        | 218,911,463                         | -           |
| Alfalah GHP Capital Preservation Fund        | 18.1.1              | 5,387,608                                     | -                     | -                                        | 5,387,608           | -                   | 569,949,663                                   | -                     | -                                        | 577,305,463                         | -           |
| Alfalah GHP Prosperity Planning Fund*        | 18.1.1              | 737,316                                       | 2,083,643             | 89,052                                   | 1,223,052           | 1,686,959           | 77,999,922                                    | 227,000,000           | 9,413,918                                | 134,000,000                         | 178,410,422 |
| Alfalah GHP Investment Management Limited    | 18.1.1              | 2,065,025                                     | -                     | 20,209                                   | 1,707,454           | 377,780             | 218,456,930                                   | -                     | 2,136,358                                | 183,534,090                         | 39,953,484  |
| <b>Key management personnel (Employees)</b>  |                     |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |             |
| Head of corporate strategy                   | 18.1.1              | 1,960                                         | 2,313                 | -                                        | 4,273               | -                   | 207,346                                       | 250,000               | -                                        | 463,934                             | -           |
| <b>Unit holder holding 10% or more units</b> |                     |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |             |
| Abdul Sattar Edhi Foundation                 | 18.1.1              | -                                             | 8,436,739             | -                                        | 4,106,757           | 4,329,982           | -                                             | 913,357,996           | -                                        | 458,272,548                         | 457,932,834 |

| Note                                                             | June 30, 2016       |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |             |
|------------------------------------------------------------------|---------------------|-----------------------------------------------|-----------------------|------------------------------------------|---------------------|---------------------|-----------------------------------------------|-----------------------|------------------------------------------|-------------------------------------|-------------|
|                                                                  | As at July 01, 2015 | Issued for cash / conversion in / transfer in | Dividend reinvestment | Redeemed / conversion out / transfer out | As at June 30, 2016 | As at July 01, 2015 | Issued for cash / conversion in / transfer in | Dividend reinvestment | Redeemed / conversion out / transfer out | Net asset value as at June 30, 2016 |             |
|                                                                  | (Units)             |                                               |                       |                                          | (Rupees)            |                     |                                               |                       |                                          |                                     |             |
| <b>Associated companies / undertakings</b>                       |                     |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |             |
| Bank Alfalah Limited                                             |                     | 1,978,187                                     | -                     | 87,472                                   | 87,472              | 1,978,187           | 203,382,106                                   | -                     | 9,523,165                                | 9,253,165                           | 209,270,425 |
| Alfalah GHP Capital Preservation Fund                            |                     | 4,157,002                                     | 31,741,258            | 456,287                                  | 30,966,939          | 5,387,608           | 427,391,415                                   | 3,429,178,264         | 48,267,829                               | 3,321,178,263                       | 569,949,663 |
| Alfalah GHP Prosperity Planning Fund                             |                     | -                                             | 3,036,214             | -                                        | 2,298,898           | 737,316             | -                                             | 324,683,074           | -                                        | 252,854,651                         | 77,999,922  |
| Alfalah GHP Investment Management Limited - Staff Provident Fund |                     | 24,127                                        | 4,325                 | -                                        | 28,452              | -                   | 2,480,574                                     | 455,873               | -                                        | 3,137,348                           | -           |
| Alfalah GHP Investment Management Limited                        |                     | 1,912,991                                     | 227,436               | 154,667                                  | 230,069             | 2,065,025           | 196,679,123                                   | 24,313,245            | 16,361,278                               | 17,650,570                          | 218,456,930 |
| <b>Key management personnel</b>                                  |                     |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |             |
| Head of Corporate Strategy                                       |                     | 6,887                                         | 3,332                 | 158                                      | 8,417               | 1,960               | 708,075                                       | 359,633               | 16,755                                   | 875,271                             | 207,346     |

\* This unit holder also holds more than 10% of the units in the Fund as at June 30, 2017.

18.1.1 This reflects the position of related party / connected persons status as at June 30, 2017.

#### 18.2 Other transactions

##### Associated companies / undertakings

##### Alfalah GHP Investment Management Limited - Management Company

|                                                               | 2017       | 2016       |
|---------------------------------------------------------------|------------|------------|
|                                                               | (Rupees)   |            |
| Remuneration of the Management Company                        | 31,081,177 | 80,538,017 |
| Sindh sales tax on remuneration of the Management Company     | 4,040,557  | 13,079,378 |
| Federal excise duty on remuneration of the Management Company | -          | 12,886,081 |
| Allocated expenses                                            | 3,108,013  | 4,831,552  |

|                                                                 | 2017                 | 2016          |
|-----------------------------------------------------------------|----------------------|---------------|
|                                                                 | ----- (Rupees) ----- |               |
| <b>Bank Alfalah Limited</b>                                     |                      |               |
| Bank balance                                                    | 40,708,970           | 517,743,000   |
| Mark-up income on bank balance                                  | 5,795,846            | 13,726,080    |
| Bank charges                                                    | 81,501               | 83,578        |
| Market Treasury Bills - purchased                               | 193,196,055          | 4,214,012,500 |
| Market Treasury Bills - sold                                    | 259,324,740          | 1,083,294,525 |
| Pakistan Investment Bonds - purchased                           | 26,585,000           | 332,205,500   |
| Pakistan Investment Bonds - sold                                | -                    | 103,511,800   |
| Term deposit receipts - purchased                               | -                    | 1,230,000,000 |
| Term deposit receipts - matured                                 | 550,000,000          | 680,000,000   |
| Mark-up income on term deposit receipts                         | 5,053,973            | 9,443,357     |
| <b>Alfalah GHP Income Multiplier Fund</b>                       |                      |               |
| Market Treasury Bills - purchased                               | 49,702,250           | 252,018,610   |
| Market Treasury Bills - sold                                    | 27,937,081           | 209,565,940   |
| Term Finance Certificate - sold                                 | 161,074,300          | -             |
| Term Finance Certificate - purchased                            | 99,908,300           | -             |
| <b>Alfalah GHP Money Market Fund</b>                            |                      |               |
| Market Treasury Bills - purchased                               | 360,040,216          | 803,517,830   |
| Market Treasury Bills - sold                                    | -                    | 308,165,520   |
| Pakistan Investment Bonds - sold                                | -                    | 254,689,000   |
| <b>Alfalah GHP Cash Fund</b>                                    |                      |               |
| Market Treasury Bills - purchased                               | 262,806,405          | 9,972,420     |
| Market Treasury Bills - sold                                    | -                    | 84,287,955    |
| <b>Alfalah GHP Income Fund</b>                                  |                      |               |
| Market Treasury Bills - purchased                               | 245,565,000          | 192,106,375   |
| Market Treasury Bills - sold                                    | 49,871,250           | 99,781,800    |
| Pakistan Investment Bonds - sold                                | -                    | 28,645,425    |
| Term Finance Certificates - purchased                           | 24,993,504           | -             |
| Term Finance Certificates - sold                                | 85,282,000           | -             |
| <b>Alfalah GHP Islamic Income Fund</b>                          |                      |               |
| Sukuks - sold                                                   | 21,381,840           | -             |
| <b>Other related parties</b>                                    |                      |               |
| <b>Central Depository Company of Pakistan Limited - Trustee</b> |                      |               |
| Trustee Remuneration payable                                    | 3,073,431            | 6,789,153     |
| Sindh Sales Tax payable on trustee remuneration                 | 399,772              | 950,485       |
| Security deposit                                                | 100,000              | -             |
| CDC Charges                                                     | 109,171              | -             |

### 18.3 Other balances

|                                                                       | 2017                 | 2016       |
|-----------------------------------------------------------------------|----------------------|------------|
|                                                                       | ----- (Rupees) ----- |            |
| <b>Associated companies / undertakings</b>                            |                      |            |
| <b>Alfalah GHP Investment Management Limited - Management Company</b> |                      |            |
| Remuneration payable to the Management Company                        | 1,159,768            | 6,073,218  |
| Sales tax payable on management fee                                   | 2,604,815            | 2,474,326  |
| Federal excise duty on management fee                                 | 18,099,657           | 18,099,657 |
| Formation cost payable                                                | 5,000                | 5,000      |
| Sales load payable                                                    | 628,612              | 628,612    |
| Other payables                                                        | 50,000               | 50,000     |
| Payable against allocated expenses                                    | 803,320              | 4,707,710  |

|                                                                 | 2017                 | 2016        |
|-----------------------------------------------------------------|----------------------|-------------|
|                                                                 | ----- (Rupees) ----- |             |
| <b>Bank Alfalah Limited</b>                                     |                      |             |
| Bank balance                                                    | 40,708,970           | 516,742,645 |
| Mark-up receivable                                              | 273,794              | 1,243,173   |
| Sales load payable                                              | 8,979,495            | 15,761,641  |
| <b>Other related parties</b>                                    |                      |             |
| <b>Central Depository Company of Pakistan Limited - Trustee</b> |                      |             |
| Remuneration payable to the Trustee                             | 144,908              | 981,881     |
| Sales tax on Trustee fee                                        | 18,838               | 137,218     |
| Security deposit                                                | 100,000              | -           |

## 19 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2017, all the financial assets carried on the statement of assets and liabilities are categorised either as loans and receivables or financial assets at fair value through profit or loss. All the financial liabilities carried on the statement of assets and liabilities are categorised as financial liabilities measured at amortised cost.

| Particulars                    | June 30, 2017         |                                                         |                    |                      |
|--------------------------------|-----------------------|---------------------------------------------------------|--------------------|----------------------|
|                                | Loans and receivables | Financial assets 'at fair value through profit or loss' | Available for sale | Total                |
|                                | ----- (Rupees) -----  |                                                         |                    |                      |
| <b>Financial Assets</b>        |                       |                                                         |                    |                      |
| Bank balances                  | 180,857,952           | -                                                       | -                  | 180,857,952          |
| Investments                    | -                     | 1,076,705,862                                           | -                  | 1,076,705,862        |
| Advances and markup receivable | 7,609,787             | -                                                       | -                  | 7,609,787            |
|                                | -                     | -                                                       | -                  | -                    |
|                                | <u>188,467,739</u>    | <u>1,076,705,862</u>                                    | <u>-</u>           | <u>1,265,173,601</u> |

| Particulars                       | June 30, 2017                                      |                                                  |                   |
|-----------------------------------|----------------------------------------------------|--------------------------------------------------|-------------------|
|                                   | Liabilities 'at fair value through profit or loss' | Financial liabilities measured at amortised cost | Total             |
|                                   | ----- (Rupees) -----                               |                                                  |                   |
| <b>Financial Liabilities</b>      |                                                    |                                                  |                   |
| Payable to the Management Company |                                                    | 2,646,700                                        | 2,646,700         |
| Payable to the Trustee            |                                                    | 144,908                                          | 144,908           |
| Accrued and other liabilities     | -                                                  | 9,349,325                                        | 9,349,325         |
|                                   | -                                                  | <u>12,140,933</u>                                | <u>12,140,933</u> |

| Particulars                    | June 30, 2016         |                                                         |                    |                      |
|--------------------------------|-----------------------|---------------------------------------------------------|--------------------|----------------------|
|                                | Loans and receivables | Financial assets 'at fair value through profit or loss' | Available for sale | Total                |
|                                | ----- (Rupees) -----  |                                                         |                    |                      |
| <b>Financial Assets</b>        |                       |                                                         |                    |                      |
| Bank balances                  | 686,696,910           | -                                                       | -                  | 686,696,910          |
| Investments                    | -                     | 2,351,303,822                                           | -                  | 2,351,303,822        |
| Advances and markup receivable | 61,928,508            | -                                                       | -                  | 61,928,508           |
|                                | <u>748,625,418</u>    | <u>2,351,303,822</u>                                    | <u>-</u>           | <u>3,099,929,240</u> |

| Particulars | June 30, 2016                                      |                                                  |       |
|-------------|----------------------------------------------------|--------------------------------------------------|-------|
|             | Liabilities 'at fair value through profit or loss' | Financial liabilities measured at amortised cost | Total |

----- (Rupees) -----

**Financial Liabilities**

|                                                            |          |                   |                   |
|------------------------------------------------------------|----------|-------------------|-------------------|
| Payable to the Alfalah GHP Investment Management Limited - |          |                   |                   |
| Payable to the Management Company                          | -        | 11,464,540        | 11,464,540        |
| Payable to the Trustee                                     | -        | 981,881           | 981,881           |
| Accrued and other liabilities                              | -        | 16,473,855        | 16,473,855        |
|                                                            | <u>-</u> | <u>28,920,276</u> | <u>28,920,276</u> |

**20. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT**

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

**20.1 Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

**20.1.1 Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

**20.1.2 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The interest rate profile of the Fund's interest bearing financial instruments is as follows:

|                                                     | Note | 2017               | 2016               |
|-----------------------------------------------------|------|--------------------|--------------------|
|                                                     |      | -----Rupees-----   |                    |
| <b>Variable rate instruments (financial assets)</b> |      |                    |                    |
| Bank balances                                       |      | 180,857,952        | 686,696,910        |
| Term Finance Certificates                           |      | 225,518,391        | -                  |
|                                                     |      | <u>406,376,343</u> | <u>686,696,910</u> |
| <b>Fixed rate instruments (financial assets)</b>    |      |                    |                    |
| Market treasury bills                               |      | 851,187,471        | -                  |
|                                                     |      | <u>851,187,471</u> | <u>-</u>           |

**a) Sensitivity analysis for variable rate instruments**

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased the income statement and statement of comprehensive income by Rs 0.515 million (2016: Rs 6.897 million) and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

**b) Sensitivity analysis for fixed rate instruments**

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased the income statement and statement of comprehensive income by Rs 0.851 million (2016: Rs 65.515 million) and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

The composition of the Fund's investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2017 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet financial instruments is based on settlement date.

June 30, 2017

|                                                           | Exposed to yield / interest rate risk |                      |                                          |                    |                                      | Total                |
|-----------------------------------------------------------|---------------------------------------|----------------------|------------------------------------------|--------------------|--------------------------------------|----------------------|
|                                                           | Yield / effective interest rate (%)   | Upto three months    | More than three months and upto one year | More than one year | Not exposed to yield / interest risk |                      |
| <b>On-balance sheet financial instruments</b>             | ----- (Rupees in '000) -----          |                      |                                          |                    |                                      |                      |
| <b>Financial Assets</b>                                   |                                       |                      |                                          |                    |                                      |                      |
| Bank balances                                             | 4.00 - 6.76                           | 180,857,952          | -                                        | -                  | -                                    | 180,857,952          |
| Investments classified:                                   |                                       |                      |                                          |                    |                                      |                      |
| 'At fair value through profit or loss' - held-for-trading |                                       |                      |                                          |                    |                                      |                      |
| - Treasury Bills                                          | 5.97 - 5.99                           | 851,187,471          | -                                        | -                  | -                                    | 851,187,471          |
| - Term Finance Certificates                               | 6.53 - 7.24                           | 225,518,391          | -                                        | -                  | -                                    | 225,518,391          |
| Advances, prepayments and mark-up receivable              |                                       | -                    | -                                        | -                  | 7,609,787                            | 7,609,787            |
| <b>Sub total</b>                                          |                                       | <u>1,257,563,814</u> | <u>-</u>                                 | <u>-</u>           | <u>7,609,787</u>                     | <u>1,265,173,601</u> |
| <b>Financial Liabilities</b>                              |                                       |                      |                                          |                    |                                      |                      |
| Payable to the Management Company                         |                                       | -                    | -                                        | -                  | 2,646,700                            | 2,646,700            |
| Payable to the Trustee                                    |                                       | -                    | -                                        | -                  | 144,908                              | 144,908              |
| Accrued and other liabilities                             |                                       | -                    | -                                        | -                  | 9,349,325                            | 9,349,325            |
| <b>Sub total</b>                                          |                                       | <u>-</u>             | <u>-</u>                                 | <u>-</u>           | <u>12,140,933</u>                    | <u>12,140,933</u>    |
| <b>On-balance sheet gap</b>                               |                                       | <u>1,257,563,814</u> | <u>-</u>                                 | <u>-</u>           | <u>(4,531,146)</u>                   | <u>1,253,032,668</u> |
| <b>Total interest rate sensitivity gap</b>                |                                       | <u>1,257,563,814</u> | <u>-</u>                                 | <u>-</u>           | <u>(4,531,146)</u>                   | <u>1,253,032,668</u> |
| <b>Cumulative interest rate sensitivity gap</b>           |                                       | <u>1,257,563,814</u> | <u>1,257,563,814</u>                     | <u>-</u>           |                                      |                      |

June 30, 2016

|                                                           | Exposed to yield / interest rate risk |                    |                                          |                      |                                      | Total                |
|-----------------------------------------------------------|---------------------------------------|--------------------|------------------------------------------|----------------------|--------------------------------------|----------------------|
|                                                           | Yield / effective interest rate (%)   | Upto three months  | More than three months and upto one year | More than one year   | Not exposed to yield / interest risk |                      |
| <b>On-balance sheet financial instruments</b>             | ----- (Rupees in '000) -----          |                    |                                          |                      |                                      |                      |
| <b>Financial Assets</b>                                   |                                       |                    |                                          |                      |                                      |                      |
| Bank balances                                             | 5.5 - 6.70                            | 686,696,910        | -                                        | -                    | -                                    | 686,696,910          |
| Investments classified:                                   |                                       |                    |                                          |                      |                                      |                      |
| 'At fair value through profit or loss' - held-for-trading |                                       |                    |                                          |                      |                                      |                      |
| - Pakistan Investment Bonds                               | 5.99 - 7.58                           | -                  | -                                        | 1,800,234,712        | -                                    | 1,800,234,712        |
| - Term deposit receipts                                   | 6.45 - 7.25                           | -                  | -                                        | -                    | 551,069,110                          | 551,069,110          |
| Mark-up receivables                                       |                                       | -                  | -                                        | -                    | 61,928,508                           | 61,928,508           |
| <b>Sub total</b>                                          |                                       | <u>686,696,910</u> | <u>-</u>                                 | <u>1,800,234,712</u> | <u>612,997,618</u>                   | <u>3,099,929,240</u> |
| <b>Financial Liabilities</b>                              |                                       |                    |                                          |                      |                                      |                      |
| Payable to the Management Company                         |                                       | -                  | -                                        | -                    | 11,414,540                           | 11,414,540           |
| Payable to the Trustee                                    |                                       | -                  | -                                        | -                    | 981,881                              | 981,881              |
| Accrued and other liabilities                             |                                       | -                  | -                                        | -                    | 16,473,855                           | 16,473,855           |
| <b>Sub total</b>                                          |                                       | <u>-</u>           | <u>-</u>                                 | <u>-</u>             | <u>28,870,276</u>                    | <u>28,870,276</u>    |
| <b>On-balance sheet gap</b>                               |                                       | <u>686,696,910</u> | <u>-</u>                                 | <u>1,800,234,712</u> | <u>584,127,342</u>                   | <u>3,071,058,964</u> |
| <b>Total interest rate sensitivity gap</b>                |                                       | <u>686,696,910</u> | <u>-</u>                                 | <u>1,800,234,712</u> | <u>584,127,342</u>                   | <u>3,071,058,964</u> |
| <b>Cumulative interest rate sensitivity gap</b>           |                                       | <u>686,696,910</u> | <u>686,696,910</u>                       | <u>1,800,234,712</u> |                                      |                      |



### 20.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market. As at reporting date, the fund is not exposed to price risk, as no equity securities are held by the Fund.

As at reporting date, the Fund is not exposed to price risk.

### 20.2 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted and arises principally from bank balances, investments, profit receivable and deposit and other receivable.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

#### 20.2.1 Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2017 was as follows:

|                                 | 2017                                               |                    | 2016                                               |                      |
|---------------------------------|----------------------------------------------------|--------------------|----------------------------------------------------|----------------------|
|                                 | Balance as per statement of assets and liabilities | Maximum exposure   | Balance as per statement of assets and liabilities | Maximum exposure     |
| Bank balances                   | 180,857,952                                        | 180,857,952        | 686,696,910                                        | 686,696,910          |
| Investments                     | 1,076,705,862                                      | 225,518,391        | 2,351,303,822                                      | 551,069,110          |
| Deposits and Mark-up receivable | 7,609,787                                          | 7,609,787          | 61,928,508                                         | 61,928,508           |
|                                 | <u>1,265,173,601</u>                               | <u>413,986,130</u> | <u>3,099,929,240</u>                               | <u>1,299,694,528</u> |

Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investments in Government Securities of Rs 851.187 million (2016: Rs 1800 million) are not exposed to credit risk.

No financial assets were considered to be past due or impaired either at June 30, 2017 and June 30, 2016

#### 20.2.2 Bank balances

The Fund held bank balances at June 30, 2017 with banks having following credit ratings.

| Rating    | 2017               |                | 2016               |                |
|-----------|--------------------|----------------|--------------------|----------------|
|           | Rupees in '000     | %              | Rupees in '000     | %              |
| A1+ / AA+ | 63,670,176         | 35.46%         | 169,954,265        | 24.75%         |
| A1+ / AA  | -                  | -              | 516,742,645        | 75.25%         |
| A1+ / AA- | 117,187,776        | 64.54%         | -                  | -              |
|           | <u>180,857,952</u> | <u>100.00%</u> | <u>686,696,910</u> | <u>100.00%</u> |

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS as of June 30, 2017.

#### Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect the groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instrument is mainly held with various banks securities issued by the State Bank of Pakistan on behalf of the Government..

### 20.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to redemptions of its redeemable units on a regular basis. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is therefore to invest the majority of its assets in short term instruments in order to maintain liquidity.



The Fund can borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was required to be obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month.

|                                   | Within<br>1 month | 1 to 3<br>months | 3 to 12<br>months | 1 to 5<br>years | Total         |
|-----------------------------------|-------------------|------------------|-------------------|-----------------|---------------|
| ----- Rupees -----                |                   |                  |                   |                 |               |
| <b>2017</b>                       |                   |                  |                   |                 |               |
| <b>Financial assets</b>           |                   |                  |                   |                 |               |
| Bank balances                     | 180,857,952       | -                | -                 | -               | 180,857,952   |
| Investments                       | -                 | 851,187,471      | -                 | 225,518,391     | 1,076,705,862 |
| Advances and mark-up receivable   | 4,322,430         | -                | 3,287,357         | -               | 7,609,787     |
|                                   | 185,180,382       | 851,187,471      | 3,287,357         | 225,518,391     | 1,265,173,601 |
| <b>Financial liabilities</b>      |                   |                  |                   |                 |               |
| Payable to the Management Company | 2,646,700         | -                | -                 | -               | 2,646,700     |
| Payable to the Trustee            | 144,908           | -                | -                 | -               | 144,908       |
| Accrued and other liabilities     | 9,023,554         | 325,771          | -                 | -               | 9,349,325     |
|                                   | 11,815,162        | 325,771          | -                 | -               | 12,140,933    |
| <b>Net assets</b>                 | 173,365,220       | 850,861,700      | 3,287,357         | 225,518,391     | 1,253,032,668 |
| ----- Rupees -----                |                   |                  |                   |                 |               |
| <b>2016</b>                       |                   |                  |                   |                 |               |
| <b>Financial assets</b>           |                   |                  |                   |                 |               |
| Bank balances                     | 686,696,910       | -                | -                 | -               | 686,696,910   |
| Investments                       | -                 | 551,069,110      | -                 | 1,800,234,712   | 2,351,303,822 |
| Advances and mark-up receivable   | 2,566,637         | -                | 59,361,871        | -               | 61,928,508    |
|                                   | 689,263,547       | 551,069,110      | 59,361,871        | 1,800,234,712   | 3,099,929,240 |
| <b>Financial liabilities</b>      |                   |                  |                   |                 |               |
| Payable to the Management Company | 11,464,540        | -                | -                 | -               | 11,464,540    |
| Payable to the Trustee            | 981,881           | -                | -                 | -               | 981,881       |
| Accrued and other liabilities     | 16,053,194        | 420,661          | -                 | -               | 16,473,855    |
|                                   | 28,499,615        | 420,661          | -                 | -               | 28,920,276    |
| <b>Net assets</b>                 | 660,763,932       | 550,648,449      | 59,361,871        | 1,800,234,712   | 3,071,008,964 |

#### 20.4 Fair value measurement

Fair value is the amount for which an asset could be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of investments is determined as per the policy disclosed in note 3.2 to these financial statements.

#### Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted price (unadjusted) in an active market for identical assets or liabilities that the entity can access at the measurement date;

- Level 2: 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: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2017 and June 30, 2016, the Fund held the following assets measured at fair values:

|                                                                                                | <b>June 30, 2017</b> |                      |                |                      |
|------------------------------------------------------------------------------------------------|----------------------|----------------------|----------------|----------------------|
|                                                                                                | <b>Level 1</b>       | <b>Level 2</b>       | <b>Level 3</b> | <b>Total</b>         |
|                                                                                                | ----- (Rupees) ----- |                      |                |                      |
| <b>Financial assets classified as at fair value through profit or loss' - held-for-trading</b> |                      |                      |                |                      |
| Market treasury bills                                                                          | -                    | 851,187,471          | -              | 851,187,471          |
| Term Finance Certificates                                                                      | -                    | 225,518,391          | -              | 225,518,391          |
|                                                                                                | <u>-</u>             | <u>1,076,705,862</u> | <u>-</u>       | <u>1,076,705,862</u> |

|                                                                                                | <b>June 30, 2016</b> |                      |                |                      |
|------------------------------------------------------------------------------------------------|----------------------|----------------------|----------------|----------------------|
|                                                                                                | <b>Level 1</b>       | <b>Level 2</b>       | <b>Level 3</b> | <b>Total</b>         |
|                                                                                                | ----- (Rupees) ----- |                      |                |                      |
| <b>Financial assets classified as at fair value through profit or loss' - held-for-trading</b> |                      |                      |                |                      |
| Pakistan Investment Bonds                                                                      | -                    | 1,800,234,712        | -              | 1,800,234,712        |
|                                                                                                | <u>-</u>             | <u>1,800,234,712</u> | <u>-</u>       | <u>1,800,234,712</u> |

During the year ended June 30, 2017, 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.

## 20.5 Unit Holder's fund risk management

The Fund's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders and to ensure reasonable safety of Unit Holders' Fund.

The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in market conditions. The capital structure depends on the issuance and redemption of units.

The Fund is an open-end collective investment scheme. The capital of the open end schemes is represented by the net assets attributable to unit holders.

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 whether realised or unrealised as reduced by such expenses as are chargeable to the Fund.

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

The objective of Management Company when managing capital of the Fund is to maintain the Fund's ability to continue as a going concern in order to provide returns to unit holders on their investments.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- Monitors the level of daily issuance and redemptions relative to liquid assets;
- Redeem and issue 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 / Investment Committee members and the Chief Executive of the company critically monitor capital of the Fund on the basis of the value of net assets attributable to the unit holders and track the movement of 'Assets under Management' as well returns earned on the net assets to maintain investors confidence and achieve future growth in business. Further the Board of Directors is updated about the Fund yield and movement of NAV and total fund size at the end of each quarter.



## Annexure I

**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 2017     |                      |                      |             |
|---------------------------|------------------------|----------------------|----------------------|-------------|
|                           | Number of unit holders | Number of units held | Amount Rupees        | % of total  |
| Individuals               | 289                    | 4,616,806            | 488,266,894          | 40%         |
| Associated Co./ Directors | 2                      | 377,780              | 39,953,495           | 3%          |
| Retirement & Other Funds  | 3                      | 39,700               | 4,198,671            | 0%          |
| Others                    | 12                     | 6,514,190            | 688,931,642          | 56%         |
|                           | <b>306</b>             | <b>11,548,476</b>    | <b>1,221,350,702</b> | <b>100%</b> |

| Category                  | As at 30 June 2016     |                      |                      |             |
|---------------------------|------------------------|----------------------|----------------------|-------------|
|                           | Number of unit holders | Number of units held | Amount Rupees        | % of total  |
| Individuals               | 398                    | 8,275,685            | 875,476,426          | 72%         |
| Associated Co./ Directors | 7                      | 10,168,137           | 1,075,677,029        | 88%         |
| Banks/Dfis                | 1                      | 1,890,556            | 200,000,000          | 16%         |
| Insurance Co.             | -                      | -                    | -                    | 0%          |
| Retirement & Other Funds  | 6                      | 1,237,442            | 130,907,728          | 11%         |
| Others                    | 15                     | 6,664,817            | 705,065,197          | 58%         |
|                           | <b>427</b>             | <b>28,236,636</b>    | <b>2,987,126,381</b> | <b>245%</b> |

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

|                                     |              |
|-------------------------------------|--------------|
|                                     | 30 June 2017 |
|                                     | %            |
| Invest Capital Markets Limited      | 23.36%       |
| Summit Capital (Pvt) Limited        | 3.07%        |
| Icon Securities Limited             | 9.06%        |
| BMA Capital Management Limited      | 18.84%       |
| Invest One Markets Limited          | 1.38%        |
| BIPL Securities                     | 17.91%       |
| Invest & Finance Securities Limited | 4.96%        |
| Next Capital Limited                | 18.53%       |
| C&M Managemnet                      | 1.73%        |
| Kasb Securities Limited             | 0.54%        |
|                                     | 30 June 2016 |
|                                     | %            |
| Invest Capital Markets Limited      | 35.68%       |
| Summit Capital (Pvt) Limited        | 15.75%       |
| Icon Securities Limited             | 4.73%        |
| BMA Capital Management Limited      | 19.98%       |
| Invest One Markets Limited          | 3.23%        |
| Global Securities Pakistan Limited  | 4.90%        |
| Kasb Securities Limited             | 2.83%        |
| Invest & Finance Securities Limited | 5.41%        |
| Js Global Capital Limited           | 2.40%        |
| Vector Capital Pvt Limited          | 3.48%        |
| Magenta Capital Limited             | 0.43%        |
| Next Capital Limited                | 1.17%        |

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

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

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

**Maheen Rahman – CEO**

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

**Noman Soomro**

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

**Shariq Mukhtar Hashmi**

Mr. Hashmi holds a diversified experience of over 11 years with various private sector enterprises of repute. He joined IGI Funds Limited (which subsequently merged into Alfalah GHP Investment Management Limited in Oct. 2013) in 2010 to lead the back office function as Head of Operations & Settlements. His association has continued, post-merger, as Head of Compliance & Risk Management. He has previously served National Asset Management Company as Head of Internal Audit and Feroze Sharif Tariq & Co Chartered Accountants in various capacities. He has also headed the Internal Audit Department of the Company. Mr. Hashmi is a qualified Accountant from the Association of Chartered Certified Accountants, UK and holds MBA degree in Finance from SZABIST University. He is also enrolled for Financial Risk Manager Certification of Global Association of Risk Professionals; USA.

**Muddasir Ahmed Shaikh**

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

**Nabeel Malik**

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

**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 73th, 74th, 75th, 76st 77th ,and 78th Board Meetings were held on 26 Aug 2016, 22 Sep 2016, 31 Oct 2016, 07 Dec 2016, 14th Feb 2017 and 26 April 2017 respectively.

| Name of Director       | Number of Meetings |          |               | Meeting not attended |
|------------------------|--------------------|----------|---------------|----------------------|
|                        | Held               | Attended | Leave Granted |                      |
| HANSPETER BEIER        | 6                  | 4        | 2             | 2                    |
| SYED ALI SULTAN        | 6                  | 6        | -             | -                    |
| AMIN DAWOOD SALEH      | 6                  | 5        | 1             | 1                    |
| MS. MAHEEN RAHMAN      | 6                  | 6        | -             | -                    |
| MR. ABID NAQVI         | 6                  | 5        | 1             | 1                    |
| MR. MICHAEL BUCHEN     | 1                  | -        | 1             | 1                    |
| MR. Tufail Jawed Ahmad | 6                  | 5        | 1             | 1                    |
| MR. ADEEL BAJWA        | 2                  | 1        | 1             | 1                    |

Annexure A

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

**PERFORMANCE TABLE - AGSOF**

|                                     | 30 June<br>2017  | 30 June<br>2016 | 30 June<br>2015 |
|-------------------------------------|------------------|-----------------|-----------------|
|                                     | (Rupees in '000) |                 |                 |
| Net Assets                          | 1,221,351        | 2,987,126       | 7,234,406       |
| NAV per unit                        | 105.7586         | 105.7890        | 102.8124        |
| Selling price per unit              | 106.9537         | 107.1880        | 104.1839        |
| Redemption price per unit           | 105.7586         | 105.7890        | 102.8124        |
| Highest selling price per unit      | 112.8651         | 111.9222        | 118.7135        |
| Highest redemption price per unit   | 111.6040         | 110.4615        | 117.1507        |
| Lowest selling price per unit       | 106.9537         | 104.2044        | 101.5121        |
| Lowest redemption price per unit    | 105.7586         | 102.8444        | 100.1643        |
| Total interim distribution per unit | 5.8914           | 4.6776          | 13.6802         |
| Interim distribution date           | 22-Jun-17        | 29-Jun-16       | 23-Jun-15       |
| Final distribution per unit         | Nil              | Nil             | Nil             |
| Final distribution date             | N/A              | N/A             | N/A             |
| Annualized returns                  |                  | 7.42%           | 16.38%          |
| Income distribution                 | 5.57%            | 4.54%           | 13.67%          |
| Weighted avg. portfolio duration    | 1.39 Yrs         | 1.80 Yrs        | 1.80 Yrs        |

**Return since inception is 9.65%**

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





**Alfalah  
GHP Income Fund**

## FUND INFORMATION

|                                                        |                                                                                                                                                                                                  |
|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Management Company:</b>                             | <b>Alfalah GHP Investment Management Limited</b><br>8-B, 8th Floor, Executive Tower, Dolmen City, Block-4,<br>Clifton, Karachi.                                                                  |
| <b>Board of Directors of the Management Company:</b>   | <b>Ms.Maheen Rahman</b><br><b>Syed Ali Sultan</b><br><b>Mr.Hanspeter Beier</b><br><b>Mr.Amin Dawood Saleh</b><br><b>Mr.Abid Naqvi</b><br><b>Mr. Tufail Jawed Ahmad</b><br><b>Mr. Adeel Bajwa</b> |
| <b>Audit Committee:</b>                                | <b>Mr. Abid Naqvi</b><br><b>Syed Ali Sultan</b><br><b>Mr. Amin Dawood Saleh</b>                                                                                                                  |
| <b>HR Committee:</b>                                   | <b>Syed Ali Sultan</b><br><b>Mr. Tufail Jawed Ahmed</b><br><b>Ms. Maheen Rahman</b>                                                                                                              |
| <b>Chief Operating Officer and Company Secretary :</b> | <b>Mr. Noman Ahmed Soomro</b>                                                                                                                                                                    |
| <b>Chief Financial Officer:</b>                        | <b>Mr. Muhammad Shehzad Dhedhi</b>                                                                                                                                                               |
| <b>Trustee:</b>                                        | <b>Central Depository Company of Pakistan Limited</b><br>CDC House, 99-B, Block 'B', SMCHS,<br>Main Share-e-Faisal, Karachi                                                                      |
| <b>Bankers to the Fund:</b>                            | <b>Bank Alfalah Limited</b>                                                                                                                                                                      |
| <b>Auditors:</b>                                       | <b>A.F. Ferguson &amp; Co.</b><br>Chartered Accountants<br>State Life Building No. 1-C I.I. Chundrigar Road,<br>P.O.Box 4716 Karachi,<br>Pakistan                                                |
| <b>Legal Advisor:</b>                                  | <b>Ahmed &amp; Qazi</b><br>Advocates & Legal Consultants<br>402,403,404,417<br>Clifton Centre,<br>Clifton, Karachi                                                                               |
| <b>Registrar:</b>                                      | <b>Alfalah GHP Investment Management Limited</b><br>8-B, 8th Floor, Executive Tower, Dolmen City, Block-4,<br>Clifton, Karachi.                                                                  |
| <b>Distributor:</b>                                    | <b>Bank Alfalah Limited</b>                                                                                                                                                                      |
| <b>Rating:</b>                                         | <b>A+(f) by PACRA</b>                                                                                                                                                                            |

# Alfalah GHP Income Fund

## Annual Fund Manager`s Report

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

### Investment Objective

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

### Accomplishment of Objective

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

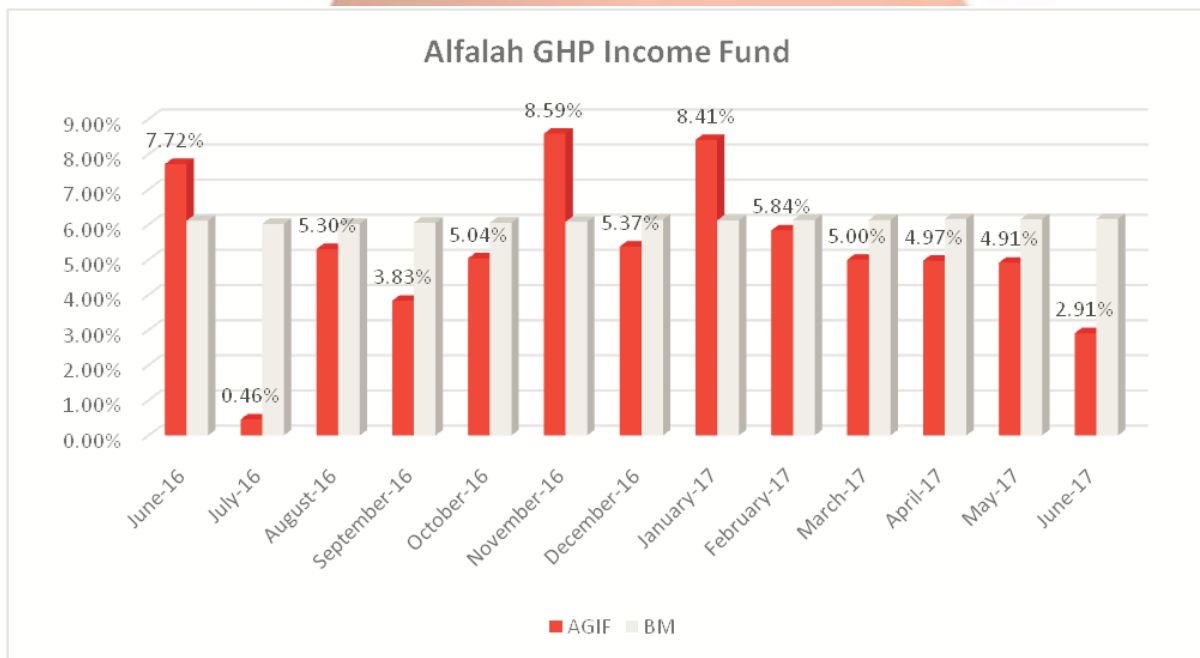
### Market Review

The central bank maintained the discount rate throughout the fiscal year; the money market remained relatively stable since no major shock was witnessed in inflation. During the period market participants maintained their interest in shorter tenure as opposed to medium to long term. The central bank also kept borrowing requirements at relatively stable level thus maintaining the cutoffs mostly during the period. Going forward, with a slightly higher CPI and the absence of low base effect, an increase in discount rate by 25bps by the central bank cannot be ruled out by the end of 2017.

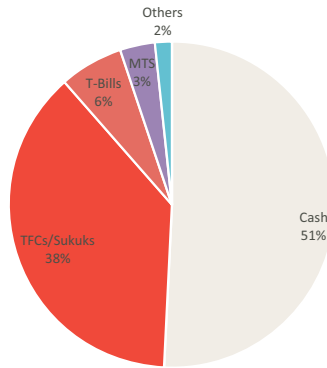
### Fund Performance

For the year ended June 30 2017, the fund posted a return of 5.20% against the benchmark of 6.10%. AGIF remained focus on a diversified portfolio of corporate and government securities with frequent placements and deposits with Banks/DFIs at premium rates, the fund also maintained its exposure towards MTS in order to generate alpha.

### Performance comparison with Benchmark



Asset Allocation, June 2017



| Credit Quality (as % of Total Assets) |        |           |       |
|---------------------------------------|--------|-----------|-------|
| Govt. Sec. Guar.                      | 6.33%  | A         | 0.00% |
| AAA                                   | 14.68% | A-        | 0.00% |
| AA+                                   | 0.70%  | BBB+      | 0.00% |
| AA                                    | 11.88% | BBB       | 0.00% |
| AA-                                   | 59.33% | Below IG  | 0.00% |
| A+                                    | 1.93%  | MTS/NR/UR | 5.13% |

**Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**

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

**Disclosure on unit split (if any), comprising:-**

There were no unit splits during the period.

**Disclosures of circumstances that materially affect any interests of unit holders**

Investments are subject to market risk.

**Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.**

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

**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 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 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, 2017 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.

**Aftab Ahmed Diwan**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: September 12, 2017



**STATEMENT OF COMPLIANCE BY ALFALAH GHP INCOME FUND  
WITH THE CODE OF CORPORATE GOVERNANCE  
FOR THE YEAR ENDED JUNE 30, 2017**

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No.5.19 of Chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Management Company encourages representation of independent, non-executive directors, and directors representing minority interests on its board of directors ("the Board"). At present the Board includes:

| Category                | Names                                                                                 |
|-------------------------|---------------------------------------------------------------------------------------|
| Executive Director      | Ms. Maheen Rahman– Chief Executive Officer (CEO)                                      |
| Independent Directors   | Mr. Abid Naqvi<br>Mr. Tufail Jawed Ahmad                                              |
| Non-Executive Directors | Mr. Syed Ali Sultan<br>Mr. Adeel Bajwa<br>Mr. HanspeterBeier<br>Mr. Amin Dawood Saleh |

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

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies (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 broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. According to regulation 5.19.3 of the Rule Book and section 155 (3) of the Companies Act, 2017, any casual vacancy occurring on the Board of Directors of a listed company shall be filled up by the directors at the earliest but not later than 90 days thereof. A casual vacancy occurred on the Board on September 22, 2016, due to resignation of Mr. Michael Buchen. However, the Board of Directors appointed Mr. Adeel Bajwa as a director on January 23, 2017 i.e. after 90 days after the date of resignation Mr. Michael Buchen. The appointment was approved in principle by the SECP with effect from February 7, 2017.
5. The Management Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before such meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged no training programs for its directors during the year. However, at present 6 directors of the Management Company have certification under the Directors' Training Program offered by institutions.
10. There was no change of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year. However, the remuneration and terms and conditions of Chief Financial Officer, Company Secretary and Head of Internal Audit were approved by the Board.

11. The Directors' Report for the year ended June 30, 2017 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by the CEO and CFO 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 that disclosed in the Directors' Report and pattern of unit holding.
14. The Management Company has 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, and the Chairman of the Committee 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 Committee have been formed and advised to the Committee for compliance.
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 Deloitte Yousuf Adil Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partner of the firm, their spouse and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'Book Closure' dates were duly determined and intimated to the stock exchange, however the 'closed period' prior to the announcement of interim / final results, and business decisions was not determined and intimated to directors, employees and the stock exchange, considering the fact that NAV of the Fund is announced on a daily basis.
22. Material/price sensitive information has been disseminated among all market participants at once through the stock exchange.
23. The Management Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the Code have been complied with.

**For and on behalf of the Board**

Maheen Rahman  
Chief Executive Officer



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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Alfalah GHP Investment Management Limited, the Management Company of **Alfalah GHP Income Fund** (the Fund) for the year ended June 30, 2017 to comply with the requirements of regulation no. 5.19 of chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company (**Alfalah GHP Investment Management Limited**). Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund'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 Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As a part of our audit of the 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 of Directors' 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 of Directors for their review and approval of 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 of Directors 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 of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2017.

Further, we highlight below an instance of non-compliance with the requirement of the Code as reflected in paragraph reference where it is stated in the Statement of Compliance:

| S. No. | Paragraph reference | Description                                                                                                                                                                                                                                                                                                                                                                                  |
|--------|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | 4                   | According to regulation 5.19.3 of the Rule Book and section 155 (3) of the Companies Act, 2017, any casual vacancy occurring on the Board of Directors of a listed company shall be filled up by the directors at the earliest but not later than 90 days thereof. A casual vacancy occurred on the Board on September 22, 2016 which was filled after 90 days from the date of resignation. |

**A.F. Ferguson & Co.**  
**Chartered Accountants**

Dated: September 20, 2017  
Karachi

# INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Alfalah GHP Income Fund** (here in after referred to as the 'Fund'), which comprise the statement of assets and liabilities as at June 30, 2017, and the related income statement, statement of comprehensive income, distribution statement, cash flow statement and statement of movement in unit holders' funds for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

The Management Company (**Alfalah GHP Investment Management Limited**) of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with 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 the International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial position of the Fund as at June 30, 2017 and of its financial performance, its cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

### Other matter

The financial statements of the Fund for the year ended June 30, 2016 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion on those financial statements vide their report dated September 22, 2016. However, the report contained an emphasis of matter paragraph drawing attention to the fact that the fund had commenced making provision for Workers Welfare Fund (WWF) with effect from July 01, 2013 and that the aggregate unrecognised amount of WWF upto June 30, 2013 amounted to Rs. 15.570 million.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

**A.F. Ferguson & Co.**  
**Chartered Accountants**  
**Engagement Partner: Shahbaz Akbar**

Dated: September 20, 2017  
Karachi

**ALFALAH GHP INCOME FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
*AS AT JUNE 30, 2017*

|                                                                                 | Note | 2017                          | 2016               |
|---------------------------------------------------------------------------------|------|-------------------------------|--------------------|
|                                                                                 |      | ----- (Rupees) -----          |                    |
| <b>Assets</b>                                                                   |      |                               |                    |
| Bank balances                                                                   | 4    | 398,739,491                   | 212,430,636        |
| Investments                                                                     | 5    | 346,507,929                   | 372,698,039        |
| Security deposits                                                               | 6    | 2,850,000                     | 2,850,000          |
| Prepayments and other receivables                                               | 7    | 10,194,965                    | 10,043,447         |
| Receivable against Margin Trading System (MTS)                                  |      | <u>27,206,053</u>             | <u>72,926,401</u>  |
| <b>Total assets</b>                                                             |      | <u>785,498,438</u>            | <u>670,948,523</u> |
| <b>Liabilities</b>                                                              |      |                               |                    |
| Payable to the Management Company                                               | 8    | 12,639,195                    | 13,681,653         |
| Payable to the Trustee                                                          | 9    | 160,380                       | 217,662            |
| Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP) | 10   | 942,774                       | 1,119,964          |
| Accrued and other liabilities                                                   | 11   | 8,946,947                     | 17,088,853         |
| <b>Total liabilities</b>                                                        |      | <u>22,689,296</u>             | <u>32,108,132</u>  |
| <b>Net assets attributable to unit holders</b>                                  |      | <u>762,809,142</u>            | <u>638,840,391</u> |
| <b>Unit holders' fund (as per the statement attached)</b>                       |      | <u>762,809,142</u>            | <u>638,840,391</u> |
| <b>Contingencies and commitments</b>                                            | 12   | ----- (Number of units) ----- |                    |
| <b>Number of units in issue</b>                                                 |      | <u>6,812,508</u>              | <u>5,769,988</u>   |
|                                                                                 |      | ----- (Rupees) -----          |                    |
| <b>Net asset value per unit</b>                                                 |      | <u>111.9719</u>               | <u>110.7178</u>    |

The annexed notes from 1 to 24 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP INCOME FUND**  
**INCOME STATEMENT**  
 FOR THE YAEAR ENDED JUNE 30, 2017

|                                                                                                                                                                   | Note | 2017<br>----- (Rupees) ----- | 2016         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------------------------------|--------------|
| <b>Income</b>                                                                                                                                                     |      |                              |              |
| Profit / mark up income                                                                                                                                           | 13   | 83,419,165                   | 118,259,415  |
| Gain on sale of investments- net                                                                                                                                  |      | 4,966,801                    | 19,285,967   |
| Unrealised gain on revaluation of investments<br>classified as at fair value through profit or loss - held for trading - net                                      |      | 419,814                      | 3,277,283    |
|                                                                                                                                                                   |      | 5,386,615                    | 22,563,250   |
| Reversal of provision against Workers' Welfare Fund                                                                                                               | 11.1 | 4,620,944                    | -            |
| <b>Total income</b>                                                                                                                                               |      | 93,426,724                   | 140,822,665  |
| <b>Expenses</b>                                                                                                                                                   |      |                              |              |
| Remuneration of the Management Company                                                                                                                            | 8.1  | 15,712,931                   | 19,145,430   |
| Sindh sales tax on remuneration of the Management Company                                                                                                         | 8.2  | 2,042,679                    | 3,109,281    |
| Federal excise duty on remuneration of the Management Company                                                                                                     | 8    | -                            | 3,063,270    |
| Allocated expenses                                                                                                                                                | 8.4  | 1,256,977                    | 907,887      |
| Remuneration of the Trustee                                                                                                                                       | 9.1  | 1,901,760                    | 2,143,542    |
| Sindh sales tax on remuneration of the Trustee                                                                                                                    |      | 247,293                      | 314,444      |
| Annual fee to Securities and Exchange Commission of Pakistan                                                                                                      |      | 942,774                      | 1,134,366    |
| Brokerage expense                                                                                                                                                 |      | 209,560                      | 191,715      |
| Settlement and bank charges                                                                                                                                       |      | 347,071                      | 298,820      |
| Auditors' remuneration                                                                                                                                            | 14   | 567,805                      | 564,666      |
| Annual listing fee                                                                                                                                                |      | 55,000                       | 39,017       |
| Annual rating fee                                                                                                                                                 |      | 285,001                      | 293,623      |
| Clearing charges                                                                                                                                                  |      | 1,857,593                    | 1,831,294    |
| Printing charges                                                                                                                                                  |      | 102,819                      | 140,929      |
| Provision against Sindh Workers' Welfare Fund                                                                                                                     | 11.1 | 1,282,759                    | -            |
| <b>Total expenses</b>                                                                                                                                             |      | 26,812,022                   | 33,178,284   |
| <b>Net income for the year before element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed - net</b> |      | 66,614,702                   | 107,644,381  |
| Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net                                     |      | (32,542,891)                 | (74,493,408) |
| <b>Net income for the year before taxation</b>                                                                                                                    |      | 34,071,811                   | 33,150,973   |
| Taxation                                                                                                                                                          | 15   | -                            | -            |
| <b>Net income for the year after taxation</b>                                                                                                                     |      | 34,071,811                   | 33,150,973   |

The annexed notes from 1 to 24 and annexure form an integral part of these financial statements.

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

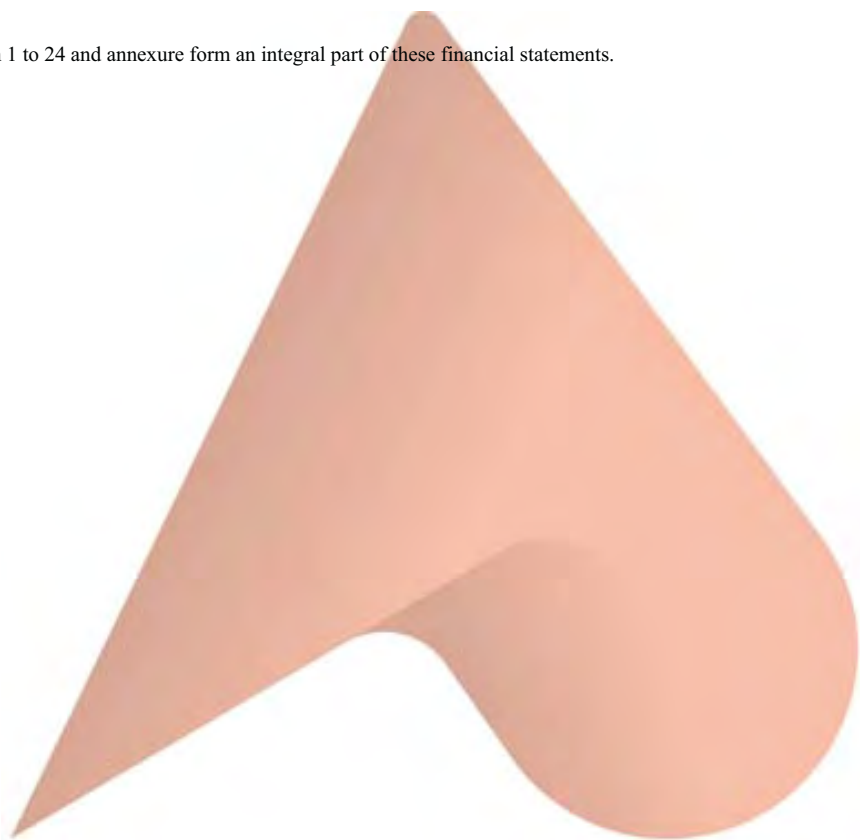
\_\_\_\_\_  
 Chief Executive Officer

\_\_\_\_\_  
 Director

**ALFALAH GHP INCOME FUND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*FOR THE YAEAR ENDED JUNE 30, 2017*

|                                                | 2017<br>----- (Rupees) ----- | 2016<br>-----     |
|------------------------------------------------|------------------------------|-------------------|
| <b>Net income for the year after taxation</b>  | 34,071,811                   | 33,150,973        |
| Other comprehensive income for the year        | -                            | -                 |
| <b>Total comprehensive income for the year</b> | <u>34,071,811</u>            | <u>33,150,973</u> |

The annexed notes from 1 to 24 and annexure form an integral part of these financial statements.



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

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

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

**ALFALAH GHP INCOME FUND**  
**CASH FLOW STATEMENT**  
 FOR THE YAEAR ENDED JUNE 30, 2017

|                                                                                                                          | Note | 2017<br>----- (Rupees) ----- | 2016                      |
|--------------------------------------------------------------------------------------------------------------------------|------|------------------------------|---------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                                              |      |                              |                           |
| Net income for the year before taxation                                                                                  |      | 34,071,811                   | 33,150,973                |
| <b>Adjustments for:</b>                                                                                                  |      |                              |                           |
| Reversal of provision against Workers' Welfare Fund                                                                      |      | (4,620,944)                  | -                         |
| Provision against Sindh Workers' Welfare Fund                                                                            |      | 1,282,759                    | -                         |
| Unrealised gain on revaluation of investments<br>classified as 'at fair value through profit or loss' - held-for-trading |      | (419,814)                    | (3,277,283)               |
| Element of loss and capital losses included in prices<br>of units sold less those in units redeemed - net                |      | 32,542,891                   | 74,493,408                |
|                                                                                                                          |      | <u>62,856,703</u>            | <u>104,367,098</u>        |
| <b>Decrease in assets</b>                                                                                                |      |                              |                           |
| Investments - net                                                                                                        |      | 25,615,343                   | 505,117,724               |
| Prepayments and other receivables                                                                                        |      | (151,518)                    | 15,558,622                |
| Receivable against Margin Trading System (MTS)                                                                           |      | 45,720,348                   | (47,857,255)              |
|                                                                                                                          |      | 71,184,173                   | 472,819,091               |
| <b>(Decrease) / Increase in liabilities</b>                                                                              |      |                              |                           |
| Payable to the Management Company                                                                                        |      | (1,042,458)                  | 4,656,205                 |
| Payable to the Trustee                                                                                                   |      | (57,282)                     | 70,009                    |
| Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)                                          |      | (177,190)                    | 14,581                    |
| Accrued and other liabilities                                                                                            |      | (7,334,220)                  | (6,559,162)               |
|                                                                                                                          |      | <u>(8,611,150)</u>           | <u>(1,818,367)</u>        |
| <b>Net cash generated from operating activities</b>                                                                      |      | 125,429,726                  | 575,367,822               |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                                              |      |                              |                           |
| Dividend paid                                                                                                            |      | (23,311,829)                 | (8,711,163)               |
| Amounts received against issuance of units                                                                               |      | 3,012,471,019                | 1,950,139,270             |
| Payments made against redemption of units                                                                                |      | (2,929,274,642)              | (2,734,002,784)           |
| <b>Net cash generated from / (used in) financing activities</b>                                                          |      | 59,884,548                   | (792,574,677)             |
| <b>Net increase / (decrease) in cash and cash equivalents during the year</b>                                            |      | 185,314,274                  | (217,206,855)             |
| Cash and cash equivalents at beginning of the year                                                                       |      | 213,425,217                  | 430,632,072               |
| <b>Cash and cash equivalents at end of the year</b>                                                                      | 16   | <u><u>398,739,491</u></u>    | <u><u>213,425,217</u></u> |

The annexed notes from 1 to 24 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
 (Management Company)

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

\_\_\_\_\_  
 Director

**ALFALAH GHP INCOME FUND**  
**DISTRIBUTION STATEMENT**  
*FOR THE YAEAR ENDED JUNE 30, 2017*

|                                                                                                                               | 2017                 | 2016                |
|-------------------------------------------------------------------------------------------------------------------------------|----------------------|---------------------|
|                                                                                                                               | ----- (Rupees) ----- |                     |
| <b>Undistributed income comprises of:</b>                                                                                     |                      |                     |
| Realised gain                                                                                                                 | 51,534,013           | 35,814,934          |
| Unrealised gain                                                                                                               | 3,277,283            | 23,332,745          |
|                                                                                                                               | <u>54,811,296</u>    | <u>59,147,679</u>   |
| Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net | 9,903,291            | (26,798,419)        |
| <b>Net income for the year after taxation</b>                                                                                 | 34,071,811           | 33,150,973          |
| Interim distribution of cash dividend @ Rs 4.5031 per unit (2016: @ Rs 2.6173 per unit) approved on June 22, 2017             | <u>(25,842,328)</u>  | <u>(10,688,937)</u> |
|                                                                                                                               | (25,842,328)         | (10,688,937)        |
|                                                                                                                               | <u>(25,842,328)</u>  | <u>(10,688,937)</u> |
| <b>Undistributed income carried forward</b>                                                                                   | <u>72,944,070</u>    | <u>54,811,296</u>   |
| <b>Undistributed income carried forward comprises of:</b>                                                                     |                      |                     |
| Realised gain                                                                                                                 | 72,524,256           | 51,534,013          |
| Unrealised gain                                                                                                               | 419,814              | 3,277,283           |
|                                                                                                                               | <u>72,944,070</u>    | <u>54,811,296</u>   |

The annexed notes from 1 to 24 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director



**ALFALAH GHP INCOME FUND**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS**  
*FOR THE YAEAR ENDED JUNE 30, 2017*

|                                                                                                                                                                       | 2017                      | 2016                      |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
|                                                                                                                                                                       | ----- (Rupees) -----      |                           |
| <b>Net assets at beginning of the year</b>                                                                                                                            | 638,840,391               | 1,111,395,106             |
| Issuance of 26,931,976 units (2016: 17,798,329 units)                                                                                                                 | 3,012,471,019             | 1,950,139,270             |
| Redemption of 25,889,456 units (2016: 22,578,239 units)                                                                                                               | (2,929,274,642)           | (2,519,649,429)           |
|                                                                                                                                                                       | <u>722,036,768</u>        | <u>541,884,947</u>        |
| Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed - net                                           |                           |                           |
| - transferred to income statement                                                                                                                                     | 32,542,891                | 74,493,408                |
| - transferred to distribution statement                                                                                                                               | (9,903,291)               | 26,798,419                |
|                                                                                                                                                                       | <u>22,639,600</u>         | <u>101,291,827</u>        |
| Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - transferred to distribution statement - net | 9,903,291                 | (26,798,419)              |
| Gain on sale of investments- net                                                                                                                                      | 4,966,801                 | 19,285,967                |
| Unrealised gain on revaluation of investments classified as at fair value through profit or loss - held for trading - net                                             | 419,814                   | 3,277,283                 |
| Other income (net of expenses)                                                                                                                                        | 28,685,196                | 10,587,723                |
| Total comprehensive income for the year                                                                                                                               | 34,071,811                | 33,150,973                |
| Interim distribution of cash dividend @ Rs 4.5031 per unit (2016: @ Rs 2.6173 per unit) approved on June 22, 2017                                                     | (25,842,328)              | (10,688,937)              |
| Net total comprehensive income less distributions for the year                                                                                                        | 8,229,483                 | 22,462,036                |
| <b>Net assets at end of the year</b>                                                                                                                                  | <u><u>762,809,142</u></u> | <u><u>638,840,391</u></u> |
| Net assets value per unit as at beginning of the year                                                                                                                 | <u>110.7178</u>           | <u>105.3436</u>           |
| Net assets value per unit as at end of the year                                                                                                                       | <u>111.9719</u>           | <u>110.7178</u>           |

The annexed notes from 1 to 24 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

## ALFALAH GHP INCOME FUND

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

FOR THE YAEAR ENDED JUNE 30, 2017

#### 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Alfalah GHP Income Fund is an open-ended Fund constituted under a trust deed entered into on December 18, 2006 between 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 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 SECP has approved Second Supplemental Trust Deed, under the NBFC Regulations, vide its letter No. SCD/AMCW/AD-ZI/AGIF/241/2015 dated February 03, 2015 to modify and restate the previous Trust Deed to effectuate renaming of the Fund to Alfalah GHP Income Fund (formerly IGI Income Fund).
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate issued by the SECP on March 09, 2017. The registered office of the Management Company is situated at 8-B, 8th floor, Executive tower, Dolmen city, Block 4, Clifton, Karachi.
- 1.3 The Fund is categorised as an 'income scheme' pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund are being offered for public subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.
- 1.4 According to the trust deed, the Fund invests primarily in fixed-rate securities and other avenues of investment, which include corporate debt securities, Government securities, sukuk and term finance certificates, certificates of investment, certificates of musharaka, commercial papers, term deposit receipts, spread transactions and reverse repurchase agreements.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of AM2+ (stable outlook) to the Management Company on May 16, 2017, and stability rating of A+(f) to the Fund in its credit rating report dated December 30, 2016.
- 1.6 Title to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.

#### 2 BASIS OF PREPARATION

##### 2.1 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.

The Directors of the asset management company declare that these financial statements give a true and fair view of the state of affairs of the Fund.

##### 2.2 Standards, Interpretations and amendments to published approved accounting standards that are effective in current year

There are certain new and amended standards and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2016 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

##### 2.3 Standards, Interpretations and amendments to published approved accounting standards that are not yet effective

- 2.3.1 There are certain new and amended standards and interpretations that are mandatory for the accounting period beginning on or after July 1, 2017 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.
- 2.3.2 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.

##### Effective date (accounting period beginning on or after)

##### Standards, Interpretations or Amendments

|                                                 |                 |
|-------------------------------------------------|-----------------|
| - IFRS-9 Financial Instruments                  | January 1, 2018 |
| - IFRS-15 Revenue from contracts with customers | January 1, 2018 |
| - IFRS-16 Leases                                | January 1, 2019 |

2.3.3 The SECP vide its SRO 756(1) / 2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations, 2008 which will be applicable on the financial statements of the Fund from the accounting year ending on June 30, 2018. The notification includes a definition and explanation relating to “element of income” and excludes the element of income from the expression “accounting income” as described in Regulation 63 (Amount distributable to unit holders) of the NBFC Regulations, 2008. In addition there are certain changes in the disclosure requirements relating to the Income Statement and the Statement of Movement in Unit Holders’ Fund. The management is currently in the process of assessing the impact of these changes on the financial statements.

## 2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follow:

- Classification and valuation of investments (note 3.2 and 5)
- Impairment of financial assets (note 3.2.6)
- Taxation (note 3.6 and 15)
- Provision against Federal Excise Duty and Sindh Workers’ Welfare Fund (note 8.3 and 11.1 respectively)

## 2.5 Accounting convention

These financial statement have been prepared under the historical cost convention, except for certain investments which are stated at fair value.

## 2.6 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund’s functional and presentation currency.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

### 3.1 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

### 3.2 Financial assets

#### 3.2.1 Classification

The Fund classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. The management determines the appropriate classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

Investments are categorised as follows:

#### a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profits from short-term fluctuations in prices are classified as financial assets at fair value through profit or loss category. These include held for trading investments and such other investments that, upon initial recognition, are designated under this category.

#### b) Loans and receivables

These are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market.

#### c) Available-for-sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) financial assets at fair value through profit or loss or (b) loans and receivables. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

### 3.2.2 Derivatives

These are measured at fair value. Derivatives with positive fair values (unrealised gains) are included in fair value of derivative asset and derivatives with negative fair values (unrealised losses) are included in fair value of derivative liability in the statement of assets and liabilities. The resultant gains and losses are included in the income statement.

### 3.2.3 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

### 3.2.4 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed out in the income statement.

### 3.2.5 Subsequent measurement

#### a) Financial assets 'at fair value through profit or loss' and 'available for sale'

Subsequent to initial recognition, financial instruments classified as 'at fair value through profit or loss' and 'available-for-sale' are measured at fair value.

Gains or losses arising, from changes in the fair value and on sale of the financial assets 'at fair value through profit or loss' are recognised in the Income Statement.

Changes in the fair value of financial instruments classified as 'available-for-sale' are recognised in other comprehensive income until derecognised or impaired, then the accumulated fair value adjustments recognised in other comprehensive income are included in the Income Statement.

#### Basis of valuation

- The fair value of investments in Government securities is determined by reference to the quotations obtained from the PKRV rate sheet on the MUFAP website.
- Other debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its circular no. 33 of 2012 dated October 24, 2012 (which is essentially the same as contained in circular no. 1 of 2009 previously used). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

#### b) Loans and receivables

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortised cost using the effective yield method.

### 3.2.6 Impairment

The Fund assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets are impaired. The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

A provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The provision against these amounts is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company in accordance with the requirements of the Securities and Exchange Commission of Pakistan. Impairment loss are recognised in the income statement.

### 3.2.7 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

### 3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

### 3.4 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

### 3.5 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

### 3.6 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

### 3.7 Dividend distribution and appropriations

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

### 3.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, and charges on redemption, if applicable.

### 3.9 Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed

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

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

### 3.10 Net asset value per unit

The Net Asset Value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

### 3.11 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 / mark-up on bank balances, term deposit receipts, sukuks, debt and government securities is recognised on an accrual basis using the effective interest method.

### 3.12 Expenses

All expenses including management fee and trustee fee are recognised in the Income Statement on an accrual basis.

### 3.13 Earnings per unit

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

### 3.14 Margin Trading System

Transactions of purchase under Margin Trading System (MTS) of marketable securities are entered into contracted rates for specified periods of time. Securities purchased under MTS are not recognised in the Statement of Assets and Liabilities. The amount paid under such agreements is recognised as receivable in respect of MTS. Profit is recognised on an accrual basis using the effective interest method. Cash releases are adjusted against the receivable as a reduction in the amount of receivable. The maximum maturity of an MTS contract is 60 calendar days out of which 25 percent exposure is automatically released at expiry of every 15th day from the date of contract.



| 4 BANK BALANCES    | Note | 2017                 | 2016        |
|--------------------|------|----------------------|-------------|
|                    |      | ----- (Rupees) ----- |             |
| In saving accounts | 4.1  | 398,739,491          | 212,430,636 |

4.1 The rate of return on these accounts ranges from 4.00% to 6.60% (2016: 5.50% to 6.70%) per annum. It includes bank balance of Rs 92.355 million (2016: Rs 202.161 million) maintained with Bank Alfalah Limited (a related party).

| 5 INVESTMENTS                                                   | Note | 2017                 | 2016               |
|-----------------------------------------------------------------|------|----------------------|--------------------|
|                                                                 |      | ----- (Rupees) ----- |                    |
| <b>At fair value through profit or loss' - held-for-trading</b> |      |                      |                    |
| Sukuk certificates                                              | 5.1  | 91,332,741           | 208,349,163        |
| Term finance certificates                                       | 5.2  | 205,444,895          | 163,354,295        |
| Market treasury bills                                           | 5.3  | 49,730,293           | 994,581            |
|                                                                 |      | <u>346,507,929</u>   | <u>372,698,039</u> |

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

| Name of the investee company                 | Yield per annum        | Secured / Unsecured | Maturity Date     | As at July 01, 2016 | Purchased during the year | Matured / Sold during the year | As at June 30, 2017 | Carrying value as at June 30, 2017 | Market value as at June 30, 2017 | Net unrealised gain on revaluation of investments | Market value as a percentage of Net Assets | Market value as a percentage of Total Investment | Investment as % of issue size |
|----------------------------------------------|------------------------|---------------------|-------------------|---------------------|---------------------------|--------------------------------|---------------------|------------------------------------|----------------------------------|---------------------------------------------------|--------------------------------------------|--------------------------------------------------|-------------------------------|
|                                              |                        |                     |                   |                     |                           |                                |                     |                                    |                                  |                                                   |                                            |                                                  |                               |
| Engro Fertilizer Limited (July 09, 2014)     | 6 Months Kibor + 1.75% | Secured             | July 09, 2019     | 10,000              | -                         | -                              | 10,000              | 41,680,263                         | 41,332,741                       | (347,522)                                         | 5.42%                                      | 11.93%                                           | 1.29%                         |
| Hascol Petroleum Limited (January 07, 2016)  | 3 Months Kibor + 1.50% |                     | January 07, 2022  | 15,000              | -                         | 15,000                         | -                   | -                                  | -                                | -                                                 | 0.00%                                      | 0.00%                                            | 0.00%                         |
| Engro Fertilizer Limited - PP (May 17, 2016) | 6 Months Kibor + 0.40% |                     | November 16, 2016 | 83                  | -                         | 83                             | -                   | -                                  | -                                | -                                                 | 0.00%                                      | 0.00%                                            | 0.00%                         |
| Meezan Bank Limited                          | 6 Months Kibor + 0.50% |                     | November 22, 2026 | -                   | 100                       | 100                            | -                   | -                                  | -                                | -                                                 | 0.00%                                      | 0.00%                                            | 0.00%                         |
| Fatima Fertilizer Limited                    | 6 Months Kibor + 1.10% |                     | November 28, 2021 | -                   | 4,169                     | 4,169                          | -                   | -                                  | -                                | -                                                 | 0.00%                                      | 0.00%                                            | 0.00%                         |
| Byco Oil Pakistan Limited                    | 3 Months Kibor + 1.05% |                     | January 18, 2022  | -                   | 500                       | -                              | 500                 | 50,000,000                         | 50,000,000                       | -                                                 | 6.55%                                      | 14.43%                                           | 1.67%                         |
| <b>Total as at June 30, 2017</b>             |                        |                     |                   |                     |                           |                                |                     | <u>91,680,263</u>                  | <u>91,332,741</u>                | <u>(347,522)</u>                                  |                                            |                                                  |                               |
| <b>Total as at June 30, 2016</b>             |                        |                     |                   |                     |                           |                                |                     | <u>204,250,000</u>                 | <u>208,349,163</u>               | <u>4,099,163</u>                                  |                                            |                                                  |                               |

5.2 Term Finance Certificates (TFCs) - 'at fair value through profit or loss' - held-for-trading

| Name of the investee company                             | Yield per annum        | Secured / Unsecured | Maturity date     | As at July 01, 2016 | Purchased during the year | Redeemed* / sold during the year | As at June 30, 2017 | Carrying value as at June 30, 2017 | Market value as at June 30, 2017 | Net unrealised gain / (loss) on revaluation of investments | Market value as a percentage of Net Assets | Market value as a percentage of Total Investment | Investment as % of issue size |
|----------------------------------------------------------|------------------------|---------------------|-------------------|---------------------|---------------------------|----------------------------------|---------------------|------------------------------------|----------------------------------|------------------------------------------------------------|--------------------------------------------|--------------------------------------------------|-------------------------------|
|                                                          |                        |                     |                   |                     |                           |                                  |                     |                                    |                                  |                                                            |                                            |                                                  |                               |
| <b>Quoted investments</b>                                |                        |                     |                   |                     |                           |                                  |                     |                                    |                                  |                                                            |                                            |                                                  |                               |
| Faysal Bank Limited (December 27, 2010)                  | 6 Months Kibor + 2.25% | Secured             | December 24, 2017 | 9,000               | -                         | -                                | 9,000               | 11,619,329                         | 11,276,050                       | (343,279)                                                  | 1.48%                                      | 3.25%                                            | 0.38%                         |
| <b>Unquoted investments</b>                              |                        |                     |                   |                     |                           |                                  |                     |                                    |                                  |                                                            |                                            |                                                  |                               |
| Bank Alfalah Limited - IV - (Floating) (a related party) | 6 Months Kibor + 2.50% | Secured             | December 02, 2017 | 1,800               | -                         | -                                | 1,800               | 3,184,664                          | 3,006,825                        | (177,839)                                                  | 0.39%                                      | 0.87%                                            | 0.06%                         |
| Bank Alfalah Limited - V (a related party)               | 6 Months Kibor + 1.25% | Secured             | February 20, 2021 | 12,800              | -                         | 5,000                            | 7,800               | 40,167,370                         | 40,049,105                       | (118,265)                                                  | 5.25%                                      | 11.56%                                           | 0.80%                         |
| NIB Bank Limited (Floating) (refer note 8.2.1)           | 6 Months Kibor + 1.15% | Secured             | June 19, 2022     | 6,000               | -                         | 3,000                            | 3,000               | 14,933,199                         | 15,185,641                       | 252,442                                                    | 1.99%                                      | 4.38%                                            | 0.38%                         |
| Jahangir Siddiqui & Company Limited                      | 6 Months Kibor + 1.65% |                     | May 16, 2021      | 5,000               | -                         | 5,000                            | -                   | -                                  | -                                | -                                                          | 0.00%                                      | 0.00%                                            | 0.00%                         |
| Habib Bank Limited                                       | 6 Months Kibor + 0.50% | Secured             | February 19, 2026 | -                   | 800                       | 150                              | 650                 | 64,459,106                         | 65,136,435                       | 677,329                                                    | 8.54%                                      | 18.80%                                           | 0.65%                         |
| JS Bank Limited                                          | 6 Months Kibor + 1.40% |                     | December 14, 2023 | -                   | 4,800                     | 4,800                            | -                   | -                                  | -                                | -                                                          | 0.00%                                      | 0.00%                                            | 0.00%                         |
| The Bank of Punjab                                       | 6 Months Kibor + 1.00% | Secured             | December 20, 2026 | -                   | 700                       | -                                | 700                 | 70,311,435                         | 70,790,839                       | 479,404                                                    | 9.28%                                      | 20.43%                                           | 2.83%                         |
| Standard Chartered Bank Limited                          | 6 Months Kibor + 0.75% |                     | June 29, 2022     | -                   | 3,000                     | 3,000                            | -                   | -                                  | -                                | -                                                          | 0.00%                                      | 0.00%                                            | 0.00%                         |
|                                                          |                        |                     |                   |                     |                           |                                  |                     | <u>193,055,774</u>                 | <u>194,168,845</u>               | <u>1,113,071</u>                                           |                                            |                                                  |                               |
| <b>Total as at June 30, 2017</b>                         |                        |                     |                   |                     |                           |                                  |                     | <u>204,675,103</u>                 | <u>205,444,895</u>               | <u>769,792</u>                                             |                                            |                                                  |                               |
| <b>Total as at June 30, 2016</b>                         |                        |                     |                   |                     |                           |                                  |                     | <u>162,490,279</u>                 | <u>163,354,295</u>               | <u>864,016</u>                                             |                                            |                                                  |                               |

5.3 Market Treasury bills - 'at fair value through profit or loss' - held-for-trading

| Particulars                      | Note  | Face value                           |                             |                                  |                     | Carrying value as at June 30, 2017 | Market value as at June 30, 2017 | Unrealised gain on revaluation | Market value as a percentage of net assets | Market value as a percentage of total investments |
|----------------------------------|-------|--------------------------------------|-----------------------------|----------------------------------|---------------------|------------------------------------|----------------------------------|--------------------------------|--------------------------------------------|---------------------------------------------------|
|                                  |       | As at July 01, 2016                  | Purchased during the period | Sold / Matured during the period | As at June 30, 2017 |                                    |                                  |                                |                                            |                                                   |
|                                  |       | ----- (Number of Certificates) ----- |                             |                                  |                     | ----- (Rupees) -----               |                                  | ----- (%) -----                |                                            |                                                   |
| Maturity upto 3 months           | 5.3.1 | 10,000                               | 13,500,000                  | 13,510,000                       | -                   | -                                  | -                                | -                              | -                                          | -                                                 |
| Maturity upto 6 months           |       | -                                    | 8,780,000                   | 8,280,000                        | 500,000             | 49,732,749                         | 49,730,293                       | (2,456)                        | 6.52%                                      | 14.35%                                            |
| Maturity upto 12 months          |       | -                                    | 2,000,000                   | 2,000,000                        | -                   | -                                  | -                                | -                              | 0.00%                                      | 0.00%                                             |
| <b>Total as at June 30, 2017</b> |       | <b>10,000</b>                        | <b>24,280,000</b>           | <b>23,790,000</b>                | <b>500,000</b>      | <b>49,732,749</b>                  | <b>49,730,293</b>                | <b>(2,456)</b>                 |                                            |                                                   |
| <b>Total as at June 30, 2016</b> |       | <b>4,000,000</b>                     | <b>31,017,000</b>           | <b>35,007,000</b>                | <b>10,000</b>       | <b>994,304</b>                     | <b>994,581</b>                   | <b>277</b>                     |                                            |                                                   |

5.3.1 These represent market treasury bills having face value of Rs.50 million (2016: Rs.1 million) and carrying purchase yield of 5.98% (2016: 6.20%) per annum. These market treasury bills will mature on August 03, 2017 (2016: August 04, 2016).

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

| Particulars                          | Note | Units                                |                             |                                  |                     | Balance as at June 30, 2017        |                                  | Unrealised gain on revaluation | Market value as a percentage of net assets | Market value as a percentage of total investments |
|--------------------------------------|------|--------------------------------------|-----------------------------|----------------------------------|---------------------|------------------------------------|----------------------------------|--------------------------------|--------------------------------------------|---------------------------------------------------|
|                                      |      | As at July 01, 2016                  | Purchases during the period | Sold / Matured during the period | As at June 30, 2017 | Carrying value as at June 30, 2017 | Market value as at June 30, 2017 |                                |                                            |                                                   |
|                                      |      | ----- (Number of Certificates) ----- |                             |                                  |                     | ----- (Rupees) -----               |                                  | ----- (%) -----                |                                            |                                                   |
| Pakistan Investment Bonds - 10 years |      | -                                    | 150,000,000                 | 150,000,000                      | -                   | -                                  | -                                | -                              | -                                          | -                                                 |
| <b>Total as at June 30, 2017</b>     |      | <b>-</b>                             | <b>150,000,000</b>          | <b>150,000,000</b>               | <b>-</b>            | <b>-</b>                           | <b>-</b>                         | <b>-</b>                       | <b>-</b>                                   | <b>-</b>                                          |
| <b>Total as at June 30, 2016</b>     |      | <b>3,150,000</b>                     | <b>6,800,000</b>            | <b>9,950,000</b>                 | <b>-</b>            | <b>-</b>                           | <b>-</b>                         | <b>-</b>                       | <b>-</b>                                   | <b>-</b>                                          |

5.5 Letters of placement - loans and receivables

| Name of investee company            | Rate of return per annum | Face value           |                             |                           |                     | Carrying value as at June 30, 2017 | Maturity | Rating          | Face value as percentage of net assets | Face value as percentage of total investments |
|-------------------------------------|--------------------------|----------------------|-----------------------------|---------------------------|---------------------|------------------------------------|----------|-----------------|----------------------------------------|-----------------------------------------------|
|                                     |                          | As at July 01, 2016  | Purchased during the period | Matured during the period | As at June 30, 2017 |                                    |          |                 |                                        |                                               |
|                                     |                          | ----- (Rupees) ----- |                             |                           |                     |                                    |          | ----- (%) ----- |                                        |                                               |
| Pak Oman Investment Company Limited | 6.50%                    | -                    | 100,000,000                 | 100,000,000               | -                   | -                                  | -        | -               | -                                      | -                                             |
| <b>Total as at June 30, 2017</b>    |                          | <b>-</b>             | <b>100,000,000</b>          | <b>100,000,000</b>        | <b>-</b>            | <b>-</b>                           | <b>-</b> | <b>-</b>        | <b>-</b>                               | <b>-</b>                                      |
| <b>Total as at June 30, 2016</b>    |                          | <b>-</b>             | <b>40,000,000</b>           | <b>40,000,000</b>         | <b>-</b>            | <b>-</b>                           | <b>-</b> | <b>-</b>        | <b>-</b>                               | <b>-</b>                                      |

5.6 Term Deposit Receipts - loans and receivables

| Name of the investee company     | Rate of return per annum | Face value           |                           |                         |                     | Carrying value as at June 30, 2017 | Maturity | Rating          | Face value as percentage of net assets | Face value as percentage of total investments |
|----------------------------------|--------------------------|----------------------|---------------------------|-------------------------|---------------------|------------------------------------|----------|-----------------|----------------------------------------|-----------------------------------------------|
|                                  |                          | As at July 01, 2016  | Purchased during the year | Matured during the year | As at June 30, 2017 |                                    |          |                 |                                        |                                               |
|                                  |                          | ----- (Rupees) ----- |                           |                         |                     |                                    |          | ----- (%) ----- |                                        |                                               |
| Habib Bank Limited               | 6.70%                    | -                    | 80,000,000                | 80,000,000              | -                   | -                                  | -        | -               | -                                      | -                                             |
| JS Bank Limited                  | 7.05%                    | -                    | 75,000,000                | 75,000,000              | -                   | -                                  | -        | -               | -                                      | -                                             |
| JS Bank Limited                  | 7.15%                    | -                    | 100,000,000               | 100,000,000             | -                   | -                                  | -        | -               | -                                      | -                                             |
| JS Bank Limited                  | 6.75%                    | -                    | 90,000,000                | 90,000,000              | -                   | -                                  | -        | -               | -                                      | -                                             |
| <b>Total as at June 30, 2017</b> |                          | <b>-</b>             | <b>345,000,000</b>        | <b>345,000,000</b>      | <b>-</b>            | <b>-</b>                           | <b>-</b> | <b>-</b>        | <b>-</b>                               | <b>-</b>                                      |
| <b>Total as at June 30, 2016</b> |                          | <b>-</b>             | <b>225,000,000</b>        | <b>225,000,000</b>      | <b>-</b>            | <b>-</b>                           | <b>-</b> | <b>-</b>        | <b>-</b>                               | <b>-</b>                                      |



|                                                       | Note | 2017                 | 2016              |
|-------------------------------------------------------|------|----------------------|-------------------|
|                                                       |      | ----- (Rupees) ----- |                   |
| <b>6. SECURITY DEPOSITS</b>                           |      |                      |                   |
| National Clearing Company of Pakistan Limited (NCCPL) |      | 2,750,000            | 2,750,000         |
| Central Depository Company of Pakistan Limited (CDC)  |      | 100,000              | 100,000           |
|                                                       |      | <u>2,850,000</u>     | <u>2,850,000</u>  |
| <b>7. PREPAYMENTS AND OTHER RECEIVABLES</b>           |      |                      |                   |
| NCCPL - margin trading system fee                     |      | 181,020              | 179,730           |
| Security margin with NCCPL                            |      | 1,819,324            | 1,819,324         |
| Mark-up / return receivable on:                       |      |                      |                   |
| - Bank balances                                       |      | 148,386              | 1,586,660         |
| - Term finance certificates                           |      | 7,294,138            | 5,807,517         |
| - Margin trading system                               |      | 471,732              | 383,851           |
| Advance tax                                           |      | 266,365              | 266,365           |
| Other Receivable                                      |      | 14,000               | -                 |
|                                                       |      | <u>10,194,965</u>    | <u>10,043,447</u> |
| <b>8. PAYABLE TO THE MANAGEMENT COMPANY</b>           |      |                      |                   |
| Management remuneration payable                       | 8.1  | 900,493              | 1,502,308         |
| Sindh sales tax payable on management remuneration    | 8.2  | 1,469,356            | 1,562,614         |
| Federal excise duty on management remuneration        | 8.3  | 9,778,882            | 9,778,882         |
| Sales load payable                                    |      | 48,584               | 48,584            |
| Payable against allocated expenses                    | 8.4  | 441,880              | 789,265           |
|                                                       |      | <u>12,639,195</u>    | <u>13,681,653</u> |

**8.1** The Management Company has charged remuneration at a rate of 1.25% of average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.

**8.2** During the year, Sindh Sales Tax on management fee has been charged at 13% (2016: 14%)

**8.3** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On September 4, 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 9.779 million (2016: Rs 9.779 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2017 would have been higher by Re 1.44 per unit (2016: Re 1.69 per unit).

**8.4** In accordance with the provisions of the NBFC Regulations, 2008 (as amended vide S.R.O 1160(I) / 2015 dated November 25, 2015), the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund upto a maximum of 0.1% of the average annual net assets of the Scheme or actual, whichever is less. Accordingly, the Management Company has charged expenses at the rate of 0.1% per annum of the average annual net assets of the Fund being lower than actual expenses chargeable to the Fund for the year.

|                                                 | Note | 2017                 | 2016           |
|-------------------------------------------------|------|----------------------|----------------|
|                                                 |      | ----- (Rupees) ----- |                |
| <b>9. PAYABLE TO THE TRUSTEE</b>                |      |                      |                |
| Trustee remuneration payable                    | 9.1  | 128,797              | 178,030        |
| Sindh Sales Tax payable on trustee remuneration | 9.2  | 31,583               | 39,632         |
|                                                 |      | <u>160,380</u>       | <u>217,662</u> |

9.1 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 NAV 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  |

9.2 During the year, Sindh Sales Tax on management fee has been charged at 13% (2016: 14%)

#### 10. ANNUAL FEE PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.075% (2016: 0.075%) of the average annual net assets of the Fund.

|                                              | Note | 2017                 | 2016              |
|----------------------------------------------|------|----------------------|-------------------|
|                                              |      | ----- (Rupees) ----- |                   |
| <b>11. ACCRUED AND OTHER LIABILITIES</b>     |      |                      |                   |
| Brokerage and settlement charges             |      | 50,618               | 116,418           |
| Auditors' remuneration                       |      | 395,216              | 410,081           |
| Annual rating fee                            |      | 161,240              | 559,708           |
| Clearing charges                             |      | 41,889               | 130,876           |
| Sales load payable                           |      | 73,389               | 857,814           |
| Printing charges                             |      | 77,287               | 52,758            |
| Provision against Workers Welfare Fund       | 11.1 | -                    | 4,620,944         |
| Provision against Sindh Workers Welfare Fund | 11.1 | 1,282,759            | -                 |
| Capital gains tax payable                    |      | 4,334,050            | 8,362,480         |
| Withholding tax payable                      |      | 2,530,499            | 1,977,774         |
|                                              |      | <u>8,946,947</u>     | <u>17,088,853</u> |

11.1 The Finance Act, 2008 had introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeded Rs 0.5 million in a tax year were 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 was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court (SHC) challenging the applicability of WWF on CISs which is pending adjudication. Similar cases were disposed of by the Peshawar and the Lahore High Courts in which these amendments were declared unlawful and unconstitutional. However, these decisions were challenged in the Supreme Court of Pakistan.

Subsequently, the Finance Act, 2015 introduced an amendment under which CISs / mutual funds have been excluded from the definition of "industrial establishment" subject to WWF under the WWF Ordinance. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable from tax year 2016. Accordingly, no further provision in respect of WWF was made with effect from July 1, 2015.

On November 10, 2016 the Supreme Court of Pakistan (SCP) has passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter are still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) has taken legal and tax opinions on the impact of the SCP judgement on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

Furthermore, as a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit

of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds, MUFAP had recommended the following to all its members on January 12, 2017:

- based on legal opinion, the entire provision against WWF held by the CISs till June 30 2015, to be reversed on January 12, 2017; and
- as a matter of abundant caution the provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e., starting from May 21, 2015) on January 12, 2017.

Accordingly, on January 12, 2017 the provision for WWF was reversed and the provision for SWWF was made for the period from May 21, 2015 to January 12, 2017. Thereafter, the provision is being made by the Fund on a daily basis going forward.

The above decisions were communicated to the Securities and Exchange Commission of Pakistan (SECP) and the Pakistan Stock Exchange Limited on January 12, 2017. The SECP vide its letter dated February 1, 2017 had advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds. Accordingly, necessary adjustments in this respect were recorded in the books of the Funds on January 12, 2017.

Had the said provision for SWWF not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2017 would have been higher by Re 0.19 (2016: Nil) per unit.

## 12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2017 and June 30, 2016.

## 13. PROFIT / MARK UP INCOME

Profit / mark up income on:

### Investments classified as 'At fair value through profit or loss' - held-for-trading

- Term finance certificates
- Market treasury bills
- Pakistan investment bonds

### Loans and receivable

- Certificates of investment
- Letters of placement
- Term deposit receipts
- Bank balances
- Margin trading system
- Others

|  | 2017                 | 2016               |
|--|----------------------|--------------------|
|  | ----- (Rupees) ----- |                    |
|  | 25,879,279           | 20,793,056         |
|  | 10,309,974           | 26,676,167         |
|  | 1,254,770            | 44,870,994         |
|  | 37,444,023           | 92,340,217         |
|  | 1,027,808            | -                  |
|  | -                    | 7,123              |
|  | 4,980,037            | 1,767,774          |
|  | 29,818,412           | 14,138,326         |
|  | 10,132,522           | 9,999,794          |
|  | 16,363               | 6,181              |
|  | <u>83,419,165</u>    | <u>118,259,415</u> |
|  | 306,130              | 306,130            |
|  | 173,030              | 173,030            |
|  | 479,160              | 479,160            |
|  | 28,750               | 23,958             |
|  | 59,895               | 54,904             |
|  | <u>567,805</u>       | <u>558,022</u>     |

## 14. AUDITORS' REMUNERATION

Audit fee

Review and other certifications

Sindh sales tax

Out of pocket expenses

## 15. TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations, requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Management Company has distributed the income earned by the Fund during the year to the unit holders in the manner as explained above, no provision for taxation has been in these financial statements.

## 16. TOTAL EXPENSE RATIO

The total expense ratio of the Fund for the year ended June 30, 2017 is 2.09% which includes 0.36% representing Government levy, Workers' Welfare Fund and SECP fee.

## 17. CASH AND CASH EQUIVALENTS

|                                                | 2017                 | 2016               |
|------------------------------------------------|----------------------|--------------------|
|                                                | ----- (Rupees) ----- |                    |
| Bank balances                                  | 398,739,491          | 212,430,636        |
| Market treasury bills maturing within 3 months | -                    | 994,581            |
|                                                | <u>398,739,491</u>   | <u>213,425,217</u> |

## 18. TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include Alfalah GHP Investment Management Limited being the Management Company, Funds under management of the Management Company, GHP Arbitrium AG, Bank Alfalah Limited and MAB Investment Incorporated being associated companies of Management Company, Bank Alfalah Limited - Employees' Provident Fund, Bank Alfalah Limited - Employees' Gratuity Fund, Alfalah GHP Investment Management Limited - Staff Provident Fund, directors and key management personnel of Alfalah GHP Investment Management Limited and Central Depository Company of Pakistan Limited (CDC) being the trustee of the Fund, and other associated companies and connected persons. Connected persons also includes any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund. The transactions with connected persons are in the normal course of business and at contractual rates.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investment and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

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

### 18.1 Unit Holders' Fund

|                                               | Note   | June 30, 2017       |                                               |                       |                                          |                      |                     |                                               |                       |                                          |                                     |
|-----------------------------------------------|--------|---------------------|-----------------------------------------------|-----------------------|------------------------------------------|----------------------|---------------------|-----------------------------------------------|-----------------------|------------------------------------------|-------------------------------------|
|                                               |        | As at July 01, 2016 | Issued for cash / conversion in / transfer in | Dividend reinvestment | Redeemed / conversion out / transfer out | As at June 30, 2017  | As at July 01, 2016 | Issued for cash / conversion in / transfer in | Dividend reinvestment | Redeemed / conversion out / transfer out | Net asset value as at June 30, 2017 |
|                                               |        | ----- Units -----   |                                               |                       |                                          | ----- (Rupees) ----- |                     |                                               |                       |                                          |                                     |
| <b>Associated companies / undertakings</b>    |        |                     |                                               |                       |                                          |                      |                     |                                               |                       |                                          |                                     |
| Alfalah GHP Prosperity Planning Fund *        | 18.1.1 | 704,493             | 2,921,416                                     | 88,809                | 1,416,831                                | 2,297,887            | 78,000,000          | 332,000,000                                   | 9,947,702             | 163,000,000                              | 257,298,773                         |
| Alfalah GHP Investment Management Limited     | 18.1.1 | 1,052,356           | 659,341                                       | 65,357                | 1,441,936                                | 335,118              | 116,514,541         | 75,000,000                                    | 7,320,785             | 161,830,196                              | 37,523,799                          |
| <b>Key Management Personal Employees</b>      |        |                     |                                               |                       |                                          |                      |                     |                                               |                       |                                          |                                     |
| Head of Marketing                             | 18.1.1 | 13,653              | 4,182                                         | 20                    | 17,333                                   | 522                  | 1,511,630           | 464,972                                       | 2,268                 | 1,935,227                                | 58,449                              |
| Chief Operating Officer and Company Secretary |        | 454                 | -                                             | 454                   | -                                        | -                    | 50,266              | -                                             | -                     | 51,794                                   | -                                   |
| <b>Other Related Parties</b>                  |        |                     |                                               |                       |                                          |                      |                     |                                               |                       |                                          |                                     |
| Fauji Fertilizer Bin Qasim Limited *          | 18.1.1 | -                   | 2,669,945                                     | -                     | 1,331,153                                | 1,338,792            | -                   | 299,993,382                                   | -                     | 155,088,863                              | 149,907,084                         |

June 30, 2016

|                                                                              | As at July 01, 2015 | Issued for cash / conversion in / transfer in | Dividend reinvestment | Redeemed / conversion out / transfer out | As at June 30, 2016 | As at July 01, 2015 | Issued for cash / conversion in / transfer in | Dividend reinvestment | Redeemed / conversion out / transfer out | Net asset value as at June 30, 2016 |
|------------------------------------------------------------------------------|---------------------|-----------------------------------------------|-----------------------|------------------------------------------|---------------------|---------------------|-----------------------------------------------|-----------------------|------------------------------------------|-------------------------------------|
|                                                                              | Units               |                                               |                       |                                          |                     | (Rupees)            |                                               |                       |                                          |                                     |
| <b>Associated companies / undertakings</b>                                   |                     |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |
| Alfalah GHP Prosperity Planning Fund*                                        | -                   | 2,300,087                                     | -                     | 1,595,594                                | 704,493             | -                   | 254,275,862                                   | -                     | 181,457,430                              | 78,000,000                          |
| Alfalah GHP Investment Management Limited*                                   | 664,968             | 369,069                                       | 42,744                | 24,425                                   | 1,052,356           | 70,051,918          | 40,522,047                                    | 4,736,172             | 1,198,643                                | 116,514,541                         |
| <b>Key Management Personal Employees</b>                                     |                     |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |
| Head of Marketing                                                            | -                   | 17,982                                        | 600                   | 4,929                                    | 13,653              | -                   | 2,038,826                                     | 66,481                | 549,766                                  | 1,511,630                           |
| Chief Operating Officer                                                      | -                   | 444                                           | 20                    | 10                                       | 454                 | -                   | 50,653                                        | 2,208                 | 769                                      | 50,266                              |
| Chief Executive Officer                                                      | -                   | 13,404                                        | -                     | 13,404                                   | -                   | -                   | 1,519,577                                     | -                     | 1,519,577                                | -                                   |
| <b>Unit holder holding Habib Metropolitan Bank Limited 10% or more units</b> |                     |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |
| The Nishat Mills Limited - Employees Provident Fund Trust                    | 1,384,610           | 412,228                                       | -                     | 1,796,838                                | -                   | 145,863,540         | 45,080,775                                    | -                     | 191,789,862                              | -                                   |
| Babar Ali Foundation                                                         | 1,709,694           | -                                             | 52,849                | 461,418                                  | 1,301,125           | 180,109,937         | -                                             | 5,855,773             | 47,836,539                               | 144,057,698                         |
| Pak China Investment Company Limited                                         | 949,562             | 903,197                                       | -                     | 949,562                                  | 903,197             | 100,032,855         | 101,305,113                                   | -                     | 108,237,771                              | 100,000,000                         |

\* This unit holder also holds more than 10% of the units in the Fund as at June 30, 2017.

18.1.1 This reflects the position of related party / connected persons status as at June 30, 2017.

## 18.2 Other transactions

### Associated companies / undertakings

#### Alfalah GHP Investment Management Limited - Management Company

|                                                               | 2017       | 2016       |
|---------------------------------------------------------------|------------|------------|
|                                                               | (Rupees)   |            |
| Remuneration of the Management Company                        | 15,712,931 | 19,145,430 |
| Sindh sales tax on remuneration of the Management Company     | 2,042,679  | 3,109,281  |
| Federal excise duty on remuneration of the Management Company | -          | 3,063,270  |
| Sales Load                                                    | 104,436    | -          |
| Allocated expenses                                            | 1,256,977  | 907,887    |

#### Alfalah GHP Money Market Fund - (Common Management)

|                            |   |            |
|----------------------------|---|------------|
| Treasury bills - purchased | - | 39,890,790 |
|----------------------------|---|------------|

#### Alfalah GHP Income Multiplier Fund - (Common Management)

|                                 |            |            |
|---------------------------------|------------|------------|
| Treasury bills - Purchased      | -          | 19,824,000 |
| Treasury bills - Sold           | -          | 59,695,320 |
| Term Finance Certificate - Sold | 40,537,500 | -          |
| Sukuks - Purchased              | 50,000,000 | -          |

#### Alfalah GHP Sovereign Fund - (Common Management)

|                                       |             |             |
|---------------------------------------|-------------|-------------|
| Treasury bills - Purchased            | 49,871,250  | 99,781,800  |
| Treasury bills - Sold                 | 245,565,000 | 192,106,375 |
| Pakistan Investment Bonds - Purchased | -           | 28,645,425  |
| Term Finance Certificate - Purchased  | 85,282,000  | -           |
| Term Finance Certificate - Sold       | 24,993,504  | -           |

#### Alfalah GHP Cash Fund - (Common Management)

|                            |            |            |
|----------------------------|------------|------------|
| Treasury bills - Purchased | 49,654,300 | 4,994,025  |
| Treasury bills - Sold      | -          | 99,148,480 |

#### Alfalah GHP Islamic Income Fund - (Common Management)

|               |             |   |
|---------------|-------------|---|
| Sukuks - Sold | 166,386,970 | - |
|---------------|-------------|---|



|                                       | 2017                 | 2016          |
|---------------------------------------|----------------------|---------------|
|                                       | ----- (Rupees) ----- |               |
| <b>Bank Alfalah Limited</b>           |                      |               |
| Profit on bank deposits               | 2,210,451            | 3,642,496     |
| Bank charges                          | 36,026               | 32,351        |
| Sales Load                            | 13,577               | -             |
| Pakistan Investment Bonds - Purchased | -                    | 166,179,000   |
| Pakistan Investment Bonds - Sold      | -                    | 52,255,900    |
| Treasury bills - Purchased            | -                    | 1,076,784,200 |
| Treasury bills - Sold                 | -                    | 298,352,400   |

**Other related parties**

**Central Depository Company of Pakistan Limited - Trustee**

|                                                |           |           |
|------------------------------------------------|-----------|-----------|
| Remuneration of the Trustee                    | 1,901,760 | 2,143,542 |
| Sindh sales tax on remuneration of the Trustee | 247,293   | 314,444   |
| CDS charges                                    | 279,000   | 165,828   |

**18.3 Other balances**

**Associated companies / undertakings**

**Alfalah GHP Investment Management Limited - Management Company**

|                                                    |           |           |
|----------------------------------------------------|-----------|-----------|
| Management remuneration payable                    | 900,493   | 1,502,308 |
| Sindh sales tax payable on management remuneration | 1,469,356 | 1,562,614 |
| Federal excise duty on management remuneration     | 9,778,882 | 9,778,882 |
| Sales load payable                                 | 48,584    | 48,584    |
| Payable against allocated expenses                 | 441,880   | 789,265   |

**Bank Alfalah Limited**

|                   |            |             |
|-------------------|------------|-------------|
| Bank balance      | 92,355,074 | 202,161,141 |
| Profit receivable | 8,999      | 418,878     |

**Other related parties**

2017                      2016

----- (Rupees) -----

**Central Depository Company of Pakistan Limited - Trustee**

|                                                 |         |         |
|-------------------------------------------------|---------|---------|
| Trustee remuneration payable                    | 128,797 | 178,030 |
| Sindh Sales Tax payable on trustee remuneration | 31,583  | 39,632  |
| Security deposit                                | 100,000 | 100,000 |

**19 FINANCIAL INSTRUMENTS BY CATEGORY**

As at June 30, 2017, all the financial assets carried on the statement of assets and liabilities are categorised either as loans and receivables or financial assets at fair value through profit or loss. All the financial liabilities carried on the statement of assets and liabilities are categorised as financial liabilities measured at amortised cost.

| Particulars                                    | June 30, 2017         |                                                         |                    |                    |
|------------------------------------------------|-----------------------|---------------------------------------------------------|--------------------|--------------------|
|                                                | Loans and receivables | Financial assets 'at fair value through profit or loss' | Available for sale | Total              |
|                                                | ----- (Rupees) -----  |                                                         |                    |                    |
| <b>Financial assets</b>                        |                       |                                                         |                    |                    |
| Bank balances                                  | 398,739,491           | -                                                       | -                  | 398,739,491        |
| Investments                                    | -                     | 346,507,929                                             | -                  | 346,507,929        |
| Security deposits                              | 2,850,000             | -                                                       | -                  | 2,850,000          |
| Other receivables                              | 9,747,580             | -                                                       | -                  | 9,747,580          |
| Receivable against Margin Trading System (MTS) | 27,206,053            | -                                                       | -                  | 27,206,053         |
|                                                | <u>438,543,124</u>    | <u>346,507,929</u>                                      | <u>-</u>           | <u>785,051,053</u> |

| Particulars                       | June 30, 2017                                      |                                                  |                  |
|-----------------------------------|----------------------------------------------------|--------------------------------------------------|------------------|
|                                   | Liabilities 'at fair value through profit or loss' | Financial liabilities measured at amortised cost | Total            |
| ----- (Rupees) -----              |                                                    |                                                  |                  |
| <b>Financial liabilities</b>      |                                                    |                                                  |                  |
| Payable to the Management Company | -                                                  | 1,390,957                                        | 1,390,957        |
| Payable to the Trustee            | -                                                  | 128,797                                          | 128,797          |
| Accrued and other liabilities     | -                                                  | 2,082,398                                        | 2,082,398        |
|                                   | <u>-</u>                                           | <u>3,602,152</u>                                 | <u>3,602,152</u> |

| Particulars                                    | June 30, 2016         |                                                         |                    |                    |
|------------------------------------------------|-----------------------|---------------------------------------------------------|--------------------|--------------------|
|                                                | Loans and receivables | Financial assets 'at fair value through profit or loss' | Available for sale | Total              |
| ----- (Rupees) -----                           |                       |                                                         |                    |                    |
| <b>Financial assets</b>                        |                       |                                                         |                    |                    |
| Bank balances                                  | 212,430,636           | -                                                       | -                  | 212,430,636        |
| Investments                                    | -                     | 372,698,039                                             | -                  | 372,698,039        |
| Security deposits                              | 2,850,000             | -                                                       | -                  | 2,850,000          |
| Other receivables                              | 9,597,352             | -                                                       | -                  | 9,597,352          |
| Receivable against Margin Trading System (MTS) | 72,926,401            | -                                                       | -                  | 72,926,401         |
|                                                | <u>297,804,389</u>    | <u>372,698,039</u>                                      | <u>-</u>           | <u>670,502,428</u> |

| Particulars                       | June 30, 2016                                      |                                                  |                  |
|-----------------------------------|----------------------------------------------------|--------------------------------------------------|------------------|
|                                   | Liabilities 'at fair value through profit or loss' | Financial liabilities measured at amortised cost | Total            |
| ----- (Rupees) -----              |                                                    |                                                  |                  |
| <b>Financial liabilities</b>      |                                                    |                                                  |                  |
| Payable to the Management Company | -                                                  | 2,340,157                                        | 2,340,157        |
| Payable to the Trustee            | -                                                  | 178,030                                          | 178,030          |
| Accrued and other liabilities     | -                                                  | 6,748,599                                        | 6,748,599        |
|                                   | <u>-</u>                                           | <u>9,266,786</u>                                 | <u>9,266,786</u> |

## 20 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

### 20.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and the regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

#### 20.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.



## 20.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The interest rate profile of the Fund's interest bearing financial instruments is as follows:

|                                                    | 2017               | 2016               |
|----------------------------------------------------|--------------------|--------------------|
|                                                    | -----Rupees-----   |                    |
| <b>Variable rate instrument (financial assets)</b> |                    |                    |
| Bank balances                                      | 398,739,491        | 212,430,636        |
| Sukuks                                             | 91,332,741         | 208,349,163        |
| Term Finance Certificates                          | <u>205,444,895</u> | <u>163,354,295</u> |
|                                                    | <u>695,517,127</u> | <u>584,134,094</u> |
| <b>Fixed rate instruments (financial assets)</b>   |                    |                    |
| Government securities                              | 49,730,293         | 994,581            |
|                                                    | <u>49,730,293</u>  | <u>994,581</u>     |

### a) Sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased the income statement and statement of comprehensive income by Rs 3.602 million (2016: Rs 2.248 million) and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

### b) Sensitivity analysis for fixed rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased the income statement and statement of comprehensive income by Rs 0.316 million (2016: Rs 0.009 million) and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

The composition of the Fund's investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2017 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet financial instruments is based on settlement date.

| Particulars                                    | As at June 30, 2017                                |                                  |                                           |                    |                                           | Total              |
|------------------------------------------------|----------------------------------------------------|----------------------------------|-------------------------------------------|--------------------|-------------------------------------------|--------------------|
|                                                | Effective yield / interest rate                    | Exposed to yield / interest risk |                                           |                    | Not exposed to yield / interest rate risk |                    |
|                                                |                                                    | Upto three months                | More than three months and up to one year | More than one year |                                           |                    |
|                                                | %                                                  | (Rupees)                         |                                           |                    |                                           |                    |
| <b>On-balance sheet financial instruments</b>  |                                                    |                                  |                                           |                    |                                           |                    |
| <b>Financial assets</b>                        |                                                    |                                  |                                           |                    |                                           |                    |
| Bank balances                                  | 4% to 6.6%                                         | 398,739,491                      | -                                         | -                  | -                                         | 398,739,491        |
| At fair value through profit or loss'          |                                                    |                                  |                                           |                    |                                           |                    |
| - held-for-trading                             |                                                    |                                  |                                           |                    |                                           |                    |
| - Market treasury bills                        | 5.98%                                              | 49,730,293                       | -                                         | -                  | -                                         | 49,730,293         |
| - Sukuk certificates                           | 3 months KIBOR +1.5% to<br>6 months KIBOR + 1.75%  | -                                | -                                         | 91,332,741         | -                                         | 91,332,741         |
| - Term finance certificates                    | 3 months KIBOR +2.65% to<br>6 months KIBOR + 2.50% | -                                | -                                         | 205,444,895        | -                                         | 205,444,895        |
|                                                |                                                    | 49,730,293                       | -                                         | 296,777,636        | -                                         | 346,507,929        |
| Security deposits                              |                                                    | -                                | -                                         | -                  | 2,850,000                                 | 2,850,000          |
| Other receivables                              |                                                    | -                                | -                                         | -                  | 9,747,580                                 | 9,747,580          |
| Receivable against Margin Trading System (MTS) |                                                    | -                                | -                                         | -                  | 27,206,053                                | 27,206,053         |
| <b>Sub total</b>                               |                                                    | <u>448,469,784</u>               | <u>-</u>                                  | <u>296,777,636</u> | <u>36,953,633</u>                         | <u>785,051,053</u> |

| Particulars                                     | As at June 30, 2017             |                                  |                                           |                    |                                           | Total       |
|-------------------------------------------------|---------------------------------|----------------------------------|-------------------------------------------|--------------------|-------------------------------------------|-------------|
|                                                 | Effective yield / interest rate | Exposed to yield / interest risk |                                           |                    | Not exposed to yield / interest rate risk |             |
|                                                 |                                 | Upto three months                | More than three months and up to one year | More than one year |                                           |             |
|                                                 | %                               | ----- (Rupees) -----             |                                           |                    |                                           |             |
| <b>Financial liabilities</b>                    |                                 |                                  |                                           |                    |                                           |             |
| Payable to the Management Company               |                                 | -                                | -                                         | -                  | 1,390,957                                 | 1,390,957   |
| Payable to the Trustee                          |                                 | -                                | -                                         | -                  | 128,797                                   | 128,797     |
| Accrued and other liabilities                   |                                 | -                                | -                                         | -                  | 2,082,398                                 | 2,082,398   |
| <b>Sub total</b>                                |                                 | -                                | -                                         | -                  | 3,602,152                                 | 3,602,152   |
| <b>On-balance sheet gap</b>                     |                                 | 448,469,784                      | -                                         | 296,777,636        | 33,351,481                                | 781,448,901 |
| <b>Total interest rate sensitivity gap</b>      |                                 | 448,469,784                      | -                                         | 296,777,636        | 33,351,481                                | 781,448,901 |
| <b>Cumulative interest rate sensitivity gap</b> |                                 | 448,469,784                      | 448,469,784                               | 745,247,420        |                                           |             |

| Particulars                                     | As at June 30, 2016                             |                                  |                                           |                    |                                           | Total       |
|-------------------------------------------------|-------------------------------------------------|----------------------------------|-------------------------------------------|--------------------|-------------------------------------------|-------------|
|                                                 | Effective yield / interest rate                 | Exposed to yield / interest risk |                                           |                    | Not exposed to yield / interest rate risk |             |
|                                                 |                                                 | Upto three months                | More than three months and up to one year | More than one year |                                           |             |
|                                                 | %                                               | ----- (Rupees) -----             |                                           |                    |                                           |             |
| <b>On-balance sheet financial instruments</b>   |                                                 |                                  |                                           |                    |                                           |             |
| <b>Financial assets</b>                         |                                                 |                                  |                                           |                    |                                           |             |
| Bank balances                                   | 5.5% to 6.7%                                    | 212,430,636                      | -                                         | -                  | -                                         | 212,430,636 |
| At fair value through profit or loss'           |                                                 |                                  |                                           |                    |                                           |             |
| - held-for-trading                              |                                                 | 994,581                          | -                                         | -                  | -                                         | 994,581     |
| - Market treasury bills                         | 6.20%                                           | -                                | 83,000,000                                | 125,349,163        | -                                         | 208,349,163 |
| - Sukuk certificates                            | 3 months KIBOR +1.5% to 6 months KIBOR + 1.75%  | -                                | -                                         | 163,354,295        | -                                         | 163,354,295 |
| - Term finance certificates                     | 3 months KIBOR +2.65% to 6 months KIBOR + 2.50% | -                                | -                                         | -                  | -                                         | -           |
|                                                 |                                                 | 994,581                          | 83,000,000                                | 288,703,458        | -                                         | 372,698,039 |
| Security deposits                               |                                                 | -                                | -                                         | -                  | 2,850,000                                 | 2,850,000   |
| Other receivables                               |                                                 | -                                | -                                         | -                  | 9,597,352                                 | 9,597,352   |
| Receivable against Margin Trading System (MTS)  |                                                 | -                                | -                                         | -                  | 72,926,401                                | 72,926,401  |
| <b>Sub total</b>                                |                                                 | 213,425,217                      | 83,000,000                                | 288,703,458        | 82,523,753                                | 670,502,428 |
| <b>Financial liabilities</b>                    |                                                 |                                  |                                           |                    |                                           |             |
| Payable to the Management Company               |                                                 | -                                | -                                         | -                  | 2,340,157                                 | 2,340,157   |
| Payable to the Trustee                          |                                                 | -                                | -                                         | -                  | 178,030                                   | 178,030     |
| Accrued and other liabilities                   |                                                 | -                                | -                                         | -                  | 6,748,599                                 | 6,748,599   |
| <b>Sub total</b>                                |                                                 | -                                | -                                         | -                  | 9,266,786                                 | 9,266,786   |
| <b>On-balance sheet gap</b>                     |                                                 | 213,425,217                      | 83,000,000                                | 288,703,458        | 73,256,967                                | 661,235,642 |
| <b>Total interest rate sensitivity gap</b>      |                                                 | 213,425,217                      | 83,000,000                                | 288,703,458        | 73,256,967                                | 661,235,642 |
| <b>Cumulative interest rate sensitivity gap</b> |                                                 | 213,425,217                      | 296,425,217                               | 585,128,675        |                                           |             |

### 20.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As at the reporting date, the Fund is not exposed to price risk.

### 20.2 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted and arises principally from bank balances, investments, profit receivable and deposit and other receivable.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

#### 20.2.1 Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2017 was as follows:

|                                                | 2017                                               |                    | 2016                                               |                    |
|------------------------------------------------|----------------------------------------------------|--------------------|----------------------------------------------------|--------------------|
|                                                | Balance as per statement of assets and liabilities | Maximum exposure   | Balance as per statement of assets and liabilities | Maximum exposure   |
| Bank balances                                  | 398,739,491                                        | 398,739,491        | 212,430,636                                        | 212,430,636        |
| Investments                                    | 346,507,929                                        | 296,777,636        | 372,698,039                                        | 372,698,039        |
| Security deposits                              | 2,850,000                                          | 2,850,000          | 2,850,000                                          | 2,850,000          |
| Other receivables                              | 9,747,580                                          | 9,747,580          | 10,043,447                                         | 9,597,352          |
| Receivable against Margin Trading System (MTS) | 27,206,053                                         | 27,206,053         | 72,926,401                                         | 72,926,401         |
|                                                | <u>785,051,053</u>                                 | <u>735,320,760</u> | <u>670,948,523</u>                                 | <u>670,502,428</u> |

Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investments in Government Securities of Rs 49.73 million (2016: Rs 0.994 million) are not exposed to credit risk.

No financial assets were considered to be past due or impaired either at June 30, 2017 and June 30, 2016

#### 20.2.2 Bank balances

The Fund held bank balances at June 30, 2017 with banks having following credit ratings:

| Rating | 2017               |                | 2016               |                |
|--------|--------------------|----------------|--------------------|----------------|
|        | Rupees             | %              | Rupees             | %              |
| AAA    | 207,078            | 0.05%          | 207,079            | 0.10%          |
| AA+    | 246,509,915        | 61.83%         | 212,213,557        | 99.90%         |
| AA-    | 152,012,499        | 38.12%         | -                  | 0.00%          |
| A+     | 10,000             | 0.00%          | 10,000             | 0.00%          |
|        | <u>398,739,491</u> | <u>100.00%</u> | <u>212,430,636</u> | <u>100.00%</u> |

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS as of June 30, 2017.

#### 20.2.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect the groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is mainly held with various banks and securities issued by the State Bank of Pakistan on behalf of the Government.

### 20.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to redemptions of its redeemable units on a regular basis. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is therefore to invest the majority of its assets in short term instruments in order to maintain liquidity.

The Fund can borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was required to be obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month.

| 2017                                           | Within      | 1 to 3     | 3 to 12    | 1 to 5      | Total       |
|------------------------------------------------|-------------|------------|------------|-------------|-------------|
|                                                | 1 month     | months     | months     | years       |             |
| ----- Rupees -----                             |             |            |            |             |             |
| <b>Financial assets</b>                        |             |            |            |             |             |
| Bank balances                                  | 398,739,491 | -          | -          | -           | 398,739,491 |
| Investments                                    | -           | -          | 64,013,168 | 282,494,761 | 346,507,929 |
| Security deposits                              | 2,850,000   | -          | -          | -           | 2,850,000   |
| Other receivables                              | 7,928,256   | -          | -          | 1,819,324   | 9,747,580   |
| Receivable against Margin Trading System (MTS) | -           | 27,206,053 | -          | -           | 27,206,053  |
|                                                | 409,517,747 | 27,206,053 | 64,013,168 | 284,314,085 | 785,051,053 |
| <b>Financial liabilities</b>                   |             |            |            |             |             |
| Payable to the Management Company              | 1,390,957   | -          | -          | -           | 1,390,957   |
| Payable to the Trustee                         | 128,797     | -          | -          | -           | 128,797     |
| Accrued and other liabilities                  | 2,082,398   | -          | -          | -           | 2,082,398   |
|                                                | 3,602,152   | -          | -          | -           | 3,602,152   |
| <b>Net assets</b>                              | 405,915,595 | 27,206,053 | 64,013,168 | 284,314,085 | 781,448,901 |
| ----- Rupees -----                             |             |            |            |             |             |
| 2016                                           | Within      | 1 to 3     | 3 to 12    | 1 to 5      | Total       |
|                                                | 1 month     | months     | months     | years       |             |
| ----- Rupees -----                             |             |            |            |             |             |
| <b>Financial assets</b>                        |             |            |            |             |             |
| Bank balances                                  | 212,430,636 | -          | -          | -           | 212,430,636 |
| Investments                                    | -           | -          | 994,581    | 371,703,458 | 372,698,039 |
| Security deposits                              | 2,850,000   | -          | -          | -           | 2,850,000   |
| Other receivables                              | 7,778,028   | -          | -          | 1,819,324   | 9,597,352   |
| Receivable against Margin Trading System (MTS) | -           | 72,926,401 | -          | -           | 72,926,401  |
|                                                | 223,058,664 | 72,926,401 | 994,581    | 373,522,782 | 670,502,428 |
| <b>Financial liabilities</b>                   |             |            |            |             |             |
| Payable to the Management Company              | 2,340,157   | -          | -          | -           | 2,340,157   |
| Payable to the Trustee                         | 178,030     | -          | -          | -           | 178,030     |
| Accrued and other liabilities                  | 6,748,599   | -          | -          | -           | 6,748,599   |
|                                                | 9,266,786   | -          | -          | -           | 9,266,786   |
| <b>Net assets</b>                              | 213,791,878 | 72,926,401 | 994,581    | 373,522,782 | 661,235,642 |

#### 20.4 Fair value measurement

Fair value is the amount for which an asset could be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of investments is determined as per the policy disclosed in note 3.2 to these financial statements.

#### Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted price (unadjusted) in an active market for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: 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: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2017 and June 30, 2016, the Fund held the following assets measured at fair values:

| ----- As at June 30, 2017 -----                                      |                    |             |         |             |
|----------------------------------------------------------------------|--------------------|-------------|---------|-------------|
|                                                                      | Level 1            | Level 2     | Level 3 | Total       |
|                                                                      | ----- Rupees ----- |             |         |             |
| <b>Financial assets 'at fair value through profit or loss' - net</b> |                    |             |         |             |
| Market treasury bills                                                | -                  | 49,730,293  | -       | 49,730,293  |
| Sukuks                                                               | -                  | 91,332,741  | -       | 91,332,741  |
| Term Finance Certificates                                            | 11,276,050         | 194,168,845 | -       | 205,444,895 |

| ----- As at June 30, 2016 -----                                      |                    |             |         |             |
|----------------------------------------------------------------------|--------------------|-------------|---------|-------------|
|                                                                      | Level 1            | Level 2     | Level 3 | Total       |
|                                                                      | ----- Rupees ----- |             |         |             |
| <b>Financial assets 'at fair value through profit or loss' - net</b> |                    |             |         |             |
| Market treasury bills                                                | -                  | 994,581     | -       | 994,581     |
| Sukuks                                                               | -                  | 125,349,163 | -       | 125,349,163 |
| Term Finance Certificates                                            | 34,074,329         | 129,279,966 | -       | 163,354,295 |

During the year ended June 30, 2017, 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.

## 20.5 Unit holder's fund management

The Fund's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders and to ensure reasonable safety of Unit Holders' Fund.

The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in market conditions. The capital structure depends on the issuance and redemption of units.

The Fund is an open-end collective investment scheme. The capital of the open end schemes is represented by the net assets attributable to unit holders.

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 whether realised or unrealised as reduced by such expenses as are chargeable to the Fund.

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

The objective of Management Company when managing capital of the Fund is to maintain the Fund's ability to continue as a going concern in order to provide returns to unit holders on their investments.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- Monitors the level of daily issuance and redemptions relative to liquid assets;
- Redeem and issue 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 / Investment Committee members and the Chief Executive of the company critically monitor capital of the Fund on the basis of the value of net assets attributable to the unit holders and track the movement of 'Assets under Management' as well returns earned on the net assets to maintain investors confidence and achieve future growth in business. Further the Board of Directors is updated about the Fund yield and movement of NAV and total fund size at the end of each quarter.

In accordance with the NBFC Regulations, the Fund is required to maintain minimum net assets of one hundred million rupees at all times during the life of the scheme.

**21 SUPPLEMENTARY NON FINANCIAL INFORMATION**

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

**22 CORRESPONDING FIGURES**

Corresponding figures have been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications were made in these financial statements.

**23 GENERAL**

Figures are rounded off to the nearest rupee.

**24 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by Board of Directors of the Management Company on **August 23, 2017**.

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

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

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



Annexure I

**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 2017     |                      |                    |             |
|---------------------------|------------------------|----------------------|--------------------|-------------|
|                           | Number of unit holders | Number of units held | Amount Rupees      | % of total  |
| Individuals               | 70                     | 1,081,396            | 121,085,649        | 16%         |
| Associated Co./ Directors | 2                      | 335,117              | 37,523,639         | 5%          |
| Banks/Dfis                | 1                      | 12,246               | 1,371,241          | 0%          |
| Insurance Co.             | 3                      | 450,887              | 50,486,640         | 7%          |
| Retirement & Other Funds  | 8                      | 454,761              | 50,920,497         | 7%          |
| Others                    | 9                      | 4,478,101            | 501,421,476        | 66%         |
|                           | <b>93</b>              | <b>6,812,508</b>     | <b>762,809,142</b> | <b>100%</b> |

| Category                  | As at 30 June 2016     |                      |                    |             |
|---------------------------|------------------------|----------------------|--------------------|-------------|
|                           | Number of unit holders | Number of units held | Amount Rupees      | % of total  |
| Individuals               | 54                     | 947,338              | 104,887,169        | 16%         |
| Associated Co./ Directors | 4                      | 1,756,849            | 194,514,500        | 30%         |
| Banks/Dfis                | 3                      | 914,970              | 101,303,495        | 16%         |
| Retirement & Other Funds  | 7                      | 220,199              | 24,379,920         | 4%          |
| Others                    | 5                      | 1,930,632            | 213,755,306        | 33%         |
|                           | <b>73</b>              | <b>5,769,988</b>     | <b>638,840,391</b> | <b>100%</b> |

(ii) TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

|                                         |              |
|-----------------------------------------|--------------|
|                                         | 30 June 2017 |
|                                         | %            |
| Invest Capital Markets Limited          | 21           |
| Next Capital Limited                    | 19           |
| BMA Capital Management Limited          | 15           |
| BPL Securities Limited                  | 14           |
| Arif Habib Limited                      | 12           |
| JS Global Capital Limited               | 7            |
| Vector Capital (Pvt) Limited            | 4            |
| Invest & Finance Securities Limited     | 3            |
| Invest One Markets Limited              | 2            |
| C & M Management (Pvt) Limited          | 2            |
|                                         | 30 June 2016 |
|                                         | %            |
| INVEST CAPITAL & SECURITIES PVT LIMITED | 27           |
| JS GLOBAL CAPITAL LIMITED               | 19           |
| SUMMIT CAPITAL PVT LIMITED              | 12           |
| INVEST ONE MARKETS LIMITED              | 9            |
| ELIXIER SECURITIES PAKISTAN LIMITED     | 7            |
| INVEST & FINANCE SECURITIES LIMITED     | 6            |
| BMA CAPITAL MANAGEMENT LIMITED          | 6            |
| ICON SECURITIES PVT LIMITED             | 6            |
| VECTOR CAPITAL PVT LIMITED              | 3            |
| KASB SECURITIES LIMITED                 | 3            |



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

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

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

**Maheen Rahman – CEO**

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

**Noman Soomro**

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

**Shariq Mukhtar Hashmi**

Mr. Hashmi holds a diversified experience of over 11 years with various private sector enterprises of repute. He joined IGI Funds Limited (which subsequently merged into Alfalah GHP Investment Management Limited in Oct. 2013) in 2010 to lead the back office function as Head of Operations & Settlements. His association has continued, post-merger, as Head of Compliance & Risk Management. He has previously served National Asset Management Company as Head of Internal Audit and Feroze Sharif Tariq & Co Chartered Accountants in various capacities. He has also headed the Internal Audit Department of the Company. Mr. Hashmi is a qualified Accountant from the Association of Chartered Certified Accountants, UK and holds MBA degree in Finance from SZABIST University. He is also enrolled for Financial Risk Manager Certification of Global Association of Risk Professionals; USA.

**Muddasir Ahmed Shaikh**

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

**Nabeel Malik**

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

**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 73rd, 74th, 75th, 76th, 77th and 78th Board Meetings were held on 26 Aug 2016, 22 Sep 2016, 31 Oct 2016, 07 Dec 2016, 14 Feb 2017 and 26 April 2017 respectively.

| Name of Director       | Number of Meetings |          |               | Meeting not attended |
|------------------------|--------------------|----------|---------------|----------------------|
|                        | Held               | Attended | Leave Granted |                      |
| HANSPETER BEIER        | 6                  | 4        | 2             | 2                    |
| SYED ALI SULTAN        | 6                  | 6        | -             | -                    |
| AMIN DAWOOD SALEH      | 6                  | 5        | 1             | 1                    |
| MS. MAHEEN RAHMAN      | 6                  | 6        | -             | -                    |
| MR. ABID NAQVI         | 6                  | 5        | 1             | 1                    |
| MR. MICHAEL BUCHEN     | 1                  | -        | 1             | 1                    |
| MR. Tufail Jawed Ahmad | 6                  | 5        | 1             | 1                    |
| MR. Adeel Bajwa        | 2                  | 1        | 1             | 1                    |

Annexure A

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

**PERFORMANCE TABLE - AGHPIF**

|                                         | <b>30 June<br/>2017</b> | 30 June<br>2016 | 30 June<br>2015 | 30 June<br>2014 | 30 June<br>2013 |
|-----------------------------------------|-------------------------|-----------------|-----------------|-----------------|-----------------|
|                                         | <b>(Rupees in '000)</b> |                 |                 |                 |                 |
| Net Assets                              | <b>762,809</b>          | 638,840         | 1,111,393       | 1,955,694       | 1,777,128       |
| NAV per unit                            | <b>111.9719</b>         | 110.7178        | 105.3463        | 100.4208        | 103.5680        |
| Selling price per unit                  | <b>113.2372</b>         | 112.1819        | 106.7516        | 101.7721        | 104.6037        |
| Redemption price per unit               | <b>111.9719</b>         | 110.7178        | 105.3463        | 100.4208        | 103.5680        |
| Highest selling price per unit          | <b>117.8329</b>         | 114.9197        | 114.8402        | 103.9640        | 104.5407        |
| Highest redemption price per unit       | <b>116.5163</b>         | 113.4198        | 113.3284        | 102.9347        | 103.5056        |
| Lowest selling price per unit           | <b>111.5416</b>         | 106.7380        | 101.8170        | 101.2098        | 101.5128        |
| Lowest redemption price per unit        | <b>110.2953</b>         | 105.3449        | 100.4651        | 100.2077        | 100.5077        |
| Total interim distribution per unit     | <b>4.5031</b>           | 2.6173          | 7.3777          | 7.7994          | 6.6691          |
| Interim distribution date               | <b>22-Jun-17</b>        | 29-Jun-16       | 23-Jun-15       | 28-Sep-13       | 26-Sep-12       |
|                                         | N/A                     | N/A             | N/A             | 28-Dec-13       | 31-Dec-12       |
|                                         | N/A                     | N/A             | N/A             | 5-Apr-14        | 27-Mar-13       |
|                                         | N/A                     | N/A             | N/A             | 30-Jun-14       | Nil             |
| Final distribution per unit             | <b>Nil</b>              | Nil             | Nil             | Nil             | 3.137           |
| Final distribution date                 | N/A                     | N/A             | N/A             | N/A             | 4-Jul-13        |
| Annualized returns %                    | <b>5.20%</b>            | 7.56%           | 12.26%          | 8.04%           | 9.95%           |
| Income distribution %                   | <b>4.07%</b>            | 2.48%           | 7.35%           | 7.53%           | 10.63%          |
| Weighted avg. portfolio duration (Days) | <b>341 Days</b>         | 720 Days        | 837 Days        | 511 Days        | 445 Days        |

**Return since inception is 9.27%**

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



**Alfalah GHP  
Income Multiplier Fund**

## FUND INFORMATION

|                                                        |                                                                                                                                                                                                  |
|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Management Company:</b>                             | <b>Alfalah GHP Investment Management Limited</b><br>8-B, 8th Floor, Executive Tower, Dolmen City, Block-4,<br>Clifton, Karachi.                                                                  |
| <b>Board of Directors of the Management Company:</b>   | <b>Ms.Maheen Rahman</b><br><b>Syed Ali Sultan</b><br><b>Mr.Hanspeter Beier</b><br><b>Mr.Amin Dawood Saleh</b><br><b>Mr.Abid Naqvi</b><br><b>Mr. Tufail Jawed Ahmad</b><br><b>Mr. Adeel Bajwa</b> |
| <b>Audit Committee:</b>                                | <b>Mr. Abid Naqvi</b><br><b>Syed Ali Sultan</b><br><b>Mr. Amin Dawood Saleh</b>                                                                                                                  |
| <b>HR Committee:</b>                                   | <b>Syed Ali Sultan</b><br><b>Mr. Tufail Jawed Ahmed</b><br><b>Ms. Maheen Rahman</b>                                                                                                              |
| <b>Chief Operating Officer and Company Secretary :</b> | <b>Mr. Noman Ahmed Soomro</b>                                                                                                                                                                    |
| <b>Chief Financial Officer:</b>                        | <b>Mr. Muhammad Shehzad Dhedhi</b>                                                                                                                                                               |
| <b>Trustee:</b>                                        | <b>Central Depository Company of Pakistan Limited</b><br>CDC House, 99-B, Block 'B', SMCHS,<br>Main Share-e-Faisal, Karachi                                                                      |
| <b>Bankers to the Fund:</b>                            | <b>Bank Alfalah Limited</b>                                                                                                                                                                      |
| <b>Auditors:</b>                                       | <b>A.F. Ferguson &amp; Co.</b><br>Chartered Accountants<br>State Life Building No. 1-C I.I. Chundrigar Road,<br>P.O.Box 4716 Karachi,<br>Pakistan                                                |
| <b>Legal Advisor:</b>                                  | <b>Ahmed &amp; Qazi</b><br>Advocates & Legal Consultants<br>402,403,404,417<br>Clifton Centre,<br>Clifton, Karachi                                                                               |
| <b>Registrar:</b>                                      | <b>Alfalah GHP Investment Management Limited</b><br>8-B, 8th Floor, Executive Tower, Dolmen City, Block-4,<br>Clifton, Karachi.                                                                  |
| <b>Distributor:</b>                                    | <b>Bank Alfalah Limited</b>                                                                                                                                                                      |
| <b>Rating:</b>                                         | <b>A+(f) by PACRA</b>                                                                                                                                                                            |

# Alfalah GHP Income Multiplier Fund

## Annual Fund Manager`s Report

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

**Category of Fund:** AggressiveIncome Scheme

### Investment Objective

The investment objective of Alfalah GHP Income Multiplier Fund (AGIMF) is to generate stable and consistent returns while seeking capital preservation through a diversified portfolio of high quality debt securities and liquid money market instruments and placements.

### Accomplishment of Objective

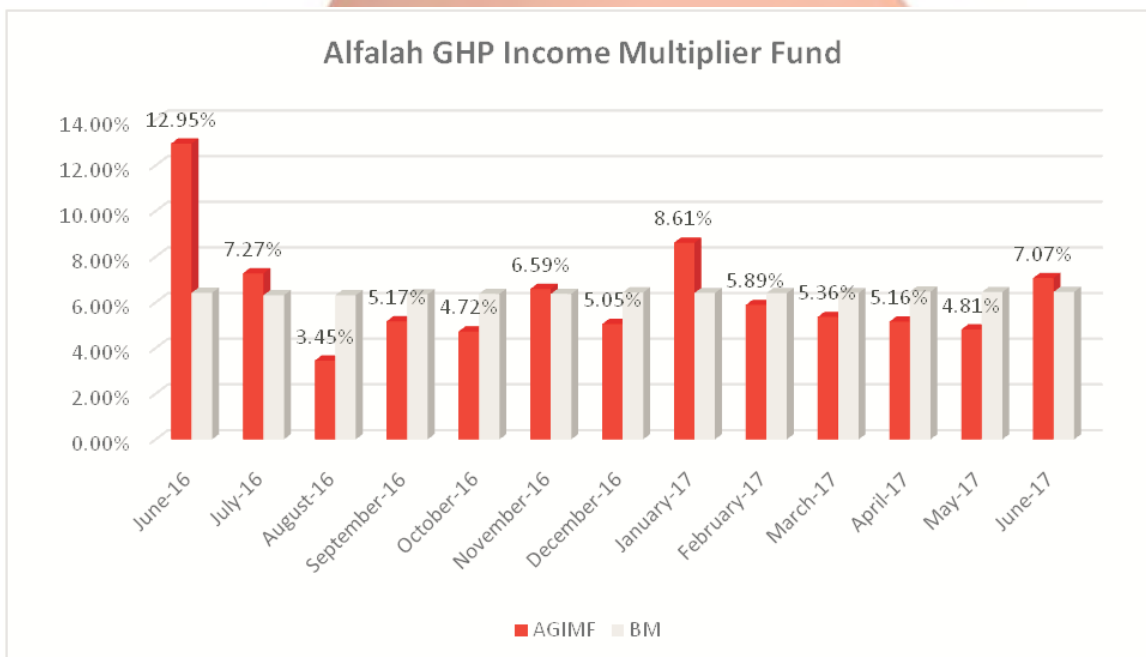
The Fund has achieved its objective of generating regular income by investing in low-medium duration fixed income instruments within the guidelines provided under NBFC rules.

### Market Review

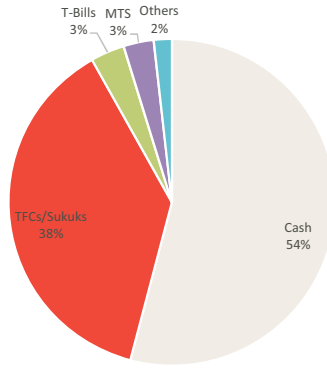
The central bank maintained the discount rate throughout the fiscal year; the money market remained relatively stable since no major shock was witnessed in inflation. During the period market participants maintained their interest in shorter tenure as opposed to medium to long term. The central bank also kept borrowing requirements at relatively stable level thus maintaining the cutoffs mostly during the period. Going forward, with a slightly higher CPI and the absence of low base effect, an increase in discount rate by 25bps by the central bank cannot be ruled out by the end of 2017.

### Fund performance review and strategies employed

For the year ended June 30 2017, the fund posted a return of 5.90% against the benchmark of 6.40%. During the period, the fund maintained its exposure in corporate securities and in higher yielding bank deposits with the latter providing stability to the fund.



Asset Allocation, June 2017



| Credit Quality (as % of Total Assets) |       |           |       |
|---------------------------------------|-------|-----------|-------|
| Govt. Guar.                           | 3.4%  | A         | 5.8%  |
| AAA                                   | 15.0% | A-        | 0.00% |
| AA+                                   | 19.9% | BBB+      | 0.00% |
| AA                                    | 4.5%  | BBB       | 0.00% |
| AA-                                   | 41.1% | Below IG  | 0.00% |
| A+                                    | 5.6%  | NR/UR/MTS | 4.8%  |

**Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**

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

**Disclosure on unit split (if any), comprising:-**

There were no unit splits during the period.

**Disclosures of circumstances that materially affect any interests of unit holders**

Investments are subject to market risk.

**Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.**

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.



**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 INCOME MULTIPLIER FUND**

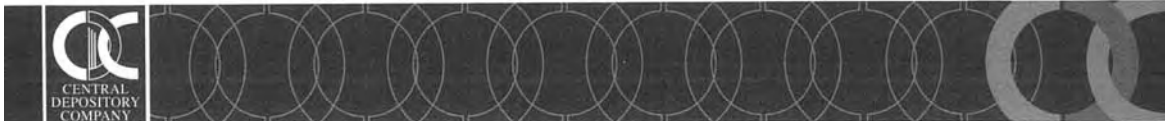
**Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of  
the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We Central Depository Company of Pakistan Limited, being the Trustee of Alfalah GHP Income Multiplier 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, 2017 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.

  
**Aftab Ahmed Diwan**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: September 12, 2017



**STATEMENT OF COMPLIANCE BY ALFALAH GHP INCOME MULTIPLIER FUND  
WITH THE CODE OF CORPORATE GOVERNANCE  
FOR THE YEAR ENDED JUNE 30, 2017**

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No.5.19 of Chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Management Company encourages representation of independent, non-executive directors, and directors representing minority interests on its board of directors ("the Board"). At present the Board includes:

| Category                | Names                                                                                 |
|-------------------------|---------------------------------------------------------------------------------------|
| Executive Director      | Ms. Maheen Rahman– Chief Executive Officer (CEO)                                      |
| Independent Directors   | Mr. Abid Naqvi<br>Mr. Tufail Jawed Ahmad                                              |
| Non-Executive Directors | Mr. Syed Ali Sultan<br>Mr. Adeel Bajwa<br>Mr. HanspeterBeier<br>Mr. Amin Dawood Saleh |

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

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies (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 DF1 or an NBF1 or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. According to regulation 5.19.3 of the Rule Book and section 155 (3) of the Companies Act, 2017, any casual vacancy occurring on the Board of Directors of a listed company shall be filled up by the directors at the earliest but not later than 90 days thereof. A casual vacancy occurred on the Board on September 22, 2016, due to resignation of Mr. Michael Buchen. However, the Board of Directors appointed Mr. Adeel Bajwa as a director on January 23, 2017 i.e. after 90 days after the date of resignation Mr. Michael Buchen. The appointment was approved in principle by the SECP with effect from February 7, 2017.
5. The Management Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before such meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged no training programs for its directors during the year. However, at present 6 directors of the Management Company have certification under the Directors' Training Program offered by institutions.
10. There was no change of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year. However, the remuneration and terms and conditions of Chief Financial Officer, Company Secretary and Head of Internal Audit were approved by the Board.

11. The Directors' Report for the year ended June 30, 2017 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by the CEO and CFO 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 that disclosed in the Directors' Report and pattern of unit holding.
14. The Management Company has 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, and the Chairman of the Committee 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 Committee have been formed and advised to the Committee for compliance.
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 Deloitte Yousuf Adil Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partner of the firm, their spouse and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'Book Closure' dates were duly determined and intimated to the stock exchange, however the 'closed period' prior to the announcement of interim / final results, and business decisions was not determined and intimated to directors, employees and the stock exchange, considering the fact that NAV of the Fund is announced on a daily basis.
22. Material/price sensitive information has been disseminated among all market participants at once through the stock exchange.
23. The Management Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the Code have been complied with.

**For and on behalf of the Board**

Maheen Rahman  
Chief Executive Officer

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Alfalah GHP Investment Management Limited, the Management Company of **Alfalah GHP Income Multiplier Fund** (the Fund) for the year ended June 30, 2017 to comply with the requirements of regulation no. 5.19 of chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company (**Alfalah GHP Investment Management Limited**). Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund'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 Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As a part of our audit of the 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 of Directors' 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 of Directors for their review and approval of 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 of Directors 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 of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2017.

Further, we highlight below an instance of non-compliance with the requirement of the Code as reflected in paragraph reference where it is stated in the Statement of Compliance:

| S. No. | Paragraph reference | Description                                                                                                                                                                                                                                                                                                                                                                                  |
|--------|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | 4                   | According to regulation 5.19.3 of the Rule Book and section 155 (3) of the Companies Act, 2017, any casual vacancy occurring on the Board of Directors of a listed company shall be filled up by the directors at the earliest but not later than 90 days thereof. A casual vacancy occurred on the Board on September 22, 2016 which was filled after 90 days from the date of resignation. |

**A.F. Ferguson & Co.**  
**Chartered Accountants**

Dated: September 20, 2017  
Karachi

# INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Alfalah GHP Income Multiplier Fund** (here in after referred to as the 'Fund'), which comprise the statement of assets and liabilities as at June 30, 2017, and the related income statement, statement of comprehensive income, distribution statement, cash flow statement and statement of movement in unit holders' funds for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

The Management Company (**Alfalah GHP Investment Management Limited**) of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with 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 the International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial position of the Fund as at June 30, 2017 and of its financial performance, its cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

### Other matter

The financial statements of the Fund for the year ended June 30, 2016 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion on those financial statements vide their report dated September 22, 2016.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

**A.F. Ferguson & Co.**  
**Chartered Accountants**  
**Engagement Partner: Shahbaz Akbar**

Dated: September 20, 2017  
Karachi

**ALFALAH GHP INCOME MULTIPLIER FUND**

**STATEMENT OF ASSETS AND LIABILITIES**

AS AT JUNE 30, 2017

|                                                                                 | Note | 2017<br>----- (Rupees) -----  | 2016                 |
|---------------------------------------------------------------------------------|------|-------------------------------|----------------------|
| <b>Assets</b>                                                                   |      |                               |                      |
| Bank balances                                                                   | 4    | 969,364,779                   | 313,177,444          |
| Investments                                                                     | 5    | 731,306,311                   | 1,164,572,860        |
| Security deposits                                                               | 6    | 2,850,000                     | 2,850,000            |
| Mark-up and other receivables                                                   | 7    | 19,514,371                    | 28,600,361           |
| Receivable against Margin Trading System (MTS)                                  |      | 53,078,557                    | 42,029,438           |
| <b>Total assets</b>                                                             |      | <u>1,776,114,018</u>          | <u>1,551,230,103</u> |
| <b>Liabilities</b>                                                              |      |                               |                      |
| Payable to the Management Company                                               | 8    | 17,718,000                    | 18,666,644           |
| Payable to the Trustee                                                          | 9    | 167,029                       | 514,451              |
| Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP) | 10   | 1,707,149                     | 1,974,427            |
| Accrued and other liabilities                                                   | 11   | 16,800,414                    | 25,414,643           |
| <b>Total liabilities</b>                                                        |      | <u>36,392,592</u>             | <u>46,570,165</u>    |
| <b>Net assets attributable to unit holders</b>                                  |      | <u>1,739,721,426</u>          | <u>1,504,659,938</u> |
| <b>Unit holders' funds (as per the statement attached)</b>                      |      | <u>1,739,721,426</u>          | <u>1,504,659,938</u> |
| <b>Contingencies and commitments</b>                                            | 12   | ----- (Number of units) ----- |                      |
| <b>Number of units in issue</b>                                                 |      | <u>32,670,808</u>             | <u>28,385,137</u>    |
|                                                                                 |      | ----- (Rupees) -----          |                      |
| <b>Net asset value per unit</b>                                                 |      | <u>53.2500</u>                | <u>53.0087</u>       |

The annexed notes 1 to 24 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director



**ALFALAH GHP INCOME MULTIPLIER FUND**

**INCOME STATEMENT**

FOR THE YEAR ENDED JUNE 30, 2017

|                                                                                                                                                | Note | 2017<br>----- (Rupees) ----- | 2016<br>-----            |
|------------------------------------------------------------------------------------------------------------------------------------------------|------|------------------------------|--------------------------|
| <b>Income</b>                                                                                                                                  |      |                              |                          |
| Profit / mark-up income                                                                                                                        | 13   | 156,447,518                  | 226,233,168              |
| 'At fair value through profit or loss' - held-for-trading                                                                                      |      |                              |                          |
| - Gain on sale of investments - net                                                                                                            |      | 620,417                      | 85,127,910               |
| - Unrealised gain / (loss) on revaluation of investments - net                                                                                 | 5.5  | 6,814,003                    | (56,293,879)             |
| Reversal of provision against Workers' Welfare Fund                                                                                            | 11.1 | 11,471,327                   | -                        |
| <b>Total income</b>                                                                                                                            |      | <u>175,353,265</u>           | <u>255,067,199</u>       |
| <b>Expenses</b>                                                                                                                                |      |                              |                          |
| Remuneration of the Management Company                                                                                                         | 8.1  | 28,452,705                   | 32,907,518               |
| Sindh sales tax on remuneration of the Management Company                                                                                      | 8.2  | 3,698,847                    | 5,346,504                |
| Federal excise duty on remuneration of the Management Company                                                                                  | 8.3  | -                            | 5,267,481                |
| Remuneration of the Trustee                                                                                                                    | 9.1  | 2,782,529                    | 3,087,715                |
| Sindh sales tax on remuneration of the Trustee                                                                                                 | 9.2  | 361,728                      | 432,282                  |
| Annual fee to the Securities and Exchange Commission of Pakistan                                                                               | 10   | 1,707,174                    | 1,974,452                |
| Brokerage expense                                                                                                                              |      | 370,574                      | 381,876                  |
| Bank and settlement charges                                                                                                                    |      | 3,122,701                    | 525,360                  |
| Fees and subscriptions                                                                                                                         |      | 910,808                      | 562,876                  |
| Auditor's remuneration                                                                                                                         | 14   | 644,225                      | 658,800                  |
| Provision against Sindh Workers' Welfare Fund                                                                                                  | 11.1 | 2,904,102                    | -                        |
| Printing charges                                                                                                                               |      | 150,015                      | 109,407                  |
| Allocated expenses                                                                                                                             | 8.4  | 2,276,114                    | 1,560,488                |
| <b>Total expenses</b>                                                                                                                          |      | <u>47,381,522</u>            | <u>52,814,759</u>        |
| <b>Net income for the year before element of loss and capital losses included in prices of units issued less those in units redeemed - net</b> |      | <u>127,971,743</u>           | <u>202,252,440</u>       |
| Element of loss and capital losses included in prices of units issued less those in units redeemed - net                                       |      | (75,702,991)                 | (109,234,659)            |
| <b>Net income for the year before taxation</b>                                                                                                 |      | <u>52,268,752</u>            | <u>93,017,781</u>        |
| Taxation                                                                                                                                       | 15   | -                            | -                        |
| <b>Net income for the year after taxation</b>                                                                                                  |      | <u><u>52,268,752</u></u>     | <u><u>93,017,781</u></u> |

The annexed notes 1 to 24 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

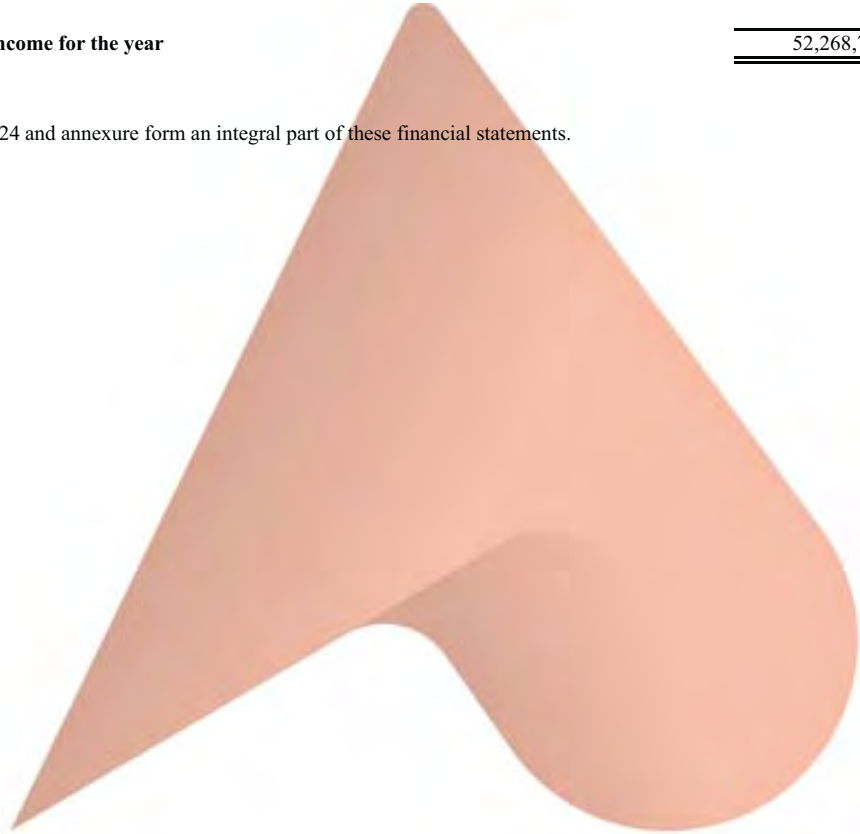
\_\_\_\_\_  
Director



**ALFALAH GHP INCOME MULTIPLIER FUND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED JUNE 30, 2017*

|                                                                                                     | 2017                 | 2016              |
|-----------------------------------------------------------------------------------------------------|----------------------|-------------------|
|                                                                                                     | ----- (Rupees) ----- |                   |
| <b>Net income for the year after taxation</b>                                                       | 52,268,752           | 93,017,781        |
| <b>Other comprehensive income</b>                                                                   |                      |                   |
| Reversal of unrealised diminution in the value of investments<br>classified as 'available-for-sale' | -                    | 5,142,645         |
| <b>Total comprehensive income for the year</b>                                                      | <u>52,268,752</u>    | <u>98,160,426</u> |

The annexed notes 1 to 24 and annexure form an integral part of these financial statements.



For Alfalah GHP Investment Management Limited  
 (Management Company)

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

\_\_\_\_\_  
 Director

**ALFALAH GHP INCOME MULTIPLIER FUND**

**CASH FLOW STATEMENT**

FOR THE YEAR ENDED JUNE 30, 2017

|                                                                                                                                         | Note | 2017                        | 2016                      |
|-----------------------------------------------------------------------------------------------------------------------------------------|------|-----------------------------|---------------------------|
|                                                                                                                                         |      | ----- (Rupees) -----        |                           |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                                                             |      |                             |                           |
| Net income for the year before taxation                                                                                                 |      | 52,268,752                  | 93,017,781                |
| <b>Adjustments for:</b>                                                                                                                 |      |                             |                           |
| Unrealised (gain) / loss on revaluation of investments classified as<br>'at fair value through profit or loss' - held-for-trading - net |      | (6,814,003)                 | 56,293,879                |
| Reversal of provision against Workers' Welfare Fund                                                                                     |      | (11,471,327)                | -                         |
| Provision against Sindh Workers' Welfare Fund                                                                                           |      | 2,904,102                   | -                         |
| Element of loss and capital losses included in prices of units<br>issued less those in units redeemed - net                             |      | 75,702,991                  | 109,234,659               |
|                                                                                                                                         |      | <u>112,590,515</u>          | <u>258,546,319</u>        |
| <b>Decrease / (Increase) in assets</b>                                                                                                  |      |                             |                           |
| Investments - net                                                                                                                       |      | 299,368,148                 | 987,968,305               |
| Security deposits                                                                                                                       |      | -                           | (250,000)                 |
| Mark-up and other receivables                                                                                                           |      | 9,085,990                   | 65,454,608                |
| Receivable against Margin Trading System (MTS)                                                                                          |      | (11,049,119)                | (42,029,438)              |
|                                                                                                                                         |      | 297,405,019                 | 1,011,143,475             |
| <b>(Decrease) / Increase in liabilities</b>                                                                                             |      |                             |                           |
| Payable to the Management Company                                                                                                       |      | (948,644)                   | 7,120,221                 |
| Payable to the Trustee                                                                                                                  |      | (347,422)                   | 323,780                   |
| Annual fee payable to the Securities and<br>Exchange Commission of Pakistan (SECP)                                                      |      | (267,278)                   | 208,163                   |
| Accrued and other liabilities                                                                                                           |      | (47,004)                    | (14,656,830)              |
|                                                                                                                                         |      | <u>(1,610,348)</u>          | <u>(7,004,666)</u>        |
| <b>Net cash generated from operating activities</b>                                                                                     |      | 408,385,186                 | 1,262,685,128             |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                                                             |      |                             |                           |
| Amount received against issuance of units                                                                                               |      | 4,299,027,999               | 3,323,156,149             |
| Amount paid against redemption of units                                                                                                 |      | (4,147,553,103)             | (4,213,038,805)           |
| Dividend paid                                                                                                                           |      | (44,385,151)                | (39,382,548)              |
| <b>Net cash flows generated from / (used in) financing activities</b>                                                                   |      | 107,089,745                 | (929,265,204)             |
| <b>Net increase in cash and cash equivalents during the year</b>                                                                        |      | 515,474,931                 | 333,419,924               |
| Cash and cash equivalents at beginning of the year                                                                                      |      | 513,566,208                 | 180,146,284               |
| <b>Cash and cash equivalents at end of the year</b>                                                                                     | 17   | <u><u>1,029,041,139</u></u> | <u><u>513,566,208</u></u> |

The annexed notes 1 to 24 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP INCOME MULTIPLIER FUND**  
**DISTRIBUTION STATEMENT**  
*FOR THE YEAR ENDED JUNE 30, 2017*

|                                                                                                                                | <b>2017</b>               | <b>2016</b>               |
|--------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
|                                                                                                                                | ----- (Rupees) -----      |                           |
| <b>Undistributed income brought forward comprises of:</b>                                                                      |                           |                           |
| Realised gain / (loss)                                                                                                         | 166,280,746               | (12,037,394)              |
| Unrealised (loss) / gain                                                                                                       | <u>(56,293,879)</u>       | <u>85,133,557</u>         |
| <b>Total undistributed income brought forward</b>                                                                              | <u>109,986,867</u>        | <u>73,096,163</u>         |
| Element of income / (loss) and capital gains / (losses) included<br>in prices of units sold less those in units redeemed - net | 16,606,139                | (13,728,090)              |
| Net income for the year after taxation                                                                                         | 52,268,752                | 93,017,781                |
| Interim distribution of cash dividend @ Rs 2.8811 (2016: Re<br>1.8737) per unit, approved on June 22, 2017                     | (44,385,151)              | (42,398,987)              |
| <b>Undistributed income carried forward</b>                                                                                    | <u><u>134,476,607</u></u> | <u><u>109,986,867</u></u> |
| <b>Undistributed income brought forward comprises of:</b>                                                                      |                           |                           |
| Realised gain                                                                                                                  | 127,662,604               | 166,280,746               |
| Unrealised gain / (loss)                                                                                                       | <u>6,814,003</u>          | <u>(56,293,879)</u>       |
| <b>Total undistributed income carried forward</b>                                                                              | <u><u>134,476,607</u></u> | <u><u>109,986,867</u></u> |

The annexed notes 1 to 24 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP INCOME MULTIPLIER FUND**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS**  
*FOR THE YEAR ENDED JUNE 30, 2017*

|                                                                                                                                                                     | 2017                 | 2016            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-----------------|
|                                                                                                                                                                     | ----- (Rupees) ----- |                 |
| <b>Net assets at the beginning of the year</b>                                                                                                                      | 1,504,659,938        | 1,706,002,163   |
| Issuance of 79,560,848 units (2016: 63,704,490 units)                                                                                                               | 4,299,027,999        | 3,323,156,149   |
| Redemption of 75,275,177 units (2016: 69,015,449 units)                                                                                                             | (4,147,553,103)      | (3,689,494,472) |
|                                                                                                                                                                     | 151,474,896          | (366,338,323)   |
| Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net                                       |                      |                 |
| - transferred to income statement                                                                                                                                   | 75,702,991           | 109,234,659     |
| - transferred to distribution statement                                                                                                                             | (16,606,139)         | 13,728,090      |
|                                                                                                                                                                     | 59,096,852           | 122,962,749     |
| Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed - transferred to distribution statement - net | 16,606,139           | (13,728,090)    |
| Gain on sale of investments classified as 'at fair value through profit or loss' - held-for-trading - net                                                           | 620,417              | 85,127,910      |
| Unrealised gain / (loss) on revaluation of investments classified as 'at fair value through profit or loss' - held-for-trading - net                                | 6,814,003            | (56,293,879)    |
| Reversal of unrealised diminution in the value of investments classified as 'available-for-sale'                                                                    | -                    | 5,142,645       |
| Other income (net of expenses)                                                                                                                                      | 44,834,332           | 64,183,750      |
| Total comprehensive income for the year                                                                                                                             | 52,268,752           | 98,160,426      |
| Interim distribution of cash dividend @ Rs 2.8811 (2016: Re 1.8737) per unit, approved on June 22, 2017                                                             | (44,385,151)         | (42,398,987)    |
| Total comprehensive income less distributions for the year                                                                                                          | 7,883,601            | 55,761,439      |
| <b>Net assets at the end of the year</b>                                                                                                                            | 1,739,721,426        | 1,504,659,938   |
| Net assets value per unit as at beginning of the year                                                                                                               | 53.0087              | 50.6291         |
| Net assets value per unit as at end of the year                                                                                                                     | 53.2500              | 53.0087         |

The annexed notes 1 to 24 and annexure form an integral part of these financial statements.

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

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

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

**ALFALAH GHP INCOME MULTIPLIER FUND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT**  
*FOR THE YEAR ENDED JUNE 30, 2017*

**1 LEGAL STATUS AND NATURE OF BUSINESS**

Alfalah GHP Income Multiplier Fund (the Fund) is an open-end collective investment scheme established through a Trust Deed under the Trust Act, 1882, executed between Alfalah GHP Investment Management Limited, (the Management Company) and Central Depository Company of Pakistan Limited, (the Trustee). The Trust Deed was executed on March 08, 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the NBFC (Establishment and Regulation) Rules, 2003 (NBFC Rules), on February 14, 2007. The SECP has approved second Supplemental Trust Deed, under the NBFC Regulations, vide its letter No. SCD/NBFC-II/AGIMF/573/2010 dated October 13, 2010 to modify and restate the previous Trust Deed to effectuate renaming of the Fund to Alfalah GHP Income Multiplier Fund.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate issued by the SECP on March 09, 2017. The registered office of the Management Company is situated at 8-B, 8th floor, Executive tower, Dolmen city, Block 4, Clifton, Karachi.

The Fund is categorised as a 'Aggressive fixed income scheme' pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund are being offered for public subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.

According to the trust deed, the objective of the Fund is to provide good total return through a combination of current income and long-term capital appreciation, consistent with reasonable investment risk in debt and money market securities. The Fund invests in debt instrument, money market securities and interest bearing accounts. The investment objectives and policy are explained in the Fund's offering document.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of AM2+ (stable outlook) to the Management Company on May 16, 2017 and A+(f) Stability rating to the Fund in its rating report dated December 09, 2016

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

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the 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 the IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The Directors of the asset management company declare that these financial statements give a true and fair view of the state of affairs of the Fund.

**2.2 Standards, Interpretations and amendments to published approved accounting standards that are effective in the current year**

There are certain new and amended standards and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2016 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

**2.3 Standards, Interpretations and amendments to published approved accounting standards that are not yet effective**

**2.3.1** There are certain new and amended standards and interpretations that are mandatory for the accounting period beginning on or after July 1, 2017 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

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

| <b>Standards, Interpretations or Amendments</b> | <b>Effective date (accounting period beginning on or after)</b> |
|-------------------------------------------------|-----------------------------------------------------------------|
| - IFRS-9 Financial Instruments                  | January 1, 2018                                                 |
| - IFRS-15 Revenue from contracts with customers | January 1, 2018                                                 |
| - IFRS-16 Leases                                | January 1, 2019                                                 |

2.3.3 The SECP vide its SRO 756(1) / 2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations, 2008 which will be applicable on the financial statements of the Fund from the accounting year ending on June 30, 2018. The notification includes a definition and explanation relating to “element of income” and excludes the element of income from the expression “accounting income” as described in Regulation 63 (Amount distributable to unit holders) of the NBFC Regulations, 2008. In addition there are certain changes in the disclosure requirements relating to the Income Statement and the Statement of Movement in Unit Holders’ Fund. The management is currently in the process of assessing the impact of these changes on the financial statements.

## 2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- Classification and valuation of investments (note 3.2 and 5)
- Impairment of financial assets (note 3.2.6)
- Taxation (note 3.6 and 15)
- Provision against Federal Excise Duty and Sindh Workers’ Welfare Fund (note 8.3 and 11.1 respectively)

## 2.5 Accounting convention

These financial statements have been prepared under the historical cost convention, except for certain investments which are stated at fair value.

## 2.6 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund’s functional and presentation currency.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

### 3.1 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

### 3.2 Financial assets

#### 3.2.1 Classification

The Fund classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. The management determines the appropriate classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

Investments are categorised as follows:

#### a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profits from short-term fluctuations in prices are classified as financial assets at fair value through profit or loss category. These include held for trading investments and such other investments that, upon initial recognition, are designated under this category.

#### b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

#### c) Available-for-sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) financial assets at fair value through profit or loss or (b) loans and receivables. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.



### 3.2.2 Derivatives

These are measured at fair value. Derivatives with positive fair values (unrealised gains) are included in fair value of derivative asset and derivatives with negative fair values (unrealised losses) are included in fair value of derivative liability in the statement of assets and liabilities. The resultant gains and losses are included in the income statement.

### 3.2.3 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

### 3.2.4 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed out in the income statement.

### 3.2.5 Subsequent measurement

#### a) Financial assets 'at fair value through profit or loss' and 'available for sale'

Subsequent to initial recognition, financial instruments classified as 'at fair value through profit or loss' and 'available-for-sale' are measured at fair value.

Gains or losses arising, from changes in the fair value and on sale of the financial assets 'at fair value through profit or loss' are recognised in the Income Statement.

Changes in the fair value of financial instruments classified as 'available-for-sale' are recognised in other comprehensive income until derecognised or impaired, when the accumulated fair value adjustments recognised in other comprehensive income are included in the Income Statement.

#### Basis of valuation

- The fair value of investments in Government securities is determined by reference to the quotations obtained from the PKRV rate sheet on the MUFAP website.
- Other debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its circular no. 33 of 2012 dated October 24, 2012 (which is essentially the same as contained in circular no. 1 of 2009 previously used). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

#### b) Loans and receivables

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortised cost using the effective yield method. Gains or losses are recognised in the income statement when the financial assets carried at amortised cost are derecognised or impaired.

### 3.2.6 Impairment

The Fund assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets are impaired. The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

A provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The provision against these amounts is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company in accordance with the requirements of the Securities and Exchange Commission of Pakistan. Impairment losses are recognised in the income statement.

### 3.2.7 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

### 3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.



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

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### **3.5 Provisions**

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

### **3.6 Taxation**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

### **3.7 Dividend distribution and appropriations**

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

### **3.8 Issue and redemption of units**

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, and charges on redemption, if applicable.

### **3.9 Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed**

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

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

### **3.10 Net asset value per unit**

The Net Asset Value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

### **3.11 Revenue recognition**

- Gain or loss on sale of investments is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss arising on revaluation of investments classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Profit / mark-up on bank balances, term deposit receipts, debt and government securities is recognised on an accrual basis using the effective interest method.

### **3.12 Expenses**

All expenses including management fee and trustee fee are recognised in the Income Statement on an accrual basis. Allocated expenses (note 8.4) are recognised upto a maximum of 0.1% of the average annual net assets of the Fund or actual, whichever is less.

### **3.13 Earnings per unit**

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

### 3.14 Margin Trading System

Transactions of purchase under Margin Trading System (MTS) of marketable securities are entered into contracted rates for specified periods of time. Securities purchased under MTS are not recognised in the Statement of Assets and Liabilities. The amount paid under such agreements is recognised as receivable in respect of MTS. Profit is recognised on an accrual basis using the effective interest method. Cash releases are adjusted against the receivable as a reduction in the amount of receivable. The maximum maturity of an MTS contract is 60 calendar days out of which 25 percent exposure is automatically released at expiry of every 15th day from the date of contract.

| 4 BANK BALANCES      | Note | 2017        | 2016        |
|----------------------|------|-------------|-------------|
| ----- (Rupees) ----- |      |             |             |
| In saving accounts   | 4.1  | 969,364,779 | 313,177,444 |

4.1 These balances in saving deposit accounts bear profit rates ranging from 5% to 6.6% per annum (2016: 5% to 6.45% per annum). This includes Rs 26.80 million (2016: Rs 310.96 million) placed with Bank Alfalah Limited (a related party).

| 5 INVESTMENTS                                                    | Note | 2017        | 2016          |
|------------------------------------------------------------------|------|-------------|---------------|
| ----- (Rupees) -----                                             |      |             |               |
| <b>'At fair value through profit or loss' - held-for-trading</b> |      |             |               |
| Term finance certificates                                        | 5.1  | 509,725,816 | 102,163,219   |
| Sukuk certificates                                               | 5.2  | 161,904,135 | 318,834,460   |
| Market Treasury Bills                                            | 5.3  | 59,676,360  | 99,010,901    |
| Pakistan Investment Bonds                                        | 5.4  | -           | 444,175,516   |
|                                                                  |      | 731,306,311 | 964,184,096   |
| <b>Available-for-sale</b>                                        |      |             |               |
| Term finance certificates                                        | 5.6  | -           | -             |
| <b>Loans and receivables</b>                                     |      |             |               |
| Term deposit receipts                                            |      | -           | 200,388,764   |
|                                                                  |      | 731,306,311 | 1,164,572,860 |

5.1 Term finance certificates (TFCs) - 'At fair value through profit or loss' - held-for-trading

| Name of the investee company             | Secured / Un-secured | Maturity       | Profit / mark-up rate | As at July 01, 2016                  | Purchased during the year | Sold / matured during the year | As at June 30, 2017  | Carrying value as at June 30, 2017 | Market value as at June 30, 2017 | Unrealised gain / (loss) | Market value as a percentage of net assets | Market value as a percentage of total investment | Market value as a percentage of issue size |
|------------------------------------------|----------------------|----------------|-----------------------|--------------------------------------|---------------------------|--------------------------------|----------------------|------------------------------------|----------------------------------|--------------------------|--------------------------------------------|--------------------------------------------------|--------------------------------------------|
|                                          |                      |                |                       | ----- (Number of certificates) ----- |                           |                                | ----- (Rupees) ----- |                                    |                                  |                          | ----- (%) -----                            |                                                  |                                            |
| Bank Alfalah Limited-V (a related party) | Unsecured            | February 2021  | 6M Kibor + 1.25%      | 1,225                                | -                         | -                              | 1,225                | 6,115,200                          | 6,289,763                        | 174,563                  | 0.36%                                      | 0.86%                                            | 0.13%                                      |
| NIB Bank Limited                         | Secured              | June 2022      | 6M Kibor + 1.15%      | 4,000                                | 3,000                     | -                              | 7,000                | 35,015,775                         | 35,433,163                       | 417,388                  | 2.04%                                      | 4.85%                                            | 0.89%                                      |
| Askari Bank Limited                      | Unsecured            | September 2024 | 6M Kibor + 1.20%      | 10,000                               | -                         | -                              | 10,000               | 50,079,262                         | 50,950,116                       | 870,854                  | 2.93%                                      | 6.97%                                            | 1.27%                                      |
| Jahangir Siddiqui and Company Limited    | Secured              | May 2021       | 6M Kibor + 1.65%      | 5,000                                | 5,000                     | -                              | 10,000               | 50,312,500                         | 51,294,169                       | 981,669                  | 2.95%                                      | 7.01%                                            | 5.13%                                      |
| Habib Bank Limited                       | Unsecured            | February 2026  | 6M Kibor + 0.50%      | -                                    | 2,300                     | 1,000                          | 1,300                | 129,138,174                        | 130,272,870                      | 1,134,696                | 7.49%                                      | 17.81%                                           | 1.30%                                      |
| JS Bank Limited                          | Secured              | December 2023  | 6M Kibor + 1.40%      | -                                    | 9,600                     | -                              | 9,600                | 48,000,000                         | 48,352,284                       | 352,284                  | 2.78%                                      | 6.61%                                            | 1.61%                                      |
| Standard Chartered Bank Pakistan         | Unsecured            | June 2022      | 6M Kibor + 0.75%      | -                                    | 11,100                    | -                              | 11,100               | 55,555,800                         | 55,664,750                       | 108,950                  | 3.20%                                      | 7.61%                                            | 2.78%                                      |
| The Bank of Punjab                       | Unsecured            | December 2026  | 6M Kibor + 1.00%      | -                                    | 1,300                     | -                              | 1,300                | 130,578,500                        | 131,468,701                      | 890,201                  | 7.56%                                      | 17.98%                                           | 5.26%                                      |
| <b>As at June 30, 2017</b>               |                      |                |                       |                                      |                           |                                |                      | <b>504,795,211</b>                 | <b>509,725,816</b>               | <b>4,930,605</b>         | <b>29.31%</b>                              | <b>69.70%</b>                                    |                                            |
| <b>As at June 30, 2016</b>               |                      |                |                       |                                      |                           |                                |                      | <b>101,026,625</b>                 | <b>102,163,219</b>               | <b>1,136,594</b>         | <b>6.79%</b>                               | <b>8.78%</b>                                     |                                            |

5.2 Sukuk certificates - 'At fair value through profit or loss' - held-for-trading

| Name of the investee company  | Secured / Un-secured | Maturity       | Profit / mark-up rate | As at July 01, 2016                  | Purchased during the year | Sold / Matured during the year | As at June 30, 2017  | Carrying value as at June 30, 2017 | Market value as at June 30, 2017 | Unrealised gain / (loss) | Market value as a percentage of net assets | Market value as a percentage of total investment | Market value as a percentage of issue size |
|-------------------------------|----------------------|----------------|-----------------------|--------------------------------------|---------------------------|--------------------------------|----------------------|------------------------------------|----------------------------------|--------------------------|--------------------------------------------|--------------------------------------------------|--------------------------------------------|
|                               |                      |                |                       | ----- (Number of certificates) ----- |                           |                                | ----- (Rupees) ----- |                                    |                                  |                          | ----- (%) -----                            |                                                  |                                            |
| Engro Fertilizer Limited      | Secured              | July 2019      | 6M Kibor + 1.75%      | 16,000                               | -                         | -                              | 16,000               | 65,017,900                         | 66,132,386                       | 1,114,486                | 3.80%                                      | 9.04%                                            | 2.07%                                      |
| Byco Oil Pakistan Limited     | Secured              | January 2022   | 3M KIBOR + 1.05%      | -                                    | 2,100                     | 1,300                          | 800                  | 80,000,000                         | 80,000,000                       | -                        | 4.60%                                      | 10.94%                                           | 2.56%                                      |
| TPL Trakker Limited           | Secured              | April 2021     | 12M Kibor + 3.00%     | 15                                   | -                         | -                              | 15                   | 15,000,000                         | 15,771,749                       | 771,749                  | 0.91%                                      | 2.16%                                            | 2.63%                                      |
| K-Electric Limited (Sukuk II) | Secured              | March 19, 2017 | 3M KIBOR + 2.25%      | 8,000                                | -                         | 8,000                          | -                    | -                                  | -                                | -                        | -                                          | -                                                | -                                          |
| Hascal Petroleum Limited      | Secured              | January 2022   | 6M Kibor + 1.50%      | 20,000                               | -                         | 20,000                         | -                    | -                                  | -                                | -                        | -                                          | -                                                | -                                          |
| Engro Fertilizer Limited      | Secured              | November 2016  | 6M Kibor + 0.40%      | 84                                   | -                         | 84                             | -                    | -                                  | -                                | -                        | -                                          | -                                                | -                                          |
| Meezan Bank Limited           | Secured              | September 2026 | 6M Kibor + 0.50%      | -                                    | 100                       | 100                            | -                    | -                                  | -                                | -                        | -                                          | -                                                | -                                          |
| <b>As at June 30, 2017</b>    |                      |                |                       |                                      |                           |                                |                      | <b>160,017,900</b>                 | <b>161,904,135</b>               | <b>1,886,235</b>         | <b>9.31%</b>                               | <b>22.14%</b>                                    |                                            |
| <b>As at June 30, 2016</b>    |                      |                |                       |                                      |                           |                                |                      | <b>315,082,264</b>                 | <b>318,834,460</b>               | <b>3,752,196</b>         | <b>21.19%</b>                              | <b>27.38%</b>                                    |                                            |

5.3 Market Treasury Bills - 'At fair value through profit or loss' - held-for-trading

| Particulars             | As at July 01, 2016      | Purchased during the year | Sold / matured during the year | As at June 30, 2017 | Carrying value as at June 30, 2017 | Market value as at June 30, 2017 | Unrealised gain / (loss) | Market value as a percentage of net assets | Market value as a percentage of total investment |
|-------------------------|--------------------------|---------------------------|--------------------------------|---------------------|------------------------------------|----------------------------------|--------------------------|--------------------------------------------|--------------------------------------------------|
|                         | ----- (Face Value) ----- |                           |                                |                     | ----- (Rupees) -----               |                                  |                          | ----- (%) -----                            |                                                  |
| Maturity upto 3 months  | -                        | 1,160,730,000             | 1,160,130,000                  | 600,000             | 59,679,197                         | 59,676,360                       | (2,837)                  | 3.43%                                      | 8.16%                                            |
| Maturity upto 6 months  | 1,000,000                | 6,500,000                 | 7,500,000                      | -                   | -                                  | -                                | -                        | -                                          | -                                                |
| Maturity upto 12 months | -                        | 3,000,000                 | 3,000,000                      | -                   | -                                  | -                                | -                        | -                                          | -                                                |
| As at June 30, 2017     |                          |                           |                                |                     | 59,679,197                         | 59,676,360                       | (2,837)                  | 3.43%                                      | 8.16%                                            |
| As at June 30, 2016     |                          |                           |                                |                     | 98,981,429                         | 99,010,901                       | 29,472                   | 7.00%                                      | 9.00%                                            |

5.3.1 These represent market treasury bills having face value of Rs 60 million (2016: Rs. 100 million) carrying purchase yield of 5.99% (2016: 6.18%) per annum. The treasury bills have maturity upto August 03, 2017 (2016: September 01, 2016).

5.4 Pakistan investment bonds - 'At fair value through profit or loss' - held-for-trading

| Particulars            | As at July 01, 2016                  | Purchased during the year | Sold / matured during the year | As at June 30, 2017 | Carrying value as at June 30, 2017 | Market value as at June 30, 2017 | Unrealised gain / (loss) | Unrealised appreciation on revaluation | Market value as a percentage of net assets | Market value as a percentage of total investment |
|------------------------|--------------------------------------|---------------------------|--------------------------------|---------------------|------------------------------------|----------------------------------|--------------------------|----------------------------------------|--------------------------------------------|--------------------------------------------------|
|                        | ----- (Number of certificates) ----- |                           |                                |                     | ----- (Rupees) -----               |                                  |                          |                                        | ----- (%) -----                            |                                                  |
| Maturity upto 05 Years | 1,350,000                            | -                         | 1,350,000                      | -                   | -                                  | -                                | -                        | -                                      | -                                          | -                                                |
| Maturity upto 10 Years | 2,500,000                            | 250,000                   | 2,750,000                      | -                   | -                                  | -                                | -                        | -                                      | -                                          | -                                                |
| As at June 30, 2017    |                                      |                           |                                |                     |                                    |                                  |                          |                                        |                                            |                                                  |
| As at June 30, 2016    |                                      |                           |                                |                     | 419,306,745                        | 444,175,516                      | 24,868,771               | 24,868,771                             | 29.00%                                     | 38.00%                                           |

5.4.1 These represent Pakistan Investment Bonds having face value of Nil (2016: Rs 385 million) and carrying purchase yield of Nil (2016: 6.08% to 7.57%) per annum.

5.5 Unrealised gain / (loss) on revaluation of investments classified as 'at fair value through profit or loss' - held-for-trading - net

|                                                   | Note                  | 2017                 | 2016            |
|---------------------------------------------------|-----------------------|----------------------|-----------------|
|                                                   |                       | ----- (Rupees) ----- |                 |
| Market value of investments as at June 30         | 5.1, 5.2, 5.3 and 5.4 | 731,306,311          | 964,184,096     |
| Less: Carrying value of investments as at June 30 | 5.1, 5.2, 5.3 and 5.4 | (724,492,308)        | (1,020,477,975) |
|                                                   |                       | 6,814,003            | (56,293,879)    |

5.6 Term finance certificates (TFCs) - Available-for-sale

| Name of the investee company                      | Secured / Un-secured | Maturity      | Profit / mark-up rate | As at July 01, 2016                  | Purchased during the year | Sold / matured during the year | As at June 30, 2017 | Carrying value as at June 30, 2017 | Market value as at June 30, 2017 | Impairment in the value of investment | Market value as a percentage of net assets | Market value as a percentage of total investment | Market value as a percentage of issue size |
|---------------------------------------------------|----------------------|---------------|-----------------------|--------------------------------------|---------------------------|--------------------------------|---------------------|------------------------------------|----------------------------------|---------------------------------------|--------------------------------------------|--------------------------------------------------|--------------------------------------------|
|                                                   |                      |               |                       | ----- (Number of certificates) ----- |                           |                                |                     | ----- (Rupees) -----               |                                  |                                       | ----- (%) -----                            |                                                  |                                            |
| Trust Investment Bank Limited (note 5.6.1)        | Unsecured            | July 2013     | 6M KIBOR + 1.85%      | 8,000                                | -                         | -                              | 8,000               | 14,994,000                         | -                                | 14,994,000                            | -                                          | -                                                | -                                          |
| Security Leasing Corporation Limited (note 5.6.2) | Secured              | March 2014    | 6.00%                 | 2,000                                | -                         | -                              | 2,000               | 1,557,300                          | -                                | 1,557,300                             | -                                          | -                                                | -                                          |
| Agritech Limited (note 5.6.3)                     | Secured              | November 2017 | 6M KIBOR + 1.75%      | 17,950                               | -                         | -                              | 17,950              | 89,666,353                         | -                                | 89,666,353                            | -                                          | -                                                | -                                          |
| Agritech Limited-IV (note 5.6.4)                  | Secured              | January 2015  | Zero Coupon           | 4,094                                | -                         | -                              | 4,094               | 20,470,000                         | -                                | 20,470,000                            | -                                          | -                                                | -                                          |
| As at June 30, 2017                               |                      |               |                       |                                      |                           |                                |                     | 126,687,653                        | -                                | 126,687,653                           |                                            |                                                  |                                            |
| As at June 30, 2016                               |                      |               |                       |                                      |                           |                                |                     | 126,687,653                        | -                                | 126,687,653                           |                                            |                                                  |                                            |

5.6.1 These term finance certificates defaulted on their payment of principal and mark-up due on July 04, 2012. Consequently, the security was classified as non-performing by MUFAP on October 18, 2012. Accordingly, accrual of mark-up on these TFCs has been suspended and mark-up due amounting Rs 1.437 million has been reversed and full provision has been made in accordance with the requirements of SECP circulars and directives issued from time to time and the Board's approved provisioning policy.

5.6.2 These term finance certificates have been rescheduled in the past, however, the security was again classified as 'non-performing' by MUFAP on August 15, 2014 and, accordingly, was provided for in full in accordance with the requirements of SECP circulars and the Board's approved provisioning policy.

5.6.3 In prior years, a restructuring agreement was signed between Agritech Limited and the Investment Agent of the term finance certificates, whereby, certain terms included in the original trust deed dated November 15, 2007 were amended, including the repayment period which was extended from November 29, 2014 to November 29, 2017. Consequently, the security was classified as non-performing by MUFAP on June 14, 2010 and accrual on these TFCs was suspended. Accordingly, the security has been fully provided in accordance with the requirements of SECP circulars and directives issued from time to time and the Board's approved provisioning policy.

5.6.4 This represents additional certificates of Agritech Limited received by the Fund through restructuring agreement reached between lenders and Agritech Limited. Under such agreement, outstanding mark up due on May 29, 2011 and July 13, 2011 against 1st and 2nd Issue respectively amounting to Rs 20.47 million was settled in the form of certificates valuing Rs 20.47 million. This investment has been fully provided since these have been received in lieu of suspended overdue mark-up to be recognised to income upon realisation.

|                                                                                                     | Note | 2017                 | 2016               |
|-----------------------------------------------------------------------------------------------------|------|----------------------|--------------------|
|                                                                                                     |      | ----- (Rupees) ----- |                    |
| <b>5.7 Particulars of impairment in the value of investments classified as 'available-for-sale'</b> |      |                      |                    |
| Opening balance                                                                                     |      | 126,687,653          | 126,687,653        |
| Add: Provision for the year                                                                         |      | -                    | -                  |
| Closing balance                                                                                     |      | <u>126,687,653</u>   | <u>126,687,653</u> |
| <b>6 SECURITY DEPOSITS</b>                                                                          |      |                      |                    |
| Central Depository Company of Pakistan Limited (CDC)                                                |      | 100,000              | 100,000            |
| National Clearing Company of Pakistan Limited (NCCPL)                                               |      | <u>2,750,000</u>     | <u>2,750,000</u>   |
|                                                                                                     |      | <u>2,850,000</u>     | <u>2,850,000</u>   |
| <b>7 MARK-UP AND OTHER RECEIVABLES</b>                                                              |      |                      |                    |
| Mark-up receivable on:                                                                              |      |                      |                    |
| - Term finance certificates                                                                         |      | 9,330,145            | 1,419,332          |
| - Sukuk certificates                                                                                |      | 3,934,063            | 10,440,626         |
| - Bank balances                                                                                     |      | 3,737,655            | 1,058,121          |
| - Margin trading system                                                                             |      | 475,798              | 595,176            |
| - Pakistan Investment Bonds                                                                         |      | -                    | 13,636,772         |
| Security margin with National Clearing Company of Pakistan Limited                                  |      | <u>2,036,710</u>     | <u>1,450,334</u>   |
|                                                                                                     |      | <u>19,514,371</u>    | <u>28,600,361</u>  |
| <b>8 PAYABLE TO THE MANAGEMENT COMPANY</b>                                                          |      |                      |                    |
| Management remuneration payable                                                                     | 8.1  | 1,829,178            | 2,269,444          |
| Sindh sales tax payable on management remuneration                                                  | 8.2  | 1,910,808            | 1,990,738          |
| Federal excise duty payable on management remuneration                                              | 8.3  | 11,439,981           | 11,439,981         |
| Payable against allocated expenses                                                                  | 8.4  | 1,023,129            | 1,451,577          |
| Sales load payable                                                                                  |      | <u>1,514,904</u>     | <u>1,514,904</u>   |
|                                                                                                     |      | <u>17,718,000</u>    | <u>18,666,644</u>  |

**8.1** The Management Company has charged remuneration at a rate of 1.25% of average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.

**8.2** During the year, Sindh Sales Tax on management remuneration has been charged at the rate of 13% (2016: 14%).

**8.3** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On September 4, 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 11.44 million (2016: Rs 11.44 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2017 would have been higher by Re 0.35 per unit (2016: Re 0.40 per unit).

**8.4** In accordance with the provisions of the NBFC Regulations, 2008 (as amended vide S.R.O 1160(I) / 2015 dated November 25, 2015), the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund upto a maximum of 0.1% of the average annual net assets of the Scheme or actual, whichever is less. Accordingly, the Management Company has charged expenses at the rate of 0.1% per annum of the average annual net assets of the Fund being lower than actual expenses chargeable to the Fund for the year.

| <b>9 PAYABLE TO THE TRUSTEE</b>                 | <b>Note</b> | <b>2017</b>          | <b>2016</b>    |
|-------------------------------------------------|-------------|----------------------|----------------|
|                                                 |             | ----- (Rupees) ----- |                |
| Trustee remuneration payable                    | 9.1         | 142,074              | 445,145        |
| Sindh Sales Tax payable on trustee remuneration | 9.2         | 24,955               | 69,306         |
|                                                 |             | <u>167,029</u>       | <u>514,451</u> |

9.1 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:

| <b>Average net asset value</b> | <b>Tariff per annum</b>                                                   |
|--------------------------------|---------------------------------------------------------------------------|
| Up to Rs 1 billion             | 0.17% per annum of net assets                                             |
| Rs 1 billion to Rs 5 billion   | Rs 1.7 million plus 0.085% per annum of net assets exceeding Rs 1 billion |

9.2 During the year, Sindh Sales Tax on trustee remuneration has been charged at the rate of 13% (2016: 14%).

## 10 ANNUAL FEE PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.075 percent of the average annual net assets of the Fund.

| <b>11 ACCRUED AND OTHER LIABILITIES</b>       | <b>Note</b> | <b>2017</b>          | <b>2016</b>       |
|-----------------------------------------------|-------------|----------------------|-------------------|
|                                               |             | ----- (Rupees) ----- |                   |
| Provision against Sindh Workers' Welfare Fund | 11.1        | 2,904,102            | -                 |
| Provision against Workers' Welfare Fund       | 11.1        | -                    | 11,471,327        |
| Auditors' remuneration payable                |             | 488,167              | 523,375           |
| Brokerage payable                             |             | 7,640                | 76,630            |
| Settlement charges payable                    |             | -                    | 6,580             |
| Withholding tax payable                       |             | 10,807,156           | 9,397,250         |
| Printing charges payable                      |             | 75,283               | 44,110            |
| Other payables                                |             | 2,518,066            | 3,895,371         |
|                                               |             | <u>16,800,414</u>    | <u>25,414,643</u> |

11.1 The Finance Act, 2008 had introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeded Rs 0.5 million in a tax year were 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 was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court (SHC) challenging the applicability of WWF on CISs which is pending adjudication. Similar cases were disposed of by the Peshawar and the Lahore High Courts in which these amendments were declared unlawful and unconstitutional. However, these decisions were challenged in the Supreme Court of Pakistan.

Subsequently, the Finance Act, 2015 introduced an amendment under which CISs / mutual funds have been excluded from the definition of "industrial establishment" subject to WWF under the WWF Ordinance. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable from tax year 2016. Accordingly, no further provision in respect of WWF was made with effect from July 1, 2015.

On November 10, 2016 the Supreme Court of Pakistan (SCP) has passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter are still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) has taken legal and tax opinions on the impact of the SCP judgement on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the 'very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

Furthermore, as a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF.



In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds, MUFAP had recommended the following to all its members on January 12, 2017:

- based on legal opinion, the entire provision against WWF held by the CISs till June 30 2015, to be reversed on January 12, 2017; and
- as a matter of abundant caution provision in respect of SWWF is being made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e., starting from May 21, 2015).

Accordingly, on January 12, 2017 the provision for WWF was reversed and the provision for SWWF was made for the period from May 21, 2015 to January 12, 2017. Thereafter, the provision for SWWF is being made by the Fund on a daily basis going forward.

The above decisions were communicated to the Securities and Exchange Commission of Pakistan (SECP) and the Pakistan Stock Exchange Limited on January 12, 2017. The SECP vide its letter dated February 1, 2017 had advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs / mutual funds. Accordingly, necessary adjustments in this respect were recorded in the books of the Funds on January 12, 2017.

Had the provision for SWWF not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2017 would have been higher by Re 0.09 per unit.

## 12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2017.

## 13 PROFIT / MARK-UP INCOME

Profit / mark-up income on:

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

|                                                    |            |             |
|----------------------------------------------------|------------|-------------|
| - Sukuk certificates and term finance certificates | 42,355,677 | 22,598,837  |
| - Market Treasury Bills                            | 14,768,449 | 52,426,831  |
| - Pakistan Investment Bonds                        | 8,836,430  | 123,624,745 |

### 'Available-for-sale'

|                             |   |           |
|-----------------------------|---|-----------|
| - Term finance certificates | - | 9,747,491 |
|-----------------------------|---|-----------|

### Loans and receivables

|                         |                    |                    |
|-------------------------|--------------------|--------------------|
| - Term deposit receipts | 13,213,461         | 5,711,709          |
| - Bank balances         | 58,238,149         | 8,490,955          |
| - Margin trading system | 19,035,352         | 3,632,600          |
|                         | <u>156,447,518</u> | <u>226,233,168</u> |

## 14 AUDITORS' REMUNERATION

|                                 |                |                |
|---------------------------------|----------------|----------------|
| Audit fee                       | 332,750        | 332,750        |
| Review and other certifications | 226,270        | 226,270        |
| Sindh sales tax                 | 33,541         | 33,541         |
| Out of pocket expenses          | 51,664         | 66,239         |
|                                 | <u>644,225</u> | <u>658,800</u> |

## 15 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations, requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Management Company has distributed the income earned by the Fund during the year to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements.

## 16 TOTAL EXPENSE RATIO

The total expense ratio of the Fund for the year ended June 30, 2017 is 1.99% which includes 0.29% representing Government levy, Workers' Welfare Fund and SECP fee.

| 17 CASH AND CASH EQUIVALENTS                  | 2017                 | 2016               |
|-----------------------------------------------|----------------------|--------------------|
|                                               | ----- (Rupees) ----- |                    |
| Bank balances                                 | 969,364,779          | 313,177,444        |
| Treasury bills maturing within 3 months       | 59,676,360           | -                  |
| Term deposit receipt maturing within 3 months | -                    | 200,388,764        |
|                                               | <u>1,029,041,139</u> | <u>513,566,208</u> |

## 18 TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include Alfalah GHP Investment Management Limited being the Management Company, Funds under management of the Management Company, GHP Beteiligungen Holding Limited, Bank Alfalah Limited and MAB Investment Incorporated being associated companies of Management Company, Bank Alfalah Limited - Employees' Provident Fund, Bank Alfalah Limited - Employees' Gratuity Fund, Alfalah GHP Investment Management Limited - Staff Provident Fund, directors and key management personnel of Alfalah GHP Investment Management Limited and Central Depository Company of Pakistan Limited (CDC) being the trustee of the Fund, and other associated companies and connected persons. Connected persons also includes any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund. The transactions with connected persons are in the normal course of business and at contractual rates.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investment and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

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

### 18.1 Unit Holder's Fund

|                                              | Note   | June 30, 2017       |                                               |                       |                                          |                      |                     |                                               |                       |                                          |                                     |
|----------------------------------------------|--------|---------------------|-----------------------------------------------|-----------------------|------------------------------------------|----------------------|---------------------|-----------------------------------------------|-----------------------|------------------------------------------|-------------------------------------|
|                                              |        | As at July 01, 2016 | Issued for cash / conversion in / transfer in | Dividend reinvestment | Redeemed / conversion out / transfer out | As at June 30, 2017  | As at July 01, 2016 | Issued for cash / conversion in / transfer in | Dividend reinvestment | Redeemed / conversion out / transfer out | Net asset value as at June 30, 2017 |
|                                              |        | ----- Units -----   |                                               |                       |                                          | ----- (Rupees) ----- |                     |                                               |                       |                                          |                                     |
| <b>Associated companies / undertakings</b>   |        |                     |                                               |                       |                                          |                      |                     |                                               |                       |                                          |                                     |
| Banl Alfalah Limited                         | 18.1.1 | 5,481,236           | -                                             | -                     | 5,481,236                                | -                    | 290,553,172         | -                                             | -                     | 305,948,318                              | -                                   |
| Alfalah Insurance Company Limited            | 18.1.1 | -                   | 754,202                                       | -                     | 754,202                                  | -                    | -                   | 40,000,000                                    | -                     | 40,764,610                               | -                                   |
| Alfalah GHP Investment Management Limited    | 18.1.1 | -                   | 447,939                                       | 24,271                | 6,068                                    | 466,142              | 78,355,062          | 25,000,000                                    | 1,290,556             | -                                        | 24,822,062                          |
| Alfalah GHP Prosperity Planning Fund*        | 18.1.1 | 1,471,457           | 5,129,820                                     | 184,764               | 3,191,373                                | 3,594,668            | 78,000,000          | 280,000,000                                   | 9,824,273             | 176,000,000                              | 191,416,071                         |
| <b>Key management personnel</b>              |        |                     |                                               |                       |                                          |                      |                     |                                               |                       |                                          |                                     |
| <b>Employees</b>                             |        |                     |                                               |                       |                                          |                      |                     |                                               |                       |                                          |                                     |
| Financial controller                         |        | -                   | 28,251                                        | -                     | 28,251                                   | -                    | -                   | 1,523,808                                     | -                     | 1,532,421                                | -                                   |
| Assistant Vice President - Compliance        |        | -                   | 1,043                                         | -                     | 1,043                                    | -                    | -                   | 56,000                                        | -                     | 56,398                                   | -                                   |
| <b>Unit holder holding 10% or more units</b> |        |                     |                                               |                       |                                          |                      |                     |                                               |                       |                                          |                                     |
| Fauji Fertilizer Bin Qasim Limited           | 18.1.1 | -                   | 13,286,562                                    | -                     | 6,468,676                                | 6,817,886            | -                   | 713,065,380                                   | -                     | 362,232,266                              | 363,052,430                         |
| Barret Hodgson Pakistan (Private) Limited    | 18.1.1 | -                   | 3,498,589                                     | -                     | -                                        | 3,498,589            | -                   | 186,306,492                                   | -                     | -                                        | 186,299,864                         |



June 30, 2016

|                                                                                 | As at<br>July 01,<br>2015 | Issued<br>for cash /<br>conversion in /<br>transfer in | Dividend<br>reinvestment | Redeemed /<br>conversion out<br>/ transfer out | As at June<br>30, 2016 | As at<br>July 01, 2015 | Issued<br>for cash /<br>conversion in /<br>transfer in | Dividend<br>reinvestment | Redeemed /<br>conversion<br>out / transfer<br>out | Net asset<br>value as at<br>June 30, 2016 |
|---------------------------------------------------------------------------------|---------------------------|--------------------------------------------------------|--------------------------|------------------------------------------------|------------------------|------------------------|--------------------------------------------------------|--------------------------|---------------------------------------------------|-------------------------------------------|
|                                                                                 | Units                     |                                                        |                          |                                                | (Rupees)               |                        |                                                        |                          |                                                   |                                           |
| <b>Associated companies / undertakings</b>                                      |                           |                                                        |                          |                                                |                        |                        |                                                        |                          |                                                   |                                           |
| Bank Alfalah Limited                                                            | 5,481,236                 | -                                                      | -                        | -                                              | 5,481,236              | 277,510,024            | -                                                      | -                        | -                                                 | 290,553,172                               |
| Alfalah GHP Prosperity Planning Fund                                            | -                         | 5,703,316                                              | -                        | 4,231,860                                      | 1,471,457              | -                      | 309,890,275                                            | -                        | 238,968,691                                       | 78,000,000                                |
| <b>Key management personnel (Employees)</b>                                     |                           |                                                        |                          |                                                |                        |                        |                                                        |                          |                                                   |                                           |
| Head of Sales                                                                   | -                         | 13,799                                                 | -                        | 13,799                                         | -                      | -                      | -                                                      | -                        | -                                                 | -                                         |
| Head of Retail Sales                                                            | -                         | 12,753                                                 | -                        | 12,753                                         | -                      | -                      | -                                                      | -                        | -                                                 | -                                         |
| <b>Unit holder holding 10% or more units</b>                                    |                           |                                                        |                          |                                                |                        |                        |                                                        |                          |                                                   |                                           |
| Society for the Promotion of Engineering<br>Sciences and Technology in Pakistan | 3,800,047                 | 2,879,962                                              | -                        | 1,407,374                                      | 5,272,636              | 192,392,960            | 153,815,456                                            | -                        | 72,586,890                                        | 279,495,554                               |
| Pak China Investment Company Limited                                            | -                         | 7,616,504                                              | -                        | 3,843,538                                      | 3,772,966              | -                      | 415,374,369                                            | -                        | 223,983,103                                       | 200,000,000                               |
| Lahore University of Management Sciences (LUMS)                                 | -                         | 3,803,677                                              | -                        | 1,058,547                                      | 2,745,130              | -                      | 200,329,794                                            | -                        | 54,814,029                                        | 145,515,765                               |

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

18.1.1 This reflects the position of related party / connected persons status as at June 30, 2017.

## 18.2 Other transactions

### Associated companies / undertakings

#### Alfalah GHP Investment Management Limited - Management Company

|                                                               | 2017       | 2016          |
|---------------------------------------------------------------|------------|---------------|
|                                                               | (Rupees)   |               |
| Remuneration of the Management Company                        | 28,452,705 | 32,907,518    |
| Sindh sales tax on remuneration of the Management Company     | 3,698,847  | 5,346,504     |
| Federal excise duty on remuneration of the Management Company | -          | 5,267,481     |
| Allocated expenses                                            | 2,276,114  | 1,560,488     |
| <b>Bank Alfalah Limited</b>                                   |            |               |
| Mark-up on bank balances                                      | 4,561,186  | 5,024,936     |
| Bank charges                                                  | 87,521     | 91,224        |
| Mark-up income on term finance certificates                   | 450,426    | 506,205       |
| Mark-up income on term deposit receipts                       | 1,827,205  | 1,620,274     |
| Market Treasury Bills - purchased                             | -          | 1,713,921,100 |
| Pakistan Investment Bonds - purchased                         | -          | 166,423,000   |
| Pakistan Investment Bonds - sold                              | -          | 108,858,650   |

#### Alfalah GHP Income Fund

|                                       |            |            |
|---------------------------------------|------------|------------|
| Market Treasury Bills - purchased     | -          | 59,695,320 |
| Market Treasury Bills - sold          | -          | 19,824,000 |
| Term finance certificates - purchased | 40,375,422 | -          |
| Sukuk certificates - sold             | 50,000,000 | -          |

#### Alfalah GHP Money Market Fund

|                                   |            |             |
|-----------------------------------|------------|-------------|
| Market Treasury Bills - purchased | 49,722,550 | 68,968,480  |
| Market Treasury Bills - sold      | -          | 178,336,350 |

|                                                                 | 2017                 | 2016        |
|-----------------------------------------------------------------|----------------------|-------------|
|                                                                 | ----- (Rupees) ----- |             |
| <b>Alfalsh GHP Cash Fund</b>                                    |                      |             |
| Market Treasury Bills - purchased                               | 44,557,920           | -           |
| Market Treasury Bills - sold                                    | -                    | 248,156,165 |
| <b>Alfalsh GHP Sovereign Fund</b>                               |                      |             |
| Term finance certificates - purchased                           | 161,074,300          | -           |
| Term finance certificates - sold                                | 99,908,300           | -           |
| Market Treasury Bills - purchased                               | 27,937,081           | 209,565,940 |
| Market Treasury Bills - sold                                    | 49,702,250           | 252,018,610 |
| <b>Alfalsh GHP Islamic Income Fund</b>                          |                      |             |
| Sukuk certificates - sold                                       | 281,117,550          | -           |
| <b>Other related parties</b>                                    |                      |             |
| <b>Central Depository Company of Pakistan Limited - Trustee</b> |                      |             |
| Remuneration of the Trustee                                     | 2,782,529            | 3,087,715   |
| Sales tax on Trustee fee                                        | 361,728              | 432,282     |
| CDS charges                                                     | 453,601              | 93,985      |

### 18.3 Other balances

|                                                                       | 2017                 | 2016        |
|-----------------------------------------------------------------------|----------------------|-------------|
|                                                                       | ----- (Rupees) ----- |             |
| <b>Associated companies / undertakings</b>                            |                      |             |
| <b>Alfalsh GHP Investment Management Limited - Management Company</b> |                      |             |
| Management remuneration payable                                       | 1,829,178            | 2,269,444   |
| Sindh sales tax payable on management remuneration                    | 1,910,808            | 1,990,738   |
| Federal excise duty payable on management remuneration                | 11,439,981           | 11,439,981  |
| Payable against allocated expenses                                    | 1,023,129            | 1,451,577   |
| Sales load payable                                                    | 1,514,904            | 1,514,904   |
| <b>Bank Alfalah Limited</b>                                           |                      |             |
| Bank balance                                                          | 26,798,760           | 310,957,489 |
| Mark-up receivable on bank deposits                                   | 257,282              | 483,286     |
| Mark-up income receivable on term finance certificates                | 162,100              | 168,281     |
| <b>Other related parties</b>                                          |                      |             |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>       |                      |             |
| Trustee remuneration payable                                          | 142,074              | 445,145     |
| Sindh Sales Tax payable on trustee remuneration                       | 24,955               | 69,306      |
| Security deposit                                                      | 100,000              | 100,000     |

### 19 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2017, all the financial assets carried on the statement of assets and liabilities are categorised either as loans and receivables or financial assets at fair value through profit or loss. All the financial liabilities carried on the statement of assets and liabilities are categorised as financial liabilities measured at amortised cost.

| Particulars | June 30, 2017         |                                                         |                    |       |
|-------------|-----------------------|---------------------------------------------------------|--------------------|-------|
|             | Loans and receivables | Financial assets 'at fair value through profit or loss' | Available for sale | Total |

----- (Rupees) -----

**Financial assets**

|                                                |                      |                    |          |                      |
|------------------------------------------------|----------------------|--------------------|----------|----------------------|
| Bank balances                                  | 969,364,779          | -                  | -        | 969,364,779          |
| Investments                                    | -                    | 731,306,311        | -        | 731,306,311          |
| Security deposits                              | 2,850,000            | -                  | -        | 2,850,000            |
| Mark-up and other receivables                  | 19,514,371           | -                  | -        | 19,514,371           |
| Receivable against Margin Trading System (MTS) | 53,078,557           | -                  | -        | 53,078,557           |
|                                                | <u>1,044,807,707</u> | <u>731,306,311</u> | <u>-</u> | <u>1,776,114,018</u> |

| Particulars | June 30, 2017                                      |                                                  |       |
|-------------|----------------------------------------------------|--------------------------------------------------|-------|
|             | Liabilities 'at fair value through profit or loss' | Financial liabilities measured at amortised cost | Total |

----- (Rupees) -----

**Financial liabilities**

|                                   |          |                  |                  |
|-----------------------------------|----------|------------------|------------------|
| Payable to the Management Company | -        | 4,367,211        | 4,367,211        |
| Payable to the Trustee            | -        | 142,074          | 142,074          |
| Accrued and other liabilities     | -        | 571,090          | 571,090          |
|                                   | <u>-</u> | <u>5,080,375</u> | <u>5,080,375</u> |

| Particulars | June 30, 2016         |                                                         |                    |       |
|-------------|-----------------------|---------------------------------------------------------|--------------------|-------|
|             | Loans and receivables | Financial assets 'at fair value through profit or loss' | Available for sale | Total |

----- (Rupees) -----

**Financial assets**

|                                                |                    |                    |                    |                      |
|------------------------------------------------|--------------------|--------------------|--------------------|----------------------|
| Bank balances                                  | 313,177,444        | -                  | -                  | 313,177,444          |
| Investments                                    | -                  | 964,184,096        | 200,388,764        | 1,164,572,860        |
| Security deposits                              | 2,850,000          | -                  | -                  | 2,850,000            |
| Mark-up and other receivables                  | 28,600,361         | -                  | -                  | 28,600,361           |
| Receivable against Margin Trading System (MTS) | 42,029,438         | -                  | -                  | 42,029,438           |
|                                                | <u>386,657,243</u> | <u>964,184,096</u> | <u>200,388,764</u> | <u>1,551,230,103</u> |

| Particulars | June 30, 2016                                      |                                                  |       |
|-------------|----------------------------------------------------|--------------------------------------------------|-------|
|             | Liabilities 'at fair value through profit or loss' | Financial liabilities measured at amortised cost | Total |

----- (Rupees) -----

**Financial liabilities**

|                                   |          |                  |                  |
|-----------------------------------|----------|------------------|------------------|
| Payable to the Management Company | -        | 5,235,925        | 5,235,925        |
| Payable to the Trustee            | -        | 445,145          | 445,145          |
| Accrued and other liabilities     | -        | 617,153          | 617,153          |
|                                   | <u>-</u> | <u>6,298,223</u> | <u>6,298,223</u> |

**20 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT**

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

## 20.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and the regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

### 20.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

### 20.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The interest rate profile of the Fund's interest bearing financial instruments is as follows:

|                                                     | 2017                 | 2016               |
|-----------------------------------------------------|----------------------|--------------------|
|                                                     | -----Rupees-----     |                    |
| <b>Variable rate instruments (financial assets)</b> |                      |                    |
| Bank balance                                        | 969,364,779          | 313,177,444        |
| Term finance certificates                           | 509,725,816          | 102,163,219        |
| Sukuk certificates                                  | 161,904,135          | 318,834,460        |
|                                                     | <u>1,640,994,730</u> | <u>734,175,123</u> |
| <b>Fixed rate instruments (financial assets)</b>    |                      |                    |
| Market Treasury Bills                               | 59,676,360           | 99,010,901         |
| Pakistan Investment Bonds                           | -                    | 444,175,516        |
| Term deposit receipts                               | -                    | 200,388,764        |
|                                                     | <u>59,676,360</u>    | <u>743,575,181</u> |

#### a) Sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased the income statement and statement of comprehensive income by Rs 16.41 million (2016: Rs 7.34 million) and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

#### b) Sensitivity analysis for fixed rate instruments

As at June 30, 2017, the Fund holds market treasury bills which are classified as financial assets at fair value through profit or loss' exposing the Fund to fair value interest rate risk. A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased the income statement and statement of comprehensive income by Rs 0.60 million (2016: Rs 5.43 million) and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

The composition of the Fund's investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2017 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet financial instruments is based on settlement date.

| Particulars                                    | As at June 30, 2017             |                                  |                                           |                    |                                           | Total                |
|------------------------------------------------|---------------------------------|----------------------------------|-------------------------------------------|--------------------|-------------------------------------------|----------------------|
|                                                | Effective yield / interest rate | Exposed to yield / interest risk |                                           |                    | Not exposed to yield / interest rate risk |                      |
|                                                |                                 | Upto three months                | More than three months and up to one year | More than one year |                                           |                      |
|                                                | %                               | ----- (Rupees) -----             |                                           |                    |                                           |                      |
| <b>On-balance sheet financial instruments</b>  |                                 |                                  |                                           |                    |                                           |                      |
| <b>Financial assets</b>                        |                                 |                                  |                                           |                    |                                           |                      |
| Bank balances                                  | 5%-6.6%                         | 969,364,779                      | -                                         | -                  | -                                         | 969,364,779          |
| Investments                                    | 5.98%                           | -                                | -                                         | 671,629,951        | 59,676,360                                | 731,306,311          |
| Security deposits                              |                                 | -                                | -                                         | -                  | 2,850,000                                 | 2,850,000            |
| Mark-up and other receivables                  |                                 | -                                | -                                         | -                  | 19,514,371                                | 19,514,371           |
| Receivable against Margin Trading System (MTS) |                                 | -                                | -                                         | -                  | 53,078,557                                | 53,078,557           |
| <b>Sub total</b>                               |                                 | <u>969,364,779</u>               | <u>-</u>                                  | <u>671,629,951</u> | <u>135,119,288</u>                        | <u>1,776,114,018</u> |

| Particulars | As at June 30, 2017             |                                  |                                           |                    |                                           | Total |
|-------------|---------------------------------|----------------------------------|-------------------------------------------|--------------------|-------------------------------------------|-------|
|             | Effective yield / interest rate | Exposed to yield / interest risk |                                           |                    | Not exposed to yield / interest rate risk |       |
|             |                                 | Upto three months                | More than three months and up to one year | More than one year |                                           |       |

% (Rupees)

#### Financial liabilities

|                                   |   |   |   |           |           |
|-----------------------------------|---|---|---|-----------|-----------|
| Payable to the Management Company | - | - | - | 4,367,211 | 4,367,211 |
| Payable to the Trustee            | - | - | - | 142,074   | 142,074   |
| Accrued and other liabilities     | - | - | - | 571,090   | 571,090   |
| <b>Sub total</b>                  | - | - | - | 5,080,375 | 5,080,375 |

**On-balance sheet gap** 969,364,779 - 671,629,951 130,038,913 1,771,033,643

**Total interest rate sensitivity gap** 969,364,779 - 671,629,951 130,038,913 1,771,033,643

**Cumulative interest rate sensitivity gap** 969,364,779 969,364,779 1,640,994,730

| Particulars | As at June 30, 2016             |                                  |                                          |                    |                                           | Total |
|-------------|---------------------------------|----------------------------------|------------------------------------------|--------------------|-------------------------------------------|-------|
|             | Effective yield / interest rate | Exposed to yield / interest risk |                                          |                    | Not exposed to yield / interest rate risk |       |
|             |                                 | Upto three months                | More than three months and upto one year | More than one year |                                           |       |

% (Rupees)

#### On-balance sheet financial instruments

##### Financial assets

|                                                |             |             |   |             |             |               |
|------------------------------------------------|-------------|-------------|---|-------------|-------------|---------------|
| Bank balances                                  | 5.92%-6.18% | 313,177,444 | - | -           | -           | 313,177,444   |
| Investments                                    | 5.5%-7%     | -           | - | 420,997,679 | 743,575,181 | 1,164,572,860 |
| Security deposits                              |             | -           | - | -           | 2,850,000   | 2,850,000     |
| Mark-up and other receivables                  |             | -           | - | -           | 28,600,361  | 28,600,361    |
| Receivable against Margin Trading System (MTS) |             | -           | - | -           | 42,029,438  | 42,029,438    |
| <b>Sub total</b>                               |             | 313,177,444 | - | 420,997,679 | 817,054,980 | 1,551,230,103 |

##### Financial liabilities

|                                   |   |   |   |           |           |
|-----------------------------------|---|---|---|-----------|-----------|
| Payable to the Management Company | - | - | - | 5,235,925 | 5,235,925 |
| Payable to the Trustee            | - | - | - | 445,145   | 445,145   |
| Accrued and other liabilities     | - | - | - | 617,153   | 617,153   |
| <b>Sub Total</b>                  | - | - | - | 6,298,223 | 6,298,223 |

**On-balance sheet gap** 313,177,444 - 420,997,679 810,756,757 1,544,931,880

**Total interest rate sensitivity gap** 313,177,444 - 420,997,679 810,756,757 1,544,931,880

**Cumulative interest rate sensitivity gap** 313,177,444 313,177,444 734,175,123

#### 20.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As at reporting date, the Fund is not exposed to price risk.

## 20.2 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted and arises principally from bank balances, investments, profit and other receivable.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

### 20.2.1 Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2017 was as follows:

|                                                | 2017                                               |                      | 2016                                               |                    |
|------------------------------------------------|----------------------------------------------------|----------------------|----------------------------------------------------|--------------------|
|                                                | Balance as per statement of assets and liabilities | Maximum exposure     | Balance as per statement of assets and liabilities | Maximum exposure   |
|                                                | ----- (Rupees) -----                               |                      |                                                    |                    |
| Bank balances                                  | 969,364,779                                        | 969,364,779          | 313,177,444                                        | 313,177,444        |
| Investments                                    | 731,306,311                                        | 671,629,951          | 1,164,572,860                                      | 621,386,443        |
| Security deposits                              | 2,850,000                                          | 2,850,000            | 2,850,000                                          | 2,850,000          |
| Mark-up and other receivables                  | 19,514,371                                         | 19,514,371           | 28,600,361                                         | 14,963,589         |
| Receivable against Margin Trading System (MTS) | 53,078,557                                         | 53,078,557           | 42,029,438                                         | 42,029,438         |
|                                                | <u>1,776,114,018</u>                               | <u>1,716,437,658</u> | <u>1,551,230,103</u>                               | <u>994,406,914</u> |

Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investments in Government Securities of Rs 59.68 million (2016: Rs 543.19 million) and mark-up receivable on Government Securities of Nil (2016: Rs 13.64 million) are not exposed to credit risk.

No financial assets were considered to be past due or impaired either at June 30, 2017 and June 30, 2016, except as specified in note 5 to these financial statements.

### 20.2.2 Bank balances

The Fund held bank balances at June 30, 2017 with banks having following credit ratings:

| Rating    | 2017               |                | 2016               |                |
|-----------|--------------------|----------------|--------------------|----------------|
|           | Rupees             | %              | Rupees             | %              |
| A1+ / AA+ | 328,539,343        | 33.89%         | 313,166,624        | 100.00%        |
| A1+ / AA  | 536,212,099        | 55.32%         | 820                | 0.00%          |
| A1+ / AAA | -                  | 0.00%          | -                  | 0.00%          |
| A1+ / A   | 104,613,338        | 10.79%         | 10,000             | 0.00%          |
|           | <u>969,364,780</u> | <u>100.00%</u> | <u>313,177,444</u> | <u>100.00%</u> |

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS as of June 30, 2017.

### 20.2.4 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect the groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is mainly held with various banks and securities issued by the State Bank of Pakistan on behalf of the Government.

## 20.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to redemptions of its redeemable units on a regular basis. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is therefore to invest the majority of its assets in short term instruments in order to maintain liquidity.

The Fund can borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was required to be obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month.

| 2017                                           | Within<br>1 month    | 1 to 3<br>months   | 3 to 12<br>months | 1 to 5<br>years    | Total                |
|------------------------------------------------|----------------------|--------------------|-------------------|--------------------|----------------------|
| ----- Rupees -----                             |                      |                    |                   |                    |                      |
| <b>Financial assets</b>                        |                      |                    |                   |                    |                      |
| Bank balances                                  | 969,364,779          | -                  | -                 | -                  | 969,364,779          |
| Investments                                    | -                    | 59,676,360         | -                 | 671,629,951        | 731,306,311          |
| Security deposits                              | 2,850,000            | -                  | -                 | -                  | 2,850,000            |
| Mark-up and other receivables                  | 19,514,371           | -                  | -                 | -                  | 19,514,371           |
| Receivable against Margin Trading System (MTS) | 53,078,557           | -                  | -                 | -                  | 53,078,557           |
|                                                | 1,044,807,707        | 59,676,360         | -                 | 671,629,951        | 1,776,114,018        |
| <b>Financial liabilities</b>                   |                      |                    |                   |                    |                      |
| Payable to the Management Company              | 4,367,211            | -                  | -                 | -                  | 4,367,211            |
| Payable to the Trustee                         | 142,074              | -                  | -                 | -                  | 142,074              |
| Accrued and other liabilities                  | 571,090              | -                  | -                 | -                  | 571,090              |
|                                                | 5,080,375            | -                  | -                 | -                  | 5,080,375            |
| <b>Net assets</b>                              | <b>1,039,727,332</b> | <b>59,676,360</b>  | <b>-</b>          | <b>671,629,951</b> | <b>1,771,033,643</b> |
| <b>2016</b>                                    |                      |                    |                   |                    |                      |
| 2016                                           | Within<br>1 month    | 1 to 3<br>months   | 3 to 12<br>months | 1 to 5<br>years    | Total                |
| ----- Rupees -----                             |                      |                    |                   |                    |                      |
| <b>Financial assets</b>                        |                      |                    |                   |                    |                      |
| Bank balances                                  | 313,177,444          | -                  | -                 | -                  | 313,177,444          |
| Investments                                    | -                    | 299,399,665        | -                 | 865,173,195        | 1,164,572,860        |
| Security deposits                              | 2,850,000            | -                  | -                 | -                  | 2,850,000            |
| Mark-up and other receivables                  | 28,600,361           | -                  | -                 | -                  | 28,600,361           |
| Receivable against Margin Trading System (MTS) | 42,029,438           | -                  | -                 | -                  | 42,029,438           |
|                                                | 386,657,243          | 299,399,665        | -                 | 865,173,195        | 1,551,230,103        |
| <b>Financial liabilities</b>                   |                      |                    |                   |                    |                      |
| Payable to the Management Company              | 5,235,925            | -                  | -                 | -                  | 5,235,925            |
| Payable to the Trustee                         | 445,145              | -                  | -                 | -                  | 445,145              |
| Accrued and other liabilities                  | 617,153              | -                  | -                 | -                  | 617,153              |
|                                                | 6,298,223            | -                  | -                 | -                  | 6,298,223            |
| <b>Net assets</b>                              | <b>380,359,020</b>   | <b>299,399,665</b> | <b>-</b>          | <b>865,173,195</b> | <b>1,544,931,880</b> |

#### 20.4 Fair value measurement

Fair value is the amount for which an asset could be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of investments is determined as per the policy disclosed in note 3.2.5 to these financial statements.



## Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted price (unadjusted) in an active market for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: 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: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2017 and June 30, 2016, the Fund held the following assets measured at fair values:

| ----- As at June 30, 2017 -----                                |                    |             |         |             |
|----------------------------------------------------------------|--------------------|-------------|---------|-------------|
|                                                                | Level 1            | Level 2     | Level 3 | Total       |
|                                                                | ----- Rupees ----- |             |         |             |
| <b>At fair value through profit or loss - held for trading</b> |                    |             |         |             |
| Term finance certificates                                      | -                  | 509,725,816 | -       | 509,725,816 |
| Sukuk certificates                                             | -                  | 161,904,135 | -       | 161,904,135 |
| Market Treasury Bills                                          | -                  | 59,676,360  | -       | 59,676,360  |
| -----                                                          |                    |             |         |             |
| ----- As at June 30, 2016 -----                                |                    |             |         |             |
|                                                                | Level 1            | Level 2     | Level 3 | Total       |
|                                                                | ----- Rupees ----- |             |         |             |
| <b>At fair value through profit or loss - held for trading</b> |                    |             |         |             |
| Term finance certificates                                      | -                  | 102,163,219 | -       | 102,163,219 |
| Sukuk certificates                                             | -                  | 318,834,460 | -       | 318,834,460 |
| Market Treasury Bills                                          | -                  | 99,010,901  | -       | 99,010,901  |
| Pakistan Investment Bonds                                      | -                  | 444,175,516 | -       | 444,175,516 |

During the year ended June 30, 2017, 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.

## 20.5 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
- Monitors portfolio allocations and return on net assets and where required make necessary adjustments in portfolio allocations in light of changes in market conditions.

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

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

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

**21 SUPPLEMENTARY NON FINANCIAL INFORMATION**

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

**22 CORRESPONDING FIGURES**

Corresponding figures have been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications were made in these financial statements.

**23 GENERAL**

Figures are rounded off to the nearest rupee.

**24 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on **August 23, 2017** by the Board of Directors of the Management Company.

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

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

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

Annexure I

**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 2017     |                      |                      |             |
|---------------------------|------------------------|----------------------|----------------------|-------------|
|                           | Number of unit holders | Number of units held | Amount Rupees        | % of total  |
| Individuals               | 109                    | 3,925,429            | 209,029,071          | 12%         |
| Associated Co./ Directors | 1                      | 466,142              | 24,822,078           | 1%          |
| Insurance Co.             | 6                      | 4,919,569            | 261,967,061          | 15%         |
| Retirement & Other Funds  | 17                     | 3,693,588            | 196,683,551          | 11%         |
| Others                    | 16                     | 19,666,081           | 1,047,218,803        | 60%         |
|                           | <b>149</b>             | <b>32670808.71</b>   | <b>1,739,720,564</b> | <b>100%</b> |

| Category                  | As at 30 June 2016     |                      |                      |             |
|---------------------------|------------------------|----------------------|----------------------|-------------|
|                           | Number of unit holders | Number of units held | Amount Rupees        | % of total  |
| Individuals               | 113                    | 3,151,596            | 167,061,997          | 11%         |
| Associated Co./ Directors | 4                      | 6,952,692            | 368,553,172          | 24%         |
| Banks/Dfis                | 1                      | 3,772,966            | 200,000,000          | 13%         |
| Retirement & Other Funds  | 17                     | 3,595,874            | 190,612,632          | 13%         |
| Others                    | 11                     | 10,912,009           | 578,432,136          | 38%         |
|                           | <b>146</b>             | <b>28,385,137</b>    | <b>1,504,659,938</b> | <b>100%</b> |

(ii) TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

|                                          | 30 June<br>2017<br>% |
|------------------------------------------|----------------------|
| <b>JS Global Capital Limited</b>         | <b>33</b>            |
| <b>BMA Capital Management Limited</b>    | <b>32</b>            |
| <b>Invest Capital Markets Limited</b>    | <b>13</b>            |
| <b>BIPL Securities Limited</b>           | <b>7</b>             |
| <b>Next Capital Limited</b>              | <b>3</b>             |
| <b>C&amp;M Management (Pvt.) Limited</b> | <b>2</b>             |
| <b>EFG Hermes Pakistan Limited</b>       | <b>2</b>             |
| <b>Magenta Capital (Pvt.) Limited</b>    | <b>2</b>             |
| <b>Summit Capital (Pvt.) Limited</b>     | <b>2</b>             |
| <b>Arif Habib Limited</b>                | <b>2</b>             |
|                                          | 30 June<br>2016<br>% |
| Invest Capital Markets Limited           | 39                   |
| Invest One Market Limited                | 18                   |
| Summit Capital (Pvt) Ltd                 | 13                   |
| BMA Capital management                   | 13                   |
| Global securities                        | 3                    |
| Invest & Finance Securities Limited      | 3                    |
| Vector Capital                           | 3                    |
| JS Global Capital Limited                | 3                    |
| Icon Securities                          | 3                    |
| KASB                                     | 2                    |

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

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

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

**Maheen Rahman – CEO**

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

**Noman Soomro**

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

**Shariq Mukhtar Hashmi**

Mr. Hashmi holds a diversified experience of over 11 years with various private sector enterprises of repute. He joined IGI Funds Limited (which subsequently merged into Alfalah GHP Investment Management Limited in Oct. 2013) in 2010 to lead the back office function as Head of Operations & Settlements. His association has continued, post-merger, as Head of Compliance & Risk Management. He has previously served National Asset Management Company as Head of Internal Audit and Feroze Sharif Tariq & Co Chartered Accountants in various capacities. He has also headed the Internal Audit Department of the Company. Mr. Hashmi is a qualified Accountant from the Association of Chartered Certified Accountants, UK and holds MBA degree in Finance from SZABIST University. He is also enrolled for Financial Risk Manager Certification of Global Association of Risk Professionals; USA.

**Muddasir Ahmed Shaikh**

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

**Nabeel Malik**

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

**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 73rd, 74th, 75th, 76th, 77th and 78th Board Meetings were held on 26 Aug 2016, 22 Sep 2016, 31 Oct 2016, 07 Dec 2016, 14 Feb 2017 and 26 April 2017 respectively.

| Name of Director       | Number of Meetings |          |               | Meeting not attended |
|------------------------|--------------------|----------|---------------|----------------------|
|                        | Held               | Attended | Leave Granted |                      |
| HANSPETER BEIER        | 6                  | 4        | 2             | 2                    |
| SYED ALI SULTAN        | 6                  | 6        | -             | -                    |
| AMIN DAWOOD SALEH      | 6                  | 5        | 1             | 1                    |
| MS. MAHEEN RAHMAN      | 6                  | 6        | -             | -                    |
| MR. ABID NAQVI         | 6                  | 5        | 1             | 1                    |
| MR. MICHAEL BUCHEN     | 1                  | -        | 1             | 1                    |
| MR. Tufail Jawed Ahmad | 6                  | 5        | 1             | 1                    |
| MR. Adeel Bajwa        | 2                  | 1        | 1             | 1                    |

Annexure I

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

**PERFORMANCE TABLE - AGIMF**

|                                     | <b>30 June<br/>2017</b> | 30 June<br>2016 | 30 June<br>2015 | 30 June<br>2014 | 30 June<br>2013 |
|-------------------------------------|-------------------------|-----------------|-----------------|-----------------|-----------------|
| Net Assets (Rupees in '000)         | <b>1,739,721</b>        | 1,504,660       | 1,706,002       | 1,565,954       | 333,747         |
| NAV per unit                        | <b>53.2500</b>          | 53.0087         | 50.6291         | 48.0741         | 47.3441         |
| Selling price per unit              | <b>55.0552</b>          | 55.1117         | 52.6553         | 54.1793         | 52.7208         |
| Redemption price per unit           | <b>53.2500</b>          | 53.0087         | 50.6291         | 48.2934         | 46.5413         |
| Highest selling price per unit      | <b>57.9532</b>          | 57.0332         | 57.6340         | 50.0148         | 48.7645         |
| Highest redemption price per unit   | <b>56.0530</b>          | 54.8569         | 55.4162         | 52.0771         | 51.1852         |
| Lowest selling price per unit       | <b>54.8341</b>          | 52.6565         | 50.0379         | 46.8868         | 45.1857         |
| Lowest redemption price per unit    | <b>53.0362</b>          | 50.6472         | 48.0963         | 48.0741         | 47.3441         |
| Total interim distribution per unit | <b>2.8811</b>           | 1.8737          | 4.248           | 5.0445          | 3.86            |
| Interim distribution date           | <b>22-Jun-17</b>        | 29-Jun-16       | 26-Jun-15       | 4-Jan-14        | 27-Jun-13       |
|                                     | N/A                     | N/A             | N/A             | 30-Jun-14       | N/A             |
| Final distribution per unit         | N/A                     | N/A             | N/A             | N/A             | N/A             |
| Final distribution date             | N/A                     | N/A             | N/A             | N/A             | N/A             |
| Annualized returns                  | <b>5.90%</b>            | 8.38%           | 14.18%          | 12.35%          | 11.23%          |
| Income distribution                 | <b>5.44%</b>            | 3.70%           | 8.84%           | 10.65%          | 8.38%           |
| Weighted avg. portfolio duration    | <b>2.65 Yrs</b>         | 3.99 Yrs        | 2.86 Yrs        | 213 Days        | 1.15 Yrs        |

**Return since inception is 6.09%**

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



**Alfalah GHP  
Islamic Income Fund**



## FUND INFORMATION

|                                                        |                                                                                                                                                                                                  |
|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Management Company:</b>                             | <b>Alfalah GHP Investment Management Limited</b><br>8-B, 8th Floor, Executive Tower, Dolmen City, Block-4,<br>Clifton, Karachi.                                                                  |
| <b>Board of Directors of the Management Company:</b>   | <b>Ms.Maheen Rahman</b><br><b>Syed Ali Sultan</b><br><b>Mr.Hanspeter Beier</b><br><b>Mr.Amin Dawood Saleh</b><br><b>Mr.Abid Naqvi</b><br><b>Mr. Tufail Jawed Ahmad</b><br><b>Mr. Adeel Bajwa</b> |
| <b>Audit Committee:</b>                                | <b>Mr. Abid Naqvi</b><br><b>Syed Ali Sultan</b><br><b>Mr. Amin Dawood Saleh</b>                                                                                                                  |
| <b>HR Committee:</b>                                   | <b>Syed Ali Sultan</b><br><b>Mr. Tufail Jawed Ahmed</b><br><b>Ms. Maheen Rahman</b>                                                                                                              |
| <b>Chief Operating Officer and Company Secretary :</b> | <b>Mr. Noman Ahmed Soomro</b>                                                                                                                                                                    |
| <b>Chief Financial Officer:</b>                        | <b>Mr. Muhammad Shehzad Dhedhi</b>                                                                                                                                                               |
| <b>Trustee:</b>                                        | <b>Central Depository Company of Pakistan Limited</b><br>CDC House, 99-B, Block 'B', SMCHS,<br>Main Share-e-Faisal, Karachi                                                                      |
| <b>Bankers to the Fund:</b>                            | <b>Bank Alfalah Limited</b>                                                                                                                                                                      |
| <b>Auditors:</b>                                       | <b>A.F. Ferguson &amp; Co.</b><br>Chartered Accountants<br>State Life Building No. 1-C I.I. Chundrigar Road,<br>P.O.Box 4716 Karachi,<br>Pakistan                                                |
| <b>Legal Advisor:</b>                                  | <b>Ahmed &amp; Qazi</b><br>Advocates & Legal Consultants<br>402,403,404,417<br>Clifton Centre,<br>Clifton, Karachi                                                                               |
| <b>Shariah Advisor:</b>                                | <b>BankIslami Pakistan Limited 11th Floor,</b><br>Dolmen Executive Towers, Marine Drive,<br>Clifton, Block-4, Karachi                                                                            |
| <b>Registrar:</b>                                      | <b>Alfalah GHP Investment Management Limited</b><br>8-B, 8th Floor, Executive Tower, Dolmen City, Block-4,<br>Clifton, Karachi.                                                                  |
| <b>Distributor:</b>                                    | <b>Bank Alfalah Limited</b>                                                                                                                                                                      |
| <b>Rating:</b>                                         | <b>Stability Rating A+(f) by PACRA</b>                                                                                                                                                           |

# Alfalah GHP Islamic Income Fund

## Annual Fund Manager`s Report

### 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.

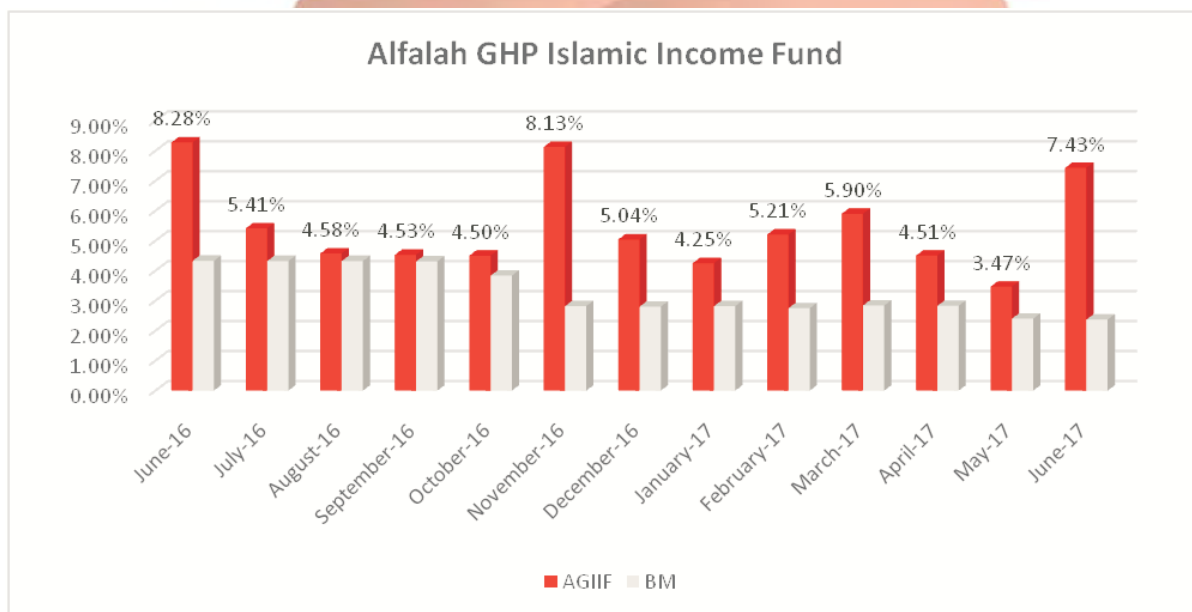
### Market Review

The central bank maintained the discount rate throughout the fiscal year; the money market remained relatively stable since no major shock was witnessed in inflation. During the period market participants maintained their interest in shorter tenure as opposed to medium to long term. The central bank also kept borrowing requirements at relatively stable level thus maintaining the cutoffs mostly during the period. Going forward, with a slightly higher CPI and the absence of low base effect, an increase in discount rate by 25bps by the central bank cannot be ruled out by the end of 2017.

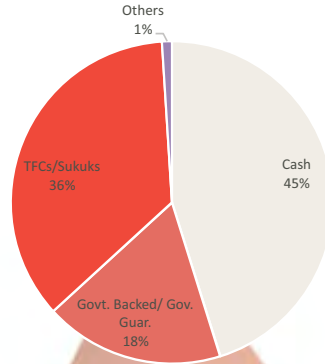
### Fund Performance

For the year ended June 30 2017, the fund posted a return of 5.35% against the benchmark of 3.20%. During the period fund operated with the strategy of providing consistent and stable returns. In line with the strategy, the fund maintained a balanced exposure in bank deposits and higher credit quality corporate Sukuks in order to achieve competitive returns.

### Performance comparison with Benchmark



Asset Allocation, June 2017



| Credit Quality (as % of Total Assets) |        |          |       |
|---------------------------------------|--------|----------|-------|
| Govt. Guar.                           | 18.03% | A        | 0.00% |
| AAA                                   | 2.90%  | A-       | 0.00% |
| AA+                                   | 4.77%  | BBB+     | 0.00% |
| AA                                    | 0.93%  | BBB      | 0.00% |
| AA-                                   | 28.18% | Below IG | 0.00% |
| A+                                    | 48.97% | NR/UR    | 1.00% |

**Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**

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

**Disclosure on unit split (if any), comprising:-**

There were no unit splits during the period.

**Disclosures of circumstances that materially affect any interests of unit holders**

Investments are subject to market risk.

**Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.**

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

**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**

**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**

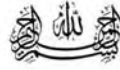
We Central Depository Company of Pakistan Limited, being the Trustee of Alfalah GHP Islamic Income Fund (the Fund) are of the opinion that Alfalah GHP Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2017 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.

  
**Aftab Ahmed Diwan**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: September 12, 2017





## REPORT OF THE SHARIAH ADVISORY BOARD ALFALAH GHP ISLAMIC INCOME FUND

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

It is the responsibility of the Management Company of the said Fund to establish and maintain a system of internal controls to ensure compliance with issued Shariah guidelines. As a Shariah 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 reviewed and given approval for investment in following avenues during the period from July 01, 2016 to June 30, 2017.

| Investment Head       | Investment Avenue                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Sukuk</i>          | Government of Pakistan Ijarah Sukuk<br>Sukuk of Engro Fertilizer, 5Y (09-Jul-2014)<br>Sukuk of Engro Fertilizer, (09-May-2016)<br>Sukuk of Hascol Petroleum Limited 6Y (07-Jan-16)<br>Sukuk of K-Electric 3Y (19-Mar-14)<br>Sukuk of K-Electric (17-June-2015)<br>Sukuk of Meezan Bank Limited (22-September-2016)<br>Sukuk of Fatima Fertilizer Limited (Sukuk) (28-Nov-2016)<br>Sukuk of Byco Petroleum Pakistan Limited (18-Jan-2017) |
| <i>Banks Deposits</i> | Banks Deposit and Term Deposit Receipts in Islamic Banks or Islamic Window of Conventional Banks                                                                                                                                                                                                                                                                                                                                         |

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

According to the instructions, if any income is earned by the Fund from the investments whereby a portion of income of such investment has been derived from prohibited sources, such proportion of income of the Fund should be donated to charitable purposes. However, during the year ended June 30, 2017, 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

Shariah Advisor



**STATEMENT OF COMPLIANCE BY ALFALAH GHP ISLAMIC INCOME FUND  
WITH THE CODE OF CORPORATE GOVERNANCE  
FOR THE YEAR ENDED JUNE 30, 2017**

**Introduction**

We were engaged by the Board of Directors of Alfalah GHP Investment Management Limited (the Management Company) to report on the Management Company's assessment of compliance with the Shariah Principles of Alfalah GHP Islamic Income Fund (the Fund), as set out in the annexed Statement of Compliance with the Shariah Principles (the Statement) prepared by the Management Company for the year ended June 30, 2017, in the form of an independent reasonable assurance conclusion about whether the annexed statement reflects, in all material respects the status of compliance of the Fund with the Shariah Principles as specified in the Trust Deed and the guidelines issued by the Shariah Advisor. Our engagement was conducted by a team of assurance practitioners.

**Applicable Criteria**

The criteria for the assurance engagement against which the annexed statement has been assessed comprises of the Shariah Principles as specified in the Trust Deed and the guidelines issued by the Shariah Advisor (the Shariah Principles).

**Management's Responsibility of Shariah Compliance**

The Management Company of the Fund is responsible for preparation of the annexed statement that is free from material misstatement. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. It also includes ensuring the overall compliance of the Fund with the Shariah Principles.

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control (ISQC) 1 (Redrafted), "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Our responsibility and summary of work performed**

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement reflects the status of compliance of the Fund with the Shariah Principles as specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliance with the Shariah Principles, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Fund's compliance with the Shariah Principles, in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion as to the effectiveness of the Management Company's internal control over the Fund's compliance with the Shariah Principles. A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Shariah Principles, and consequently cannot provide absolute assurance that the objective of compliance with the Shariah Principles, will be met. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

The procedures primarily performed comprised the following:

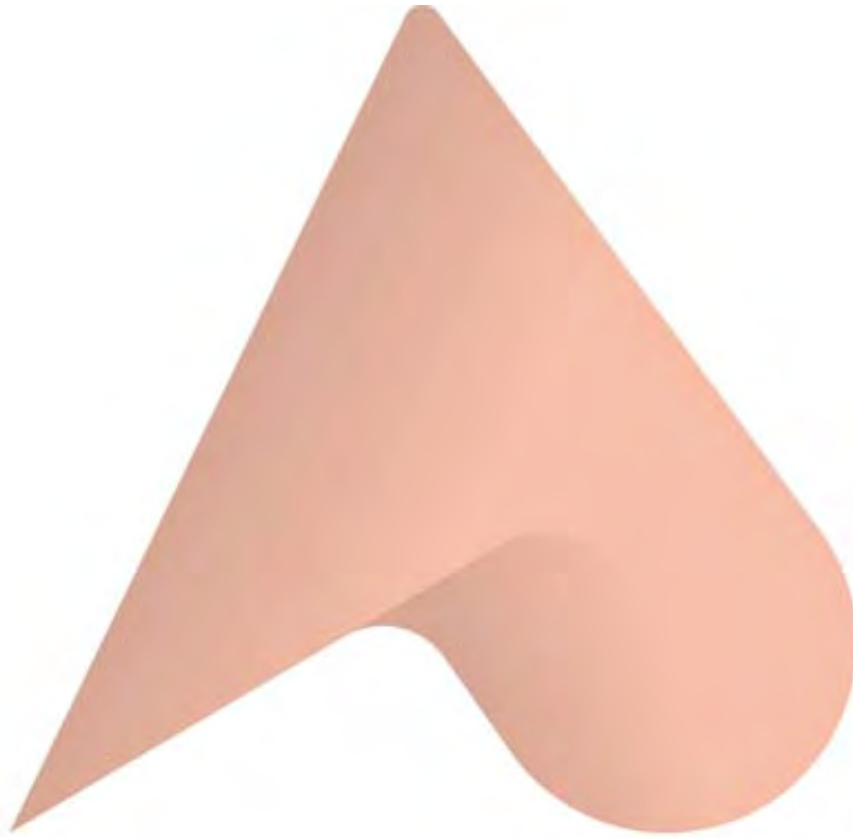
- checking compliance of specific guidelines relating to charity, maintaining bank accounts and for making investments of the Fund.
- checking that the Shariah Advisor has certified that the operations of the Fund, its investments and placements made during the year ended June 30, 2017 are in compliance with the Shariah Principles.

We believe that the evidences we have obtained through performing our procedures were sufficient and appropriate to provide a basis for our conclusion.

**Conclusion**

Based on the procedures performed during our reasonable assurance engagement, we report that in our opinion, the annexed statement, in all material respects, presents fairly the status of the Fund's compliance with the Shariah Principles specified in the Trust Deed and in the guidelines issued by the Shariah Advisor for the year ended June 30, 2017.

Chartered Accountants  
Dated: September 20, 2017  
Karachi



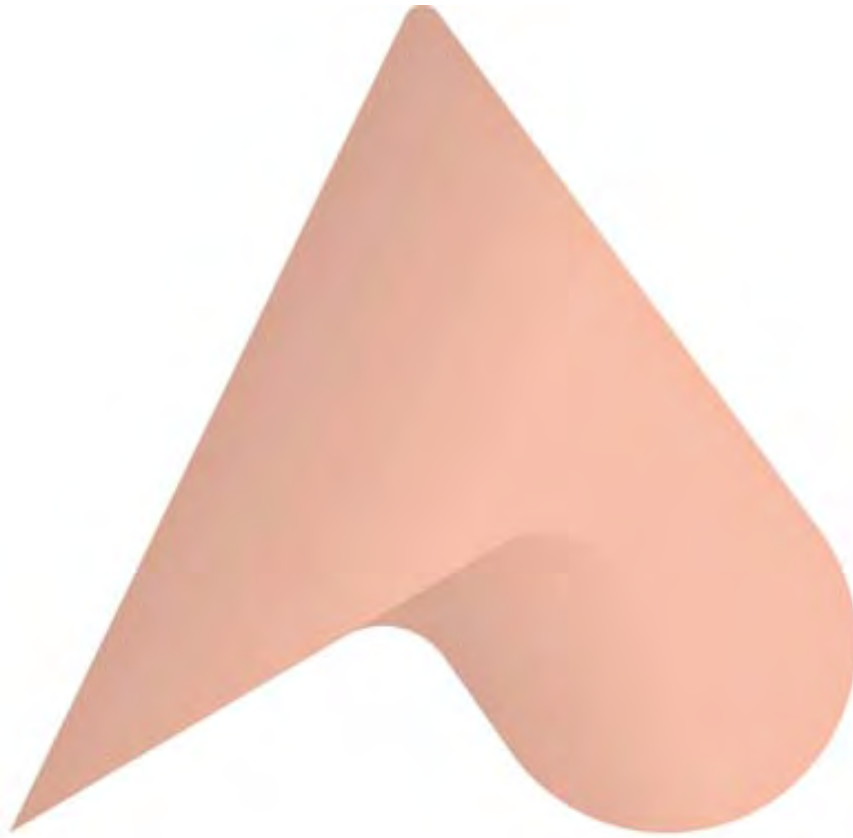


## STATEMENT OF COMPLIANCE WITH SHARIAH PRINCIPLES

Alfalah GHP Islamic Income Fund has fully complied with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor for its operations, investments and placements made during the year ended June 30, 2017. This has been duly confirmed by the Shariah Advisor of the Fund.

Dated: September 20, 2017

**Ms. Maheen Rahman**  
Chief Executive Officer



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•

**STATEMENT OF COMPLIANCE BY ALFALAH GHP ISLAMIC INCOME FUND  
WITH THE CODE OF CORPORATE GOVERNANCE  
FOR THE YEAR ENDED JUNE 30, 2017**

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No.5.19 of Chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Management Company encourages representation of independent, non-executive directors, and directors representing minority interests on its board of directors ("the Board"). At present the Board includes:

| Category                | Names                                                                                  |
|-------------------------|----------------------------------------------------------------------------------------|
| Executive Director      | Ms. Maheen Rahman– Chief Executive Officer (CEO)                                       |
| Independent Directors   | Mr. Abid Naqvi<br>Mr. Tufail Jawed Ahmad                                               |
| Non-Executive Directors | Mr. Syed Ali Sultan<br>Mr. Adeel Bajwa<br>Mr. Hanspeter Beier<br>Mr. Amin Dawood Saleh |

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

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies (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 broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. According to regulation 5.19.3 of the Rule Book and section 155 (3) of the Companies Act, 2017, any casual vacancy occurring on the Board of Directors of a listed company shall be filled up by the directors at the earliest but not later than 90 days thereof. A casual vacancy occurred on the Board on September 22, 2016, due to resignation of Mr. Michael Buchen. However, the Board of Directors appointed Mr. Adeel Bajwa as a director on January 23, 2017 i.e. after 90 days after the date of resignation Mr. Michael Buchen. The appointment was approved in principle by the SECP with effect from February 7, 2017.
5. The Management Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before such meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged no training programs for its directors during the year. However, at present 6 directors of the Management Company have certification under the Directors' Training Program offered by institutions.
10. There was no change of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year. However, the remuneration and terms and conditions of Chief Financial Officer, Company Secretary and Head of Internal Audit were approved by the Board.

11. The Directors' Report for the year ended June 30, 2017 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by the CEO and CFO 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 that disclosed in the Directors' Report and pattern of unit holding.
14. The Management Company has 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, and the Chairman of the Committee 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 Committee have been formed and advised to the Committee for compliance.
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 Deloitte Yousuf Adil Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partner of the firm, their spouse and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'Book Closure' dates were duly determined and intimated to the stock exchange, however the 'closed period' prior to the announcement of interim / final results, and business decisions was not determined and intimated to directors, employees and the stock exchange, considering the fact that NAV of the Fund is announced on a daily basis.
22. Material/price sensitive information has been disseminated among all market participants at once through the stock exchange.
23. The Management Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the Code have been complied with.

**For and on behalf of the Board**

Maheen Rahman  
Chief Executive Officer

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Alfalah GHP Investment Management Limited, the Management Company of **Alfalah GHP Islamic Income Fund** (the Fund) for the year ended June 30, 2017 to comply with the requirements of regulation no. 5.19 of chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company (**Alfalah GHP Investment Management Limited**). Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund'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 Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As a part of our audit of the 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 of Directors' 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 of Directors for their review and approval of 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 of Directors 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 of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2017.

Further, we highlight below an instance of non-compliance with the requirement of the Code as reflected in paragraph reference where it is stated in the Statement of Compliance:

| S. No. | Paragraph reference | Description                                                                                                                                                                                                                                                                                                                                                                                  |
|--------|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | 4                   | According to regulation 5.19.3 of the Rule Book and section 155 (3) of the Companies Act, 2017, any casual vacancy occurring on the Board of Directors of a listed company shall be filled up by the directors at the earliest but not later than 90 days thereof. A casual vacancy occurred on the Board on September 22, 2016 which was filled after 90 days from the date of resignation. |

**A.F. Ferguson & Co.**  
**Chartered Accountants**

Dated: September 20, 2017  
Karachi

# 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** (here in after referred to as the 'Fund'), which comprise the statement of assets and liabilities as at June 30, 2017, and the related income statement, statement of comprehensive income, distribution statement, cash flow statement and statement of movement in unit holders' funds for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

The Management Company (**Alfalah GHP Investment Management Limited**) of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with 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 the International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial position of the Fund as at June 30, 2017 and of its financial performance, its cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

### Other matter

The financial statements of the Fund for the year ended June 30, 2016 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion on those financial statements vide their report dated September 22, 2016. However, the report contained an emphasis of matter paragraph drawing attention to the fact that the fund had commenced making provision for Workers Welfare Fund (WWF) with effect from July 01, 2013 and that the aggregate unrecognised amount of WWF upto June 30, 2013 amounted to Rs. 2.247 million.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

**A.F. Ferguson & Co.**  
**Chartered Accountants**  
**Engagement Partner: Shahbaz Akbar**

Dated: September 20, 2017  
Karachi

**ALFALAH GHP ISLAMIC INCOME FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
*AS AT JUNE 30, 2017*

|                                                                                    | Note | June 30,<br>2017                | June 30,<br>2016   |
|------------------------------------------------------------------------------------|------|---------------------------------|--------------------|
|                                                                                    |      | ----- (Rupees) -----            |                    |
| <b>Assets</b>                                                                      |      |                                 |                    |
| Bank balances                                                                      | 4    | 1,261,147,109                   | 84,971,590         |
| Investments                                                                        | 5    | 1,503,312,649                   | 95,125,369         |
| Profit receivable                                                                  | 6    | 27,847,658                      | 6,308,738          |
| Deposits and other receivables                                                     |      | 104,107                         | 100,143            |
| <b>Total assets</b>                                                                |      | <u>2,792,411,523</u>            | <u>186,505,840</u> |
| <b>Liabilities</b>                                                                 |      |                                 |                    |
| Payable to the Management Company                                                  | 7    | 6,463,833                       | 1,879,552          |
| Payable to the Trustee                                                             | 8    | 429,965                         | 183,706            |
| Annual fee payable to the Securities and Exchange<br>Commission of Pakistan (SECP) | 9    | 2,741,247                       | 168,379            |
| Payable against redemption of units                                                |      | 313,972                         | 82,140,343         |
| Accrued and other liabilities                                                      | 10   | 7,306,837                       | 1,961,124          |
| <b>Total liabilities</b>                                                           |      | <u>17,255,854</u>               | <u>86,333,104</u>  |
| <b>Net assets attributable to unit holders</b>                                     |      | <u>2,775,155,669</u>            | <u>100,172,736</u> |
| <b>Unit holders' fund (as per statement attached)</b>                              |      | <u>2,775,155,669</u>            | <u>100,172,736</u> |
| <b>Contingencies and commitments</b>                                               | 15   |                                 |                    |
|                                                                                    |      | -----Total number of units----- |                    |
| <b>Number of units In issue</b>                                                    |      | <u>27,412,931</u>               | <u>995,656</u>     |
|                                                                                    |      | ----- (Rupees) -----            |                    |
| <b>Net asset value per unit</b>                                                    |      | <u>101.2353</u>                 | <u>100.6098</u>    |

The annexed notes from 1 to 24 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director



**ALFALAH GHP ISLAMIC INCOME FUND**

**INCOME STATEMENT**

FOR THE YEAR ENDED JUNE 30, 2017

|                                                                                                                                                  | Note | 2017                     | 2016                    |
|--------------------------------------------------------------------------------------------------------------------------------------------------|------|--------------------------|-------------------------|
|                                                                                                                                                  |      | ----- (Rupees) -----     |                         |
| <b>Income</b>                                                                                                                                    |      |                          |                         |
| Profit / mark up income                                                                                                                          | 12   | 214,508,371              | 14,710,584              |
| Capital gain on sale of investments - net                                                                                                        |      | 1,599,537                | 22,650                  |
| Unrealised gain / (loss) on revaluation of investments<br>classified as at fair value through profit or loss - held for trading - net            | 5.3  | 25,012,483               | (101,368)               |
| Reversal of provision against Workers Welfare Fund                                                                                               |      | 179,131                  | -                       |
| <b>Total income</b>                                                                                                                              |      | <u>241,299,522</u>       | <u>14,631,866</u>       |
| <b>Expenses</b>                                                                                                                                  |      |                          |                         |
| Remuneration of the Management Company                                                                                                           | 7.1  | 36,550,266               | 2,245,385               |
| Sindh sales tax on remuneration of the Management Company                                                                                        | 7.2  | 4,751,534                | 364,651                 |
| Federal excise duty on remuneration of the Management Company                                                                                    | 7.3  | -                        | 359,262                 |
| Allocated expenses                                                                                                                               | 7.4  | 3,655,337                | 134,716                 |
| Remuneration of the Trustee                                                                                                                      | 8.1  | 3,932,159                | 346,731                 |
| Sindh sales tax on Trustee remuneration                                                                                                          |      | 511,181                  | 48,538                  |
| Annual fee to the Securities and Exchange Commission of Pakistan                                                                                 | 9    | 2,741,272                | 168,404                 |
| Legal and professional fee                                                                                                                       |      | -                        | 26,021                  |
| Brokerage and securities transaction costs                                                                                                       |      | 145,869                  | 8,723                   |
| Bank and settlement charges                                                                                                                      |      | 90,312                   | 38,679                  |
| Auditors' remuneration                                                                                                                           | 13   | 552,595                  | 467,940                 |
| Annual listing fee                                                                                                                               |      | 29,036                   | 20,000                  |
| Annual rating fee                                                                                                                                |      | 113,028                  | 142,212                 |
| Printing charges                                                                                                                                 |      | 155,732                  | 150,000                 |
| Shariah advisory Fee                                                                                                                             |      | 350,025                  | -                       |
| Provision against Sindh Workers' Welfare Fund                                                                                                    |      | 1,730,787                | -                       |
| <b>Total expenses</b>                                                                                                                            |      | <u>55,309,133</u>        | <u>4,521,262</u>        |
| <b>Net income for the year before element of loss and capital losses<br/>included in prices of units sold less those in units redeemed - net</b> |      | <u>185,990,389</u>       | <u>10,110,604</u>       |
| Element of loss and capital losses included in prices of units issued<br>less those in units redeemed - net                                      |      | (103,191,586)            | (5,719,656)             |
| <b>Net income for the year before taxation</b>                                                                                                   |      | <u>82,798,803</u>        | <u>4,390,948</u>        |
| Taxation                                                                                                                                         | 15   | -                        | -                       |
| <b>Net income for the year after taxation</b>                                                                                                    |      | <u><u>82,798,803</u></u> | <u><u>4,390,948</u></u> |

The annexed notes from 1 to 24 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

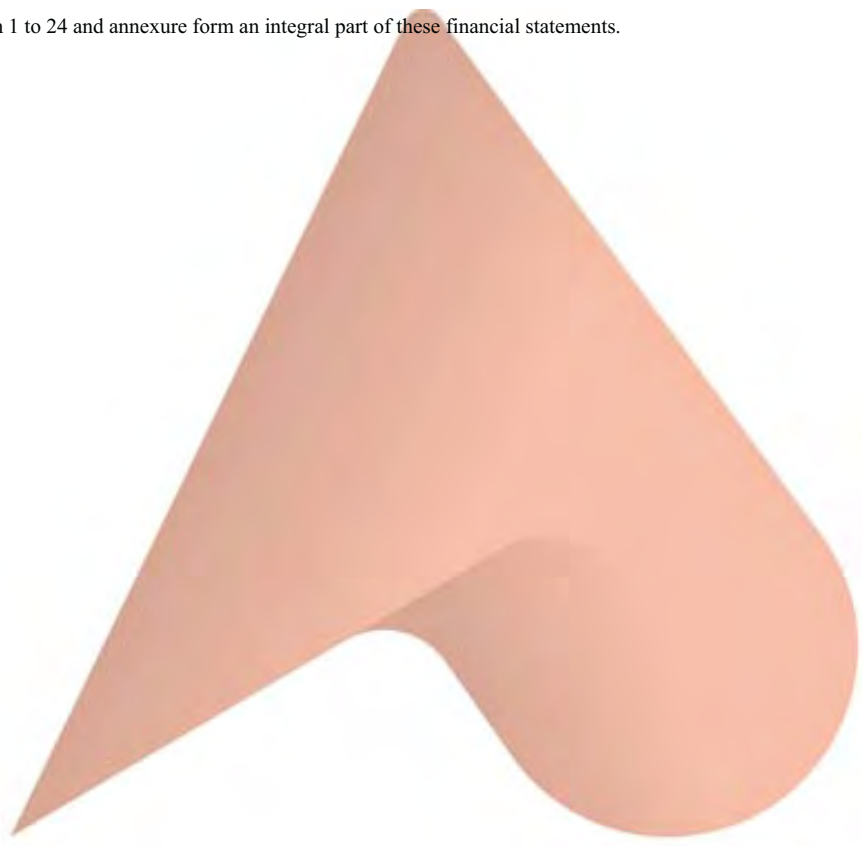
\_\_\_\_\_  
Director



**ALFALAH GHP ISLAMIC INCOME FUND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED JUNE 30, 2017*

|                                                | 2017                 | 2016             |
|------------------------------------------------|----------------------|------------------|
|                                                | ----- (Rupees) ----- |                  |
| <b>Net income for the year after taxation</b>  | 82,798,803           | 4,390,948        |
| Other comprehensive income for the year        | -                    | -                |
| <b>Total comprehensive income for the year</b> | <u>82,798,803</u>    | <u>4,390,948</u> |

The annexed notes from 1 to 24 and annexure form an integral part of these financial statements.



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

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

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

**ALFALAH GHP ISLAMIC INCOME FUND**

**CASH FLOW STATEMENT**

FOR THE YEAR ENDED JUNE 30, 2017

|                                                                                                                                       | Note | 2017                        | 2016                     |
|---------------------------------------------------------------------------------------------------------------------------------------|------|-----------------------------|--------------------------|
|                                                                                                                                       |      | ----- (Rupees) -----        |                          |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                                                           |      |                             |                          |
| Net income for the year before taxation                                                                                               |      | 82,798,803                  | 4,390,948                |
| <b>Adjustments for:</b>                                                                                                               |      |                             |                          |
| Unrealised (gain) / loss on revaluation of investments<br>classified as at fair value through profit or loss - held for trading - net |      | (25,012,483)                | 101,368                  |
| Provision against Sindh Workers' Welfare Fund                                                                                         |      | 1,730,787                   | -                        |
| Reversal of provision against Workers Welfare Fund                                                                                    |      | (179,131)                   | -                        |
| Element of loss and capital losses included in prices of units issued<br>less those in units redeemed - net                           |      | 103,191,586                 | 5,719,656                |
|                                                                                                                                       |      | <u>162,529,562</u>          | <u>10,211,972</u>        |
| <b>(Increase) / decrease in assets</b>                                                                                                |      |                             |                          |
| Investments - net                                                                                                                     |      | (1,383,174,797)             | (64,682,151)             |
| Deposits and other receivables                                                                                                        |      | (3,964)                     | 36,890                   |
| Profit receivable                                                                                                                     |      | (21,538,920)                | (5,488,715)              |
|                                                                                                                                       |      | <u>(1,404,717,681)</u>      | <u>(70,133,976)</u>      |
| <b>Increase / (decrease) in liabilities</b>                                                                                           |      |                             |                          |
| Payable to the Management Company                                                                                                     |      | 4,584,281                   | 1,299,415                |
| Payable to the Trustee                                                                                                                |      | 246,259                     | 152,659                  |
| Annual fee payable to the Securities and Exchange                                                                                     |      | 2,572,868                   | 86,983                   |
| Accrued and other liabilities                                                                                                         |      | 3,794,057                   | (697,202)                |
|                                                                                                                                       |      | <u>11,197,465</u>           | <u>841,855</u>           |
| <b>Net cash flows used in operating activities</b>                                                                                    |      | <u>(1,230,990,654)</u>      | <u>(59,080,149)</u>      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                                                           |      |                             |                          |
| Dividend paid                                                                                                                         |      | (65,652,673)                | (3,719,263)              |
| Amounts received against issuance of units                                                                                            |      | 9,442,352,025               | 3,033,388,823            |
| Payments made against redemption of units                                                                                             |      | (6,969,533,179)             | (2,968,707,205)          |
| <b>Net cash generated from financing activities</b>                                                                                   |      | <u>2,407,166,173</u>        | <u>60,962,355</u>        |
| <b>Net increase in cash and cash equivalents during the year</b>                                                                      |      | <u>1,176,175,519</u>        | <u>1,882,206</u>         |
| Cash and cash equivalents at beginning of the year                                                                                    |      | 84,971,590                  | 83,089,384               |
| <b>Cash and cash equivalents at end of the year</b>                                                                                   | 16   | <u><u>1,261,147,109</u></u> | <u><u>84,971,590</u></u> |

The annexed notes from 1 to 24 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP ISLAMIC INCOME FUND**  
**DISTRIBUTION STATEMENT**  
*FOR THE YEAR ENDED JUNE 30, 2017*

|                                                                                                                               | 2017                     | 2016                  |
|-------------------------------------------------------------------------------------------------------------------------------|--------------------------|-----------------------|
|                                                                                                                               | ----- (Rupees) -----     |                       |
| <b>Undistributed income brought forward comprises of:</b>                                                                     |                          |                       |
| - Realised gain / (loss)                                                                                                      | 701,477                  | (119,764)             |
| - Unrealised (loss) / gain                                                                                                    | <u>(101,368)</u>         | <u>619,586</u>        |
|                                                                                                                               | 600,109                  | 499,822               |
| Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net | 15,922,411               | (53,958)              |
| Total comprehensive income for the year                                                                                       | 82,798,803               | 4,390,948             |
| Interim cash distribution @ Rs 4.7495 per unit<br>(2016: @ Rs 4.8198 per unit) on June 22, 2017                               | (65,652,673)             | (4,236,703)           |
| <b>Undistributed income carried forward</b>                                                                                   | <u><u>33,668,650</u></u> | <u><u>600,109</u></u> |
| <b>Undistributed income carried forward comprises of:</b>                                                                     |                          |                       |
| - Realised gain                                                                                                               | 8,656,167                | 701,477               |
| - Unrealised gain / (loss)                                                                                                    | <u>25,012,483</u>        | <u>(101,368)</u>      |
|                                                                                                                               | <u><u>33,668,650</u></u> | <u><u>600,109</u></u> |

The annexed notes from 1 to 24 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP ISLAMIC INCOME FUND**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS**  
*FOR THE YEAR ENDED JUNE 30, 2017*

|                                                                                                                                                                       | 2017                        | 2016                      |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|---------------------------|
|                                                                                                                                                                       | ----- (Rupees) -----        |                           |
| <b>Net assets at beginning of the year</b>                                                                                                                            | 100,172,736                 | 112,176,440               |
| Issuance of 92,363,737 units (2016: 28,956,005 units)                                                                                                                 | 9,442,352,025               | 3,033,388,823             |
| Redemption of 65,946,461 units (2016: 29,076,499 units)                                                                                                               | <u>(6,887,706,808)</u>      | <u>(3,051,266,428)</u>    |
|                                                                                                                                                                       | 2,654,817,953               | 94,298,835                |
| Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net                                         |                             |                           |
| - transferred to income statement                                                                                                                                     | 103,191,586                 | 5,719,656                 |
| - transferred to distribution statement                                                                                                                               | <u>(15,922,411)</u>         | <u>53,958</u>             |
|                                                                                                                                                                       | 87,269,175                  | 5,773,614                 |
| Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - transferred to distribution statement - net | 15,922,411                  | (53,958)                  |
| Capital gain on sale of investments - net                                                                                                                             | 1,599,537                   | 22,650                    |
| Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss - net                     | 25,012,483                  | (101,368)                 |
| Other net income for the year                                                                                                                                         | 56,186,783                  | 4,469,666                 |
| Net income for the year                                                                                                                                               | 82,798,803                  | 4,390,948                 |
| <b>Distributions during the year:</b>                                                                                                                                 |                             |                           |
| Interim cash distribution @ Rs 4.7495 per unit (2016: @ Rs 4.8198 per unit) on June 22, 2017                                                                          | <u>(65,652,673)</u>         | <u>(4,236,703)</u>        |
| Net total comprehensive income less distribution during the year                                                                                                      | 17,146,130                  | 154,245                   |
| <b>Net assets at end of the year</b>                                                                                                                                  | <u><u>2,775,155,669</u></u> | <u><u>100,172,736</u></u> |
| Net assets value per unit as at beginning of the year                                                                                                                 | <u>100.6098</u>             | <u>100.5030</u>           |
| Net assets value per unit as at end of the year                                                                                                                       | <u><u>101.2353</u></u>      | <u><u>100.6098</u></u>    |

The annexed notes from 1 to 24 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP ISLAMIC INCOME FUND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT**  
*FOR THE YEAR ENDED JUNE 30, 2017*

**1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** Alfalah GHP Islamic Income Fund (the Fund) is an open-ended Fund constituted under a trust deed entered into on July 3, 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 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 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.
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate issued by the SECP on March 09, 2017. The registered office of the Management Company is situated at 8-B, 8th floor, Executive tower, Dolmen city, Block 4, Clifton, Karachi.
- 1.3** The Fund is categorised as a 'shariah compliant (Islamic) scheme' pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund are being offered for public subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.
- 1.4** According to the trust deed, the objective of the Fund is to provide good total return through a combination of current income and long-term capital appreciation, consistent with reasonable investment risk in a shariah compliant manner. The Fund invests in shariah compliant deposits, profit bearing accounts, certificates of investment, Musharika and Morabaha arrangements and debt securities. The investment objectives and policy are explained in the Fund's offering document.
- 1.5** The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM2+ (stable outlook) dated May 16, 2017 to the Management Company and a stability rating of A+(f) dated December 9, 2016 to the Fund.
- 1.6** Title to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such 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 Non-Banking Finance companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance and Notified Entities Regulation, 2008 (the NBFC Regulations) and the 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 the IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The Directors of the asset management company declare that these financial statements give a true and fair view of the state of affairs of the Fund.

**2.2 Standards, Interpretations and amendments to published approved accounting standards that are effective in current year**

There are certain new and amended standards and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2016 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

**2.3 Standards, Interpretations and amendments to published approved accounting standards that are not yet effective**

- 2.3.1** There are certain new and amended standards and interpretations that are mandatory for the accounting period beginning on or after July 1, 2017 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.
- 2.3.2** Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

| <b>Standards, Interpretations or Amendments</b> | <b>Effective date (accounting period beginning on or after)</b> |
|-------------------------------------------------|-----------------------------------------------------------------|
| - IFRS-9 Financial Instruments                  | January 1, 2018                                                 |
| - IFRS-15 Revenue from contracts with customers | January 1, 2018                                                 |
| - IFRS-16 Leases                                | January 1, 2019                                                 |

2.3.3 The SECP vide its SRO 756(1) / 2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations, 2008 which will be applicable on the financial statements of the Fund from the accounting year ending on June 30, 2018. The notification includes a definition and explanation relating to “element of income” and excludes the element of income from the expression “accounting income” as described in Regulation 63 (Amount distributable to unit holders) of the NBFC Regulations, 2008. In addition there are certain changes in the disclosure requirements relating to the Income Statement and the Statement of Movement in Unit Holders’ Fund. The management is currently in the process of assessing the impact of these changes on the financial statements.

## 2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise the judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are revised on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a higher degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- i. Classification and valuation of financial assets (notes 3.2.1 and 5)
- ii. Impairment of financial assets (note 3.2.5)
- iii. Taxation (note 3.7 & 14)
- iv. Provision against Federal Excise Duty and Sindh Workers' Welfare Fund (note 7.3 and 10.1 respectively)

## 2.5 Basis of measurement

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

## 2.6 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

### 3.1 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

### 3.2 Financial assets

#### 3.2.1 Classification

The Fund classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. The management determines the appropriate classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

Investments are categorised as follows:

#### a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profits from short-term fluctuations in prices are classified as financial assets at fair value through profit or loss category. These include held for trading investments and such other investments that, upon initial recognition, are designated under this category.

#### b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

#### c) Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) financial assets at fair value through profit or loss. These are intended to be held for an indefinite period of time which may be sold in response to needs for liquidity or changes in prices.



### 3.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

### 3.2.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and the related transaction costs are expensed out in the income statement

### 3.2.4 Subsequent measurement

#### a) Financial assets at fair value through profit or loss and available for sale

Subsequent to initial recognition, financial instruments classified as 'at fair value through profit or loss' and 'available-for-sale' are measured at fair value.

Gains or losses arising, from changes in the fair value and on sale of the financial assets 'at fair value through profit or loss' are recognised in the Income Statement.

Changes in the fair value of financial instruments classified as 'available-for-sale' are recognised in other comprehensive income until derecognised or impaired, then the accumulated fair value adjustments recognised in other comprehensive income are included in the Income Statement.

#### Basis of valuation

- The fair value of investments in Government securities is determined by reference to the quotations obtained from the PKISRV rate sheet on the MUFAP website.
- Other debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its circular no. 33 of 2012 dated October 24, 2012 (which is essentially the same as contained in circular no. 1 of 2009 previously used). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

#### b) Loans and receivables

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortised cost using the effective profit method.

### 3.2.5 Impairment

The Fund assesses at each reporting date whether there is an objective evidence that a financial asset or a group of financial assets is impaired. The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

For certain other financial assets, a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The provision against these amounts is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company in accordance with the requirements of the Securities and Exchange Commission of Pakistan. Impairment loss are recognised in the income statement.

### 3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership.

### 3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

### 3.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.



### 3.5 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

### 3.6 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

### 3.7 Dividend distribution and appropriations

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

### 3.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors / Management Company during business hours on the date. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to investment facilitators, distributor and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, provision for transaction costs and any provision for duties and charges, if applicable.

### 3.10 Element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed

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

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

### 3.11 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

### 3.12 Revenue recognition

- Unrealised gain / (loss) in the value of investments classified as 'At fair value through profit or loss' are included in the income statement in the year in which they arise.
- Gains or losses on sale of investments 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 an accrual basis using effective profit rate method.

### 3.13 Expenses

All expenses including management fee and trustee fee are recognised in the Income Statement on an accrual basis.

### 3.14 Earnings per unit

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

|                 | Note | 2017                 | 2016              |
|-----------------|------|----------------------|-------------------|
|                 |      | ----- (Rupees) ----- |                   |
| 4 BANK BALANCES |      |                      |                   |
| Saving accounts | 4.1  | <u>1,261,147,109</u> | <u>84,971,590</u> |

- 4.1 The rate of return on these accounts ranges from 3.26% to 5.60% (2016: 5.00% to 6.45%) per annum. It includes bank balance of Rs 103.513 million (2016: Rs 0.365 million) maintained with Bank Alfalah Limited (a related party) - Islamic Banking Division.

**5 INVESTMENTS**

**Note**                      **2017**                      **2016**  
----- (Rupees) -----

**At fair value through profit or loss - held for trading - net**

|                                          |     |               |            |
|------------------------------------------|-----|---------------|------------|
| Sukuk Certificates                       | 5.1 | 999,962,649   | 95,125,369 |
| Government Securities - GOP Ijarah Sukuk | 5.2 | 503,350,000   | -          |
|                                          |     | 1,503,312,649 | 95,125,369 |

5.1 Sukuk certificates - 'at fair value through profit or loss'

| Particulars                                       | Maturity           | Yield per annum       | Secured / Unsecured | Face value          |                           |                                   |                     | Number of Certificates | Carrying Value | Market value as at June 30, 2017 | Market value as a percentage of Net Assets | Market Value as a percentage of Total Investments | Market Value as a percentage of Issue Size |
|---------------------------------------------------|--------------------|-----------------------|---------------------|---------------------|---------------------------|-----------------------------------|---------------------|------------------------|----------------|----------------------------------|--------------------------------------------|---------------------------------------------------|--------------------------------------------|
|                                                   |                    |                       |                     | As at July 01, 2016 | Purchased during the year | Sold / redemption during the year | As at June 30, 2017 |                        |                |                                  |                                            |                                                   |                                            |
| (Rupees)                                          |                    |                       |                     |                     |                           |                                   |                     |                        |                |                                  |                                            |                                                   |                                            |
| Engro Fertilizer Sukuk 5Y (09-Jul-2014)           | July 9, 2019       | 6 Month Kibor + 1.75% | Secured             | 17,575,000          | -                         | 2,375,000                         | 15,200,000          | 3,800                  | 15,734,481     | 15,706,449                       | 0.57%                                      | 1.04%                                             | 0.49%                                      |
| K-Electric Sukuk 3Y (19-Mar-14)                   | March 19, 2017     | 3 Month Kibor + 2.25% |                     | 30,000,000          | -                         | 30,000,000                        | -                   | -                      | -              | -                                | -                                          | -                                                 | -                                          |
| Hascol Petroleum Sukuk 6Y (07-Jan-16)             | January 7, 2022    | 3 Month Kibor + 1.50% | Secured             | 30,000,000          | 175,000,000               | 10,250,000                        | 194,750,000         | 41,000                 | 201,860,994    | 201,919,916                      | 7.28%                                      | 13.43%                                            | 10.10%                                     |
| Engro Fertilizer Limited - PP Sukuk (09-May-2016) | November 16, 2016  | 6 Month Kibor + 0.06% |                     | 16,000,000          | -                         | 16,000,000                        | -                   | -                      | -              | -                                | -                                          | -                                                 | -                                          |
| K-Electric Limited (17-June-2015)                 | June 17, 2022      | 3 Month Kibor + 1.00% | Secured             | -                   | 127,200,000               | -                                 | 127,200,000         | 25,440                 | 130,380,000    | 133,110,984                      | 4.80%                                      | 8.85%                                             | 0.61%                                      |
| Meezan Bank Limited (22-September-2016)           | September 22, 2026 | 6 Month Kibor + 0.50% | Secured             | -                   | 380,000,000               | -                                 | 380,000,000         | 380                    | 384,435,000    | 396,185,720                      | 14.28%                                     | 26.35%                                            | 5.66%                                      |
| Fatima Fertilizer Limited (Sukuk) (28-Nov-2016)   | November 28, 2021  | 6 Month Kibor + 1.10% | Secured             | -                   | 242,735,000               | 77,135,000                        | 165,600,000         | 36,800                 | 165,889,691    | 173,039,580                      | 6.24%                                      | 11.51%                                            | 1.65%                                      |
| Byco Petroleum Pakistan Limited (18-Jan-2017)     | January 18, 2022   | 3 Month Kibor + 1.05% | Secured             | -                   | 80,000,000                | -                                 | 80,000,000          | 16,000                 | 80,000,000     | 80,000,000                       | 2.88%                                      | 5.32%                                             | 2.67%                                      |
| <b>Total as at June 30, 2017</b>                  |                    |                       |                     | 93,575,000          | 1,004,935,000             | 135,760,000                       | 962,750,000         |                        | 978,300,166    | 999,962,649                      | 36.05%                                     | 66.50%                                            |                                            |
| <b>Total as at June 30, 2016</b>                  |                    |                       |                     | 29,625,000          | 64,800,000                | 850,000                           | 93,575,000          |                        | 95,226,737     | 95,125,369                       |                                            |                                                   |                                            |

5.2 Government Securities - Government of Pakistan (GOP) Ijarah Sukuk

| Particulars                      | Maturity      | Yield per annum | Face value          |                           |                                   |                     | Number of Certificates | Carrying Value | Market value as at June 30, 2017 | Market value as a percentage of Net Assets | Market Value as a percentage of Total Investments |
|----------------------------------|---------------|-----------------|---------------------|---------------------------|-----------------------------------|---------------------|------------------------|----------------|----------------------------------|--------------------------------------------|---------------------------------------------------|
|                                  |               |                 | As at July 01, 2016 | Purchased during the year | Sold / redemption during the year | As at June 30, 2017 |                        |                |                                  |                                            |                                                   |
| (Rupees)                         |               |                 |                     |                           |                                   |                     |                        |                |                                  |                                            |                                                   |
| (%)                              |               |                 |                     |                           |                                   |                     |                        |                |                                  |                                            |                                                   |
| GOP Ijarah Sukuk - 15            | June 25, 2017 | 3.89%           | -                   | 352,400,000               | 352,400,000                       | -                   | -                      | -              | -                                | -                                          | -                                                 |
| GOP Ijarah Sukuk - 19            | June 30, 2020 | 5.24%           | -                   | 500,000,000               | -                                 | 500,000,000         | 5,000                  | 500,000,000    | 503,350,000                      | 18.14%                                     | 33.48%                                            |
| <b>Total as at June 30, 2017</b> |               |                 | -                   | 852,400,000               | 352,400,000                       | 500,000,000         | 5,000                  | 500,000,000    | 503,350,000                      |                                            |                                                   |
| <b>Total as at June 30, 2016</b> |               |                 | -                   | -                         | -                                 | -                   | -                      | -              | -                                |                                            |                                                   |

**5.3 Unrealised gain / (loss) on revaluation of investments classified 'as at fair value through profit or loss - net'**

**2017**                      **2016**  
----- (Rupees) -----

|                                     |  |                 |              |
|-------------------------------------|--|-----------------|--------------|
| Market value of investments         |  | 1,503,312,649   | 95,125,369   |
| Less: Carrying value of investments |  | (1,478,300,166) | (95,226,737) |
|                                     |  | 25,012,483      | (101,368)    |

**6 PROFIT RECEIVABLE**

|                                      |  |            |           |
|--------------------------------------|--|------------|-----------|
| Profit accrued on bank balances      |  | 12,718,477 | 4,920,389 |
| Profit accrued on sukuk certificates |  | 15,129,181 | 1,388,349 |
|                                      |  | 27,847,658 | 6,308,738 |

| 7 PAYABLE TO THE ALFALAH GHP INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY | Note | 2017<br>----- (Rupees) ----- | 2016             |
|---------------------------------------------------------------------------------|------|------------------------------|------------------|
| Remuneration of the Management Company                                          | 7.1  | 3,060,454                    | 859,541          |
| Sindh sales tax on remuneration of the Management Company                       | 7.2  | 513,637                      | 236,106          |
| Federal excise duty on remuneration of the Management Company                   | 7.3  | 779,745                      | 779,497          |
| Payable against allocated expenses                                              | 7.4  | 2,105,589                    |                  |
| Sale load payable                                                               |      | 4,408                        | 4,408            |
|                                                                                 |      | <u>6,463,833</u>             | <u>1,879,552</u> |

7.1 The Management Company has charged remuneration at a rate of 1% of average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.

7.2 During the year, Sindh Sales Tax on management remuneration has been charged at 13% (2016: 14%)

7.3 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On September 4, 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 0.780 million (2016: Rs 0.780 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2017 would have been higher by Re 0.0284 per unit (2016: Re 0.7829 per unit).

7.4 In accordance with the provisions of the NBFC Regulations, 2008 (as amended vide S.R.O 1160(I) / 2015 dated November 25, 2015), the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund up to a maximum of 0.1% of the average annual net assets of the Scheme or actual, whichever is less. Accordingly, the Management Company has charged expenses at the rate of 0.1% per annum of the average annual net assets of the Fund being lower than actual expenses chargeable to the Fund for the year.

| 8 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE | Note | 2017<br>----- (Rupees) ----- | 2016           |
|---------------------------------------------------------------------------|------|------------------------------|----------------|
| Trustee Remuneration payable                                              | 8.1  | 382,254                      | 163,343        |
| Sindh Sales Tax on Trustee remuneration                                   | 8.2  | 47,711                       | 20,363         |
|                                                                           |      | <u>429,965</u>               | <u>183,706</u> |

8.1 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.  |

8.2 During the year, Sindh Sales Tax on management remuneration has been charged at 13% (2016: 14%)

| 9 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP) | Note | 2017<br>(Rupees in '000) | 2016           |
|--------------------------------------------------------------------|------|--------------------------|----------------|
| Annual fee payable to the SECP                                     | 9.1  | <u>2,741,247</u>         | <u>168,379</u> |

- 9.1 Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.075 percent of the average annual net assets of the Fund.

| 10 ACCRUED AND OTHER LIABILITIES              | Note | 2017                 | 2016             |
|-----------------------------------------------|------|----------------------|------------------|
|                                               |      | ----- (Rupees) ----- |                  |
| Brokerage payable                             |      | 10,357               | 10,627           |
| Auditors' remuneration                        |      | 505,767              | 393,659          |
| Annual rating fee payable                     |      | 166,032              | 203,407          |
| Provision against Workers Welfare Fund        | 10.1 | -                    | 179,131          |
| Provision against Sindh Workers Welfare Fund  | 10.1 | 1,730,787            | -                |
| Printing charges payable                      |      | 134,036              | 160,333          |
| Shariah Advisory fee                          |      | 350,025              | -                |
| Withholding tax and capital gains tax payable |      | 3,685,995            | 955,724          |
| Sales load payable                            |      | 723,838              | 58,243           |
|                                               |      | <u>7,306,837</u>     | <u>1,961,124</u> |

- 10.1 The Finance Act, 2008 had introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeded Rs 0.5 million in a tax year were 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 was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court (SHC) challenging the applicability of WWF on CISs which is pending adjudication. Similar cases were disposed of by the Peshawar and the Lahore High Courts in which these amendments were declared unlawful and unconstitutional. However, these decisions were challenged in the Supreme Court of Pakistan.

Subsequently, the Finance Act, 2015 introduced an amendment under which CISs / mutual funds have been excluded from the definition of "industrial establishment" subject to WWF under the WWF Ordinance. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable from tax year 2016. Accordingly, no further provision in respect of WWF was made with effect from July 1, 2015.

On November 10, 2016 the Supreme Court of Pakistan (SCP) has passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter are still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) has taken legal and tax opinions on the impact of the SCP judgement on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

Furthermore, as a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds, MUFAP had recommended the following to all its members on January 12, 2017:

- based on legal opinion, the entire provision against WWF held by the CISs till June 30 2015, to be reversed on January 12, 2017; and
- as a matter of abundant caution the provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e., starting from May 21, 2015) on January 12, 2017.

Accordingly, on January 12, 2017 the provision for WWF was reversed and the provision for SWWF was made for the period from May 21, 2015 to January 21, 2017. Thereafter, the provision is being made by the Fund on a daily basis going forward.

The above decisions were communicated to the Securities and Exchange Commission of Pakistan (SECP) and the Pakistan Stock Exchange Limited on January 12, 2017. The SECP vide its letter dated February 1, 2017 had advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs / mutual funds. Accordingly, necessary adjustments in this respect were recorded in the books of the Funds on January 12, 2017.

Had the said provision for SWWF not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2017 would have been higher by Re 0.0632 per unit.

## 11 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments outstanding as at June 30, 2017 and June 30, 2016.

|                                                                                            | 2017                 | 2016              |
|--------------------------------------------------------------------------------------------|----------------------|-------------------|
|                                                                                            | ----- (Rupees) ----- |                   |
| <b>12 PROFIT / MARK UP INCOME</b>                                                          |                      |                   |
| <b>Investments classified as 'at fair value through profit or loss' - held-for-trading</b> |                      |                   |
| - Government of Pakistan Ijarah Sukuk                                                      | 71,781               | -                 |
| - Sukuk certificates                                                                       | 48,157,107           | 4,013,464         |
| <b>Others</b>                                                                              |                      |                   |
| - Bank deposits                                                                            | 149,743,458          | 10,697,120        |
| - Income on Term Deposit Receipt                                                           | 16,536,025           | -                 |
|                                                                                            | <u>214,508,371</u>   | <u>14,710,584</u> |
| <b>13 AUDITORS' REMUNERATION</b>                                                           |                      |                   |
| Audit fee                                                                                  | 258,940              | 291,308           |
| Review and other certifications                                                            | 135,944              | 103,576           |
|                                                                                            | 394,884              | 394,884           |
| Sindh sales tax                                                                            | 31,591               | 23,693            |
| Out of pocket expenses                                                                     | 126,120              | 49,363            |
|                                                                                            | <u>552,595</u>       | <u>467,940</u>    |

## 14 TOTAL EXPENSES RATIO

The total expense ratio of the Fund for the year ended June 30, 2017 is 1.25% which includes 0.2614% representing Government levy, Workers' Welfare Fund and SECP fee.

## 15 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations, requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Management Company has distributed the income earned by the Fund during the year to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements.

|                                     | 2017                 | 2016              |
|-------------------------------------|----------------------|-------------------|
|                                     | ----- (Rupees) ----- |                   |
| <b>16 CASH AND CASH EQUIVALENTS</b> |                      |                   |
| Bank balances                       | <u>1,261,147,109</u> | <u>84,971,590</u> |

## 17 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, 2017, no such income is earned.

## 18 TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include Alfalah GHP Investment Management Limited being the Management Company, Funds under management of the Management Company, GHP Beteiligungen Holding Limited, Bank Alfalah Limited and MAB Investment Incorporated being associated companies of Management Company, Bank Alfalah Limited - Employees' Provident Fund, Bank Alfalah Limited - Employees' Gratuity Fund, Alfalah GHP Investment Management Limited - Staff Provident Fund, directors and key management personnel of Alfalah GHP Investment Management Limited and Central Depository Company of Pakistan Limited (CDC) being the trustee of the Fund, and other associated companies and connected persons. Connected persons also includes any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund. The transactions with connected persons are in the normal course of business and at contractual rates.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investment and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.



Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

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

18.1 Transactions during the period - Unit Holders' Fund

| Note                                         |        | June 30, 2017       |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |
|----------------------------------------------|--------|---------------------|-----------------------------------------------|-----------------------|------------------------------------------|---------------------|---------------------|-----------------------------------------------|-----------------------|------------------------------------------|-------------------------------------|
|                                              |        | As at July 01, 2016 | Issued for cash / conversion in / transfer in | Dividend reinvestment | Redeemed / conversion out / transfer out | As at June 30, 2017 | As at July 01, 2016 | Issued for cash / conversion in / transfer in | Dividend reinvestment | Redeemed / conversion out / transfer out | Net asset value as at June 30, 2017 |
| (Units)                                      |        |                     |                                               |                       | (Rupees)                                 |                     |                     |                                               |                       |                                          |                                     |
| <b>Associated companies / undertakings</b>   |        |                     |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |
|                                              | 18.1.1 | 144,037             | 1,469,333                                     | 3,039                 | 80,133                                   | 1,536,276           | 14,491,534          | 148,748,350                                   | 307,115               | 8,076,779                                | 155,525,362                         |
|                                              | 18.1.1 | -                   | 69,700,929                                    | 402,439               | 51,253,208                               | 18,850,160          | -                   | 7,115,000,000                                 | 40,665,125            | 5,363,389,406                            | 1,908,301,603                       |
| <b>Key Management Personnel</b>              |        |                     |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |
|                                              | 18.1.1 | -                   | 2,373                                         | 112                   | 11                                       | 2,474               | -                   | 250,000                                       | 11,272                | 1,127                                    | 250,456                             |
|                                              | 18.1.1 | -                   | 4,539                                         | 151                   | 1,352                                    | 3,338               | -                   | 469,656                                       | 15,209                | 141,521                                  | 337,923                             |
| <b>Other Related Parties</b>                 |        |                     |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |
|                                              | 18.1.1 | -                   | 2,336,158                                     | 109,807               | -                                        | 2,445,965           | -                   | 240,000,000                                   | 11,095,581            | -                                        | 247,618,001                         |
|                                              | 18.1.1 | -                   | 4,048,088                                     | -                     | 3,134,023                                | 913,465             | -                   | 417,382,600                                   | -                     | 327,558,781                              | 92,474,903                          |
|                                              |        | June 30, 2016       |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |
|                                              |        | As at July 01, 2015 | Issued for cash / conversion in / transfer in | Dividend reinvestment | Redeemed / conversion out / transfer out | As at June 30, 2016 | As at July 01, 2015 | Issued for cash / conversion in / transfer in | Dividend reinvestment | Redeemed / conversion out / transfer out | Net asset value as at June 30, 2016 |
| (Units)                                      |        |                     |                                               |                       | (Rupees)                                 |                     |                     |                                               |                       |                                          |                                     |
| <b>Associated companies / undertakings</b>   |        |                     |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |
|                                              |        | 454,689             | 79,515                                        | 5,241                 | 395,408                                  | 144,037             | 45,696,245          | 8,104,414                                     | 525,258               | 40,075,037                               | 14,491,534                          |
| <b>Unit holder holding 10% or more units</b> |        |                     |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |
|                                              |        | 496,917             | -                                             | -                     | 496,917                                  | -                   | 49,940,159          | -                                             | -                     | 49,941,649                               | -                                   |
|                                              |        | -                   | 95,814                                        | 9,216                 | 4,608                                    | 100,422             | -                   | 10,130,517                                    | 923,612               | 130,517                                  | 10,103,437                          |
|                                              |        | -                   | 242,501                                       | 20,410                | 11,662                                   | 251,249             | -                   | 25,130,515                                    | 2,045,412             | 618,487                                  | 25,278,112                          |
|                                              |        | -                   | 335,765                                       | 29,087                | 47,911                                   | 316,941             | -                   | 35,456,811                                    | 2,914,993             | 3,956,811                                | 31,887,371                          |

\* This unit holder also holds more than 10% of the units in the Fund as at June 30, 2017.

18.1.1 This reflects the position of related party / connected persons status as at June 30, 2017.

18.2 Other transactions

|                                                                             | 2017       | 2016      |
|-----------------------------------------------------------------------------|------------|-----------|
|                                                                             | (Rupees)   |           |
| <b>Associated companies / undertakings</b>                                  |            |           |
| <b>Alfalsh GHP Investment Management Limited - Management Company</b>       |            |           |
| Remuneration of the Management Company                                      | 36,550,266 | 2,245,385 |
| Sindh sales tax on remuneration of the Management Company                   | 4,751,534  | 364,651   |
| Federal excise duty on remuneration of the Management Company               | -          | 359,262   |
| Allocated expenses                                                          | 3,655,337  | 134,716   |
| <b>Bank Alfalah Limited - Islamic Banking Division</b>                      |            |           |
| Profit on bank balances                                                     | 250,127    | 55,712    |
| <b>Other related parties</b>                                                |            |           |
| <b>Central Depository Company of Pakistan Limited (Trustee of the Fund)</b> |            |           |
| Remuneration of the Trustee                                                 | 3,932,159  | 346,731   |
| Sindh sales tax on Trustee remuneration                                     | 511,181    | 48,538    |
| CDS charges                                                                 | 36,368     | 7,767     |

|                                           | 2017                 | 2016 |
|-------------------------------------------|----------------------|------|
|                                           | ----- (Rupees) ----- |      |
| <b>Alfalsh GHP Income Fund</b>            |                      |      |
| Sukuks - purchased                        | 166,386,970          | -    |
| <b>Alfalsh GHP Income Multiplier Fund</b> |                      |      |
| Sukuks - purchased                        | 281,117,550          | -    |
| <b>Alfalsh GHP Sovereign Fund</b>         |                      |      |
| Sukuks - purchased                        | 21,381,840           | -    |

### 18.3 Other balances

#### Associated companies / undertakings

##### Alfalsh GHP Investment Management Limited - Management Company

|                                                               |           |         |
|---------------------------------------------------------------|-----------|---------|
| Remuneration of the Management Company                        | 3,060,454 | 859,541 |
| Sindh sales tax on remuneration of the Management Company     | 513,637   | 236,106 |
| Federal excise duty on remuneration of the Management Company | 779,745   | 779,497 |
| Payable against allocated expenses                            | 2,105,589 | -       |
| Sale load payable                                             | 4,408     | 4,408   |

##### Bank Alfalah Limited - Islamic Banking Division

|                   |             |         |
|-------------------|-------------|---------|
| Bank balance      | 103,513,252 | 365,396 |
| Sale load payable | 723,838     | -       |

#### Other related parties

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

|                                         |         |         |
|-----------------------------------------|---------|---------|
| Remuneration payable to the Trustee     | 382,254 | 163,343 |
| Sindh Sales Tax on Trustee remuneration | 47,711  | 20,363  |
| Security deposit                        | 100,000 | 100,000 |

### 19 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2017, all the financial assets carried on the statement of assets and liabilities are categorised either as loans and receivables or financial assets at fair value through profit or loss. All the financial liabilities carried on the statement of assets and liabilities are categorised as financial liabilities measured at amortised cost.

| Particulars                    | June 30, 2017         |                                                         |                    |                      |
|--------------------------------|-----------------------|---------------------------------------------------------|--------------------|----------------------|
|                                | Loans and receivables | Financial assets 'at fair value through profit or loss' | Available for sale | Total                |
| <b>Financial Assets</b>        |                       |                                                         |                    |                      |
| Bank balances                  | 1,261,147,109         | -                                                       | -                  | 1,261,147,109        |
| Investments                    | -                     | 1,503,312,649                                           | -                  | 1,503,312,649        |
| Profit receivable              | 27,847,658            | -                                                       | -                  | 27,847,658           |
| Deposits and other receivables | 104,107               | -                                                       | -                  | 104,107              |
|                                | <u>1,289,098,874</u>  | <u>1,503,312,649</u>                                    | <u>-</u>           | <u>2,792,411,523</u> |



| Particulars | June 30, 2017                                      |                                                  |       |
|-------------|----------------------------------------------------|--------------------------------------------------|-------|
|             | Liabilities 'at fair value through profit or loss' | Financial liabilities measured at amortised cost | Total |

#### Financial Liabilities

|                                     |          |                  |                  |
|-------------------------------------|----------|------------------|------------------|
| Payable to the Management Company   | -        | 5,170,451        | 5,170,451        |
| Payable to the Trustee              | -        | 382,254          | 382,254          |
| Payable against redemption of units | -        | 313,972          | 313,972          |
| Accrued and other liabilities       | -        | 1,890,055        | 1,890,055        |
|                                     | <u>-</u> | <u>7,756,732</u> | <u>7,756,732</u> |

| Particulars | June 30, 2016         |                                                         |                    |       |
|-------------|-----------------------|---------------------------------------------------------|--------------------|-------|
|             | Loans and receivables | Financial assets 'at fair value through profit or loss' | Available for sale | Total |

#### Financial Assets

|                                |                   |                   |          |                    |
|--------------------------------|-------------------|-------------------|----------|--------------------|
| Bank balances                  | 84,971,590        | -                 | -        | 84,971,590         |
| Investments                    | -                 | 95,125,369        | -        | 95,125,369         |
| Profit receivable              | 6,308,738         | -                 | -        | 6,308,738          |
| Deposits and other receivables | 100,143           | -                 | -        | 100,143            |
|                                | <u>91,380,471</u> | <u>95,125,369</u> | <u>-</u> | <u>186,505,840</u> |

| Particulars | June 30, 2016                                      |                                                  |       |
|-------------|----------------------------------------------------|--------------------------------------------------|-------|
|             | Liabilities 'at fair value through profit or loss' | Financial liabilities measured at amortised cost | Total |

#### Financial Liabilities

|                                     |          |                   |                   |
|-------------------------------------|----------|-------------------|-------------------|
| Payable to the Management Company   | -        | 863,949           | 863,949           |
| Payable to the Trustee              | -        | 163,343           | 163,343           |
| Payable against redemption of units | -        | 82,140,343        | 82,140,343        |
| Accrued and other liabilities       | -        | 826,269           | 826,269           |
|                                     | <u>-</u> | <u>83,993,904</u> | <u>83,993,904</u> |

## 20. FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks:

- Market risk
- Credit risk and
- Liquidity risk

### 20.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

### 20.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

### 20.1.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

|                                                                    | Note | 2017                 | 2016               |
|--------------------------------------------------------------------|------|----------------------|--------------------|
|                                                                    |      | -----Rupees-----     |                    |
| <b>Variable rate instruments (financial assets)</b>                |      |                      |                    |
| Bank balances                                                      |      | 1,261,147,109        | 84,971,590         |
| Government securities - Government of Pakistan (GoP) Ijarah sukuku |      | 503,350,000          | -                  |
| Quoted sukuk certificates                                          |      | 999,962,649          | 95,125,369         |
|                                                                    |      | <u>2,764,459,758</u> | <u>180,096,959</u> |

#### a) Sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in profit rates at the reporting date would have increased / decreased the income statement and statement of comprehensive income by Rs 3.788 million (2016: Rs 0.592 million) and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

#### b) Sensitivity analysis for fixed rate instrument

As at reporting date, the Fund does not hold any fixed rate instruments.

The composition of the Fund's investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2017 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

Yield / interest rate sensitivity position for the financial instruments recognised in the statement of assets and liabilities is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

As at June 30, 2017

| Effective yield / profit rate | Exposed to yield / profit risk |                                          |                    | Not exposed to yield / profit rate risk | Total |
|-------------------------------|--------------------------------|------------------------------------------|--------------------|-----------------------------------------|-------|
|                               | Upto three months              | More than three months and upto one year | More than one year |                                         |       |
| %                             | ----- (Rupees) -----           |                                          |                    |                                         |       |

#### On-balance sheet financial instruments

##### Financial assets

|                                |             |               |               |   |            |               |
|--------------------------------|-------------|---------------|---------------|---|------------|---------------|
| Bank balances                  | 3.26 - 5.60 | 1,261,147,109 | -             | - | -          | 1,261,147,109 |
| Investments                    | 6.54 - 8.35 | 335,030,900   | 1,168,281,749 | - | -          | 1,503,312,649 |
| Profit receivable              | -           | -             | -             | - | 27,847,658 | 27,847,658    |
| Deposits and other receivables | -           | -             | -             | - | 104,107    | 104,107       |
| <b>Sub total</b>               |             | 1,596,178,009 | 1,168,281,749 | - | 27,951,765 | 2,792,411,523 |

##### Financial liabilities

|                                     |   |   |   |   |           |           |
|-------------------------------------|---|---|---|---|-----------|-----------|
| Payable to the Management Company   | - | - | - | - | 3,064,862 | 3,064,862 |
| Payable to the Trustee              | - | - | - | - | 382,254   | 382,254   |
| Payable against redemption of units | - | - | - | - | 313,972   | 313,972   |
| Accrued and other liabilities       | - | - | - | - | 1,890,055 | 1,890,055 |
| <b>Sub total</b>                    |   | - | - | - | 5,651,143 | 5,651,143 |

#### On-balance sheet gap

|               |               |   |            |               |
|---------------|---------------|---|------------|---------------|
| 1,596,178,009 | 1,168,281,749 | - | 22,300,622 | 2,786,760,380 |
|---------------|---------------|---|------------|---------------|

#### Total interest rate sensitivity gap

|               |               |   |            |               |
|---------------|---------------|---|------------|---------------|
| 1,596,178,009 | 1,168,281,749 | - | 22,300,622 | 2,786,760,380 |
|---------------|---------------|---|------------|---------------|

#### Cumulative interest rate sensitivity gap

|               |               |               |
|---------------|---------------|---------------|
| 1,596,178,009 | 2,764,459,758 | 2,764,459,758 |
|---------------|---------------|---------------|

| As at June 30, 2016           |                                |                                          |                    |                                         |       |
|-------------------------------|--------------------------------|------------------------------------------|--------------------|-----------------------------------------|-------|
| Effective yield / profit rate | Exposed to yield / profit risk |                                          |                    | Not exposed to yield / profit rate risk | Total |
|                               | Upto three months              | More than three months and upto one year | More than one year |                                         |       |

| On-balance sheet financial instruments          | %           | (Rupees)   |             |              |             |
|-------------------------------------------------|-------------|------------|-------------|--------------|-------------|
| <b>Financial assets</b>                         |             |            |             |              |             |
| Bank balances                                   |             |            |             |              |             |
| Investments                                     | 5.00 - 6.45 | 84,971,590 | -           | -            | 84,971,590  |
| Profit receivable                               |             |            | 95,125,369  | -            | 95,125,369  |
| Deposits and other receivables                  | -           | -          | -           | 6,308,738    | 6,308,738   |
| <b>Sub total</b>                                |             | 84,971,590 | 95,125,369  | 6,408,881    | 186,505,840 |
| <b>Financial liabilities</b>                    |             |            |             |              |             |
| Payable to the Management Company               |             |            |             |              |             |
| Payable to the Trustee                          | -           | -          | -           | 1,879,552    | 1,879,552   |
| Payable against redemption of units             | -           | -          | -           | 163,343      | 163,343     |
| Accrued and other liabilities                   | -           | -          | -           | 82,140,343   | 82,140,343  |
| <b>Sub total</b>                                |             | -          | -           | 85,009,507   | 85,009,507  |
| <b>On-balance sheet gap</b>                     |             | 84,971,590 | 95,125,369  | (78,600,626) | 101,496,333 |
| <b>Total interest rate sensitivity gap</b>      |             | 84,971,590 | 95,125,369  | (78,600,626) | 101,496,333 |
| <b>Cumulative interest rate sensitivity gap</b> |             | 84,971,590 | 180,096,959 | 180,096,959  |             |

### 20.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market. As at reporting date, the fund is not exposed to price risk.

### 20.2 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted and arises principally from bank balances, investments, profit receivable and deposit and other receivable.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

#### 20.2.1 Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2017 was as follows:

|                                | 2017                                               |                      | 2016                                               |                    |
|--------------------------------|----------------------------------------------------|----------------------|----------------------------------------------------|--------------------|
|                                | Balance as per statement of assets and liabilities | Maximum exposure     | Balance as per statement of assets and liabilities | Maximum exposure   |
| Bank balances                  | 1,261,147,109                                      | 1,261,147,109        | 84,971,590                                         | 84,971,590         |
| Investments                    | 1,503,312,649                                      | 999,962,649          | 95,125,369                                         | 95,125,369         |
| Profit receivable              | 27,847,658                                         | 27,847,658           | 6,308,738                                          | 6,308,738          |
| Deposits and other receivables | 104,107                                            | 104,107              | 100,143                                            | 100,143            |
|                                | <u>2,792,411,523</u>                               | <u>2,289,061,523</u> | <u>186,505,840</u>                                 | <u>186,505,840</u> |

Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investments in government securities of Rs 503.350 million (2016: Nil) is not exposed to credit risk.

No financial assets were considered to be past due or impaired either at June 30, 2017 and June 30, 2016

20.2.1 The analysis below summarises the available published credit rating of the Fund's financial assets as at June 30, 2017

#### Balances with banks by rating category

| Name of Bank                 | Rating Agency | Rating  | 2017            | 2016          |
|------------------------------|---------------|---------|-----------------|---------------|
|                              |               |         | ----- (%) ----- |               |
| Bank Alfalah Limited         | PACRA         | A1+/AA+ | 8.21            | 0.40          |
| Habib Bank Limited           | JCR-VIS       | A1+/AAA | 0.09            | 67.30         |
| Dubai Islamic Bank Limited   | JCR-VIS       | A1/AA-  | 45.74           | -             |
| Bank Islami Pakistan Limited | PACRA         | A1/A+   | 45.96           | 32.30         |
|                              |               |         | <u>100.00</u>   | <u>100.00</u> |

#### Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect the groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instrument is mainly held with various bank and securities issued by the State Bank of Pakistan on behalf of the government..

#### 20.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to redemptions of its redeemable units on a regular basis. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is therefore to invest the majority of its assets in short term instruments in order to maintain liquidity.

The Fund can borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was required to be obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month.

| 2017                                | Within               | 1 to 3               | 3 to 12           | 1 to 5         | Total                |
|-------------------------------------|----------------------|----------------------|-------------------|----------------|----------------------|
|                                     | 1 month              | months               | months            | years          |                      |
|                                     | ----- Rupees -----   |                      |                   |                |                      |
| <b>Financial assets</b>             |                      |                      |                   |                |                      |
| Bank balances                       | 1,261,147,109        | -                    | -                 | -              | 1,261,147,109        |
| Investments                         | -                    | 1,503,312,649        | -                 | -              | 1,503,312,649        |
| Profit receivable                   | 12,718,477           | -                    | 15,129,181        | -              | 27,847,658           |
| Deposits and other receivables      | -                    | -                    | -                 | 104,107        | 104,107              |
|                                     | <u>1,273,865,586</u> | <u>1,503,312,649</u> | <u>15,129,181</u> | <u>104,107</u> | <u>2,792,411,523</u> |
| <b>Financial liabilities</b>        |                      |                      |                   |                |                      |
| Payable to the Management Company   | 3,064,862            | -                    | -                 | -              | 3,064,862            |
| Payable to the Trustee              | 382,254              | -                    | -                 | -              | 382,254              |
| Payable against redemption of units | 313,972              | -                    | -                 | -              | 313,972              |
| Accrued and other liabilities       | 857,874              | 1,021,824            | -                 | -              | 1,879,698            |
|                                     | <u>4,618,962</u>     | <u>1,021,824</u>     | <u>-</u>          | <u>-</u>       | <u>5,640,786</u>     |
| <b>Net assets</b>                   | <u>1,269,246,624</u> | <u>1,502,290,825</u> | <u>15,129,181</u> | <u>104,107</u> | <u>2,786,770,737</u> |

| 2016                                | Within<br>1 month | 1 to 3<br>months   | 3 to 12<br>months | 1 to 5<br>years | Total              |
|-------------------------------------|-------------------|--------------------|-------------------|-----------------|--------------------|
| ----- Rupees -----                  |                   |                    |                   |                 |                    |
| <b>Financial assets</b>             |                   |                    |                   |                 |                    |
| Bank balances                       | 84,971,590        | -                  | -                 | -               | 84,971,590         |
| Investments                         | -                 | 141,155,763        | -                 | -               | 141,155,763        |
| Profit receivable                   | 4,920,389         | -                  | 1,388,349         | -               | 6,308,738          |
| Deposits and other receivables      | -                 | -                  | -                 | 100,143         | 100,143            |
|                                     | 89,891,979        | 141,155,763        | 1,388,349         | 100,143         | 232,536,234        |
| <b>Financial liabilities</b>        |                   |                    |                   |                 |                    |
| Payable to the Management Company   | 1,879,552         | -                  | -                 | -               | 1,879,552          |
| Payable to the Trustee              | 163,343           | -                  | -                 | -               | 163,343            |
| Payable against redemption of units | 82,140,343        | -                  | -                 | -               | 82,140,343         |
| Accrued and other liabilities       | 229,203           | 597,066            | -                 | -               | 826,269            |
|                                     | 84,412,441        | 597,066            | -                 | -               | 85,009,507         |
| <b>Net assets</b>                   | <b>5,479,538</b>  | <b>140,558,697</b> | <b>1,388,349</b>  | <b>100,143</b>  | <b>147,526,727</b> |

#### 20.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of investments is determined as per the policy disclosed in note 3.2 to these financial statements.

##### Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Fair value measurements using quoted price (unadjusted) in an active market 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 measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2017 and June 30, 2016, the Fund held the following financial instruments measured at fair value:

|                                                                                                        | June 30, 2017 |         |         | Total         |
|--------------------------------------------------------------------------------------------------------|---------------|---------|---------|---------------|
|                                                                                                        | Level 1       | Level 2 | Level 3 |               |
| ----- (Rupees) -----                                                                                   |               |         |         |               |
| <b>Financial assets classified as<br/>at fair value through profit or<br/>loss' - held-for-trading</b> |               |         |         |               |
| Government Securities - GOP Ijarah Sukuk                                                               | 503,350,000   | -       | -       | 503,350,000   |
| Sukuk Certificates                                                                                     | 999,962,649   | -       | -       | 999,962,649   |
|                                                                                                        | 1,503,312,649 | -       | -       | 1,503,312,649 |

|                                                                                                        | June 30, 2016 |         |         | Total      |
|--------------------------------------------------------------------------------------------------------|---------------|---------|---------|------------|
|                                                                                                        | Level 1       | Level 2 | Level 3 |            |
| ----- (Rupees) -----                                                                                   |               |         |         |            |
| <b>Financial assets classified as<br/>at fair value through profit or<br/>loss' - held-for-trading</b> |               |         |         |            |
| Sukuk Certificates                                                                                     | 95,125,369    | -       | -       | 95,125,369 |
|                                                                                                        | 95,125,369    | -       | -       | 95,125,369 |

During the year ended June 30, 2017, 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.

## 20.5 Unit holder's risk management

The Fund's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders and to ensure reasonable safety of Unit Holders' Fund.

The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in market conditions. The capital structure depends on the issuance and redemption of units.

The Fund is an open-end collective investment scheme. The capital of the open end schemes is represented by the net assets attributable to unit holders.

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 whether realised or unrealised as reduced by such expenses as are chargeable to the Fund.

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

The objective of Management Company when managing capital of the Fund is to maintain the Fund's ability to continue as a going concern in order to provide returns to unit holders on their investments.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- Monitors the level of daily issuance and redemptions relative to liquid assets;
- Redeem and issue 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 / Investment Committee members and the Chief Executive of the company critically monitor capital of the Fund on the basis of the value of net assets attributable to the unit holders and track the movement of 'Assets under Management' as well returns earned on the net assets to maintain investors confidence and achieve future growth in business. Further the Board of Directors is updated about the Fund yield and movement of NAV and total fund size at the end of each quarter.

In accordance with the NBFC Regulations, the Fund is required to maintain minimum net assets of one hundred million rupees at all times during the life of the scheme.

## 21. SUPPLEMENTARY NON FINANCIAL INFORMATION

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

## 22. CORRESPONDING FIGURES

Corresponding figures have been rearranged, reclassified or additionally incorporated in the financial statements, wherever necessary, to facilitate comparison and to conform with the changes in presentation. No significant rearrangements or reclassifications were made in these financial statements.

## 23. GENERAL

Figures are rounded off to the nearest rupee.

## 24. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by Board of Directors of the Management Company on August 23rd 2017.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director



Annexure I

**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 2017     |                      |                      |             |
|---------------------------|------------------------|----------------------|----------------------|-------------|
|                           | Number of unit holders | Number of units held | Amount Rupees        | % of total  |
| Individuals               | 51                     | 139,140              | 14,085,916           | 1%          |
| Associated Co./ Directors | 2                      | 1,536,275            | 155,525,256          | 6%          |
| Banks/Dfis                | 0                      | -                    | -                    | 0%          |
| Insurance Co.             | 6                      | 1,113,822            | 112,758,077          | 4%          |
| Retirement & Other Funds  | 2                      | 189,599              | 19,194,152           | 1%          |
| Others                    | 13                     | 24,434,095           | 2,473,592,907        | 89%         |
|                           | <b>74</b>              | <b>27,412,931</b>    | <b>2,775,156,308</b> | <b>100%</b> |

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

(ii) TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

|                                | 30 June 2016 |
|--------------------------------|--------------|
| BIPL Securities (Pvt.) Limited | 80%          |
| Next Capital Limited           | 10%          |
| JS Global Capital Limited      | 4%           |
| Summit Capital (Pvt) Limited   | 6%           |
|                                | 30 June 2016 |
| JS Global Capital Limited      | 100.00%      |

(iii) PARTICULARS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

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

**Maheen Rahman – CEO**

Maheen Rahman has over ten years of experience in the financial services industry. Prior to joining Alfalah GHP Investment Management Limited she was Head of Business Development at IGI Securities the brokerage arm of IGI Financial Services. She has also served as Head of Research for BMA Capital Management where she spearheaded the research effort to provide sound and in depth investment advice across all capital markets

to a wide range of corporate and institutional clients. Ms Rahman has also worked with Merrill Lynch in their Investment Banking Group and was a key team member for several high profile international transactions that spanned the Asia Pacific region and North America. She has also worked with ABN Amro Bank in Corporate Finance and M&A Advisory and was involved in a series of equity raising and IPO activity across south-east Asia.

#### **Noman Soomro**

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

#### **Shariq Mukhtar Hashmi**

Mr. Hashmi holds a diversified experience of over 11 years with various private sector enterprises of repute. He joined IGI Funds Limited (which subsequently merged into Alfalah GHP Investment Management Limited in Oct. 2013) in 2010 to lead the back office function as Head of Operations & Settlements. His association has continued, post-merger, as Head of Compliance & Risk Management. He has previously served National Asset Management Company as Head of Internal Audit and Feroze Sharif Tariq & Co Chartered Accountants in various capacities. He has also headed the Internal Audit Department of the Company. Mr. Hashmi is a qualified Accountant from the Association of Chartered Certified Accountants, UK and holds MBA degree in Finance from SZABIST University. He is also enrolled for Financial Risk Manager Certification of Global Association of Risk Professionals; USA.

#### **Muddasir Ahmed Shaikh**

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

#### **Nabeel Malik**

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

#### **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 73rd, 74th, 75th, 76th, 77th and 78th Board Meetings were held on 26 Aug 2016, 22 Sep 2016, 31 Oct 2016, 07 Dec 2016, 14 Feb 2017 and 26 April 2017 respectively.

| <b>Name of Director</b> | <b>Number of Meetings</b> |                 |                      | <b>Meeting not attended</b> |
|-------------------------|---------------------------|-----------------|----------------------|-----------------------------|
|                         | <b>Held</b>               | <b>Attended</b> | <b>Leave Granted</b> |                             |
| Hanspeter Beier         | 6                         | 4               | 2                    | 2                           |
| Syed Ali Sultan         | 6                         | 6               | -                    | -                           |
| Amin Dawood Saleh       | 6                         | 5               | 1                    | 1                           |
| Ms. Maheen Rahman       | 6                         | 6               | -                    | -                           |
| Mr. Abid Naqvi          | 6                         | 5               | 1                    | 1                           |
| Mr. Michael Buchen      | 1                         | -               | 1                    | 1                           |
| Mr. Tufail Jawed Ahmad  | 6                         | 5               | 1                    | 1                           |
| Mr. Adeel Bajwa         | 2                         | 1               | 1                    | 1                           |

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

**PERFORMANCE TABLE - AGHF**

|                                     | 30 June<br>2017              | 30 June<br>2016 | 30 June<br>2015 | 30 June<br>2014 | 30 June<br>2013 |
|-------------------------------------|------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                     | ----- (Rupees in '000) ----- |                 |                 |                 |                 |
| Net Assets                          | <b>2,775,156</b>             | 100,172         | 112,176         | 104,196         | 110,943         |
| NAV per unit                        | <b>101.2353</b>              | 100.6098        | 100.5030        | 100.9551        | 102.3422        |
| Selling price per unit              | <b>102.3793</b>              | 101.9403        | 101.8437        | 102.3136        | 103.3656        |
| Redemption price per unit           | <b>101.2353</b>              | 100.6098        | 100.5030        | 100.9551        | 102.3422        |
| Highest selling price per unit      | <b>106.9915</b>              | 106.4243        | 109.2365        | 103.3054        | 103.8800        |
| Highest redemption price per unit   | <b>105.7960</b>              | 105.0353        | 107.7985        | 102.2826        | 102.8515        |
| Lowest selling price per unit       | <b>101.9137</b>              | 1018566.0000    | 101.8437        | 101.2045        | 101.4767        |
| Lowest redemption price per unit    | <b>100.7749</b>              | 100.5272        | 100.5030        | 100.2025        | 100.4720        |
| Total interim distribution per unit | <b>4.7495</b>                | 4.8198          | 7.5632          | 5.3198          | 7.338           |
| Interim distribution date           | <b>22-Jun-17</b>             | 29-Jun-16       | 23-Jun-15       | 27-Sep-13       | 5-Jul-12        |
|                                     |                              |                 |                 | 27-Dec-13       | 26-Sep-12       |
|                                     |                              |                 |                 | 4-Apr-14        | 31-Dec-12       |
|                                     |                              |                 |                 | 30-Jun-14       | 27-Mar-13       |
| Final distribution per unit         | <b>Nil</b>                   | Nil             | Nil             | Nil             | 1.9788          |
| Final distribution date             | <b>N/A</b>                   | N/A             | N/A             | N/A             | 4-Jul-13        |
| Annualized returns                  | <b>5.35%</b>                 | 4.91%           | 6.85%           | 6.05%           | 7.35%           |
| Income distribution                 | <b>4.72%</b>                 | 4.80%           | 7.49%           | 5.20%           | 6.73%           |
| Weighted avg. portfolio duration    | <b>2.33Yrs</b>               | 2.57Yrs         | 0.79 Yrs        | 1.37 Yrs        | 185 Days        |

**Return since inception is 7.33%**

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



**Alfalah  
GHP Alpha Fund**

## FUND INFORMATION

|                                                        |                                                                                                                                                                                                  |
|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Management Company:</b>                             | <b>Alfalah GHP Investment Management Limited</b><br>8-B, 8th Floor, Executive Tower, Dolmen City, Block-4,<br>Clifton, Karachi.                                                                  |
| <b>Board of Directors of the Management Company:</b>   | <b>Ms.Maheen Rahman</b><br><b>Syed Ali Sultan</b><br><b>Mr.Hanspeter Beier</b><br><b>Mr.Amin Dawood Saleh</b><br><b>Mr.Abid Naqvi</b><br><b>Mr. Tufail Jawed Ahmad</b><br><b>Mr. Adeel Bajwa</b> |
| <b>Audit Committee:</b>                                | <b>Mr. Abid Naqvi</b><br><b>Syed Ali Sultan</b><br><b>Mr. Amin Dawood Saleh</b>                                                                                                                  |
| <b>HR Committee:</b>                                   | <b>Syed Ali Sultan</b><br><b>Mr. Tufail Jawed Ahmed</b><br><b>Ms. Maheen Rahman</b>                                                                                                              |
| <b>Chief Operating Officer and Company Secretary :</b> | <b>Mr. Noman Ahmed Soomro</b>                                                                                                                                                                    |
| <b>Chief Financial Officer:</b>                        | <b>Mr. Muhammad Shehzad Dhedhi</b>                                                                                                                                                               |
| <b>Trustee:</b>                                        | <b>Central Depository Company of Pakistan Limited</b><br>CDC House, 99-B, Block 'B',SMCHS,<br>Main Share-e-Faisal,Karachi                                                                        |
| <b>Bankers to the Fund:</b>                            | <b>Bank Alfalah Limited</b>                                                                                                                                                                      |
| <b>Auditors:</b>                                       | <b>A.F. Ferguson &amp; Co.</b><br>Chartered Accountants<br>State Life Building No. 1-C I.I. Chundrigar Road,<br>P.O.Box 4716 Karachi,<br>Pakistan                                                |
| <b>Legal Advisor:</b>                                  | <b>Ahmed &amp; Qazi</b><br>Advocates & Legal Consultants<br>402,403,404,417<br>Clifton Centre,<br>Clifton, Karachi                                                                               |
| <b>Registrar:</b>                                      | <b>Alfalah GHP Investment Management Limited</b><br>8-B, 8th Floor, Executive Tower, Dolmen City, Block-4,<br>Clifton, Karachi.                                                                  |
| <b>Distributor:</b>                                    | <b>Bank Alfalah Limited</b>                                                                                                                                                                      |
| <b>Rating:</b>                                         | <b>4 Star (long term) and 3 Star (short term) by PACRA</b>                                                                                                                                       |

# Alfalah GHP Alpha Fund

## Annual Fund Manager`s Report

### Type of Fund

Open-end Scheme

### Category of Fund

Conventional Stock Scheme

### Investment Objective

The investment objective of Alfalah GHP Alpha Fund (AGAF) is seeking long term capital appreciation from a portfolio that is substantially constituted of equity and equity related securities.

### Accomplishment of Objective

The Fund has strived to achieve its objective as it provided the unit holders a competitive and attractive return as compared to peer funds.

### Review of the Market

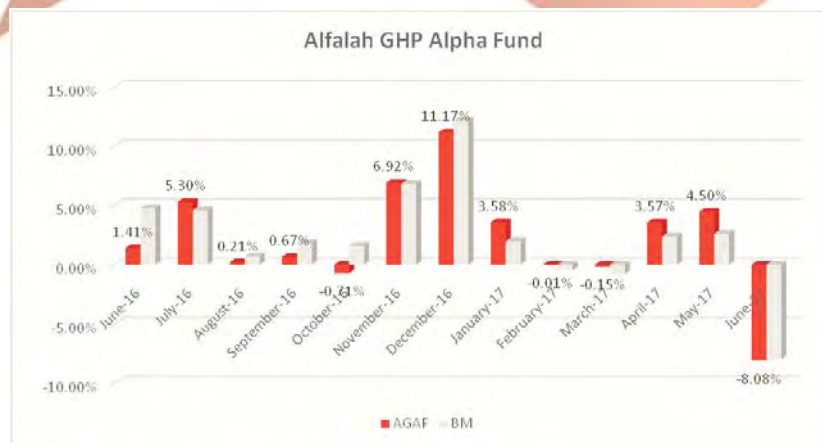
KSE-100 gave a return of 23.24% in FY17 as compared to 9.84% return in FY16. The major excitement created during the fiscal year in the PSX was of Pakistan's reclassification into an MSCI Emerging market, from a Frontier Market. On May 25' 2017, the benchmark KSE-100 index hit an intra-day all-time high at 53,124 points providing an upside of 11% from Jan 1' 2017. Six companies had qualified for the main MSCI EM index: Engro Corporation, Habib Bank, Lucky Cement, MCB Bank, Oil and Gas Development Company and United Bank. The inclusion of Pakistan in the MSCI EM Index was not as welcoming and Pakistan performed the worst in MTD return charts and was an underperformer in the MSCI Asian EM by 7.7% in Jun'17. Concurrently, to the peak from which the index came crashing down, in just 16 trading sessions until 20 June' 17, the Index has lost 6,265 points, representing an incredibly steep fall of 12%.

The KSE-100 now trades at an approximate forward P/E of 9.5x, at an approx. 19%-21% discount to MSCI EM. Given that the market corrected sharply in June and with foreign investors turning net buyers again over last few weeks, the market should lift gradually in the coming months. Additionally on the positive side SECP made major amendments in margin financing system, in light with longstanding demands of brokers.

### Fund Performance

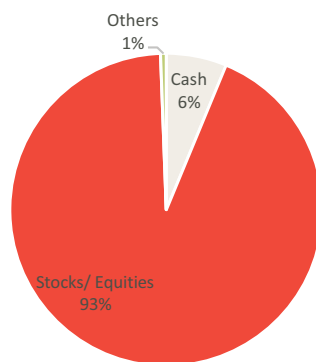
During the year under review, the Fund generated a return of 29.0% against a benchmark (KSE - 100 Index) of 23.20% YTD translating into an outperformance of 580bps.

Performance of the fund remained strong throughout the year as the benchmark KSE-100 index during the year touched a new high of 52,876 points on the back of inclusion of Pakistan in MSCI Emerging market and increase in CPEC related investments. The fund remained invested in the sectors that were direct beneficiaries of the given theme. Major portion of the fund remained invested in index heavy sectors, mainly Banking and Oil & Gas exploration, to get the benefit of the inclusion in EM index and surge in international oil prices. Additionally, the fund was invested in construction & material sector on the back of strong cement and steel demand and expected growth in construction activities. Select picks in Oil Marketing sector remained some of the best performers for the fund as turnaround in that specific company fundamentals and expansion of distribution network contributed positively in the financial results of the company. The fund continued to maintain its basic philosophy of investing in fundamentally strong companies, however, index heavy companies and second tier stocks augmented the overall performance.





### AGAF Asset Allocation, June 2017



**Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**

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

**Disclosure on unit split (if any), comprising:-**

There were no unit splits during the period.

**Disclosures of circumstances that materially affect any interests of unit holders**

Investments are subject to market risk.

**Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.**

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

**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 ALPHA FUND**

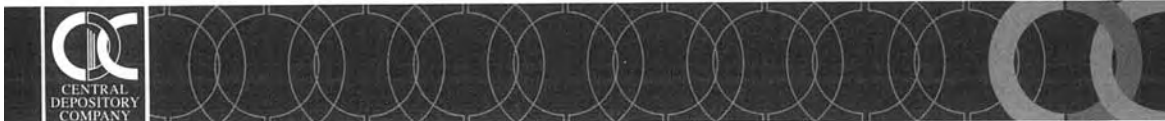
**Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of  
the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We Central Depository Company of Pakistan Limited, being the Trustee of Alfalah GHP Alpha Fund (the Fund) are of the opinion that Alfalah GHP Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2017 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.

  
**Aftab Ahmed Diwan**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: September 12, 2017



**STATEMENT OF COMPLIANCE BY ALFALAH GHP ALPHA FUND  
WITH THE CODE OF CORPORATE GOVERNANCE  
FOR THE YEAR ENDED JUNE 30, 2017**

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No.5.19 of Chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Management Company encourages representation of independent, non-executive directors, and directors representing minority interests on its board of directors ("the Board"). At present the Board includes:

| Category                | Names                                                                                 |
|-------------------------|---------------------------------------------------------------------------------------|
| Executive Director      | Ms. Maheen Rahman– Chief Executive Officer (CEO)                                      |
| Independent Directors   | Mr. Abid Naqvi<br>Mr. Tufail Jawed Ahmad                                              |
| Non-Executive Directors | Mr. Syed Ali Sultan<br>Mr. Adeel Bajwa<br>Mr. HanspeterBeier<br>Mr. Amin Dawood Saleh |

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

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies (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 broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. According to regulation 5.19.3 of the Rule Book and section 155 (3) of the Companies Act, 2017, any casual vacancy occurring on the Board of Directors of a listed company shall be filled up by the directors at the earliest but not later than 90 days thereof. A casual vacancy occurred on the Board on September 22, 2016, due to resignation of Mr. Michael Buchen. However, the Board of Directors appointed Mr. Adeel Bajwa as a director on January 23, 2017 i.e. after 90 days after the date of resignation Mr. Michael Buchen. The appointment was approved in principle by the SECP with effect from February 7, 2017.
5. The Management Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before such meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged no training programs for its directors during the year. However, at present 6 directors of the Management Company have certification under the Directors' Training Program offered by institutions.
10. There was no change of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year. However, the remuneration and terms and conditions of Chief Financial Officer, Company Secretary and Head of Internal Audit were approved by the Board.

11. The Directors' Report for the year ended June 30, 2017 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by the CEO and CFO 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 that disclosed in the Directors' Report and pattern of unit holding.
14. The Management Company has 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, and the Chairman of the Committee 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 Committee have been formed and advised to the Committee for compliance.
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 Deloitte Yousuf Adil Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partner of the firm, their spouse and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'Book Closure' dates were duly determined and intimated to the stock exchange, however the 'closed period' prior to the announcement of interim / final results, and business decisions was not determined and intimated to directors, employees and the stock exchange, considering the fact that NAV of the Fund is announced on a daily basis.
22. Material/price sensitive information has been disseminated among all market participants at once through the stock exchange.
23. The Management Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the Code have been complied with.

**For and on behalf of the Board**

Maheen Rahman  
Chief Executive Officer

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Alfalah GHP Investment Management Limited, the Management Company of **Alfalah GHP Alpha Fund** (the Fund) for the year ended June 30, 2017 to comply with the requirements of regulation no. 5.19 of chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company (**Alfalah GHP Investment Management Limited**). Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund'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 Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As a part of our audit of the 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 of Directors' 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 of Directors for their review and approval of 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 of Directors 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 of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2017.

Further, we highlight below an instance of non-compliance with the requirement of the Code as reflected in paragraph reference where it is stated in the Statement of Compliance:

| S. No. | Paragraph reference | Description                                                                                                                                                                                                                                                                                                                                                                                  |
|--------|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | 4                   | According to regulation 5.19.3 of the Rule Book and section 155 (3) of the Companies Act, 2017, any casual vacancy occurring on the Board of Directors of a listed company shall be filled up by the directors at the earliest but not later than 90 days thereof. A casual vacancy occurred on the Board on September 22, 2016 which was filled after 90 days from the date of resignation. |

**A.F. Ferguson & Co.**  
**Chartered Accountants**

Dated: September 20, 2017  
Karachi

# INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Alfalah GHP Alpha Fund** (hereinafter referred to as the 'Fund'), which comprise the statement of assets and liabilities as at June 30, 2017, and the related income statement, statement of comprehensive income, distribution statement, cash flow statement and statement of movement in unit holders' funds for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

The Management Company (**Alfalah GHP Investment Management Limited**) of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with 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 the International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial position of the Fund as at June 30, 2017 and of its financial performance, its cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

### Other matter

The financial statements of the Fund for the year ended June 30, 2016 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion on those financial statements vide their report dated September 22, 2016.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

**A.F. Ferguson & Co.**  
**Chartered Accountants**  
**Engagement Partner: Shahbaz Akbar**

Dated: September 20, 2017  
Karachi



**ALFALAH GHP ALPHA FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
*AS AT JUNE 30, 2017*

|                                                                                    | Note | 2017<br>----- (Rupees) -----  | 2016                 |
|------------------------------------------------------------------------------------|------|-------------------------------|----------------------|
| <b>Assets</b>                                                                      |      |                               |                      |
| Bank balances                                                                      | 4    | 95,220,941                    | 208,429,027          |
| Investments                                                                        | 5    | 1,421,523,440                 | 830,707,963          |
| Dividend and mark-up receivable                                                    | 6    | 6,435,552                     | 4,093,845            |
| Advance and deposits                                                               | 7    | <u>2,752,734</u>              | <u>2,700,000</u>     |
| <b>Total assets</b>                                                                |      | <u>1,525,932,667</u>          | <u>1,045,930,835</u> |
| <b>Liabilities</b>                                                                 |      |                               |                      |
| Payable to the Management Company                                                  | 8    | 16,168,385                    | 8,546,745            |
| Payable to the Trustee                                                             | 9    | 265,827                       | 188,560              |
| Annual fee payable to the Securities and<br>Exchange Commission of Pakistan (SECP) | 10   | 1,584,307                     | 868,121              |
| Accrued and other liabilities                                                      | 11   | <u>14,726,731</u>             | <u>10,840,674</u>    |
| <b>Total liabilities</b>                                                           |      | <u>32,745,250</u>             | <u>20,444,100</u>    |
| <b>Net assets attributable to unit holders</b>                                     |      | <u>1,493,187,417</u>          | <u>1,025,486,735</u> |
| <b>Unit holders' funds (as per the statement attached)</b>                         |      | <u>1,493,187,417</u>          | <u>1,025,486,735</u> |
| <b>Contingencies and commitments</b>                                               | 12   | ----- (Number of units) ----- |                      |
| <b>Number of units in issue</b>                                                    |      | <u>17,671,135</u>             | <u>15,127,068</u>    |
|                                                                                    |      | ----- (Rupees) -----          |                      |
| <b>Net asset value per unit</b>                                                    |      | <u>84.50</u>                  | <u>67.79</u>         |

The annexed notes 1 to 23 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP ALPHA FUND**

**INCOME STATEMENT**

FOR THE YEAR ENDED JUNE 30, 2017

|                                                                                                                                                                     | Note | 2017                 | 2016               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|----------------------|--------------------|
|                                                                                                                                                                     |      | ----- (Rupees) ----- |                    |
| <b>Income</b>                                                                                                                                                       |      |                      |                    |
| Profit / mark-up income                                                                                                                                             | 13   | 8,089,318            | 5,689,541          |
| 'At fair value through profit or loss' - held-for-trading                                                                                                           |      |                      |                    |
| - Dividend income from equity securities                                                                                                                            |      | 59,024,534           | 43,160,318         |
| - Gain on sale of investments - net                                                                                                                                 |      | 224,968,114          | 20,203,694         |
| - Unrealised gain on revaluation of investments - net                                                                                                               | 5.5  | 117,211,191          | 75,107,268         |
| Reversal of provision against Workers' Welfare Fund (WWF)                                                                                                           | 11.1 | 7,288,665            | -                  |
| <b>Total income</b>                                                                                                                                                 |      | <u>416,581,822</u>   | <u>144,160,821</u> |
| <b>Expenses</b>                                                                                                                                                     |      |                      |                    |
| Remuneration of the Management Company                                                                                                                              | 8.1  | 29,264,325           | 15,793,951         |
| Performance fee of the Management Company                                                                                                                           | 8.2  | 4,090,745            | 1,861,569          |
| Sindh sales tax on remuneration of the Management Company                                                                                                           | 8.3  | 3,805,102            | 2,564,937          |
| Sindh sales tax on performance fee of the Management Company                                                                                                        | 8.3  | 531,796              | 302,319            |
| Federal excise duty on remuneration of the Management Company                                                                                                       | 8.6  | -                    | 2,527,033          |
| Federal excise duty on performance fee of the Management Company                                                                                                    | 8.6  | -                    | 297,850            |
| Selling and marketing expenses                                                                                                                                      | 8.5  | 755,510              | -                  |
| Allocated expenses                                                                                                                                                  | 8.4  | 1,668,152            | 537,962            |
| Remuneration of the Trustee                                                                                                                                         | 9.1  | 2,666,623            | 1,819,007          |
| Sindh sales tax on remuneration of the Trustee                                                                                                                      | 9.2  | 347,285              | 254,662            |
| Annual fee to the Securities and Exchange Commission of Pakistan                                                                                                    | 10   | 1,584,331            | 868,147            |
| Bank and settlement charges                                                                                                                                         |      | 524,184              | 418,318            |
| CDS charges                                                                                                                                                         |      | 290,365              | 151,597            |
| Auditors' remuneration                                                                                                                                              | 14   | 654,441              | 674,485            |
| Printing charges                                                                                                                                                    |      | 66,246               | 150,000            |
| Brokerage expense and capital value tax                                                                                                                             |      | 7,529,103            | 4,917,288          |
| Legal and professional charges                                                                                                                                      |      | 11,667               | -                  |
| Fees and subscriptions                                                                                                                                              |      | 269,451              | 263,982            |
| Provision against Sindh Workers' Welfare Fund                                                                                                                       | 11.1 | 11,039,300           | -                  |
| <b>Total expenses</b>                                                                                                                                               |      | <u>65,098,626</u>    | <u>33,403,107</u>  |
| <b>Net income for the year before element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net</b> |      | <u>351,483,196</u>   | <u>110,757,714</u> |
| Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net                                       |      | (9,134,805)          | 1,223,585          |
| <b>Net income for the year before taxation</b>                                                                                                                      |      | <u>342,348,391</u>   | <u>111,981,299</u> |
| Taxation                                                                                                                                                            | 16   | -                    | -                  |
| <b>Net income for the year after taxation</b>                                                                                                                       |      | <u>342,348,391</u>   | <u>111,981,299</u> |

The annexed notes 1 to 23 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

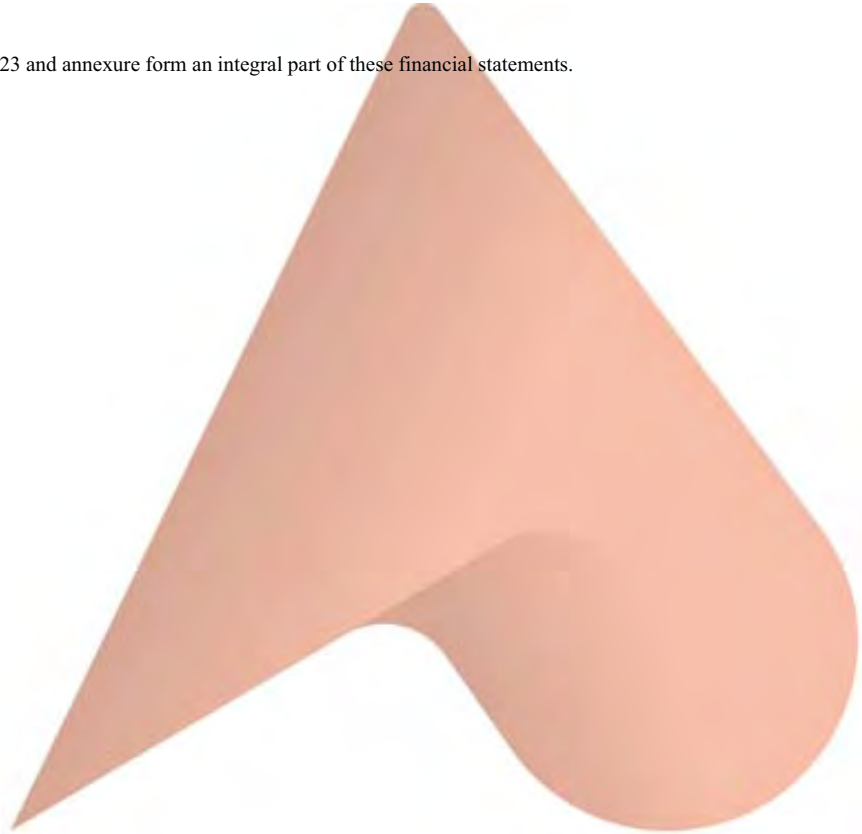
\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

**ALFALAH GHP ALPHA FUND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED JUNE 30, 2017*

|                                                | 2017<br>----- (Rupees) ----- | 2016<br>-----             |
|------------------------------------------------|------------------------------|---------------------------|
| <b>Net income for the year after taxation</b>  | 342,348,391                  | 111,981,299               |
| Other comprehensive income for the year        | -                            | -                         |
| <b>Total comprehensive income for the year</b> | <u><u>342,348,391</u></u>    | <u><u>111,981,299</u></u> |

The annexed notes 1 to 23 and annexure form an integral part of these financial statements.



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

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

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

**ALFALAH GHP ALPHA FUND**

**CASH FLOW STATEMENT**

FOR THE YEAR ENDED JUNE 30, 2017

|                                                                                                                                  | Note | 2017                 | 2016          |
|----------------------------------------------------------------------------------------------------------------------------------|------|----------------------|---------------|
|                                                                                                                                  |      | ----- (Rupees) ----- |               |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                                                      |      |                      |               |
| Net income for the year before taxation                                                                                          |      | 342,348,391          | 111,981,299   |
| <b>Adjustments for:</b>                                                                                                          |      |                      |               |
| Unrealised gain on revaluation of investments classified as<br>'at fair value through profit or loss' - held-for-trading - net   |      | (117,211,191)        | (75,107,268)  |
| Reversal of provision against Workers' Welfare Fund (WWF)                                                                        |      | (7,288,665)          | -             |
| Provision against Sindh Workers' Welfare Fund                                                                                    |      | 11,039,300           | -             |
| Element of loss / (income) and capital losses / (gains) included<br>in prices of units issued less those in units redeemed - net |      | 9,134,805            | (1,223,585)   |
|                                                                                                                                  |      | 238,022,640          | 35,650,446    |
| <b>(Increase) / decrease in assets</b>                                                                                           |      |                      |               |
| Investments - net                                                                                                                |      | (473,604,286)        | (48,585,676)  |
| Dividend and mark-up receivable                                                                                                  |      | (2,341,707)          | (2,973,418)   |
| Advance and deposits                                                                                                             |      | (52,734)             | 5,447         |
| Receivable against sale of investments                                                                                           |      | -                    | 12,350,751    |
|                                                                                                                                  |      | (475,998,727)        | (39,202,896)  |
| <b>Increase / (decrease) in liabilities</b>                                                                                      |      |                      |               |
| Payable to the Management Company                                                                                                |      | 7,621,640            | 726,776       |
| Payable to the Trustee                                                                                                           |      | 77,267               | 57,581        |
| Annual fee payable to Securities and<br>Exchange Commission of Pakistan (SECP)                                                   |      | 716,186              | 356,597       |
| Accrued and other liabilities                                                                                                    |      | 135,422              | 670,453       |
|                                                                                                                                  |      | 8,550,515            | 1,811,407     |
| <b>Net cash flows used in operating activities</b>                                                                               |      | (229,425,572)        | (1,741,043)   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                                                      |      |                      |               |
| Amount received against issuance of units                                                                                        |      | 2,043,072,607        | 848,637,572   |
| Amount paid against redemption of units                                                                                          |      | (1,879,745,089)      | (656,506,829) |
| Dividend paid                                                                                                                    |      | (47,110,032)         | (87,368,635)  |
| <b>Net cash flows generated from financing activities</b>                                                                        |      | 116,217,486          | 104,762,108   |
| <b>Net (decrease) / increase in cash and cash equivalents during the year</b>                                                    |      | (113,208,086)        | 103,021,065   |
| Cash and cash equivalents at beginning of the year                                                                               |      | 208,429,027          | 105,407,962   |
| <b>Cash and cash equivalents at end of the year</b>                                                                              | 4    | 95,220,941           | 208,429,027   |

The annexed notes 1 to 23 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP ALPHA FUND**  
**DISTRIBUTION STATEMENT**  
*FOR THE YEAR ENDED JUNE 30, 2017*

|                                                                                                           | 2017                                                                     | 2016                                                                     |
|-----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|--------------------------------------------------------------------------|
|                                                                                                           | ----- (Rupees) -----                                                     |                                                                          |
| <b>Undistributed income brought forward comprises of:</b>                                                 |                                                                          |                                                                          |
| Realised gain                                                                                             | 96,773,860                                                               | 26,405,286                                                               |
| Unrealised gain                                                                                           | <u>75,107,268</u>                                                        | <u>94,486,644</u>                                                        |
| <b>Total undistributed income brought forward</b>                                                         | <u>171,881,128</u>                                                       | <u>120,891,930</u>                                                       |
| Element of income and capital gains included in prices of units issued less those in units redeemed - net | 28,906,931                                                               | 30,295,423                                                               |
| Net income for the year after taxation                                                                    | 342,348,391                                                              | 111,981,299                                                              |
| Interim distribution of cash dividend @ Rs 2.9418 (2016: Rs 1.57) per unit approved on June 22, 2017      | <span style="border: 1px solid black; padding: 2px;">(47,110,032)</span> | <span style="border: 1px solid black; padding: 2px;">(78,621,858)</span> |
| Distribution of bonus units (2016: 181,457 units)                                                         | <span style="border: 1px solid black; padding: 2px;">-</span>            | <span style="border: 1px solid black; padding: 2px;">(12,665,666)</span> |
|                                                                                                           | <u>(47,110,032)</u>                                                      | <u>(91,287,524)</u>                                                      |
| <b>Undistributed income carried forward</b>                                                               | <u><u>496,026,418</u></u>                                                | <u><u>171,881,128</u></u>                                                |
| <b>Undistributed income carried forward comprises of:</b>                                                 |                                                                          |                                                                          |
| Realised gain                                                                                             | 378,815,227                                                              | 96,773,860                                                               |
| Unrealised gain                                                                                           | <u>117,211,191</u>                                                       | <u>75,107,268</u>                                                        |
| <b>Total undistributed income carried forward</b>                                                         | <u><u>496,026,418</u></u>                                                | <u><u>171,881,128</u></u>                                                |

The annexed notes 1 to 23 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP ALPHA FUND**

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

FOR THE YEAR ENDED JUNE 30, 2017

|                                                                                                                                                      | 2017<br>----- (Rupees) ----- | 2016<br>----- (Rupees) ----- |
|------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>Net assets at the beginning of the year</b>                                                                                                       | 1,025,486,735                | 801,220,136                  |
| Issuance of 25,779,087 units (2016: 12,257,687 units)                                                                                                | 2,043,072,607                | 848,637,572                  |
| Redemption of 23,235,020 units (2016: 9,407,932 units)                                                                                               | (1,879,745,089)              | (656,506,829)                |
| Issuance of Nil Bonus units (2016: 181,457 Bonus units)                                                                                              | -                            | 12,665,666                   |
|                                                                                                                                                      | 163,327,518                  | 204,796,409                  |
| Element of loss / (income) and capital losses / (gains) included<br>in prices of units issued less those in units redeemed - net                     |                              |                              |
| - transferred to income statement                                                                                                                    | 9,134,805                    | (1,223,585)                  |
| - transferred to distribution statement                                                                                                              | (28,906,931)                 | (30,295,423)                 |
|                                                                                                                                                      | (19,772,126)                 | (31,519,008)                 |
| Element of income and capital gains included in prices of units issued less<br>those in units redeemed - transferred to distribution statement - net | 28,906,931                   | 30,295,423                   |
| Gain on sale of investments classified as 'at fair value<br>through profit or loss' - held-for-trading - net                                         | 224,968,114                  | 20,203,694                   |
| Unrealised gain on revaluation of investments classified as<br>'at fair value through profit or loss' - held-for-trading - net                       | 117,211,191                  | 75,107,268                   |
| Other income (net of expenses)                                                                                                                       | 169,086                      | 16,670,337                   |
| Total comprehensive income for the year                                                                                                              | 342,348,391                  | 111,981,299                  |
| Interim distribution of cash dividend @ Rs 2.9418 (2016: Rs 1.57)<br>per unit approved on June 22, 2017                                              | (47,110,032)                 | (78,621,858)                 |
| Distribution of bonus units (2016: 181,457 units)                                                                                                    | -                            | (12,665,666)                 |
|                                                                                                                                                      | (47,110,032)                 | (91,287,524)                 |
| Total comprehensive income less distributions for the year                                                                                           | 295,238,359                  | 20,693,775                   |
| <b>Net assets at the end of the year</b>                                                                                                             | <u>1,493,187,417</u>         | <u>1,025,486,735</u>         |
| Net asset value per unit at the beginning of the year                                                                                                | <u>67.79</u>                 | <u>66.24</u>                 |
| Net asset value per unit at the end of the year                                                                                                      | <u>84.50</u>                 | <u>67.79</u>                 |

The annexed notes 1 to 23 and annexure form an integral part of these financial statements.

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

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

\_\_\_\_\_  
Director



## ALFALAH GHP ALPHA FUND

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

FOR THE YEAR ENDED JUNE 30, 2017

#### 1 LEGAL STATUS AND NATURE OF BUSINESS

Alfalaha GHP Alpha Fund (the Fund) is an open-end collective investment scheme established through a Trust Deed under the Trust Act, 1882, executed between Alfalah GHP Investment Management Limited, (the Management Company) and Central Depository Company of Pakistan Limited, (the Trustee). The Trust Deed was executed on December 27, 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the NBFC (Establishment and Regulation) Rules, 2003 (NBFC Rules), on February 29, 2008. The SECP has approved first Supplemental Trust Deed, under the NBFC Regulations, vide its letter No. NBFC/RS/AGIML/AGAF/176/2010 dated February 26, 2008 to modify and restate the previous Trust Deed to effectuate renaming of the Fund to Alfalah GHP Alpha Fund.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate issued by the SECP on March 9, 2017. The registered office of the Management Company is situated at 8-B, 8th floor, Executive tower, Dolmen city, Block 4, Clifton, Karachi.

The Fund is categorised as an 'equity scheme' pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund are being offered for public subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.

According to the trust deed, the objective of the Fund is to provide good total return through a combination of current income and long-term capital appreciation, consistent with reasonable investment risk in equity securities. The Fund invests in equity securities and profit bearing accounts. The investment objectives and policy are explained in the Fund's offering document.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of AM2+ (stable outlook) to the Management Company on May 16, 2017 and 3-Star (short term) and 4-Star (long term) to the Fund in its rating report dated May 08, 2017.

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

#### 2 BASIS OF PREPARATION

##### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the 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 the IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The Directors of the asset management company declare that these financial statements give a true and fair view of the state of affairs of the Fund.

##### 2.2 Standards, Interpretations and amendments to published approved accounting standards that are effective in the current year

There are certain new and amended standards and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2016 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

##### 2.3 Standards, Interpretations and amendments to published approved accounting standards that are not yet effective

2.3.1 There are certain new and amended standards and interpretations that are mandatory for the accounting period beginning on or after July 1, 2017 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

2.3.2 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.

#### Effective date (accounting period beginning on or after)

##### Standards, Interpretations or Amendments

|                                                 |                 |
|-------------------------------------------------|-----------------|
| - IFRS-9 Financial Instruments                  | January 1, 2018 |
| - IFRS-15 Revenue from contracts with customers | January 1, 2018 |
| - IFRS-16 Leases                                | January 1, 2019 |

2.3.3 The SECP vide its SRO 756(1) / 2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations, 2008 which will be applicable on the financial statements of the Fund from the accounting year ending on June 30, 2018. The notification includes a definition and explanation relating to “element of income” and excludes the element of income from the expression “accounting income” as described in Regulation 63 (Amount distributable to unit holders) of the NBFC Regulations, 2008. In addition there are certain changes in the disclosure requirements relating to the Income Statement and the Statement of Movement in Unit Holders’ Fund. The management is currently in the process of assessing the impact of these changes on the financial statements.

#### 2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- Classification and valuation of investments (note 3.2 and 5)
- Impairment of financial assets (note 3.2.6)
- Taxation (note 3.6 and 16)
- Provision against Federal Excise Duty and Sindh Workers’ Welfare Fund (note 8.6 and 11.1 respectively)

#### 2.5 Accounting convention

These financial statements have been prepared under the historical cost convention, except for certain investments which are stated at fair value.

#### 2.6 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund’s functional and presentation currency.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

#### 3.1 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

#### 3.2 Financial assets

##### 3.2.1 Classification

The Fund classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. The management determines the appropriate classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

Investments are categorised as follows:

##### a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profits from short-term fluctuations in prices are classified as financial assets at fair value through profit or loss category. These include held for trading investments and such other investments that, upon initial recognition, are designated under this category.

##### b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

##### c) Available-for-sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) financial assets at fair value through profit or loss or (b) loans and receivables. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

### 3.2.2 Derivatives

These are measured at fair value. Derivatives with positive fair values (unrealised gains) are included in fair value of derivative asset and derivatives with negative fair values (unrealised losses) are included in fair value of derivative liability in the statement of assets and liabilities. The resultant gains and losses are included in the income statement.

### 3.2.3 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

### 3.2.4 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed out in the income statement.

### 3.2.5 Subsequent measurement

#### a) Financial assets 'at fair value through profit or loss' and 'available for sale'

Subsequent to initial recognition, financial instruments classified as 'at fair value through profit or loss' and 'available-for-sale' are measured at fair value.

Gains or losses arising, from changes in the fair value and on sale of the financial assets 'at fair value through profit or loss' are recognised in the Income Statement.

Changes in the fair value of financial instruments classified as 'available-for-sale' are recognised in other comprehensive income until derecognised or impaired, when the accumulated fair value adjustments recognised in other comprehensive income are included in the Income Statement.

#### Basis of valuation

- The fair value of investments in listed equity securities is determined by reference to Stock Exchange quoted market prices at the close of period end.

#### b) Loans and receivables

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortised cost using the effective yield method.

Gains or losses are recognised in the income statement when the financial assets carried at amortised cost are derecognised or impaired.

### 3.2.6 Impairment

The Fund assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets are impaired. The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

In the case of equity securities classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered as an objective evidence of impairment. In case of impairment of available for sale securities, the cumulative loss previously recognised in other comprehensive income is removed therefrom and included in the Income Statement. Impairment losses recognised in the income statement on equity securities are only reversed when the equity securities are derecognised.

For certain other financial assets, a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The provision against these amounts is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company in accordance with the requirements of the Securities and Exchange Commission of Pakistan. Impairment losses are recognised in the income statement.

### 3.2.7 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

### 3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

### 3.4 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### 3.5 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

### 3.6 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

### 3.7 Dividend distribution and appropriations

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

### 3.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, and charges on redemption, if applicable.

### 3.9 "Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed"

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

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

### 3.10 Net asset value per unit

The Net Asset Value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

### 3.11 Revenue recognition

- Gain or loss on sale of investments is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss arising on revaluation of investments classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Dividend income is recognised when the right to receive the dividend is established.
- Profit / mark-up income on bank balances and government securities is recognised on an accrual basis using the effective yield method.

### 3.12 Expenses

All expenses including management fee and trustee fee are recognised in the Income Statement on an accrual basis.

### 3.13 Earnings per unit

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

| 4 BANK BALANCES    | Note | 2017                 | 2016        |
|--------------------|------|----------------------|-------------|
|                    |      | ----- (Rupees) ----- |             |
| In saving accounts | 4.1  | 95,220,941           | 208,429,027 |

4.1 These represent balances in saving accounts maintained with banks carrying profit rates ranging from 4% to 6.6% (2016: 5.5% to 7%) per annum. This includes Rs 12.996 million (2016: Rs 208.429 million) placed with Bank Alfalah Limited (a related party).

| 5 INVESTMENTS                                                   | Note | 2017                 | 2016        |
|-----------------------------------------------------------------|------|----------------------|-------------|
|                                                                 |      | ----- (Rupees) ----- |             |
| <b>At fair value through profit or loss' - held for trading</b> |      |                      |             |
| Listed equity securities                                        | 5.1  | 1,421,523,440        | 830,707,963 |

5.1 **Listed equity securities - 'at fair value through profit or loss' - held for trading**  
Ordinary shares have a face value of Rs. 10 each unless stated otherwise

| Name of the investee company                                           | As at July 01, 2016 | Purchased during the year | Bonus / Right shares received during the year | Sold during the year | As at June 30, 2017 | As at June 30, 2017  |              |                          | Market value as a percentage of |                                   | Holding as a percentage of paid up capital of the investee company |
|------------------------------------------------------------------------|---------------------|---------------------------|-----------------------------------------------|----------------------|---------------------|----------------------|--------------|--------------------------|---------------------------------|-----------------------------------|--------------------------------------------------------------------|
|                                                                        |                     |                           |                                               |                      |                     | Carrying value       | Market value | Unrealised gain / (loss) | Net assets of the fund          | Total market value of investments |                                                                    |
| ----- Number of shares -----                                           |                     |                           |                                               |                      |                     | ----- (Rupees) ----- |              |                          | ----- (%) -----                 |                                   |                                                                    |
| <b>Chemical</b>                                                        |                     |                           |                                               |                      |                     |                      |              |                          |                                 |                                   |                                                                    |
| Ghani Gases Limited                                                    | -                   | 722,000                   | -                                             | 722,000              | -                   | -                    | -            | -                        | -                               | -                                 | -                                                                  |
| Engro Polymer and Chemicals Limited                                    | -                   | 745,000                   | -                                             | -                    | 745,000             | 27,775,945           | 27,192,500   | (583,445)                | 1.82%                           | 1.91%                             | 0.11%                                                              |
| ICI Pakistan Limited                                                   | -                   | 36,700                    | -                                             | 19,850               | 16,850              | 16,113,637           | 18,443,168   | 2,329,531                | 1.24%                           | 1.30%                             | 0.02%                                                              |
|                                                                        |                     |                           |                                               |                      |                     | 43,889,582           | 45,635,668   | 1,746,086                | 3.06%                           | 3.21%                             |                                                                    |
| <b>Fertilizer</b>                                                      |                     |                           |                                               |                      |                     |                      |              |                          |                                 |                                   |                                                                    |
| Engro Corporation Limited                                              | 143,600             | 333,600                   | -                                             | 298,600              | 178,600             | 63,379,154           | 58,207,526   | (5,171,628)              | 3.90%                           | 4.09%                             | 0.03%                                                              |
| Fauji Fertilizer Bin Qasim Limited                                     | -                   | 636,000                   | -                                             | 636,000              | -                   | -                    | -            | -                        | -                               | -                                 | -                                                                  |
| Engro Fertilizers Limited                                              | 447,000             | 913,500                   | -                                             | 989,500              | 371,000             | 24,728,357           | 20,494,040   | (4,234,317)              | 1.37%                           | 1.44%                             | 0.03%                                                              |
|                                                                        |                     |                           |                                               |                      |                     | 88,107,511           | 78,701,566   | (9,405,945)              | 5.27%                           | 5.53%                             |                                                                    |
| <b>Commercial Banks</b>                                                |                     |                           |                                               |                      |                     |                      |              |                          |                                 |                                   |                                                                    |
| Bank Alfalah Limited                                                   | 176,000             | 1,611,000                 | -                                             | 975,000              | 812,000             | 31,701,468           | 32,642,400   | 940,932                  | 2.19%                           | 2.30%                             | 0.05%                                                              |
| Bank AL Habib Limited                                                  | -                   | 1,010,500                 | -                                             | 403,000              | 607,500             | 34,054,549           | 34,475,625   | 421,076                  | 2.31%                           | 2.43%                             | 0.05%                                                              |
| The Bank of Punjab                                                     | -                   | 1,400,000                 | -                                             | 661,500              | 738,500             | 10,342,368           | 8,699,530    | (1,642,838)              | 0.58%                           | 0.61%                             | 0.05%                                                              |
| The Bank of Punjab (right)                                             | -                   | -                         | 980,000                                       | -                    | 980,000             | -                    | 39,200       | 39,200                   | 0.00%                           | 0.00%                             | 0.09%                                                              |
| Habib Bank Limited                                                     | 88,200              | 512,900                   | -                                             | 313,000              | 288,100             | 70,035,661           | 77,539,234   | 7,503,573                | 5.19%                           | 5.45%                             | 0.02%                                                              |
| MCB Bank Limited                                                       | 40,500              | 674,300                   | -                                             | 488,000              | 226,800             | 52,185,340           | 47,725,524   | (4,459,816)              | 3.20%                           | 3.36%                             | 0.02%                                                              |
| United Bank Limited                                                    | 102,500             | 557,900                   | -                                             | 389,300              | 271,100             | 58,481,734           | 63,849,472   | 5,367,738                | 4.28%                           | 4.49%                             | 0.02%                                                              |
| National Bank of Pakistan                                              | -                   | 813,500                   | -                                             | 813,500              | -                   | -                    | -            | -                        | -                               | -                                 | -                                                                  |
| JS Bank Limited                                                        | -                   | 3,591,000                 | -                                             | 3,099,000            | 492,000             | 5,239,074            | 4,718,280    | (520,794)                | 0.32%                           | 0.33%                             | 0.05%                                                              |
|                                                                        |                     |                           |                                               |                      |                     | 262,040,194          | 269,689,265  | 7,649,071                | 18.07%                          | 18.97%                            |                                                                    |
| <b>Investments Banks / Investment Companies / Securities Companies</b> |                     |                           |                                               |                      |                     |                      |              |                          |                                 |                                   |                                                                    |
| Arif Habib Limited                                                     | -                   | 387,000                   | -                                             | 228,200              | 158,800             | 14,670,889           | 12,769,108   | (1,901,781)              | 0.86%                           | 0.90%                             | 0.29%                                                              |
|                                                                        |                     |                           |                                               |                      |                     | 14,670,889           | 12,769,108   | (1,901,781)              | 0.86%                           | 0.90%                             |                                                                    |
| <b>Insurance</b>                                                       |                     |                           |                                               |                      |                     |                      |              |                          |                                 |                                   |                                                                    |
| Adamjee Insurance Company Limited                                      | 33,000              | 33,000                    | -                                             | 66,000               | -                   | -                    | -            | -                        | -                               | -                                 | -                                                                  |
| IGI Insurance Limited                                                  | 48,500              | -                         | -                                             | 48,500               | -                   | -                    | -            | -                        | -                               | -                                 | -                                                                  |
|                                                                        |                     |                           |                                               |                      |                     | -                    | -            | -                        | -                               | -                                 | -                                                                  |
| <b>Cement</b>                                                          |                     |                           |                                               |                      |                     |                      |              |                          |                                 |                                   |                                                                    |
| D. G. Khan Cement Company Limited                                      | 52,100              | 476,300                   | -                                             | 322,800              | 205,600             | 41,179,033           | 43,825,696   | 2,646,663                | 2.94%                           | 3.08%                             | 0.05%                                                              |
| Cherat Cement Company Limited                                          | -                   | 338,700                   | -                                             | 189,000              | 149,700             | 27,860,794           | 26,763,366   | (1,097,428)              | 1.79%                           | 1.88%                             | 0.08%                                                              |
| Kohat Cement Limited                                                   | 178,800             | 95,200                    | -                                             | 274,000              | -                   | -                    | -            | -                        | -                               | -                                 | -                                                                  |
| Maple Leaf Cement Factory Limited                                      | -                   | 230,700                   | -                                             | 32,000               | 198,700             | 23,785,119           | 22,127,232   | (1,657,887)              | 1.48%                           | 1.56%                             | 0.04%                                                              |
| Lucky Cement Limited                                                   | 53,700              | 147,300                   | -                                             | 112,000              | 89,000              | 71,019,545           | 74,427,140   | 3,407,595                | 4.98%                           | 5.24%                             | 0.03%                                                              |
| Fauji Cement Company Limited                                           | 112,000             | 660,000                   | -                                             | 772,000              | -                   | -                    | -            | -                        | -                               | -                                 | -                                                                  |
| Fecto Cement Limited                                                   | 37,500              | -                         | -                                             | 37,500               | -                   | -                    | -            | -                        | -                               | -                                 | -                                                                  |
| Pioneer Cement Limited                                                 | 417,500             | 273,200                   | -                                             | 556,700              | 134,000             | 18,936,718           | 17,420,000   | (1,516,718)              | 1.17%                           | 1.23%                             | 0.06%                                                              |
|                                                                        |                     |                           |                                               |                      |                     | 182,781,209          | 184,563,434  | 1,782,225                | 12.36%                          | 12.99%                            |                                                                    |



| Name of the investee company                            | As at July 01, 2016 | Purchased during the year | Bonus / Right shares received during the year | Sold during the year | As at June 30, 2017 | As at June 30, 2017  |              |                          | Market value as a percentage of |                                   | Holding as a percentage of paid up capital of the investee company |
|---------------------------------------------------------|---------------------|---------------------------|-----------------------------------------------|----------------------|---------------------|----------------------|--------------|--------------------------|---------------------------------|-----------------------------------|--------------------------------------------------------------------|
|                                                         |                     |                           |                                               |                      |                     | Carrying value       | Market value | Unrealised gain / (loss) | Net assets of the fund          | Total market value of investments |                                                                    |
|                                                         |                     |                           |                                               |                      |                     | ----- (Rupees) ----- |              |                          | ----- (%) -----                 |                                   |                                                                    |
| <b>Power Generation and Distribution</b>                |                     |                           |                                               |                      |                     |                      |              |                          |                                 |                                   |                                                                    |
| Hub Power Company Limited                               | 693,700             | 777,000                   | -                                             | 1,093,100            | 377,600             | 47,240,850           | 44,341,568   | (2,899,282)              | 2.97%                           | 3.12%                             | 0.03%                                                              |
| Kot Addu Power Company Limited                          | 343,500             | 541,500                   | -                                             | 885,000              | -                   | -                    | -            | -                        | -                               | -                                 | -                                                                  |
|                                                         |                     |                           |                                               |                      |                     | 47,240,850           | 44,341,568   | (2,899,282)              | 2.97%                           | 3.12%                             | -                                                                  |
| <b>Sugar and Allied Industries</b>                      |                     |                           |                                               |                      |                     |                      |              |                          |                                 |                                   |                                                                    |
| Faran Sugar Mills Limited                               | 11,500              | -                         | -                                             | 11,500               | -                   | -                    | -            | -                        | -                               | -                                 | -                                                                  |
| <b>Oil and Gas Marketing Companies</b>                  |                     |                           |                                               |                      |                     |                      |              |                          |                                 |                                   |                                                                    |
| Pakistan State Oil Company Limited                      | 85,500              | 144,000                   | -                                             | 162,300              | 67,200              | 27,098,597           | 26,029,920   | (1,068,677)              | 1.74%                           | 1.83%                             | 0.02%                                                              |
| Attock Petroleum Limited                                | -                   | 65,200                    | -                                             | 41,700               | 23,500              | 15,457,027           | 14,721,105   | (735,922)                | 0.99%                           | 1.04%                             | 0.03%                                                              |
| Hascol Petroleum Limited                                | 25,880              | 52,900                    | -                                             | 34,180               | 44,600              | 14,920,582           | 15,213,060   | 292,478                  | 1.02%                           | 1.07%                             | 0.04%                                                              |
| Sui Northern Gas Pipelines Limited                      | -                   | 1,738,000                 | -                                             | 1,296,500            | 441,500             | 33,686,370           | 65,748,180   | 32,061,810               | 4.40%                           | 4.63%                             | 0.07%                                                              |
| Hi-Tech Lubricants Limited                              | -                   | 800,500                   | -                                             | 800,500              | -                   | -                    | -            | -                        | -                               | -                                 | -                                                                  |
| Sui Southern Gas Company Limited                        | -                   | 708,000                   | -                                             | 708,000              | -                   | -                    | -            | -                        | -                               | -                                 | -                                                                  |
| Shell (Pakistan) Limited                                | -                   | 30,000                    | -                                             | -                    | 30,000              | 19,063,222           | 17,261,100   | (1,802,122)              | 1.16%                           | 1.21%                             | 0.03%                                                              |
|                                                         |                     |                           |                                               |                      |                     | 110,225,798          | 138,973,365  | 28,747,567               | 9.31%                           | 9.78%                             | -                                                                  |
| <b>Oil and Gas Exploration Companies</b>                |                     |                           |                                               |                      |                     |                      |              |                          |                                 |                                   |                                                                    |
| Oil and Gas Development Company Limited                 | 483,500             | 939,700                   | -                                             | 998,000              | 425,200             | 64,290,543           | 59,821,388   | (4,469,155)              | 4.01%                           | 4.21%                             | 0.01%                                                              |
| Pakistan Petroleum Limited                              | 244,900             | 553,100                   | -                                             | 701,900              | 96,100              | 15,428,486           | 14,236,254   | (1,192,232)              | 0.95%                           | 1.00%                             | 0.00%                                                              |
| Pakistan Oilfields Limited                              | 105,000             | 201,600                   | -                                             | 240,000              | 66,600              | 26,898,034           | 30,512,790   | 3,614,756                | 2.04%                           | 2.15%                             | 0.03%                                                              |
| Mari Petroleum Company Limited                          | 34,000              | 99,170                    | -                                             | 98,000               | 35,170              | 38,097,582           | 55,415,259   | 17,317,677               | 3.71%                           | 3.90%                             | 0.03%                                                              |
|                                                         |                     |                           |                                               |                      |                     | 144,714,645          | 159,985,691  | 15,271,046               | 10.71%                          | 11.26%                            | -                                                                  |
| <b>Refinery</b>                                         |                     |                           |                                               |                      |                     |                      |              |                          |                                 |                                   |                                                                    |
| Attock Refinery Limited                                 | 60,000              | 139,500                   | -                                             | 199,500              | -                   | -                    | -            | -                        | -                               | -                                 | -                                                                  |
| National Refinery Limited                               | 78,000              | 102,400                   | -                                             | 180,400              | -                   | -                    | -            | -                        | -                               | -                                 | -                                                                  |
|                                                         |                     |                           |                                               |                      |                     | -                    | -            | -                        | -                               | -                                 | -                                                                  |
| <b>Engineering</b>                                      |                     |                           |                                               |                      |                     |                      |              |                          |                                 |                                   |                                                                    |
| Crescent Steel and Allied Products Limited              | 219,250             | 185,800                   | -                                             | 308,550              | 96,500              | 23,057,994           | 23,022,005   | (35,989)                 | 1.54%                           | 1.62%                             | 0.12%                                                              |
| Amreli Steels Limited                                   | 29,500              | 785,500                   | -                                             | 642,500              | 172,500             | 10,108,208           | 21,208,875   | 11,100,667               | 1.42%                           | 1.49%                             | 0.06%                                                              |
| International Industries Limited                        | -                   | 510,000                   | -                                             | 394,500              | 115,500             | 21,962,832           | 42,569,890   | 20,607,058               | 2.85%                           | 2.99%                             | 0.10%                                                              |
| International Steels Limited                            | -                   | 605,500                   | -                                             | 290,000              | 315,500             | 31,287,663           | 40,349,295   | 9,061,632                | 2.70%                           | 2.84%                             | 0.07%                                                              |
|                                                         |                     |                           |                                               |                      |                     | 86,416,697           | 127,150,065  | 40,733,368               | 8.51%                           | 8.94%                             | -                                                                  |
| <b>Automobile Assembler</b>                             |                     |                           |                                               |                      |                     |                      |              |                          |                                 |                                   |                                                                    |
| Pak Suzuki Motor Company Limited                        | -                   | 143,800                   | -                                             | 95,100               | 48,700              | 26,698,611           | 38,003,532   | 11,304,921               | 2.55%                           | 2.67%                             | 0.06%                                                              |
| Indus Motor Company Limited                             | -                   | 38,900                    | -                                             | 16,300               | 22,600              | 31,887,111           | 40,535,360   | 8,648,249                | 2.71%                           | 2.85%                             | 0.03%                                                              |
| Honda Atlas Cars (Pakistan) Limited                     | -                   | 23,000                    | -                                             | 1,000                | 22,000              | 18,975,710           | 19,089,180   | 113,470                  | 1.28%                           | 1.34%                             | 0.02%                                                              |
|                                                         |                     |                           |                                               |                      |                     | 77,561,432           | 97,628,072   | 20,066,640               | 6.54%                           | 6.86%                             | -                                                                  |
| <b>Food and Personal Care Products</b>                  |                     |                           |                                               |                      |                     |                      |              |                          |                                 |                                   |                                                                    |
| Al Shaheer Corporation Limited                          | 34,000              | 765,000                   | -                                             | 799,000              | -                   | -                    | -            | -                        | -                               | -                                 | -                                                                  |
| Treet Corporation Limited                               | -                   | 722,000                   | -                                             | 402,000              | 320,000             | 21,206,345           | 18,201,600   | (3,004,745)              | 1.22%                           | 1.28%                             | 0.36%                                                              |
|                                                         |                     |                           |                                               |                      |                     | 21,206,345           | 18,201,600   | (3,004,745)              | 1.22%                           | 1.28%                             | -                                                                  |
| <b>Pharmaceuticals</b>                                  |                     |                           |                                               |                      |                     |                      |              |                          |                                 |                                   |                                                                    |
| Abbott Laboratories (Pakistan) Limited                  | -                   | 27,350                    | -                                             | 6,500                | 20,850              | 17,702,429           | 19,486,410   | 1,783,981                | 1.31%                           | 1.37%                             | 0.02%                                                              |
| Highnoon Laboratories Limited                           | 11,700              | 17,000                    | -                                             | 28,700               | -                   | -                    | -            | -                        | -                               | -                                 | -                                                                  |
| Ferozsons Laboratories Limited                          | 10,500              | 2,200                     | -                                             | 12,700               | -                   | -                    | -            | -                        | -                               | -                                 | -                                                                  |
| The Searle Company Limited                              | 42,937              | 111,300                   | 17,215                                        | 115,400              | 56,052              | 28,382,876           | 28,697,503   | 314,627                  | 1.92%                           | 2.02%                             | 0.04%                                                              |
|                                                         |                     |                           |                                               |                      |                     | 46,085,305           | 48,183,913   | 2,098,608                | 3.23%                           | 3.39%                             | -                                                                  |
| <b>Textile Composite</b>                                |                     |                           |                                               |                      |                     |                      |              |                          |                                 |                                   |                                                                    |
| Gul Ahmed Textile Mills Limited                         | 537                 | 393,232                   | -                                             | 392,000              | 1,769               | 86,291               | 72,494       | (13,797)                 | 0.00%                           | 0.01%                             | 0.00%                                                              |
| Nishat Mills Limited                                    | 317,000             | 516,500                   | -                                             | 525,500              | 308,000             | 43,027,784           | 48,873,440   | 5,845,656                | 3.27%                           | 3.44%                             | 0.09%                                                              |
| Nishat (Chunian) Limited                                | -                   | 293,000                   | -                                             | 293,000              | -                   | -                    | -            | -                        | -                               | -                                 | -                                                                  |
|                                                         |                     |                           |                                               |                      |                     | 43,114,075           | 48,945,934   | 5,831,859                | 3.27%                           | 3.45%                             | -                                                                  |
| <b>Automobile Parts and Accessories</b>                 |                     |                           |                                               |                      |                     |                      |              |                          |                                 |                                   |                                                                    |
| Thal Limited (face value of Rs 5 each)                  | -                   | 160,500                   | -                                             | 66,500               | 94,000              | 46,456,688           | 56,966,820   | 10,510,132               | 3.82%                           | 4.01%                             | 0.12%                                                              |
| The General Tyre and Rubber Company of Pakistan Limited | -                   | 185,700                   | -                                             | 66,800               | 118,900             | 37,992,485           | 36,086,150   | (1,906,335)              | 2.42%                           | 2.54%                             | 0.20%                                                              |
|                                                         |                     |                           |                                               |                      |                     | 84,449,173           | 93,052,970   | 8,603,797                | 6.24%                           | 6.55%                             | -                                                                  |



| Name of the investee company           | As at July 01, 2016 | Purchased during the year | Bonus / Right shares received during the year | Sold during the year | As at June 30, 2017 | As at June 30, 2017 |               |                          | Market value as a percentage of |                                   | Holding as a percentage of paid up capital of the investee company |
|----------------------------------------|---------------------|---------------------------|-----------------------------------------------|----------------------|---------------------|---------------------|---------------|--------------------------|---------------------------------|-----------------------------------|--------------------------------------------------------------------|
|                                        |                     |                           |                                               |                      |                     | Carrying value      | Market value  | Unrealised gain / (loss) | Net assets of the fund          | Total market value of investments |                                                                    |
|                                        |                     |                           |                                               |                      |                     | (Rupees)            |               |                          | (%)                             |                                   |                                                                    |
| ----- Number of shares -----           |                     |                           |                                               |                      |                     |                     |               |                          |                                 |                                   |                                                                    |
| <b>Paper and Board</b>                 |                     |                           |                                               |                      |                     |                     |               |                          |                                 |                                   |                                                                    |
| Packages Limited                       | 74,950              | 78,100                    | -                                             | 100,350              | 52,700              | 37,953,202          | 36,657,066    | (1,296,136)              | 2.45%                           | 2.58%                             | 0.06%                                                              |
|                                        |                     |                           |                                               |                      |                     | 37,953,202          | 36,657,066    | (1,296,136)              | 2.45%                           | 2.58%                             |                                                                    |
| <b>Cable and Electrical Goods</b>      |                     |                           |                                               |                      |                     |                     |               |                          |                                 |                                   |                                                                    |
| Pak Elektron Limited                   | 171,250             | -                         | -                                             | 171,250              | -                   | -                   | -             | -                        | -                               | -                                 | -                                                                  |
|                                        |                     |                           |                                               |                      |                     | -                   | -             | -                        | -                               | -                                 | -                                                                  |
| <b>Glass and Ceramics</b>              |                     |                           |                                               |                      |                     |                     |               |                          |                                 |                                   |                                                                    |
| Ghani Glass Limited                    | -                   | 114,500                   | -                                             | 114,500              | -                   | -                   | -             | -                        | -                               | -                                 | -                                                                  |
| Tariq Glass Industries Limited         | 125,000             | 59,000                    | -                                             | 184,000              | -                   | -                   | -             | -                        | -                               | -                                 | -                                                                  |
|                                        |                     |                           |                                               |                      |                     | -                   | -             | -                        | -                               | -                                 | -                                                                  |
| <b>Miscellaneous</b>                   |                     |                           |                                               |                      |                     |                     |               |                          |                                 |                                   |                                                                    |
| Synthetic Products Enterprises Limited | -                   | 270,000                   | 21,900                                        | 66,000               | 225,900             | 13,855,342          | 17,044,155    | 3,188,813                | 1.13%                           | 1.19%                             | 0.27%                                                              |
|                                        |                     |                           |                                               |                      |                     | 13,855,342          | 17,044,155    | 3,188,813                | 1.13%                           | 1.19%                             |                                                                    |
| <b>As at June 30, 2017</b>             |                     |                           |                                               |                      |                     | 1,304,312,249       | 1,421,523,440 | 117,211,191              | 95.20%                          | 100.00%                           |                                                                    |
| <b>As at June 30, 2016</b>             |                     |                           |                                               |                      |                     | 755,600,695         | 830,707,963   | 75,107,268               | 81.01%                          | 100.00%                           |                                                                    |

- 5.2 The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 ('the Ordinance'). As a result of these amendments, companies are liable to withhold tax on bonus shares at the rate of 5 percent. In accordance with the requirement of the Ordinance, these shares shall only be released if the Fund deposits tax equivalent to 5% of the value of the bonus shares issued. The value of tax is computed on the basis of day-end prices on the first day of book closure.

In this regard, a constitutional petition has been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs, which is pending adjudication. The petition is based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should not be applicable on bonus shares received by CISs. A stay order has been granted by the High Court of Sindh in favour of CISs.

As at June 30, 2017, the bonus shares having market value of Rs 2.60 million (2016: Rs 1.481 million) were withheld by certain companies at the time of bonus declaration. The Fund has included these shares in its portfolio, as the management believes that the decision of the constitutional petition will be in favour of the CISs.

- 5.3 The above investments include shares having a market value (in aggregate) amounting to Rs 76.411 million (2016: Rs 33.537 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan. The details of shares which have been pledged are as follows:

|                                         | 2017<br>(Number of shares) | 2016    | 2017<br>(Rupees) | 2016       |
|-----------------------------------------|----------------------------|---------|------------------|------------|
| Hub Power Company Limited               | 280,000                    | 200,000 | 32,880,400       | 24,012,000 |
| Nishat Mills Limited                    | 230,000                    | -       | 36,496,400       | -          |
| Oil and Gas Development Company Limited | 50,000                     | -       | 7,034,500        | -          |
| D. G. Khan Cement Company Limited       | -                          | 50,000  | -                | 9,524,500  |
|                                         | 560,000                    | 250,000 | 76,411,300       | 33,536,500 |

5.4 Market Treasury Bills

| As at July 01, 2016              | Face value                |                      |                         |                     | Balance as at June 30, 2017 |              |                          | Market value as a percentage of net assets of the Fund | Market value as a percentage of total market value of investments |
|----------------------------------|---------------------------|----------------------|-------------------------|---------------------|-----------------------------|--------------|--------------------------|--------------------------------------------------------|-------------------------------------------------------------------|
|                                  | Purchased during the year | Sold during the year | Matured during the year | As at June 30, 2017 | Carrying value              | Market value | Unrealised gain / (loss) |                                                        |                                                                   |
| ----- (Rupees) -----             |                           |                      |                         |                     |                             |              |                          |                                                        |                                                                   |
| Market Treasury Bills - 3 months | -                         | 357,571,300          | -                       | 357,571,300         | -                           | -            | -                        | -                                                      | -                                                                 |
| <b>Total as at June 30, 2016</b> |                           |                      |                         |                     |                             |              |                          |                                                        |                                                                   |

| 5.5 Unrealised gain on revaluation of investments classified as financial assets 'at fair value through profit or loss - held for trading' - net | Note | 2017                 | 2016          |
|--------------------------------------------------------------------------------------------------------------------------------------------------|------|----------------------|---------------|
|                                                                                                                                                  |      | ----- (Rupees) ----- |               |
| Market value of investments as at June 30                                                                                                        | 5.1  | 1,421,523,440        | 830,707,963   |
| Less: Carrying value of investments as at June 30                                                                                                | 5.1  | (1,304,312,249)      | (755,600,695) |
|                                                                                                                                                  |      | 117,211,191          | 75,107,268    |

| 6        | <b>DIVIDEND AND MARK-UP RECEIVABLE</b>                  | <b>Note</b> | <b>2017</b>       | <b>2016</b>      |
|----------|---------------------------------------------------------|-------------|-------------------|------------------|
|          |                                                         |             | -----             | -----            |
|          |                                                         |             | <b>(Rupees)</b>   |                  |
|          | Dividend receivable                                     |             | 5,362,000         | 3,706,607        |
|          | Mark-up receivable on bank balances                     |             | 1,073,552         | 387,238          |
|          |                                                         |             | <u>6,435,552</u>  | <u>4,093,845</u> |
| <b>7</b> | <b>ADVANCE AND DEPOSITS</b>                             |             |                   |                  |
|          | Security deposits with:                                 |             |                   |                  |
|          | - Central Depository Company of Pakistan Limited (CDC)  |             | 200,000           | 200,000          |
|          | - National Clearing Company of Pakistan Limited (NCCPL) |             | 2,500,000         | 2,500,000        |
|          | Advance tax                                             |             | 52,734            | -                |
|          |                                                         |             | <u>2,752,734</u>  | <u>2,700,000</u> |
| <b>8</b> | <b>PAYABLE TO THE MANAGEMENT COMPANY</b>                |             |                   |                  |
|          | Management remuneration payable                         | 8.1         | 2,678,562         | 1,288,675        |
|          | Performance fee payable to the management company       | 8.2         | 2,103,001         | 196,702          |
|          | Sindh sales tax payable on performance fee              | 8.3         | 375,103           | 127,786          |
|          | Sindh sales tax payable on management remuneration      | 8.3         | 1,016,603         | 848,924          |
|          | Payable against allocated expenses                      | 8.4         | 809,435           | 375,570          |
|          | Payable against marketing and selling expenses          | 8.5         | 755,510           | -                |
|          | Federal excise duty payable on management remuneration  | 8.6         | 4,879,884         | 4,879,884        |
|          | Federal excise duty payable on performance fee          | 8.6         | 297,850           | 297,850          |
|          | Sales load payable                                      |             | 3,252,437         | 531,354          |
|          |                                                         |             | <u>16,168,385</u> | <u>8,546,745</u> |

- 8.1** The Management Company has charged remuneration at a rate of 1.75% of average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.
- 8.2** The Management Company has charged performance fee on out-performance of the Fund over the hurdle rate as defined in the offering document.
- 8.3** During the year, Sindh Sales Tax on management remuneration and performance fee has been charged at the rate of 13% (2016: 14%).
- 8.4** In accordance with the provisions of the NBFC Regulations, 2008 (as amended vide S.R.O 1160(I) / 2015 dated November 25, 2015), the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund upto a maximum of 0.1% of the average annual net assets of the Scheme or actual, whichever is less. Accordingly the Management Company has charged expenses at the rate of 0.1% per annum of the average annual net assets of the Fund being lower than actual expenses chargeable to the Fund for the year.
- 8.5** In connection with Regulation 60(3)(v) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Securities and Exchange Commission of Pakistan has issued circular no. 40 of 2016 dated December 30, 2016 (later amended vide circular no. 05 of 2017 dated February 13, 2017) whereby it has prescribed certain conditions on Asset Management Companies (AMCs) for charging selling and marketing expenses to collective investment schemes (CISs). In accordance with the provisions contained in these circulars, selling and marketing expenses will be allowed initially for a period of three years (from January 1, 2017 till December 31, 2019) to be charged to open end equity, asset allocation and index funds upto a maximum of 0.4% per annum of net assets of the fund or actual expenses, whichever is less. The circulars also state that AMCs will only be allowed to charge these expenses on their CISs if they open at least two new branches in cities except Karachi, Lahore, Islamabad and Rawalpindi by June 30, 2017.

The SECP has also provided certain guidelines in the above mentioned circulars for the allocation of expenses to the fund, which prescribe that selling and marketing expenses can only be used in respect of the following:

1. cost pertaining to opening and maintenance of new branches by asset management companies in cities except Karachi, Lahore, Islamabad and Rawalpindi,
2. payment of salaries to sales team posted at new branches,
3. payment of commission to sales team and distributors in all cities of Pakistan, and
4. payment of advertising and publicity of these funds.

In addition, the above circulars also specify that asset management companies which intend to charge the above mentioned expenses to the funds, shall submit their annual plan to their Board of Directors for approval which amongst others, shall state the name of the funds in which such expenses will be charged and nature of expenses that will be charged.

Keeping in view the aforementioned guidelines provided by the SECP, the Board of Directors of the Management Company have approved the plan as required by the above mentioned circular in February 2017 and have approved selling and marketing expenses to be charged to the Fund. Furthermore, in respect of the above, two new branches have been opened in Faisalabad and Multan before June 30, 2017 in order to comply with the requirements of the above mentioned circulars.

The management has also carried out an exercise to identify expenses of the Management Company (on the basis of criteria mentioned in the above circular) that can be charged to the Fund. As the actual expenses incurred by the Management Company that are allowable to be allocated to the Fund for the year ended June 30, 2017 are higher than 0.4% per annum of net assets of the Fund, accordingly, with effect from May 26, 2017 the Management Company has charged expenses at the rate of 0.4% per annum of net assets of the Fund being lower than actual expenses chargeable to the Fund for the year.

- 8.6 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On September 4, 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 5.18 million (2016: Rs 5.18 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2017 would have been higher by Re 0.29 per unit (2016: Re 0.34 per unit).

|                                                 | Note | 2017                 | 2016           |
|-------------------------------------------------|------|----------------------|----------------|
|                                                 |      | ----- (Rupees) ----- |                |
| <b>9 PAYABLE TO THE TRUSTEE</b>                 |      |                      |                |
| Trustee remuneration payable                    | 9.1  | 235,250              | 165,963        |
| Sindh Sales Tax payable on trustee remuneration | 9.2  | 30,577               | 22,597         |
|                                                 |      | <u>265,827</u>       | <u>188,560</u> |

- 9.1 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 NAV 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      | Rs 0.7 million or 0.20% per annum of net assets whichever is higher    |
| Over Rs 1 billion       | Rs 2 million plus 0.10% per annum of net assets exceeding Rs 1 billion |

- 9.2 During the year, Sindh Sales Tax on trustee remuneration has been charged at the rate of 13% (2016: 14%).

#### 10 ANNUAL FEE PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.095 percent of the average annual net assets of the Fund.

|                                               | Note | 2017                 | 2016              |
|-----------------------------------------------|------|----------------------|-------------------|
|                                               |      | ----- (Rupees) ----- |                   |
| <b>11 ACCRUED AND OTHER LIABILITIES</b>       |      |                      |                   |
| Provision against Workers' Welfare Fund       | 11.1 | -                    | 7,288,665         |
| Provision against Sindh Workers' Welfare Fund | 11.1 | 11,039,300           | -                 |
| Auditors' remuneration payable                |      | 478,043              | 517,614           |
| Withholding tax payable                       |      | 2,112,650            | 1,072,866         |
| Capital gain tax payable                      |      | 52,719               | 86,968            |
| Brokerage payable                             |      | 550,662              | 1,626,087         |
| Settlement charges payable                    |      | 15,218               | 35,218            |
| Annual fee payable                            |      | 112,643              | 125,662           |
| Sales load payable                            |      | 330,496              | -                 |
| Printing charges payable                      |      | 35,000               | 87,594            |
|                                               |      | <u>14,726,731</u>    | <u>10,840,674</u> |

11.1 The Finance Act, 2008 had introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeded Rs 0.5 million in a tax year were 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 was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court (SHC) challenging the applicability of WWF on CISs which is pending adjudication. Similar cases were disposed of by the Peshawar and the Lahore High Courts in which these amendments were declared unlawful and unconstitutional. However, these decisions were challenged in the Supreme Court of Pakistan.

Subsequently, the Finance Act, 2015 introduced an amendment under which CISs / mutual funds have been excluded from the definition of "industrial establishment" subject to WWF under the WWF Ordinance. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable from tax year 2016. Accordingly, no further provision in respect of WWF was made with effect from July 1, 2015.

On November 10, 2016 the Supreme Court of Pakistan (SCP) has passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter are still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) has taken legal and tax opinions on the impact of the SCP judgement on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

Furthermore, as a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds, MUFAP had recommended the following to all its members on January 12, 2017:

- based on legal opinion, the entire provision against WWF held by the CISs till June 30 2015, to be reversed on January 12, 2017; and
- as a matter of abundant caution provision in respect of SWWF is being made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e., starting from May 21, 2015).

Accordingly, on January 12, 2017 the provision for WWF was reversed and the provision for SWWF was made for the period from May 21, 2015 to January 12, 2017. Thereafter, the provision for SWWF is being made on a daily basis going forward.

The above decisions were communicated to the Securities and Exchange Commission of Pakistan (SECP) and the Pakistan Stock Exchange Limited on January 12, 2017. The SECP vide its letter dated February 1, 2017 had advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds. Accordingly, necessary adjustments in this respect were recorded in the books of the Funds on January 12, 2017.

Had the provision for SWWF not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2017 would have been higher by Re 0.62 per unit.

## 12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2017 and June 30, 2016.

|                                   | 2017                 | 2016             |
|-----------------------------------|----------------------|------------------|
|                                   | ----- (Rupees) ----- |                  |
| <b>13 PROFIT / MARK-UP INCOME</b> |                      |                  |
| Profit / mark-up income on:       |                      |                  |
| - Market Treasury Bills           | 142,137              | -                |
| - Bank balances                   | 7,947,181            | 5,689,541        |
|                                   | <u>8,089,318</u>     | <u>5,689,541</u> |
| <b>14 AUDITORS' REMUNERATION</b>  |                      |                  |
| Audit fee                         | 338,800              | 338,800          |
| Review and other certifications   | 230,384              | 230,384          |
| Sindh sales tax                   | 34,151               | 34,151           |
| Out of pocket expenses            | 51,106               | 71,150           |
|                                   | <u>654,441</u>       | <u>674,485</u>   |



## 15 TOTAL EXPENSE RATIO

The total expense ratio of the Fund for the year ended June 30, 2017 is 3.66% which includes 0.83% representing Government levy, Workers' Welfare Fund and SECP fee.

## 16 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations, requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Management Company has distributed the income earned by the Fund during the year to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements.

## 17 TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include Alfalah GHP Investment Management Limited being the Management Company, Funds under management of the Management Company, GHP Beteiligungen Holding Limited, Bank Alfalah Limited and MAB Investment Incorporated being associated companies of Management Company, Bank Alfalah Limited - Employees' Provident Fund, Bank Alfalah Limited - Employees' Gratuity Fund, Alfalah GHP Investment Management Limited - Staff Provident Fund, directors and key management personnel of Alfalah GHP Investment Management Limited and Central Depository Company of Pakistan Limited (CDCPL) being the Trustee of the Fund, and other associated companies and connected persons. Connected persons also includes any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund. The transactions with connected persons are in the normal course of business and at contractual rates.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investment and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

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

### 17.1 Unit Holder's Fund

|                                                   | Note   | June 30, 2017       |                                                |                       |                                          |                     |                     |                                                  |                       |                                          |                                        |
|---------------------------------------------------|--------|---------------------|------------------------------------------------|-----------------------|------------------------------------------|---------------------|---------------------|--------------------------------------------------|-----------------------|------------------------------------------|----------------------------------------|
|                                                   |        | As at July 01, 2016 | Issued for cash / conversion in transferred in | Dividend reinvestment | Redeemed / conversion out / transfer out | As at June 30, 2017 | As at July 01, 2016 | Issued for cash / conversion in / transferred in | Dividend reinvestment | Redeemed / conversion out / transfer out | Amount outstanding as at June 30, 2017 |
|                                                   |        | (Units)             |                                                |                       |                                          |                     | (Rupees)            |                                                  |                       |                                          |                                        |
| <b>Associated companies / undertakings</b>        |        |                     |                                                |                       |                                          |                     |                     |                                                  |                       |                                          |                                        |
| Bank Alfalah Limited - Employees Provident Fund * | 17.1.1 | 2,635,651           | 2,299,645                                      | 80,051                | 2,635,652                                | 2,379,694           | 178,670,785         | 200,000,000                                      | 6,765,091             | 224,004,069                              | 201,081,008                            |
| Alfalah GHP Capital Preservation Fund             | 17.1.1 | 4,578,866           | 391,804                                        | -                     | 4,970,670                                | -                   | 310,401,296         | 28,000,000                                       | -                     | 364,668,683                              | -                                      |
| Alfalah GHP Prosperity Planning Fund *            | 17.1.1 | 1,401,116           | 2,690,445                                      | 108,856               | 964,414                                  | 3,236,003           | 94,981,638          | 228,000,000                                      | 9,199,440             | 79,000,000                               | 273,437,941                            |
| <b>Key management personnel (Employees)</b>       |        |                     |                                                |                       |                                          |                     |                     |                                                  |                       |                                          |                                        |
| Head of finance                                   | 17.1.1 | 5,042               | 4,887                                          | -                     | 9,928                                    | -                   | 341,797             | 382,890                                          | -                     | 836,893                                  | -                                      |
| <b>Unit holder holding 10% or more units</b>      |        |                     |                                                |                       |                                          |                     |                     |                                                  |                       |                                          |                                        |
| Sindh General Provident Investment Fund           | 17.1.1 | 3,501,154           | -                                              | 121,875               | -                                        | 3,623,029           | 237,343,213         | -                                                | 10,299,695            | -                                        | 306,141,152                            |
| Nusrat Bukhari                                    | 17.1.1 | 1,011,286           | 3,000,209                                      | 60,003                | 2,181,253                                | 1,890,244           | 68,555,058          | 241,718,473                                      | 5,070,830             | 160,122,243                              | 159,723,137                            |

June 30, 2016

|                                                                  | As at July 01,<br>2015 | Issued for<br>cash /<br>conversion in<br>transferred in | Dividend<br>reinvestment | Redeemed /<br>conversion /<br>out / transfer<br>out | As at<br>June<br>30, 2016 | As at July 01,<br>2015 | Issued for<br>cash /<br>conversion in<br>/ transferred<br>in | Dividend<br>reinvestment | Redeemed /<br>conversion /<br>out / transfer<br>out | As at<br>June<br>30, 2016 |
|------------------------------------------------------------------|------------------------|---------------------------------------------------------|--------------------------|-----------------------------------------------------|---------------------------|------------------------|--------------------------------------------------------------|--------------------------|-----------------------------------------------------|---------------------------|
|                                                                  | (Units)                |                                                         |                          |                                                     |                           | (Rupees)               |                                                              |                          |                                                     |                           |
| <b>Associated companies / undertakings</b>                       |                        |                                                         |                          |                                                     |                           |                        |                                                              |                          |                                                     |                           |
| Bank Alfalah Limited - Employees Provident Fund                  | 1,388,889              | 2,363,674                                               | 543,955                  | 1,660,867                                           | 2,635,651                 | 92,000,000             | 178,213,519                                                  | 36,069,672               | 103,213,519                                         | 178,670,785               |
| Alfalah GHP Capital Preservation Fund                            | 4,589,361              | 7,903,433                                               | 945,003                  | 8,858,931                                           | 4,578,866                 | 303,999,311            | 551,318,663                                                  | 62,663,135               | 275,109,649                                         | 310,401,296               |
| Alfalah GHP Investment Management Limited - Staff Provident Fund | 57,021                 | 5,922                                                   | -                        | 62,943                                              | -                         | 3,777,090              | 415,264                                                      | -                        | 4,455,218                                           | -                         |
| Alfalah GHP Prosperity Planning Fund                             | -                      | 2,994,524                                               | 60,833                   | 1,654,241                                           | 1,401,116                 | -                      | 212,569,172                                                  | 4,033,848                | 127,166,245                                         | 94,981,638                |
| <b>Key management personnel (Employees)</b>                      |                        |                                                         |                          |                                                     |                           |                        |                                                              |                          |                                                     |                           |
| Head of Finance                                                  | 4,553                  | -                                                       | 597                      | 108                                                 | 5,042                     | 301,594                | -                                                            | 39,615                   | 2,273                                               | 341,797                   |
| <b>Unit holder holding 10% or more Units</b>                     |                        |                                                         |                          |                                                     |                           |                        |                                                              |                          |                                                     |                           |
| Sindh General Provident Investment Fund                          | 3,139,863              | -                                                       | 722,581                  | 361,290                                             | 3,501,154                 | 207,984,580            | -                                                            | 47,914,322               | -                                                   | 237,343,213               |

\* This unit holder also holds more than 10% of the units in the Fund as at June 30, 2017.

17.1.1 This reflects the position of related party / connected persons status as at June 30, 2017.

## 17.2 Other transactions

### Associated companies / undertakings

#### Alfalah GHP Investment Management Limited - Management Company

|                                                                  |            |            |
|------------------------------------------------------------------|------------|------------|
| Remuneration of the Management Company                           | 29,264,325 | 15,793,951 |
| Performance fee of the Management Company                        | 4,090,745  | 1,861,569  |
| Sindh sales tax on remuneration of the Management Company        | 3,805,102  | 2,564,937  |
| Sindh sales tax on performance fee of the Management Company     | 531,796    | 302,319    |
| Federal excise duty on remuneration of the Management Company    | -          | 2,527,033  |
| Federal excise duty on performance fee of the Management Company | -          | 297,850    |
| Allocated expenses                                               | 1,668,152  | 537,962    |
| Selling and marketing expenses                                   | 755,510    | -          |

#### Bank Alfalah Limited

|                          |           |           |
|--------------------------|-----------|-----------|
| Mark-up on bank balances | 7,502,534 | 5,689,541 |
| Bank charges             | 77,930    | 12,528    |

#### Other related parties

#### Central Depository Company of Pakistan Limited - Trustee

|                                                |           |           |
|------------------------------------------------|-----------|-----------|
| Remuneration of the Trustee                    | 2,666,623 | 1,819,007 |
| Sindh sales tax on remuneration of the Trustee | 347,285   | 254,662   |
| CDS charges                                    | 290,365   | 151,597   |

## 17.3 Other balances

### Associated companies / undertakings

#### Alfalah GHP Investment Management Limited - Management Company

|                                                   |           |           |
|---------------------------------------------------|-----------|-----------|
| Management remuneration payable                   | 2,678,562 | 1,288,675 |
| Performance fee payable to the management company | 2,103,001 | 196,702   |



|                                                                 | 2017                 | 2016        |
|-----------------------------------------------------------------|----------------------|-------------|
|                                                                 | ----- (Rupees) ----- |             |
| Sindh sales tax payable on performance fee                      | 375,103              | 127,786     |
| Sindh sales tax payable on management remuneration              | 1,016,603            | 848,924     |
| Payable against allocated expenses                              | 809,435              | 375,570     |
| Payable against marketing and selling expenses                  | 755,510              | -           |
| Federal excise duty payable on management remuneration          | 4,879,884            | 4,879,884   |
| Federal excise duty payable on performance fee                  | 297,850              | 297,850     |
| Sales load payable                                              | 3,252,437            | 531,354     |
| <b>Bank Alfalah Limited</b>                                     |                      |             |
| Bank balance                                                    | 12,996,240           | 208,429,027 |
| Mark-up receivable                                              | 628,548              | 387,238     |
| <b>Other related parties</b>                                    |                      |             |
| <b>Central Depository Company of Pakistan Limited - Trustee</b> |                      |             |
| Trustee remuneration payable                                    | 235,250              | 165,963     |
| Sindh Sales Tax payable on trustee remuneration                 | 30,577               | 22,597      |
| Security deposit                                                | 2,700,000            | 2,700,000   |

## 18 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2017, all the financial assets carried on the statement of assets and liabilities are categorised either as loans and receivables or financial assets at fair value through profit or loss. All the financial liabilities carried on the statement of assets and liabilities are categorised as financial liabilities measured at amortised cost.

| Particulars                     | June 30, 2017         |                                                         |                    |                      |
|---------------------------------|-----------------------|---------------------------------------------------------|--------------------|----------------------|
|                                 | Loans and receivables | Financial assets 'at fair value through profit or loss' | Available for sale | Total                |
| ----- (Rupees) -----            |                       |                                                         |                    |                      |
| <b>Financial assets</b>         |                       |                                                         |                    |                      |
| Bank balances                   | 95,220,941            | -                                                       | -                  | 95,220,941           |
| Investments                     | -                     | 1,421,523,440                                           | -                  | 1,421,523,440        |
| Dividend and mark-up receivable | 6,435,552             | -                                                       | -                  | 6,435,552            |
| Deposits                        | 2,700,000             | -                                                       | -                  | 2,700,000            |
|                                 | <u>104,356,493</u>    | <u>1,421,523,440</u>                                    | <u>-</u>           | <u>1,525,879,933</u> |

| Particulars                       | June 30, 2017                                      |                                                  |                   |
|-----------------------------------|----------------------------------------------------|--------------------------------------------------|-------------------|
|                                   | Liabilities 'at fair value through profit or loss' | Financial liabilities measured at amortised cost | Total             |
| ----- (Rupees) -----              |                                                    |                                                  |                   |
| <b>Financial liabilities</b>      |                                                    |                                                  |                   |
| Payable to the Management Company | -                                                  | 9,598,945                                        | 9,598,945         |
| Payable to the Trustee            | -                                                  | 235,250                                          | 235,250           |
| Accrued and other liabilities     | -                                                  | 1,522,062                                        | 1,522,062         |
|                                   | <u>-</u>                                           | <u>11,356,257</u>                                | <u>11,356,257</u> |

| Particulars                     | June 30, 2016         |                                                         |                    |                      |
|---------------------------------|-----------------------|---------------------------------------------------------|--------------------|----------------------|
|                                 | Loans and receivables | Financial assets 'at fair value through profit or loss' | Available for sale | Total                |
| (Rupees)                        |                       |                                                         |                    |                      |
| <b>Financial assets</b>         |                       |                                                         |                    |                      |
| Bank balances                   | 208,429,027           | -                                                       | -                  | 208,429,027          |
| Investments                     | -                     | 830,707,963                                             | -                  | 830,707,963          |
| Dividend and mark-up receivable | 4,093,845             | -                                                       | -                  | 4,093,845            |
| Deposits                        | 2,700,000             | -                                                       | -                  | 2,700,000            |
|                                 | <u>215,222,872</u>    | <u>830,707,963</u>                                      | <u>-</u>           | <u>1,045,930,835</u> |

| Particulars                       | June 30, 2016                                      |                                                  |                  |
|-----------------------------------|----------------------------------------------------|--------------------------------------------------|------------------|
|                                   | Liabilities 'at fair value through profit or loss' | Financial liabilities measured at amortised cost | Total            |
| (Rupees)                          |                                                    |                                                  |                  |
| <b>Financial liabilities</b>      |                                                    |                                                  |                  |
| Payable to the Management Company | -                                                  | 2,392,301                                        | 2,392,301        |
| Payable to the Trustee            | -                                                  | 165,963                                          | 165,963          |
| Accrued and other liabilities     | -                                                  | 2,392,175                                        | 2,392,175        |
|                                   | <u>-</u>                                           | <u>4,950,439</u>                                 | <u>4,950,439</u> |

## 19 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

### 19.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and the regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

#### 19.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

#### 19.1.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. The profit rate profile of the Fund's interest bearing financial instruments is as follows:

|                                                   | Note | 2017              | 2016               |
|---------------------------------------------------|------|-------------------|--------------------|
|                                                   |      | -----Rupees-----  |                    |
| <b>Variable rate instrument (financial asset)</b> |      |                   |                    |
| Bank balance                                      | 4    | <u>95,220,941</u> | <u>208,429,027</u> |

#### a) Sensitivity analysis for variable rate instrument

A reasonably possible change of 100 basis points in profit rates at the reporting date would have increased / decreased the income statement and statement of comprehensive income by Rs 0.1860 million (2016: Rs 0.0004 million) and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

**b) Sensitivity analysis for fixed rate instrument**

As at reporting date, the Fund does not hold any fixed rate instruments.

The composition of the Fund's investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2017 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet financial instruments is based on settlement date.

| Particulars                                     | As at June 30, 2017             |                                  |                                           |                    |                                           |                      |
|-------------------------------------------------|---------------------------------|----------------------------------|-------------------------------------------|--------------------|-------------------------------------------|----------------------|
|                                                 | Effective yield / interest rate | Exposed to yield / interest risk |                                           |                    | Not exposed to yield / interest rate risk | Total                |
|                                                 |                                 | Upto three months                | More than three months and up to one year | More than one year |                                           |                      |
|                                                 | %                               | ----- (Rupees) -----             |                                           |                    |                                           |                      |
| <b>On-balance sheet financial instruments</b>   |                                 |                                  |                                           |                    |                                           |                      |
| <b>Financial assets</b>                         |                                 |                                  |                                           |                    |                                           |                      |
| Bank balances                                   | 4% to 6.6%                      | 95,220,941                       | -                                         | -                  | -                                         | 95,220,941           |
| Investments                                     |                                 | -                                | -                                         | -                  | 1,421,523,440                             | 1,421,523,440        |
| Dividend and mark-up receivable                 |                                 | -                                | -                                         | -                  | 6,435,552                                 | 6,435,552            |
| Deposits                                        |                                 | -                                | -                                         | -                  | 2,700,000                                 | 2,700,000            |
| <b>Sub total</b>                                |                                 | <b>95,220,941</b>                | <b>-</b>                                  | <b>-</b>           | <b>1,430,658,992</b>                      | <b>1,525,879,933</b> |
| <b>Financial liabilities</b>                    |                                 |                                  |                                           |                    |                                           |                      |
| Payable to the Management Company               |                                 | -                                | -                                         | -                  | 9,598,945                                 | 9,598,945            |
| Payable to the Trustee                          |                                 | -                                | -                                         | -                  | 235,250                                   | 235,250              |
| Accrued and other liabilities                   |                                 | -                                | -                                         | -                  | 1,522,062                                 | 1,522,062            |
| <b>Sub total</b>                                |                                 | <b>-</b>                         | <b>-</b>                                  | <b>-</b>           | <b>11,356,257</b>                         | <b>11,356,257</b>    |
| <b>On-balance sheet gap</b>                     |                                 | <b>95,220,941</b>                | <b>-</b>                                  | <b>-</b>           | <b>1,419,302,735</b>                      | <b>1,514,523,676</b> |
| <b>Total interest rate sensitivity gap</b>      |                                 | <b>95,220,941</b>                | <b>-</b>                                  | <b>-</b>           | <b>1,419,302,735</b>                      | <b>1,514,523,676</b> |
| <b>Cumulative interest rate sensitivity gap</b> |                                 | <b>95,220,941</b>                | <b>95,220,941</b>                         | <b>95,220,941</b>  |                                           |                      |

| Particulars                                     | As at June 30, 2016             |                                  |                                          |                    |                                           |                      |
|-------------------------------------------------|---------------------------------|----------------------------------|------------------------------------------|--------------------|-------------------------------------------|----------------------|
|                                                 | Effective yield / interest rate | Exposed to yield / interest risk |                                          |                    | Not exposed to yield / interest rate risk | Total                |
|                                                 |                                 | Upto three months                | More than three months and upto one year | More than one year |                                           |                      |
|                                                 | %                               | ----- (Rupees) -----             |                                          |                    |                                           |                      |
| <b>On-balance sheet financial instruments</b>   |                                 |                                  |                                          |                    |                                           |                      |
| <b>Financial assets</b>                         |                                 |                                  |                                          |                    |                                           |                      |
| Bank balances                                   | 5.5% to 7%                      | 208,429,027                      | -                                        | -                  | -                                         | 208,429,027          |
| Investments                                     |                                 | -                                | -                                        | -                  | 830,707,963                               | 830,707,963          |
| Dividend and mark-up receivable                 |                                 | -                                | -                                        | -                  | 4,093,845                                 | 4,093,845            |
| Deposits                                        |                                 | -                                | -                                        | -                  | 2,700,000                                 | 2,700,000            |
| <b>Sub total</b>                                |                                 | <b>208,429,027</b>               | <b>-</b>                                 | <b>-</b>           | <b>837,501,808</b>                        | <b>1,045,930,835</b> |
| <b>Financial liabilities</b>                    |                                 |                                  |                                          |                    |                                           |                      |
| Payable to the Management Company               |                                 | -                                | -                                        | -                  | 2,392,301                                 | 2,392,301            |
| Payable to the Trustee                          |                                 | -                                | -                                        | -                  | 165,963                                   | 165,963              |
| Accrued and other liabilities                   |                                 | -                                | -                                        | -                  | 2,392,175                                 | 2,392,175            |
| <b>Sub Total</b>                                |                                 | <b>-</b>                         | <b>-</b>                                 | <b>-</b>           | <b>4,950,439</b>                          | <b>4,950,439</b>     |
| <b>On-balance sheet gap</b>                     |                                 | <b>208,429,027</b>               | <b>-</b>                                 | <b>-</b>           | <b>832,551,369</b>                        | <b>1,040,980,396</b> |
| <b>Total interest rate sensitivity gap</b>      |                                 | <b>208,429,027</b>               | <b>-</b>                                 | <b>-</b>           | <b>832,551,369</b>                        | <b>1,040,980,396</b> |
| <b>Cumulative interest rate sensitivity gap</b> |                                 | <b>208,429,027</b>               | <b>208,429,027</b>                       | <b>208,429,027</b> |                                           |                      |

### 19.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund has exposure to equity price risk arising from the Fund investments in equity securities. The Fund manages its price risk arising from investment in the equity securities by diversifying its portfolio within the eligible limits prescribed in the Fund's Constitutive Documents, the NBFC Regulations and circulars issued by SECP from time to time.

The table below summarizes the sensitivity of the Fund's net assets attributable to unit holders to the equity price movements as at June 30, 2017. The analysis is based on the assumption that PSX index increase and decreases by 5%, with all other variables held constant and that the fair value of the Fund's portfolio of equity securities moved according to their historical correlation with index. This represents managements' best estimate of a reasonable possible shift in the PSX index, having regards to the historical volatility of index of past three years.

At June 30, 2017, the fair value of equity securities exposed to price risk was disclosed in note 5.1.

|                                                           | 2017              | 2016              |
|-----------------------------------------------------------|-------------------|-------------------|
|                                                           | -----Rupees-----  |                   |
| <i>Effect due to increase / decrease in KSE 100 index</i> |                   |                   |
| Investment and net assets                                 | 71,076,172        | 41,535,398        |
| Income statement                                          | <u>71,076,172</u> | <u>41,535,398</u> |

### 19.2 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted and arises principally from bank balances, investments, profit and other receivable.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

#### 19.2.1 Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2017 was as follows:

|                                 | 2017                                                        |                     | 2016                                                        |                     |
|---------------------------------|-------------------------------------------------------------|---------------------|-------------------------------------------------------------|---------------------|
|                                 | Balance as per<br>statement of<br>assets and<br>liabilities | Maximum<br>exposure | Balance as per<br>statement of<br>assets and<br>liabilities | Maximum<br>exposure |
|                                 | ----- (Rupees) -----                                        |                     |                                                             |                     |
| Bank balances                   | 95,220,941                                                  | 95,220,941          | 208,429,027                                                 | 208,429,027         |
| Investments                     | 1,421,523,440                                               | -                   | 830,707,963                                                 | -                   |
| Dividend and mark-up receivable | 6,435,552                                                   | 6,435,552           | 4,093,845                                                   | 4,093,845           |
| Deposits                        | 2,700,000                                                   | 2,700,000           | 2,700,000                                                   | 2,700,000           |
|                                 | <u>1,525,879,933</u>                                        | <u>104,356,493</u>  | <u>1,045,930,835</u>                                        | <u>215,222,872</u>  |

Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investments in listed equity securities of Rs 1,421.523 million (2016: Rs 830.708 million) are not exposed to credit risk.

Credit risk on dividend receivable is minimal due to statutory protection. All transactions in listed securities are settled / paid for upon delivery using the National Clearing Company of Pakistan Limited. The risk of default is considered minimal due to inherent systematic measures taken therein.

No financial assets were considered to be past due or impaired either at June 30, 2017 and June 30, 2016.

#### 19.2.2 Bank balances

The Fund held bank balances at June 30, 2017 with banks having following credit ratings

| Rating    | 2017              |                | 2016               |                |
|-----------|-------------------|----------------|--------------------|----------------|
|           | Rupees            | %              | Rupees             | %              |
| A1+ / AA+ | 95,210,941        | 99.99%         | -                  | 0.00%          |
| A1+ / AA  | 10,000            | 0.01%          | 208,429,027        | 100.00%        |
| A1+ / AAA | -                 | 0.00%          | -                  | 0.00%          |
|           | <u>95,220,941</u> | <u>100.00%</u> | <u>208,429,027</u> | <u>100.00%</u> |

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS as of June 30, 2017.

### 19.2.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect the group 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. Details of Fund's concentration of credit risk of financial instruments by economic sectors are as follows:

|                                                                   | 2017               |                | 2016               |                |
|-------------------------------------------------------------------|--------------------|----------------|--------------------|----------------|
|                                                                   | Rupees             | %              | Rupees             | %              |
| Commercial banks (including profit receivable)                    | 96,294,493         | 92.27%         | 208,816,265        | 97.03%         |
| Dividend receivable                                               | 5,362,000          | 5.14%          | 3,706,607          | 1.72%          |
| National Clearing Company of Pakistan Limited (deposits)          | 2,500,000          | 2.40%          | 2,500,000          | 1.16%          |
| Central Depository Company of Pakistan Limited (security deposit) | 200,000            | 0.19%          | 200,000            | 0.09%          |
|                                                                   | <u>104,356,493</u> | <u>100.00%</u> | <u>215,222,872</u> | <u>100.00%</u> |

### 19.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to redemptions of its redeemable units on a regular basis. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is therefore to invest the majority of its assets in short term instruments in order to maintain liquidity.

The Fund can borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was required to be obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month.

| 2017                              | Within               | 1 to 3   | 3 to 12  | 1 to 5   | Total                |
|-----------------------------------|----------------------|----------|----------|----------|----------------------|
|                                   | 1 month              | months   | months   | years    |                      |
|                                   | ----- Rupees -----   |          |          |          |                      |
| <b>Financial assets</b>           |                      |          |          |          |                      |
| Bank balances                     | 95,220,941           | -        | -        | -        | 95,220,941           |
| Investments                       | 1,421,523,440        | -        | -        | -        | 1,421,523,440        |
| Dividend and mark-up receivable   | 6,435,552            | -        | -        | -        | 6,435,552            |
| Deposits                          | 2,700,000            | -        | -        | -        | 2,700,000            |
|                                   | <u>1,525,879,933</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,525,879,933</u> |
| <b>Financial liabilities</b>      |                      |          |          |          |                      |
| Payable to the Management Company | 9,598,945            | -        | -        | -        | 9,598,945            |
| Payable to the Trustee            | 235,250              | -        | -        | -        | 235,250              |
| Accrued and other liabilities     | 1,522,062            | -        | -        | -        | 1,522,062            |
|                                   | <u>11,356,257</u>    | <u>-</u> | <u>-</u> | <u>-</u> | <u>11,356,257</u>    |
| <b>Net assets</b>                 | <u>1,514,523,676</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,514,523,676</u> |

| 2016                              | Within<br>1 month  | 1 to 3<br>months | 3 to 12<br>months | 1 to 5<br>years | Total         |
|-----------------------------------|--------------------|------------------|-------------------|-----------------|---------------|
|                                   | ----- Rupees ----- |                  |                   |                 |               |
| <b>Financial assets</b>           |                    |                  |                   |                 |               |
| Bank balances                     | 208,429,027        | -                | -                 | -               | 208,429,027   |
| Investments                       | 830,707,963        | -                | -                 | -               | 830,707,963   |
| Dividend and mark-up receivable   | 4,093,845          | -                | -                 | -               | 4,093,845     |
| Deposits                          | 2,700,000          | -                | -                 | -               | 2,700,000     |
|                                   | 1,045,930,835      | -                | -                 | -               | 1,045,930,835 |
| <b>Financial liabilities</b>      |                    |                  |                   |                 |               |
| Payable to the Management Company | 2,392,301          | -                | -                 | -               | 2,392,301     |
| Payable to the Trustee            | 165,963            | -                | -                 | -               | 165,963       |
| Accrued and other liabilities     | 2,392,175          | -                | -                 | -               | 2,392,175     |
|                                   | 4,950,439          | -                | -                 | -               | 4,950,439     |
| <b>Net assets</b>                 | 1,040,980,396      | -                | -                 | -               | 1,040,980,396 |

#### 19.4 Fair value measurement

Fair value is the amount for which an asset could be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of investments is determined as per the policy disclosed in note 3.2 to these financial statements.

##### Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted price (unadjusted) in an active market for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: 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: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2017 and June 30, 2016, the Fund held the following assets measured at fair values:

|                                                                | ----- As at June 30, 2017 ----- |         |         |               |
|----------------------------------------------------------------|---------------------------------|---------|---------|---------------|
|                                                                | Level 1                         | Level 2 | Level 3 | Total         |
|                                                                | ----- Rupees -----              |         |         |               |
| <b>At fair value through profit or loss - held for trading</b> |                                 |         |         |               |
| Listed equity securities                                       | 1,421,523,440                   | -       | -       | 1,421,523,440 |
|                                                                |                                 |         |         |               |
|                                                                | ----- As at June 30, 2016 ----- |         |         |               |
|                                                                | Level 1                         | Level 2 | Level 3 | Total         |
|                                                                | ----- Rupees -----              |         |         |               |
| <b>At fair value through profit or loss - held for trading</b> |                                 |         |         |               |
| Listed equity securities                                       | 830,707,963                     | -       | -       | 830,707,963   |

During the year ended June 30, 2017, 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.



## 19.5 Unit Holders' Fund risk management

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

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

- Monitors the level of daily issuance and redemptions relative to liquid assets;
- Redeems and issues unit in accordance with the constitutive documents of the Fund, which include the ability to restrict redemptions as allowed under rules and regulations; and
- Monitors portfolio allocations and return on net assets and where required make necessary adjustments in portfolio allocations in light of changes in market conditions.

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

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

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

## 20 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.

## 21 CORRESPONDING FIGURES

Corresponding figures have been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications were made in these financial statements.

## 22 GENERAL

Figures are rounded off to the nearest rupee.

## 23 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on **August 23, 2017** by the Board of Directors of the Management Company.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

Annexure I

**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 2017     |                      |                      |             |
|--------------------------|------------------------|----------------------|----------------------|-------------|
|                          | Number of unit holders | Number of units held | Amount Rupees        | % of total  |
| Individuals              | 80                     | 3,773,559            | 318,865,728          | 21%         |
| Insurance Co.            | 2                      | 729,795              | 61,667,670           | 4%          |
| Retirement & Other Funds | 13                     | 8,867,528            | 749,306,138          | 50%         |
| Others                   | 7                      | 4,300,253            | 363,371,396          | 24%         |
|                          | <b>102</b>             | <b>17,671,135</b>    | <b>1,493,210,932</b> | <b>100%</b> |

| Category                  | As at 30 June 2016     |                      |                      |            |
|---------------------------|------------------------|----------------------|----------------------|------------|
|                           | Number of unit holders | Number of units held | Amount Rupees        | % of total |
| Individuals               | 21                     | 1,483,860            | 100,590,858          | 7%         |
| Associated Co./ Directors | 5                      | 8,615,635            | 584,053,867          | 39%        |
| Insurance Co.             | 4                      | 1,069,295            | 72,487,531           | 5%         |
| Retirement & Other Funds  | 2                      | 3,696,341            | 250,574,976          | 17%        |
| Others                    | 1                      | 261,937              | 17,779,503           | 1%         |
|                           | <b>33</b>              | <b>15,127,068</b>    | <b>1,025,486,735</b> | <b>69%</b> |

(ii) TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

|                                               |                     |
|-----------------------------------------------|---------------------|
|                                               | <b>30 June 2017</b> |
|                                               | <b>%</b>            |
| Al Habib Capital Markets Limited              | 8.17%               |
| Alfalah securities Private Limited            | 6.53%               |
| Global Securities Limited                     | 6.53%               |
| IGI Finex Securities Limited                  | 7.46%               |
| Inter Market Securities Limited               | 8.62%               |
| JS Global Capital Limited                     | 4.91%               |
| NAEL Capital (Pvt) Limited                    | 4.37%               |
| Next Capital Limited                          | 4.63%               |
| Optimus Capital Management Private Limited    | 9.22%               |
| Taurus Securities Limited                     | 6.23%               |
|                                               | <b>30 June 2016</b> |
|                                               | <b>%</b>            |
| Taurus Securities Limited                     | 8.75%               |
| IGI Finex Securities Limited                  | 7.72%               |
| Elixer Securities Pakistan PVT Limited        | 7.62%               |
| Inter Market Securities Limited               | 7.61%               |
| Al Habib Capital Markets Limited              | 7.16%               |
| Topline Securities (Pvt) Limited              | 6.51%               |
| Ismail Iqbal Securities PVT Limited           | 6.37%               |
| Arif Habib Limited                            | 5.45%               |
| BMA Capital Management Limited                | 5.38%               |
| Habib Metropolitan Financial Services Limited | 5.34%               |

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

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

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

**Maheen Rahman – CEO**

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

**Noman Soomro**

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

**Shariq Mukhtar Hashmi**

Mr. Hashmi holds a diversified experience of over 11 years with various private sector enterprises of repute. He joined IGI Funds Limited (which subsequently merged into Alfalah GHP Investment Management Limited in Oct. 2013) in 2010 to lead the back office function as Head of Operations & Settlements. His association has continued, post-merger, as Head of Compliance & Risk Management. He has previously served National Asset Management Company as Head of Internal Audit and Feroze Sharif Tariq & Co Chartered Accountants in various capacities. He has also headed the Internal Audit Department of the Company. Mr. Hashmi is a qualified Accountant from the Association of Chartered Certified Accountants, UK and holds MBA degree in Finance from SZABIST University. He is also enrolled for Financial Risk Manager Certification of Global Association of Risk Professionals; USA.

**Muddasir Ahmed Shaikh**

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

**Nabeel Malik**

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

**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 73rd, 74th, 75th, 76st and 77th Board Meetings were held on 26 Aug 2016, 22 Sep 2016, 31 Oct 2016, 07 Dec 2016 ,14 Feb 2017 and 26 April 2017 respectively.

| Name of Director       | Number of Meetings |          |               | Meeting not attended |
|------------------------|--------------------|----------|---------------|----------------------|
|                        | Held               | Attended | Leave Granted |                      |
| HANSPETER BEIER        | 6                  | 4        | 2             | 2                    |
| SYED ALI SULTAN        | 6                  | 6        | -             | -                    |
| AMIN DAWOOD SALEH      | 6                  | 5        | 1             | 1                    |
| MS. MAHEEN RAHMAN      | 6                  | 6        | -             | -                    |
| MR. ABID NAQVI         | 6                  | 5        | 1             | 1                    |
| MR. MICHAEL BUCHEN     | 1                  | -        | 1             | 1                    |
| MR. Tufail Jawed Ahmad | 6                  | 5        | 1             | 1                    |
| MR. Adeel Bajwa        | 2                  | 1        | 1             | 1                    |

Annexure A

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

**PERFORMANCE TABLE - AGAF**

|                                     | <b>30 June<br/>2017</b> | 30 June<br>2016  | 30 June<br>2015 | 30 June<br>2014 | 30 June<br>2013 |
|-------------------------------------|-------------------------|------------------|-----------------|-----------------|-----------------|
|                                     | <b>(Rupees in '000)</b> |                  |                 |                 |                 |
| Net Assets                          | <b>1,493,187</b>        | <b>1,025,487</b> | 801,220         | 203,651         | 110,042         |
| NAV per unit                        | <b>84.50</b>            | <b>67.79</b>     | 66.2400         | 57.5500         | 56.8200         |
| Selling price per unit              | <b>87.3600</b>          | <b>70.4800</b>   | 70.6600         | 61.4200         | 59.6600         |
| Redemption price per unit           | <b>84.50</b>            | <b>67.79</b>     | 66.2400         | 57.5500         | 56.8200         |
| Highest selling price per unit      | <b>101.4200</b>         | <b>80.8300</b>   | 79.6200         | 77.8400         | 75.9000         |
| Highest redemption price per unit   | <b>98.0900</b>          | <b>77.7500</b>   | 74.6400         | 74.1300         | 72.2900         |
| Lowest selling price per unit       | <b>70.8200</b>          | <b>66.7500</b>   | 57.5800         | 58.7100         | 54.7000         |
| Lowest redemption price per unit    | <b>68.5000</b>          | <b>64.2000</b>   | 53.9500         | 55.9100         | 52.1000         |
| Total interim distribution per unit | <b>2.9418</b>           | <b>7.63</b>      | 7.0466          | 15.9323         | 18.02           |
| Interim distribution date           | <b>22-Jun-17</b>        | <b>29-Jun-16</b> | 26-Jun-15       | 30-Jun-14       | 27-Dec-12       |
|                                     | N/A                     | N/A              | N/A             | N/A             | 41,452.00       |
| Final distribution per unit         | <b>Nil</b>              | <b>Nil</b>       | Nil             | Nil             | Nil             |
| Final distribution date             | N/A                     | N/A              | N/A             | N/A             | N/A             |
| Annualized returns                  | <b>24.65%</b>           | <b>14.12%</b>    | 27.39%          | 29.55%          | 39.81%          |
| Income distribution                 | <b>4.34%</b>            | <b>11.51%</b>    | 12.24%          | 28.04%          | 32.95%          |
| Weighted avg. portfolio duration    | N/A                     | N/A              | N/A             | N/A             | N/A             |

Return since inception is **24.74%**

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

**(V) Summary of Actual Proxy voted**

| Nature of Meeting                             | Meeting Date | Resolutions                                                                               | Holding | %age Holding | Favour | Against | Abstain |
|-----------------------------------------------|--------------|-------------------------------------------------------------------------------------------|---------|--------------|--------|---------|---------|
| <b>Engro Corporation Limited</b>              |              |                                                                                           |         |              |        |         |         |
| EOGM                                          | 5-Aug-16     | Approval of the sale / disposal of upto 51% of the company's share in Engro Foods Limited | 173,600 | 0.033%       | ✓      |         |         |
| <b>D.G.Khan Cement Company Limited</b>        |              |                                                                                           |         |              |        |         |         |
| AGM                                           | 31-Oct-16    | Election of Directors                                                                     | 201,400 | 0.046%       | ✓      |         |         |
| <b>Nishat Mills Limited</b>                   |              |                                                                                           |         |              |        |         |         |
| AGM                                           | 31-Oct-16    | Declaration of Dividend                                                                   | 438,200 | 0.125%       | ✓      |         |         |
| <b>Ghani Glass Limited</b>                    |              |                                                                                           |         |              |        |         |         |
| AGM                                           | 31-Oct-16    | Amendments in the article of association of the company                                   | 59,500  | 0.014%       | ✓      |         |         |
| <b>Thal Limited</b>                           |              |                                                                                           |         |              |        |         |         |
| AGM                                           | 29-Sep-16    | Declaration of Dividend                                                                   | 30,800  | 0.038%       | ✓      |         |         |
|                                               |              | Approval of Annual Accounts of the Company                                                |         |              |        |         |         |
|                                               |              | Appointment of Statutory Auditor                                                          |         |              |        |         |         |
| <b>Bank Alfalah Limited</b>                   |              |                                                                                           |         |              |        |         |         |
| AGM                                           | 28-Mar-17    | Confirm Minutes of previous AGM                                                           | 503,000 | 0.031%       | ✓      |         |         |
|                                               |              | Approval of Annual Accounts of the Company                                                |         |              |        |         |         |
|                                               |              | Appointment of Statutory Auditor                                                          |         |              |        |         |         |
| <b>Abbott Laboratories (Pakistan) Limited</b> |              |                                                                                           |         |              |        |         |         |
| AGM                                           | 18-Apr-17    | Approval of Annual Accounts of the Company                                                | 25,850  | 0.026%       | ✓      |         |         |
|                                               |              | Declaration of Dividend                                                                   |         |              |        |         |         |
|                                               |              | Appointment of Statutory Auditor                                                          |         |              |        |         |         |
|                                               |              | Election of Directors                                                                     |         |              |        |         |         |
| <b>ICI Pakistan Limited</b>                   |              |                                                                                           |         |              |        |         |         |
| EOGM                                          | 20-Apr-17    | Election of Directors                                                                     | 24,850  | 0.027%       | ✓      |         |         |
| <b>Pak Suzuki Motor Company Limited</b>       |              |                                                                                           |         |              |        |         |         |
| AGM                                           | 25-Apr-17    | Confirm Minutes of previous EOGM                                                          | 61,400  | 0.075%       | ✓      |         |         |
|                                               |              | Approval of Annual Accounts of the Company                                                |         |              |        |         |         |
|                                               |              | Declaration of Dividend                                                                   |         |              |        |         |         |
|                                               |              | Appointment of Statutory Auditor                                                          |         |              |        |         |         |
| <b>Packages Limited</b>                       |              |                                                                                           |         |              |        |         |         |
| AGM                                           | 25-Apr-17    | Confirm Minutes of previous AGM                                                           | 74,450  | 0.083%       | ✓      |         |         |
|                                               |              | Approval of Annual Accounts of the Company                                                |         |              |        |         |         |
|                                               |              | Declaration of Dividend                                                                   |         |              |        |         |         |
|                                               |              | Appointment of Statutory Auditor                                                          |         |              |        |         |         |
| <b>Pakistan Oilfields Limited</b>             |              |                                                                                           |         |              |        |         |         |
| EOGM                                          | 20-Jun-17    | Election of Directors                                                                     | 97,600  | 0.041%       | ✓      |         |         |
| <b>Shell Pakistan Limited</b>                 |              |                                                                                           |         |              |        |         |         |
| BOD                                           | 21-Jun-17    | Appointment of CEO & Chairman                                                             | 30,000  | 0.028%       | ✓      |         |         |
| <b>Sui Northern Gas Pipeline Limited</b>      |              |                                                                                           |         |              |        |         |         |
| EOGM                                          | 21-Jun-17    | Confirm Minutes of previous AGM                                                           | 491,500 | 0.077%       | ✓      |         |         |
|                                               |              | Election of Directors                                                                     |         |              |        |         |         |





**Alfalah  
GHP Stock Fund**

## FUND INFORMATION

|                                                            |                                                                                                                                                              |
|------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Management Company:</b>                                 | <b>Alfalah GHP Investment Management Limited<br/>8-B, 8th Floor, Executive Tower, Dolmen City, Block-4,<br/>Clifton, Karachi.</b>                            |
| <b>Board of Directors of the<br/>Management Company:</b>   | <b>Ms.Maheen Rahman<br/>Syed Ali Sultan<br/>Mr.Hanspeter Beier<br/>Mr.Amin Dawood Saleh<br/>Mr.Abid Naqvi<br/>Mr. Tufail Jawed Ahmad<br/>Mr. Adeel Bajwa</b> |
| <b>Audit Committee:</b>                                    | <b>Mr. Abid Naqvi<br/>Syed Ali Sultan<br/>Mr. Amin Dawood Saleh</b>                                                                                          |
| <b>HR Committee:</b>                                       | <b>Syed Ali Sultan<br/>Mr. Tufail Jawed Ahmed<br/>Ms. Maheen Rahman</b>                                                                                      |
| <b>Chief Operating Officer<br/>and Company Secretary :</b> | <b>Mr. Noman Ahmed Soomro</b>                                                                                                                                |
| <b>Chief Financial Officer:</b>                            | <b>Mr. Muhammad Shehzad Dhedhi</b>                                                                                                                           |
| <b>Trustee:</b>                                            | <b>Central Depository Company of Pakistan Limited<br/>CDC House, 99-B, Block 'B',SMCHS,<br/>Main Share-e-Faisal,Karachi</b>                                  |
| <b>Bankers to the Fund:</b>                                | <b>Bank Alfalah Limited</b>                                                                                                                                  |
| <b>Auditors:</b>                                           | <b>A.F. Ferguson &amp; Co.<br/>Chartered Accountants<br/>State Life Building No. 1-C I.I. Chundrigar Road,<br/>P.O.Box 4716 Karachi,<br/>Pakistan</b>        |
| <b>Legal Advisor:</b>                                      | <b>Ahmed &amp; Qazi<br/>Advocates &amp; Legal Consultants<br/>402,403,404,417<br/>Clifton Centre,<br/>Clifton, Karachi</b>                                   |
| <b>Registrar:</b>                                          | <b>Alfalah GHP Investment Management Limited<br/>8-B, 8th Floor, Executive Tower, Dolmen City, Block-4,<br/>Clifton, Karachi.</b>                            |
| <b>Distributor:</b>                                        | <b>Bank Alfalah Limited</b>                                                                                                                                  |
| <b>Rating:</b>                                             | <b>4 Star (long term) and 3 Star (short term) by PACRA</b>                                                                                                   |

# Alfalah GHP Stock Fund

## Annual Fund Manager`s Report

### Type of Fund

Open-end Scheme

### Category of Fund

Conventional Stock Scheme

### Investment Objective

The investment objective of IGI Stock Fund (IGI SF) is to seek long-term capital growth by investing primarily in a diversified pool of equities and equity related instruments, management team shall ensure the active implementation of prudent investment practices, the highest professional standards and compliance of applicable laws.

### Accomplishment of Objective

The Fund has strived to achieve its objective as it provided the unit holders a competitive and attractive return as compared to peer funds.

### Review of the Market

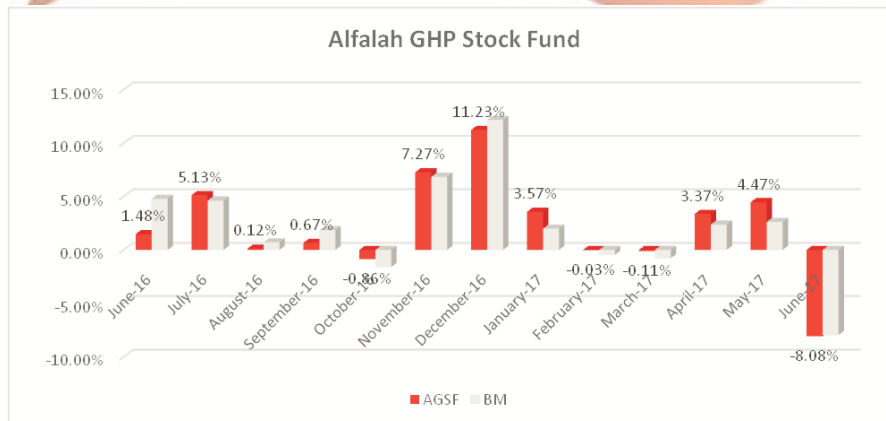
KSE-100 gave a return of 23.24% in FY17 as compared to 9.84% return in FY16. The major excitement created during the fiscal year in the PSX was of Pakistan's reclassification into an MSCI Emerging market, from a Frontier Market. On May 25' 2017, the benchmark KSE-100 index hit an intra-day all-time high at 53,124 points providing an upside of 11% from Jan 1' 2017. Six companies had qualified for the main MSCI EM index: Engro Corporation, Habib Bank, Lucky Cement, MCB Bank, Oil and Gas Development Company and United Bank. The inclusion of Pakistan in the MSCI EM Index was not as welcoming and Pakistan performed the worst in MTD return charts and was an underperformer in the MSCI Asian EM by 7.7% in Jun'17. Concurrently, to the peak from which the index came crashing down, in just 16 trading sessions until 20 June' 17, the Index has lost 6,265 points, representing an incredibly steep fall of 12%.

The KSE-100 now trades at an approximate forward P/E of 9.5x, at an approx. 19%-21% discount to MSCI EM. Given that the market corrected sharply in June and with foreign investors turning net buyers again over last few weeks, the market should lift gradually in the coming months. Additionally on the positive side SECP made major amendments in margin financing system, in light with longstanding demands of brokers.

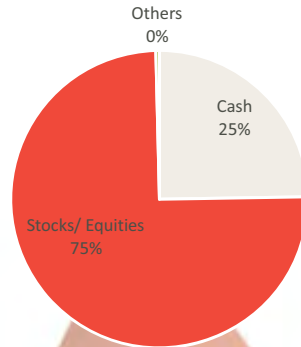
### Fund Performance

During the year under review, the Fund generated a return of 28.7% against a benchmark (KSE - 100 Index) of 23.20% YTD translating into an outperformance of 500bps.

Performance of the fund remained strong throughout the year as the benchmark KSE-100 index during the year touched a new high of 52,876 points on the back of inclusion of Pakistan in MSCI Emerging market and increase in CPEC related investments. The fund remained invested in the sectors that were direct beneficiaries of the given theme. Major portion of the fund remained invested in index heavy sectors, mainly Banking and Oil & Gas exploration, to get the benefit of the inclusion in EM index and surge in international oil prices. Additionally, the fund was invested in construction & material sector on the back of strong cement and steel demand and expected growth in construction activities. Select picks in Oil Marketing sector remained some of the best performers for the fund as turnaround in that specific company fundamentals and expansion of distribution network contributed positively in the financial results of the company. The fund continued to maintain its basic philosophy of investing in fundamentally strong companies, however, index heavy companies and second tier stocks augmented the overall performance.



## Asset Allocation, June 2017



**Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**

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

**Disclosure on unit split (if any), comprising:-**

There were no unit splits during the period.

**Disclosures of circumstances that materially affect any interests of unit holders**

Investments are subject to market risk.

**Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.**

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

**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 STOCK FUND**

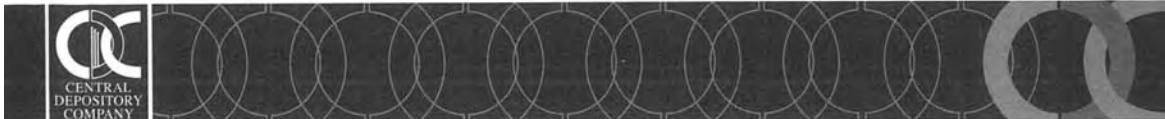
**Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of  
the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We Central Depository Company of Pakistan Limited, being the Trustee of Alfalah GHP Stock 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, 2017 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.

**Aftab Ahmed Diwan**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: September 12, 2017



**STATEMENT OF COMPLIANCE BY ALFALAH GHP STOCK FUND  
WITH THE CODE OF CORPORATE GOVERNANCE  
FOR THE YEARENDED JUNE 30, 2017**

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No.5.19 of Chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Management Company encourages representation of independent, non-executive directors, and directors representing minority interests on its board of directors ("the Board"). At present the Board includes:

| Category                | Names                                                                                 |
|-------------------------|---------------------------------------------------------------------------------------|
| Executive Director      | Ms. Maheen Rahman– Chief Executive Officer (CEO)                                      |
| Independent Directors   | Mr. Abid Naqvi<br>Mr. Tufail Jawed Ahmad                                              |
| Non-Executive Directors | Mr. Syed Ali Sultan<br>Mr. Adeel Bajwa<br>Mr. HanspeterBeier<br>Mr. Amin Dawood Saleh |

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

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies (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 broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. According to regulation 5.19.3 of the Rule Book and section 155 (3) of the Companies Act, 2017, any casual vacancy occurring on the Board of Directors of a listed company shall be filled up by the directors at the earliest but not later than 90 days thereof. A casual vacancy occurred on the Board on September 22, 2016, due to resignation of Mr. Michael Buchen. However, the Board of Directors appointed Mr. Adeel Bajwa as a director on January 23, 2017 i.e. after 90 days after the date of resignation Mr. Michael Buchen. The appointment was approved in principle by the SECP with effect from February 7, 2017.
5. The Management Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before such meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged no training programs for its directors during the year. However, at present 6 directors of the Management Company have certification under the Directors' Training Program offered by institutions.
10. There was no change of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year. However, the remuneration and terms and conditions of Chief Financial Officer, Company Secretary and Head of Internal Audit were approved by the Board.



11. The Directors' Report for the year ended June 30, 2017 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by the CEO and CFO 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 that disclosed in the Directors' Report and pattern of unit holding.
14. The Management Company has 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, and the Chairman of the Committee 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 Committee have been formed and advised to the Committee for compliance.
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 Deloitte Yousuf Adil Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partner of the firm, their spouse and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'Book Closure' dates were duly determined and intimated to the stock exchange, however the 'closed period' prior to the announcement of interim / final results, and business decisions was not determined and intimated to directors, employees and the stock exchange, considering the fact that NAV of the Fund is announced on a daily basis.
22. Material/price sensitive information has been disseminated among all market participants at once through the stock exchange.
23. The Management Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the Code have been complied with.

**For and on behalf of the Board**

Maheen Rahman  
Chief Executive Officer

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Alfalah GHP Investment Management Limited, the Management Company of **Alfalah GHP Stock Fund** (the Fund) for the year ended June 30, 2017 to comply with the requirements of regulation no. 5.19 of chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company (**Alfalah GHP Investment Management Limited**). Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund'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 Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As a part of our audit of the 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 of Directors' 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 of Directors for their review and approval of 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 of Directors 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 of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2017.

Further, we highlight below an instance of non-compliance with the requirement of the Code as reflected in paragraph reference where it is stated in the Statement of Compliance:

| S. No. | Paragraph reference | Description                                                                                                                                                                                                                                                                                                                                                                                  |
|--------|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | 4                   | According to regulation 5.19.3 of the Rule Book and section 155 (3) of the Companies Act, 2017, any casual vacancy occurring on the Board of Directors of a listed company shall be filled up by the directors at the earliest but not later than 90 days thereof. A casual vacancy occurred on the Board on September 22, 2016 which was filled after 90 days from the date of resignation. |

**A.F. Ferguson & Co.**  
**Chartered Accountants**

Dated: September 20, 2017  
Karachi

# INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Alfalah GHP Stock Fund** (here in after referred to as the 'Fund'), which comprise the statement of assets and liabilities as at June 30, 2017, and the related income statement, statement of comprehensive income, distribution statement, cash flow statement and statement of movement in unit holders' funds for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

The Management Company (**Alfalah GHP Investment Management Limited**) of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with 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 the International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial position of the Fund as at June 30, 2017 and of its financial performance, its cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

### Other matter

The financial statements of the Fund for the year ended June 30, 2016 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion on those financial statements vide their report dated September 22, 2016. However, the report contained an emphasis of matter paragraph drawing attention to the fact that the fund had commenced making provision for Workers Welfare Fund (WWF) with effect from July 01, 2013 and that the aggregate unrecognised amount of WWF upto June 30, 2013 amounted to Rs. 8.729 million.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

**A.F. Ferguson & Co.**  
**Chartered Accountants**  
**Engagement Partner: Shahbaz Akbar**

Dated: September 20, 2017  
Karachi

**ALFALAH GHP STOCK FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
*AS AT JUNE 30, 2017*

|                                                                                 | Note | 2017                          | 2016                 |
|---------------------------------------------------------------------------------|------|-------------------------------|----------------------|
|                                                                                 |      | ----- (Rupees) -----          |                      |
| <b>Assets</b>                                                                   |      |                               |                      |
| Bank balances                                                                   | 4    | 478,581,673                   | 264,413,236          |
| Investments                                                                     | 5    | 2,620,166,678                 | 1,286,834,148        |
| Security deposits                                                               | 6    | 2,600,000                     | 2,600,000            |
| Dividend, prepayment and other receivables                                      | 7    | 6,129,393                     | 14,903,226           |
| <b>Total assets</b>                                                             |      | <u>3,107,477,744</u>          | <u>1,568,750,610</u> |
| <b>Liabilities</b>                                                              |      |                               |                      |
| Payable to the Management Company                                               | 8    | 22,841,234                    | 23,564,933           |
| Payable to the Trustee                                                          | 9    | 334,985                       | 548,958              |
| Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP) | 10   | 2,410,750                     | 1,539,988            |
| Payable against purchase of investments                                         | 11   | 332,846,444                   | -                    |
| Payable against redemption of units                                             | 12   | 4,317,663                     | -                    |
| Accrued and other liabilities                                                   | 13   | 23,984,470                    | 15,255,142           |
| Dividend payable                                                                |      | -                             | 2,147                |
| <b>Total liabilities</b>                                                        |      | <u>386,735,546</u>            | <u>40,911,168</u>    |
| <b>Net assets attributable to unit holders</b>                                  |      | <u>2,720,742,198</u>          | <u>1,527,839,442</u> |
| <b>Unit holders' fund (as per the statement attached)</b>                       |      | <u>2,720,742,198</u>          | <u>1,527,839,442</u> |
| <b>Contingencies and commitments</b>                                            | 14   | ----- (Number of units) ----- |                      |
| <b>Number of units in issue</b>                                                 |      | <u>17,342,558</u>             | <u>12,118,524</u>    |
|                                                                                 |      | ----- (Rupees) -----          |                      |
| <b>Net asset value per unit</b>                                                 |      | <u>156.8824</u>               | <u>126.0747</u>      |

The annexed notes 1 to 25 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

## ALFALAH GHP STOCK FUND

### INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30 2017

|                                                                                                                                                                     | Note | 2017                      | 2016                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|---------------------------|---------------------------|
|                                                                                                                                                                     |      | ----- (Rupees) -----      |                           |
| <b>Income</b>                                                                                                                                                       |      |                           |                           |
| Profit / mark-up income                                                                                                                                             | 15   | 13,205,076                | 10,333,616                |
| 'At fair value through profit or loss' - held-for-trading                                                                                                           |      |                           |                           |
| - Gain on sale of investments - net                                                                                                                                 |      | 342,370,776               | 93,705,810                |
| - Unrealised gain on revaluation of investments - net                                                                                                               | 5.3  | 192,879,926               | 119,595,761               |
| - Dividend income from listed equity securities                                                                                                                     |      | 88,996,013                | 77,966,227                |
| Reversal of provision against Workers' Welfare Fund                                                                                                                 | 13.1 | 7,280,222                 | -                         |
| <b>Total income</b>                                                                                                                                                 |      | <u>644,732,013</u>        | <u>301,601,414</u>        |
| <b>Expenses</b>                                                                                                                                                     |      |                           |                           |
| Remuneration of the Management Company                                                                                                                              | 8.1  | 50,752,890                | 32,333,523                |
| Sindh sales tax on remuneration of the Management Company                                                                                                           | 8.2  | 6,597,875                 | 5,250,964                 |
| Federal excise duty on remuneration of the Management Company                                                                                                       | 8.5  | -                         | 5,173,364                 |
| Remuneration of the Trustee                                                                                                                                         | 9.1  | 3,537,569                 | 2,621,074                 |
| Sindh sales tax on remuneration of the Trustee                                                                                                                      | 9.2  | 459,882                   | 366,954                   |
| Annual fee to the Securities and Exchange Commission of Pakistan                                                                                                    | 10   | 2,410,775                 | 1,540,013                 |
| Brokerage expense and capital value tax                                                                                                                             |      | 9,707,847                 | 7,728,895                 |
| Bank and settlement charges                                                                                                                                         |      | 70,680                    | 78,434                    |
| CDS charges                                                                                                                                                         |      | 403,361                   | 250,657                   |
| Auditors' remuneration                                                                                                                                              | 16   | 529,735                   | 546,010                   |
| Fees and subscriptions                                                                                                                                              |      | 263,958                   | 176,105                   |
| Clearing charges                                                                                                                                                    |      | 557,023                   | 485,690                   |
| Printing charges                                                                                                                                                    |      | 24,815                    | 173,117                   |
| Legal and professional charges                                                                                                                                      |      | 68,333                    | -                         |
| Allocated expenses                                                                                                                                                  | 8.3  | 2,537,656                 | 972,443                   |
| Selling and marketing expenses                                                                                                                                      | 8.4  | 1,177,624                 | -                         |
| Provision against Sindh Workers' Welfare Fund                                                                                                                       | 13.1 | 17,625,220                | -                         |
| <b>Total expenses</b>                                                                                                                                               |      | <u>96,725,243</u>         | <u>57,697,243</u>         |
| <b>Net income for the year before element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net</b> |      | <u>548,006,770</u>        | <u>243,904,171</u>        |
| Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net                                       |      | 66,825,505                | (67,130,316)              |
| <b>Net income for the year before taxation</b>                                                                                                                      |      | <u>614,832,275</u>        | <u>176,773,855</u>        |
| Taxation                                                                                                                                                            | 18   | -                         | -                         |
| <b>Net income for the year after taxation</b>                                                                                                                       |      | <u><u>614,832,275</u></u> | <u><u>176,773,855</u></u> |

The annexed notes 1 to 25 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

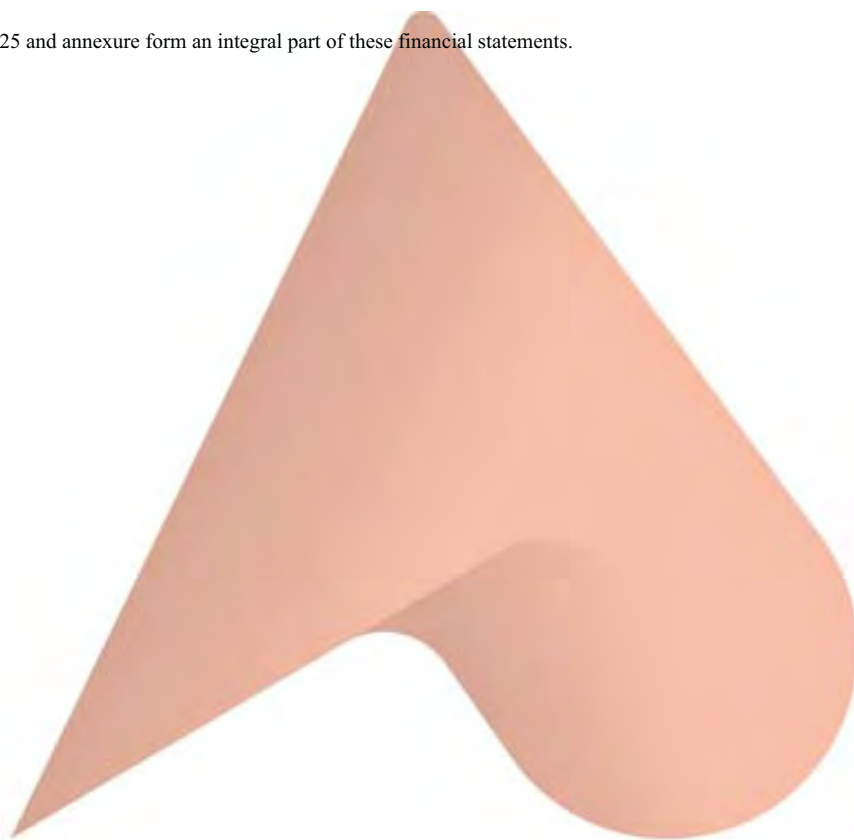
\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

**ALFALAH GHP STOCK FUND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED JUNE 30 2017*

|                                                | 2017                      | 2016                      |
|------------------------------------------------|---------------------------|---------------------------|
|                                                | ----- (Rupees) -----      | -----                     |
| <b>Net income for the year after taxation</b>  | 614,832,275               | 176,773,855               |
| Other comprehensive income for the year        | -                         | -                         |
| <b>Total comprehensive income for the year</b> | <u><u>614,832,275</u></u> | <u><u>176,773,855</u></u> |

The annexed notes 1 to 25 and annexure form an integral part of these financial statements.



For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director



**ALFALAH GHP STOCK FUND**

**CASH FLOW STATEMENT**

FOR THE YEAR ENDED JUNE 30 2017

|                                                                                                                               | 2017                   | 2016                   |
|-------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
|                                                                                                                               | ----- (Rupees) -----   |                        |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                                                   |                        |                        |
| Net income for the year before taxation                                                                                       | 614,832,275            | 176,773,855            |
| <b>Adjustments for:</b>                                                                                                       |                        |                        |
| Unrealised gain on revaluation of investments classified as 'at fair value through profit or loss' - held-for-trading - net   | (192,879,926)          | (119,595,761)          |
| Reversal of provision against Workers' Welfare Fund                                                                           | (7,280,222)            | -                      |
| Provision against Sindh Workers' Welfare Fund                                                                                 | 17,625,220             | -                      |
| Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net | <u>(66,825,505)</u>    | <u>67,130,316</u>      |
|                                                                                                                               | 365,471,842            | 124,308,410            |
| <b>(Increase) / decrease in assets</b>                                                                                        |                        |                        |
| Investments - net                                                                                                             | <u>(1,140,452,604)</u> | <u>(15,448,110)</u>    |
| Receivable against sale of investments                                                                                        | -                      | 39,025,216             |
| Dividend, prepayment and other receivables                                                                                    | <u>8,773,833</u>       | <u>(13,159,329)</u>    |
|                                                                                                                               | (1,131,678,771)        | 10,417,777             |
| <b>(Decrease) / increase in liabilities</b>                                                                                   |                        |                        |
| Payable to the Management Company                                                                                             | <u>(723,699)</u>       | <u>13,170,204</u>      |
| Payable to the Trustee                                                                                                        | <u>(213,973)</u>       | <u>385,721</u>         |
| Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)                                               | 870,762                | 554,381                |
| Payable against purchase of investments                                                                                       | 332,846,444            | -                      |
| Accrued and other liabilities                                                                                                 | <u>(1,615,670)</u>     | <u>(1,777,894)</u>     |
|                                                                                                                               | 331,163,864            | 12,332,412             |
| <b>Net cash flows (used in) / generated from operating activities</b>                                                         | <u>(435,043,065)</u>   | <u>147,058,599</u>     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                                                   |                        |                        |
| Dividend paid                                                                                                                 | <u>(80,007,027)</u>    | <u>(58,917,092)</u>    |
| Amount received against issuance of units                                                                                     | 3,965,139,379          | 3,177,760,015          |
| Amount paid against redemption of units                                                                                       | <u>(3,235,377,719)</u> | <u>(3,015,032,358)</u> |
| <b>Net cash flows generated from financing activities</b>                                                                     | 649,754,633            | 103,810,565            |
| <b>Net increase in cash and cash equivalents during the year</b>                                                              | <u>214,711,568</u>     | <u>250,869,164</u>     |
| Cash and cash equivalents at beginning of the year                                                                            | 264,413,236            | 13,544,072             |
| <b>Cash and cash equivalents at end of the year</b>                                                                           | <u>479,124,804</u>     | <u>264,413,236</u>     |

The annexed notes 1 to 25 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP STOCK FUND**

**DISTRIBUTION STATEMENT**

FOR THE YEAR ENDED JUNE 30 2017

|                                                                                                               | 2017                 | 2016                |
|---------------------------------------------------------------------------------------------------------------|----------------------|---------------------|
|                                                                                                               | ----- (Rupees) ----- |                     |
| <b>Undistributed income brought forward comprises of:</b>                                                     |                      |                     |
| Realised gain / (loss)                                                                                        | 124,387,531          | (84,026,501)        |
| Unrealised gain                                                                                               | <u>119,595,761</u>   | <u>202,897,896</u>  |
| <b>Total undistributed income brought forward</b>                                                             | <u>243,983,292</u>   | <u>118,871,395</u>  |
| Element of income and capital gains included in prices of units issued less those in units redeemed - net     | 105,175,928          | 24,564,837          |
| Net income for the year after taxation                                                                        | 614,832,275          | 176,773,855         |
| Issuance of Nil bonus units in respect of final and interim distribution (2016: 216,656 units)                | -                    | (28,113,892)        |
| First interim distribution of cash dividend @ Rs 3.6164 (2016: Re 0.5001) per unit, approved on June 22, 2017 | (50,522,491)         | (48,112,903)        |
| Second interim distribution of cash dividend @ Rs 1.7596 (2016: Nil) per unit, approved on June 29, 2017      | (30,025,520)         | -                   |
|                                                                                                               | <u>(80,548,011)</u>  | <u>(76,226,795)</u> |
| <b>Undistributed income carried forward</b>                                                                   | <u>883,443,484</u>   | <u>243,983,292</u>  |
| <b>Undistributed income carried forward comprises of:</b>                                                     |                      |                     |
| Realised gain                                                                                                 | 690,563,558          | 124,387,531         |
| Unrealised gain                                                                                               | <u>192,879,926</u>   | <u>119,595,761</u>  |
| <b>Total undistributed income carried forward</b>                                                             | <u>883,443,484</u>   | <u>243,983,292</u>  |

The annexed notes 1 to 25 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP STOCK FUND**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS**  
**FOR THE YEAR ENDED JUNE 30 2017**

|                                                                                                                                                 | 2017                 | 2016                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
|                                                                                                                                                 | ----- (Rupees) ----- |                      |
| <b>Net assets at beginning of the year</b>                                                                                                      | 1,527,839,442        | 1,171,125,972        |
| Issuance of 26,220,982 units (2016: 25,630,701 units)                                                                                           | 3,965,139,379        | 3,177,760,015        |
| Redemption of 20,996,948 units (2016: 23,771,943 units)                                                                                         | (3,239,695,382)      | (3,016,837,813)      |
| Issuance of Nil bonus units in respect of final and interim distribution (2016: 216,656 units)                                                  | -                    | 28,113,892           |
|                                                                                                                                                 | 725,443,997          | 189,036,094          |
| Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net                   |                      |                      |
| - transferred to income statement                                                                                                               | (66,825,505)         | 67,130,316           |
| - transferred to distribution statement                                                                                                         | (105,175,928)        | (24,564,837)         |
|                                                                                                                                                 | (172,001,433)        | 42,565,479           |
| Element of income and capital gains included in prices of units issued less those in units redeemed transferred to distribution statement - net | 105,175,928          | 24,564,837           |
| Gain on sale of investments classified as 'at fair value through profit or loss' - held-for-trading - net                                       | 342,370,776          | 93,705,810           |
| Unrealised gain on revaluation of investments classified as 'at fair value through profit or loss' - held-for-trading - net                     | 192,879,926          | 119,595,761          |
| Other income (net of expenses)                                                                                                                  | 79,581,573           | (36,527,716)         |
| Total comprehensive income for the year                                                                                                         | 614,832,275          | 176,773,855          |
| Issuance of Nil bonus units in respect of final and interim distribution (2016: 216,656 units)                                                  | -                    | (28,113,892)         |
| First interim distribution of cash dividend @ Rs 3.6164 (2016: Re 0.5001) per unit approved on June 22, 2017                                    | (50,522,491)         | (48,112,903)         |
| Second interim distribution of cash dividend @ Rs 1.7596 per unit, approved on June 30, 2017                                                    | (30,025,520)         | -                    |
|                                                                                                                                                 | (80,548,011)         | (76,226,795)         |
| Total comprehensive income less distributions for the year                                                                                      | 534,284,264          | 100,547,060          |
| <b>Net assets at end of the year</b>                                                                                                            | <u>2,720,742,198</u> | <u>1,527,839,442</u> |
| Net assets value per unit as at beginning of the year                                                                                           | <u>126.0747</u>      | <u>116.6099</u>      |
| Net assets value per unit as at end of the year                                                                                                 | <u>156.8824</u>      | <u>126.0747</u>      |

The annexed notes 1 to 25 and annexure form an integral part of these financial statements.

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

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

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

## ALFALAH GHP STOCK FUND

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

FOR THE YEAR ENDED JUNE 30 2017

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

Alfalah GHP Stock Fund (the Fund) is an open-ended Fund constituted under a trust deed entered into on June 10, 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 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 SECP has approved Second Supplemental Trust Deed, under the NBFC Regulations, vide its letter No. SCD/AMCW/AGISF/239/2015 dated February 03, 2015 to modify and restate the previous Trust Deed to effectuate renaming of the Fund to Alfalah GHP Stock Fund.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate issued by the SECP on March 09, 2017. The registered office of the Management Company is situated at 8-B, 8th floor, Executive tower, Dolmen city, Block 4, Clifton, Karachi.

The Fund is categorised as an 'equity scheme' pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund are being offered for public subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.

According to the trust deed, the objective of the Fund is to provide good total return through a long term capital appreciation and income, from a portfolio that is substantially constituted of equity and equity related securities. The Fund may also invest a certain portion of its assets in debt and money market securities in order to meet liquidity requirements from time to time. The investment objectives and policy are explained in the Fund's offering document.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of AM2+ (stable outlook) to the Management Company on May 16, 2017, and 4 Star (long term) and 3 Star (short term) by PACRA to the Fund in its rating report dated May 8, 2017.

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

#### 2. BASIS OF PREPARATION

##### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the 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 the IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The Directors of the asset management company declare that these financial statements give a true and fair view of the state of affairs of the Fund.

##### 2.2 Standards, Interpretations and amendments to published approved accounting standards that are effective in the current year

There are certain new and amended standards and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2016 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

##### 2.3 Standards, Interpretations and amendments to published approved accounting standards that are not yet effective

2.3.1 There are certain new and amended standards and interpretations that are mandatory for the accounting period beginning on or after July 1, 2017 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

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

| <b>Standards, Interpretations or Amendments</b> | <b>Effective date (accounting period beginning on or after)</b> |
|-------------------------------------------------|-----------------------------------------------------------------|
| - IFRS-9 Financial Instruments                  | January 1, 2018                                                 |
| - IFRS-15 Revenue from contracts with customers | January 1, 2018                                                 |
| - IFRS-16 Leases                                | January 1, 2019                                                 |

2.3.3 The SECP vide its SRO 756(1) / 2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations, 2008 which will be applicable on the financial statements of the Fund from the accounting year ending on June 30, 2018. The notification includes a definition and explanation relating to “element of income” and excludes the element of income from the expression “accounting income” as described in Regulation 63 (Amount distributable to unit holders) of the NBFC Regulations, 2008. In addition there are certain changes in the disclosure requirements relating to the Income Statement and the Statement of Movement in Unit Holders’ Fund. The management is currently in the process of assessing the impact of these changes on the financial statements.

## 2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise the judgment in the application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follow:

- Classification and valuation of investments (note 3.2 and 5)
- Impairment of financial assets (note 3.2.6)
- Taxation (note 3.6 and 18)
- Provision against Federal Excise Duty and Sindh Workers’ Welfare Fund (note 8.5 and 13.1 respectively)

## 2.5 Accounting convention

These financial statement have been prepared under the historical cost convention, except for investments which are stated at fair value.

## 2.6 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund’s functional and presentation currency.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

### 3.1 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

### 3.2 Financial assets

#### 3.2.1 Classification

The Fund classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. The management determines the appropriate classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

**Investments are categorised as follows:**

#### a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profits from short-term fluctuations in prices are classified as financial assets at fair value through profit or loss category. These include held for trading investments and such other investments that, upon initial recognition, are designated under this category.

#### b) Loans and receivables

These are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market.

#### c) Available-for-sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as

(a) financial assets at fair value through profit or loss or

(b) loans and receivables. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

### 3.2.2 Derivatives

These are measured at fair value. Derivatives with positive fair values (unrealised gains) are included in fair value of derivative asset and derivatives with negative fair values (unrealised losses) are included in fair value of derivative liability in the statement of assets and liabilities. The resultant gains and losses are included in the income statement.

### 3.2.3 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

### 3.2.4 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed out in the income statement.

### 3.2.5 Subsequent measurement

#### a) Financial assets 'at fair value through profit or loss' and 'available for sale'

Subsequent to initial recognition, financial instruments classified as 'at fair value through profit or loss' and 'available-for-sale' are measured at fair value.

Gains or losses arising, from changes in the fair value and on sale of the financial assets 'at fair value through profit or loss' are recognised in the Income Statement.

Changes in the fair value of financial instruments classified as 'available-for-sale' are recognised in other comprehensive income until derecognised or impaired, then the accumulated fair value adjustments recognised in other comprehensive income are included in the Income Statement.

#### Basis of valuation

- The fair value of investments in listed equity securities is determined by reference to Stock Exchange quoted market prices at the close of period end.
- The fair value of investments in Government securities is determined by reference to the quotations obtained from the PKRV rate sheet on the MUFAP website.

#### b) Loans and receivables

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses are recognised in the income statement when the financial assets carried at amortised cost are derecognised or impaired.

### 3.2.6 Impairment

The Fund assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets are impaired. The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

In the case of equity securities classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered as an objective evidence of impairment. In case of impairment of available for sale securities, the cumulative loss previously recognised in other comprehensive income is removed therefrom and included in the Income Statement. Impairment losses recognised in the income statement on equity securities are only reversed when the equity securities are derecognised.

For certain other financial assets, a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The provision against these amounts is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company in accordance with the requirements of the Securities and Exchange Commission of Pakistan. Impairment losses are recognised in the income statement.

### 3.2.7 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

### 3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.



A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

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

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

### **3.5 Provisions**

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

### **3.6 Taxation**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

### **3.7 Dividend distribution and appropriations**

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

### **3.8 Issue and redemption of units**

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, and charges on redemption, if applicable.

### **3.9 "Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed"**

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

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

### **3.10 Net asset value per unit**

The Net Asset Value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

### **3.11 Revenue recognition**

- Gain or loss on sale of investments is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss arising on revaluation of investments classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Dividend income is recognised when the right to receive the dividend is established.
- Profit / mark-up on bank balances and government securities is recognised on an accrual basis using effective interest method.

### **3.12 Expenses**

All expenses including management fee and trustee fee are recognised in the Income Statement on an accrual basis.

### **3.13 Earnings per unit**

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

|          |                      |             |                      |                    |
|----------|----------------------|-------------|----------------------|--------------------|
| <b>4</b> | <b>BANK BALANCES</b> | <b>Note</b> | <b>2017</b>          | <b>2016</b>        |
|          |                      |             | ----- (Rupees) ----- |                    |
|          | In saving accounts   | 4.1         | <u>478,581,673</u>   | <u>264,413,236</u> |

4.1 The rate of return on these accounts ranges from 5% to 6.6% (2016: 5% to 6.7%) per annum. It includes bank balance of Rs 158.88 million (2016: Rs 133.74 million) maintained with Bank Alfalah Limited (a related party).

|          |                                                                 |             |                      |                      |
|----------|-----------------------------------------------------------------|-------------|----------------------|----------------------|
| <b>5</b> | <b>INVESTMENTS</b>                                              | <b>Note</b> | <b>2017</b>          | <b>2016</b>          |
|          |                                                                 |             | ----- (Rupees) ----- |                      |
|          | <b>At fair value through profit or loss' - held for trading</b> |             |                      |                      |
|          | Listed equity securities                                        | 5.1         | <u>2,620,166,678</u> | <u>1,286,834,148</u> |

**5.1 Listed equity securities - 'at fair value through profit or loss' - held for trading**

Ordinary shares have a face value of Rs. 10 each unless stated otherwise

| Name of the investee company             | As at July 01, 2016 | Purchased during the year | Bonus / Right shares received during the year | Sold during the year | As at June 30, 2017 | As at June 30, 2017  |                    |                          | Market value as a percentage of |                                   | Holding as a percentage of paid up capital of the investee company |
|------------------------------------------|---------------------|---------------------------|-----------------------------------------------|----------------------|---------------------|----------------------|--------------------|--------------------------|---------------------------------|-----------------------------------|--------------------------------------------------------------------|
|                                          |                     |                           |                                               |                      |                     | Carrying value       | Market value       | Unrealised gain / (loss) | Net assets of the fund          | Total market value of investments |                                                                    |
| ----- Number of shares -----             |                     |                           |                                               |                      |                     | ----- (Rupees) ----- |                    |                          | ----- (%) -----                 |                                   |                                                                    |
| <b>Commercial Banks</b>                  |                     |                           |                                               |                      |                     |                      |                    |                          |                                 |                                   |                                                                    |
| Bank Alfalah Limited (a related party)   | 301,000             | 2,633,000                 | -                                             | 1,420,000            | 1,514,000           | 58,831,302           | 60,862,800         | 2,031,498                | 2.24%                           | 2.32%                             | 0.09%                                                              |
| Bank AL Habib Limited                    | -                   | 1,555,500                 | -                                             | 467,000              | 1,088,500           | 60,090,007           | 61,772,375         | 1,682,368                | 2.27%                           | 2.36%                             | 0.10%                                                              |
| The Bank of Punjab                       | -                   | 2,334,000                 | -                                             | 1,083,500            | 1,250,500           | 17,575,661           | 14,730,890         | (2,844,771)              | 0.54%                           | 0.56%                             | 0.08%                                                              |
| The Bank of Punjab (right)               | -                   | -                         | 1,633,800                                     | -                    | 1,633,800           | -                    | 65,352             | 65,352                   | 0.00%                           | 0.00%                             | 0.15%                                                              |
| Habib Bank Limited                       | 140,800             | 850,400                   | -                                             | 424,900              | 566,300             | 139,001,007          | 152,413,982        | 13,412,975               | 5.60%                           | 5.82%                             | 0.04%                                                              |
| JS Bank Limited                          | -                   | 5,044,500                 | -                                             | 4,471,000            | 573,500             | 6,044,348            | 5,499,865          | (544,483)                | 0.20%                           | 0.21%                             | 0.05%                                                              |
| MCB Bank Limited                         | 65,700              | 1,075,800                 | -                                             | 639,700              | 501,800             | 112,082,047          | 105,593,774        | (6,488,273)              | 3.88%                           | 4.03%                             | 0.05%                                                              |
| National Bank of Pakistan                | -                   | 1,072,000                 | -                                             | 1,072,000            | -                   | -                    | -                  | -                        | -                               | -                                 | -                                                                  |
| United Bank Limited                      | 157,000             | 933,900                   | -                                             | 538,500              | 552,400             | 120,164,494          | 130,101,248        | 9,936,754                | 4.78%                           | 4.97%                             | 0.05%                                                              |
|                                          |                     |                           |                                               |                      |                     | <u>513,788,866</u>   | <u>531,040,286</u> | <u>17,251,420</u>        | <u>19.51%</u>                   | <u>20.27%</u>                     |                                                                    |
| <b>Power Generation and Distribution</b> |                     |                           |                                               |                      |                     |                      |                    |                          |                                 |                                   |                                                                    |
| Hub Power Company Limited                | 1,122,000           | 826,500                   | -                                             | 1,201,500            | 747,000             | 91,821,045           | 87,720,210         | (4,100,835)              | 3.22%                           | 3.35%                             | 0.06%                                                              |
| Kot Addu Power Company Limited           | 733,800             | 422,000                   | -                                             | 1,155,800            | -                   | -                    | -                  | -                        | -                               | -                                 | -                                                                  |
| Nishat Chunian Power Limited             | -                   | 458,500                   | -                                             | 458,500              | -                   | -                    | -                  | -                        | -                               | -                                 | -                                                                  |
|                                          |                     |                           |                                               |                      |                     | <u>91,821,045</u>    | <u>87,720,210</u>  | <u>(4,100,835)</u>       | <u>3.22%</u>                    | <u>3.35%</u>                      |                                                                    |
| <b>Oil and Gas Marketing Companies</b>   |                     |                           |                                               |                      |                     |                      |                    |                          |                                 |                                   |                                                                    |
| Attock Petroleum Limited                 | -                   | 88,400                    | -                                             | 51,900               | 36,500              | 23,846,385           | 22,864,695         | (981,690)                | 0.84%                           | 0.87%                             | 0.04%                                                              |
| Hascol Petroleum Limited                 | 32,880              | 92,000                    | -                                             | 50,940               | 73,940              | 24,813,262           | 25,220,934         | 407,672                  | 0.93%                           | 0.96%                             | 0.06%                                                              |
| Hi-Tech Lubricants Limited               | -                   | 1,009,000                 | -                                             | 1,009,000            | -                   | -                    | -                  | -                        | -                               | -                                 | -                                                                  |
| Pakistan State Oil Company Limited       | 122,000             | 237,300                   | -                                             | 237,600              | 121,700             | 48,776,232           | 47,140,495         | (1,635,737)              | 1.73%                           | 1.80%                             | 0.04%                                                              |
| Shell (Pakistan) Limited                 | -                   | 50,000                    | -                                             | 3,600                | 46,400              | 29,626,510           | 26,697,168         | (2,929,342)              | 0.98%                           | 1.02%                             | 0.04%                                                              |
| Sui Northern Gas Pipelines Limited       | -                   | 2,367,000                 | -                                             | 1,638,900            | 728,100             | 57,783,887           | 108,428,652        | 50,644,765               | 3.99%                           | 4.14%                             | 0.11%                                                              |
| Sui Southern Gas Company Limited         | -                   | 1,103,000                 | -                                             | 1,103,000            | -                   | -                    | -                  | -                        | -                               | -                                 | -                                                                  |
|                                          |                     |                           |                                               |                      |                     | <u>184,846,276</u>   | <u>230,351,944</u> | <u>45,505,668</u>        | <u>8.47%</u>                    | <u>8.79%</u>                      |                                                                    |
| <b>Oil and Gas Exploration Companies</b> |                     |                           |                                               |                      |                     |                      |                    |                          |                                 |                                   |                                                                    |
| Mari Petroleum Company Limited           | 55,600              | 129,500                   | -                                             | 126,800              | 58,300              | 65,767,290           | 91,859,812         | 26,092,522               | 3.38%                           | 3.51%                             | 0.05%                                                              |
| Oil and Gas Development Company Limited  | 719,700             | 1,374,600                 | -                                             | 1,305,900            | 788,400             | 117,662,972          | 110,919,996        | (6,742,976)              | 4.08%                           | 4.23%                             | 0.02%                                                              |
| Pakistan Oilfields Limited               | 153,800             | 286,100                   | -                                             | 326,100              | 113,800             | 46,197,741           | 52,137,470         | 5,939,729                | 1.92%                           | 1.99%                             | 0.05%                                                              |
| Pakistan Petroleum Limited               | 340,500             | 1,136,500                 | -                                             | 1,024,900            | 452,100             | 68,481,566           | 66,974,094         | (1,507,472)              | 2.46%                           | 2.56%                             | 0.02%                                                              |
|                                          |                     |                           |                                               |                      |                     | <u>298,109,569</u>   | <u>321,891,372</u> | <u>23,781,803</u>        | <u>11.84%</u>                   | <u>12.29%</u>                     |                                                                    |
| <b>Chemical</b>                          |                     |                           |                                               |                      |                     |                      |                    |                          |                                 |                                   |                                                                    |
| Biafo Industries Limited                 | 29,400              | -                         | 2,940                                         | 28,700               | 3,640               | 860,364              | 911,092            | 50,728                   | 0.03%                           | 0.03%                             | 0.02%                                                              |
| Engro Polymer and Chemicals Limited      | -                   | 1,599,000                 | -                                             | -                    | 1,599,000           | 59,744,910           | 58,363,500         | (1,381,410)              | 2.15%                           | 2.23%                             | 0.24%                                                              |
| Ghani Gases Limited                      | -                   | 1,058,000                 | -                                             | 1,058,000            | -                   | -                    | -                  | -                        | -                               | -                                 | -                                                                  |
| ICI Pakistan Limited                     | -                   | 54,600                    | -                                             | 23,700               | 30,900              | 29,922,306           | 33,821,595         | 3,899,289                | 1.24%                           | 1.29%                             | 0.03%                                                              |
|                                          |                     |                           |                                               |                      |                     | <u>90,527,580</u>    | <u>93,096,187</u>  | <u>2,568,607</u>         | <u>3.42%</u>                    | <u>3.55%</u>                      |                                                                    |

| Name of the investee company               | As at July 01, 2016 | Purchased during the year | Bonus / Right shares received during the year | Sold during the year | As at June 30, 2017 | As at June 30, 2017 |              |                          | Market value as a percentage of |                                   | Holding as a percentage of paid up capital of the investee company |
|--------------------------------------------|---------------------|---------------------------|-----------------------------------------------|----------------------|---------------------|---------------------|--------------|--------------------------|---------------------------------|-----------------------------------|--------------------------------------------------------------------|
|                                            |                     |                           |                                               |                      |                     | Carrying value      | Market value | Unrealised gain / (loss) | Net assets of the fund          | Total market value of investments |                                                                    |
| Number of shares                           |                     |                           |                                               |                      |                     | (Rupees)            |              |                          | (%)                             |                                   |                                                                    |
| <b>Cement</b>                              |                     |                           |                                               |                      |                     |                     |              |                          |                                 |                                   |                                                                    |
| Cherat Cement Company Limited              | -                   | 521,500                   | -                                             | 273,500              | 248,000             | 46,072,095          | 44,337,440   | (1,734,655)              | 1.63%                           | 1.69%                             | 0.14%                                                              |
| D. G. Khan Cement Company Limited          | 63,800              | 836,200                   | -                                             | 546,800              | 353,200             | 73,078,349          | 75,288,112   | 2,209,763                | 2.77%                           | 2.87%                             | 0.08%                                                              |
| Fauji Cement Company Limited               | 123,000             | 900,000                   | -                                             | 1,023,000            | -                   | -                   | -            | -                        | -                               | -                                 | -                                                                  |
| Fecto Cement Limited                       | 127,500             | -                         | -                                             | 127,500              | -                   | -                   | -            | -                        | -                               | -                                 | -                                                                  |
| Kohat Cement Limited                       | 294,600             | 90,000                    | -                                             | 384,600              | -                   | -                   | -            | -                        | -                               | -                                 | -                                                                  |
| Lucky Cement Limited                       | 91,100              | 237,450                   | -                                             | 170,000              | 158,550             | 126,291,267         | 132,589,023  | 6,297,756                | 4.87%                           | 5.06%                             | 0.05%                                                              |
| Maple Leaf Cement Factory Limited          | -                   | 423,000                   | -                                             | 51,000               | 372,000             | 43,795,785          | 41,425,920   | (2,369,865)              | 1.52%                           | 1.58%                             | 0.07%                                                              |
| Pioneer Cement Limited                     | 453,500             | 559,500                   | -                                             | 758,500              | 254,500             | 35,191,583          | 33,085,000   | (2,106,583)              | 1.22%                           | 1.26%                             | 0.11%                                                              |
|                                            |                     |                           |                                               |                      |                     | 324,429,079         | 326,725,495  | 2,296,416                | 12.01%                          | 12.46%                            |                                                                    |
| <b>Fertilizer</b>                          |                     |                           |                                               |                      |                     |                     |              |                          |                                 |                                   |                                                                    |
| Engro Corporation Limited                  | 199,000             | 574,500                   | -                                             | 435,200              | 338,300             | 118,554,515         | 110,255,353  | (8,299,162)              | 4.05%                           | 4.21%                             | 0.06%                                                              |
| Engro Fertilizers Limited                  | 720,000             | 1,227,000                 | -                                             | 1,338,000            | 609,000             | 40,153,979          | 33,641,160   | (6,512,819)              | 1.24%                           | 1.28%                             | 0.05%                                                              |
| Fauji Fertilizer Company Limited           | -                   | 1,031,000                 | -                                             | 1,031,000            | -                   | -                   | -            | -                        | -                               | -                                 | -                                                                  |
|                                            |                     |                           |                                               |                      |                     | 158,708,494         | 143,896,513  | (14,811,981)             | 5.29%                           | 5.49%                             |                                                                    |
| <b>Engineering</b>                         |                     |                           |                                               |                      |                     |                     |              |                          |                                 |                                   |                                                                    |
| Amreli Steels Limited                      | 112,000             | 1,043,000                 | -                                             | 847,000              | 308,000             | 18,172,099          | 37,868,600   | 19,696,501               | 1.39%                           | 1.45%                             | 0.10%                                                              |
| Crescent Steel and Allied Products Limited | 405,250             | 251,000                   | -                                             | 496,850              | 159,400             | 38,245,896          | 38,028,058   | (217,838)                | 1.40%                           | 1.45%                             | 0.21%                                                              |
| International Industries Limited           | -                   | 855,700                   | -                                             | 647,800              | 207,900             | 43,133,850          | 76,625,703   | 33,491,853               | 2.82%                           | 2.92%                             | 0.17%                                                              |
| International Steels Limited               | -                   | 1,025,000                 | -                                             | 443,000              | 582,000             | 61,302,641          | 74,431,980   | 13,129,339               | 2.74%                           | 2.84%                             | 0.13%                                                              |
|                                            |                     |                           |                                               |                      |                     | 160,854,486         | 226,954,341  | 66,099,855               | 8.35%                           | 8.66%                             |                                                                    |
| <b>Food and Personal Care Products</b>     |                     |                           |                                               |                      |                     |                     |              |                          |                                 |                                   |                                                                    |
| Al Shaeer Corporation Limited              | 81,000              | 1,069,500                 | -                                             | 1,150,500            | -                   | -                   | -            | -                        | -                               | -                                 | -                                                                  |
| Treet Corporation Limited                  | -                   | 1,000,000                 | -                                             | 365,000              | 635,000             | 40,450,808          | 36,118,800   | (4,332,008)              | 1.33%                           | 1.38%                             | 0.71%                                                              |
|                                            |                     |                           |                                               |                      |                     | 40,450,808          | 36,118,800   | (4,332,008)              | 1.33%                           | 1.38%                             |                                                                    |
| <b>Textile Composite</b>                   |                     |                           |                                               |                      |                     |                     |              |                          |                                 |                                   |                                                                    |
| Gul Ahmed Textile Mills Limited            | 5,056               | 613,000                   | 498                                           | 614,000              | 4,554               | 223,546             | 186,623      | (36,923)                 | 0.01%                           | 0.01%                             | 0.00%                                                              |
| Nishat Mills Limited                       | 486,000             | 895,300                   | -                                             | 865,000              | 516,300             | 72,596,759          | 81,926,484   | 9,329,725                | 3.01%                           | 3.13%                             | 0.15%                                                              |
|                                            |                     |                           |                                               |                      |                     | 72,820,305          | 82,113,107   | 9,292,802                | 3.02%                           | 3.14%                             |                                                                    |

| Name of the investee company                            | As at July 01, 2016 | Purchased during the year | Bonus / Right shares received during the year | Sold during the year | As at June 30, 2017 | As at June 30, 2017 |              |                          | Market value as a percentage of |                                   | Holding as a percentage of paid up capital of the investee company |
|---------------------------------------------------------|---------------------|---------------------------|-----------------------------------------------|----------------------|---------------------|---------------------|--------------|--------------------------|---------------------------------|-----------------------------------|--------------------------------------------------------------------|
|                                                         |                     |                           |                                               |                      |                     | Carrying value      | Market value | Unrealised gain / (loss) | Net assets of the fund          | Total market value of investments |                                                                    |
| Number of shares                                        |                     |                           |                                               |                      |                     | (Rupees)            |              |                          | (%)                             |                                   |                                                                    |
| <b>Pharmaceuticals</b>                                  |                     |                           |                                               |                      |                     |                     |              |                          |                                 |                                   |                                                                    |
| Abbott Laboratories (Pakistan) Limited                  | -                   | 45,650                    | -                                             | 19,000               | 26,650              | 22,641,685          | 24,907,090   | 2,265,405                | 0.92%                           | 0.95%                             | 0.03%                                                              |
| Ferozsons Laboratories Limited                          | 21,000              | -                         | -                                             | 21,000               | -                   | -                   | -            | -                        | -                               | -                                 | -                                                                  |
| GlaxoSmithKline Pakistan Limited                        | -                   | 500                       | -                                             | 500                  | -                   | -                   | -            | -                        | -                               | -                                 | -                                                                  |
| Highnoon Laboratories Limited                           | 15,200              | 22,800                    | -                                             | 38,000               | -                   | -                   | -            | -                        | -                               | -                                 | -                                                                  |
| The Searle Company Limited                              | 52,941              | 211,000                   | 26,856                                        | 184,500              | 106,297             | 54,160,397          | 54,421,938   | 261,541                  | 2.00%                           | 2.08%                             | 0.07%                                                              |
|                                                         |                     |                           |                                               |                      |                     | 76,802,082          | 79,329,028   | 2,526,946                | 2.92%                           | 3.03%                             |                                                                    |
| <b>Automobile Assembler</b>                             |                     |                           |                                               |                      |                     |                     |              |                          |                                 |                                   |                                                                    |
| Honda Atlas Cars (Pakistan) Limited                     | -                   | 50,600                    | -                                             | 8,600                | 42,000              | 36,436,632          | 36,442,980   | 6,348                    | 1.34%                           | 1.39%                             | 0.03%                                                              |
| Indus Motor Company Limited                             | -                   | 56,700                    | -                                             | 18,800               | 37,900              | 53,842,996          | 67,977,440   | 14,134,444               | 2.50%                           | 2.59%                             | 0.05%                                                              |
| Pak Suzuki Motor Company Limited                        | 30,000              | 193,800                   | -                                             | 144,550              | 79,250              | 42,042,049          | 61,843,530   | 19,801,481               | 2.27%                           | 2.36%                             | 0.10%                                                              |
|                                                         |                     |                           |                                               |                      |                     | 132,321,677         | 166,263,950  | 33,942,273               | 6.11%                           | 6.34%                             |                                                                    |
| <b>Automobiles Parts and Accessories</b>                |                     |                           |                                               |                      |                     |                     |              |                          |                                 |                                   |                                                                    |
| Thal Limited (face value of Rs 5 each)                  | -                   | 259,000                   | -                                             | 84,600               | 174,400             | 90,365,679          | 105,691,632  | 15,325,953               | 3.88%                           | 4.03%                             | 0.22%                                                              |
| The General Tyre and Rubber Company of Pakistan Limited | -                   | 311,500                   | -                                             | 111,500              | 200,000             | 64,530,893          | 60,700,000   | (3,830,893)              | 2.23%                           | 2.32%                             | 0.33%                                                              |
|                                                         |                     |                           |                                               |                      |                     | 154,896,572         | 166,391,632  | 11,495,060               | 6.11%                           | 6.35%                             |                                                                    |
| <b>Paper and Board</b>                                  |                     |                           |                                               |                      |                     |                     |              |                          |                                 |                                   |                                                                    |
| Packages Limited                                        | 101,000             | 129,650                   | -                                             | 120,300              | 110,350             | 77,991,502          | 76,757,253   | (1,234,249)              | 2.82%                           | 2.93%                             | 0.12%                                                              |
|                                                         |                     |                           |                                               |                      |                     | 77,991,502          | 76,757,253   | (1,234,249)              | 2.82%                           | 2.93%                             |                                                                    |
| <b>Cable and Electrical Goods</b>                       |                     |                           |                                               |                      |                     |                     |              |                          |                                 |                                   |                                                                    |
| Pak Elektron Limited                                    | 93,500              | -                         | -                                             | 93,500               | -                   | -                   | -            | -                        | -                               | -                                 | -                                                                  |
|                                                         |                     |                           |                                               |                      |                     | -                   | -            | -                        | -                               | -                                 | -                                                                  |
| <b>Insurance</b>                                        |                     |                           |                                               |                      |                     |                     |              |                          |                                 |                                   |                                                                    |
| Adamjee Insurance Company Limited                       | 39,500              | -                         | -                                             | 39,500               | -                   | -                   | -            | -                        | -                               | -                                 | -                                                                  |
| IGI Insurance Limited                                   | 66,600              | -                         | -                                             | 66,600               | -                   | -                   | -            | -                        | -                               | -                                 | -                                                                  |
|                                                         |                     |                           |                                               |                      |                     | -                   | -            | -                        | -                               | -                                 | -                                                                  |
| <b>Glass and Ceramics</b>                               |                     |                           |                                               |                      |                     |                     |              |                          |                                 |                                   |                                                                    |
| Ghani Glass Limited                                     | -                   | 176,500                   | -                                             | 176,500              | -                   | -                   | -            | -                        | -                               | -                                 | -                                                                  |
|                                                         |                     |                           |                                               |                      |                     | -                   | -            | -                        | -                               | -                                 | -                                                                  |
| <b>Miscellaneous</b>                                    |                     |                           |                                               |                      |                     |                     |              |                          |                                 |                                   |                                                                    |
| Synthetic Products Enterprises Limited                  | -                   | 401,000                   | 38,100                                        | 35,000               | 404,100             | 24,711,480          | 30,489,345   | 5,777,865                | 1.12%                           | 1.16%                             | 0.47%                                                              |
|                                                         |                     |                           |                                               |                      |                     | 24,711,480          | 30,489,345   | 5,777,865                | 1.12%                           | 1.16%                             |                                                                    |
| <b>Sugar and Allied Industries</b>                      |                     |                           |                                               |                      |                     |                     |              |                          |                                 |                                   |                                                                    |
| Faran Sugar Mills Limited                               | 5,500               | -                         | -                                             | 5,500                | -                   | -                   | -            | -                        | -                               | -                                 | -                                                                  |
|                                                         |                     |                           |                                               |                      |                     | -                   | -            | -                        | -                               | -                                 | -                                                                  |

| Name of the investee company                                          | As at July 01, 2016 | Purchased during the year | Bonus / Right shares received during the year | Sold during the year | As at June 30, 2017 | As at June 30, 2017 |               |                          | Market value as a percentage of |                                   | Holding as a percentage of paid up capital of the investee company |
|-----------------------------------------------------------------------|---------------------|---------------------------|-----------------------------------------------|----------------------|---------------------|---------------------|---------------|--------------------------|---------------------------------|-----------------------------------|--------------------------------------------------------------------|
|                                                                       |                     |                           |                                               |                      |                     | Carrying value      | Market value  | Unrealised gain / (loss) | Net assets of the fund          | Total market value of investments |                                                                    |
|                                                                       |                     |                           |                                               |                      |                     | (Rupees)            |               |                          | (%)                             |                                   |                                                                    |
| <b>Investment Banks / Investment Companies / Securities Companies</b> |                     |                           |                                               |                      |                     |                     |               |                          |                                 |                                   |                                                                    |
| Arif Habib Limited                                                    | -                   | 586,000                   | -                                             | 324,500              | 261,500             | 24,206,931          | 21,027,215    | (3,179,716)              | 0.76%                           | 0.81%                             | 0.48%                                                              |
|                                                                       |                     |                           |                                               |                      |                     | 24,206,931          | 21,027,215    | (3,179,716)              | 0.76%                           | 0.81%                             |                                                                    |
| <b>Refinery</b>                                                       |                     |                           |                                               |                      |                     |                     |               |                          |                                 |                                   |                                                                    |
| Attock Refinery Limited                                               | 123,000             | 116,000                   | -                                             | 239,000              | -                   | -                   | -             | -                        | -                               | -                                 | -                                                                  |
| National Refinery Limited                                             | 137,000             | 96,700                    | -                                             | 233,700              | -                   | -                   | -             | -                        | -                               | -                                 | -                                                                  |
|                                                                       |                     |                           |                                               |                      |                     | -                   | -             | -                        | -                               | -                                 | -                                                                  |
| <b>As at June 30, 2017</b>                                            |                     |                           |                                               |                      |                     | 2,427,286,752       | 2,620,166,678 | 192,879,926              | 96.30%                          | 100.00%                           |                                                                    |
| <b>As at June 30, 2016</b>                                            |                     |                           |                                               |                      |                     | 1,167,238,276       | 1,286,834,037 | 119,595,761              | 84.23%                          | 100.00%                           |                                                                    |

5.1.1 The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 ('the Ordinance'). As a result of these amendments, companies are liable to withhold bonus shares at the rate of 5 percent. In accordance with the requirement of the Ordinance, these shares shall only be released if the Fund deposit tax equivalent to 5% of the value of the bonus shares issued. The value of tax is computed on the basis of day-end prices on the first day of book closure.

In this regard, a constitutional petition has been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs, which is pending adjudication. The petition is based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should not be applicable on bonus shares received by CISs. A stay order has been granted by the High Court of Sindh in favour of CISs.

As at June 30, 2017, bonus shares having market value of Rs 4.71 million (2016: Rs 2.770 million) were withheld by certain companies at the time of bonus declaration. The Fund has included these shares in its portfolio, as the management believes that the decision of the constitutional petition will be in favour of the CISs.

5.1.2 The above investments include shares having a market value (in aggregate) amounting to Rs 87.785 million (2016: Rs 73.418 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan. The details of shares which have been pledged are as follows:

|                                | 2017<br>(Number of shares) | 2016    | 2017<br>(Rupees) | 2016       |
|--------------------------------|----------------------------|---------|------------------|------------|
| Kot Addu Power Company Limited | -                          | 150,000 | -                | 13,387,500 |
| Nishat Mills Limited           | 100,000                    | -       | 15,868,000       | -          |
| Lucky Cement Limited           | 20,000                     | -       | 16,725,200       | -          |
| Hub Power Company Limited      | 470,000                    | 500,000 | 55,192,100       | 60,030,000 |
|                                | 590,000                    | 650,000 | 87,785,300       | 73,417,500 |

## 5.2 Market Treasury Bills

| As at July 01, 2016              | Purchased during the year | Sold during the year | Matured during the year | As at June 30, 2017 | Balance as at June 30, 2017 |              |                          | Market value as a percentage of net assets of the Fund | Market value as a percentage of total market value of investments |
|----------------------------------|---------------------------|----------------------|-------------------------|---------------------|-----------------------------|--------------|--------------------------|--------------------------------------------------------|-------------------------------------------------------------------|
|                                  |                           |                      |                         |                     | Carrying value              | Market value | Unrealised gain / (loss) |                                                        |                                                                   |
|                                  |                           |                      |                         |                     | (Rupees)                    |              |                          | %                                                      |                                                                   |
| Market Treasury Bills - 3 months | -                         | 357,571,300          | -                       | 357,571,300         | -                           | -            | -                        | -                                                      | -                                                                 |
| <b>Total as at June 30, 2016</b> |                           |                      |                         |                     | -                           | -            | -                        | -                                                      | -                                                                 |

## 5.3 Unrealised gain on revaluation of investments classified as financial assets 'at fair value through profit or loss - held for trading' - net

|                                                   | 2017<br>(Rupees)    | 2016<br>(Rupees) |
|---------------------------------------------------|---------------------|------------------|
| Market value of investments as at June 30         | 5.1 2,620,166,678   | 1,286,834,037    |
| Less: Carrying value of investments as at June 30 | 5.1 (2,427,286,752) | (1,167,238,276)  |
|                                                   | 192,879,926         | 119,595,761      |

|                                                      | 2017                 | 2016             |
|------------------------------------------------------|----------------------|------------------|
|                                                      | ----- (Rupees) ----- |                  |
| <b>6 SECURITY DEPOSITS</b>                           |                      |                  |
| National Clearing Company Pakistan Limited (NCCPL)   | 2,500,000            | 2,500,000        |
| Central Depository Company of Pakistan Limited (CDC) | 100,000              | 100,000          |
|                                                      | <u>2,600,000</u>     | <u>2,600,000</u> |

**7 DIVIDEND, PREPAYMENT AND OTHER RECEIVABLES**

|                                    |                  |                   |
|------------------------------------|------------------|-------------------|
| Dividend receivable                | 5,812,151        | 13,779,711        |
| Profit receivable on bank balances | 220,374          | 1,118,732         |
| Others                             | 96,868           | -                 |
| Prepaid annual listing fee         | -                | 4,783             |
|                                    | <u>6,129,393</u> | <u>14,903,226</u> |

|                                                        | Note | 2017                 | 2016              |
|--------------------------------------------------------|------|----------------------|-------------------|
|                                                        |      | ----- (Rupees) ----- |                   |
| <b>8 PAYABLE TO THE MANAGEMENT COMPANY</b>             |      |                      |                   |
| Management remuneration payable                        | 8.1  | 4,710,099            | 3,260,186         |
| Sindh sales tax payable on management remuneration     | 8.2  | 2,043,054            | 1,888,008         |
| Payable against allocated expenses                     | 8.3  | 1,274,079            | 832,326           |
| Payable against selling and marketing expenses         | 8.4  | 1,177,624            | -                 |
| Federal excise duty payable on management remuneration | 8.5  | 10,130,262           | 10,130,262        |
| Sales load payable                                     |      | <u>3,506,116</u>     | <u>7,454,151</u>  |
|                                                        |      | <u>22,841,234</u>    | <u>23,564,933</u> |

**8.1** The Management Company has charged remuneration at a rate of 2% of average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.

**8.2** During the year, Sindh Sales Tax on management remuneration has been charged at the rate of 13% (2016: 14%).

**8.3** In accordance with the provisions of the NBFC Regulations, 2008 (as amended vide S.R.O 1160(I) / 2015 dated November 25, 2015), the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund upto a maximum of 0.1% of the average annual net assets of the Scheme or actual, whichever is less. Accordingly, the Management Company has charged expenses at the rate of 0.1% per annum of the average annual net assets of the Fund being lower than actual expenses chargeable to the Fund for the year.

**8.4** In connection with Regulation 60(3)(v) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Securities and Exchange Commission of Pakistan has issued circular no. 40 of 2016 dated December 30, 2016 (later amended vide circular no. 05 of 2017 dated February 13, 2017) whereby it has prescribed certain conditions on Asset Management Companies (AMCs) for charging selling and marketing expenses to collective investment schemes (CISs). In accordance with the provisions contained in these circulars, selling and marketing expenses will be allowed initially for a period of three years (from January 1, 2017 till December 31, 2019) to be charged to open end equity, asset allocation and index funds upto a maximum of 0.4% per annum of net assets of the fund or actual expenses, whichever is less. The circulars also state that AMCs will only be allowed to charge these expenses on their CISs if they open at least two new branches in cities except Karachi, Lahore, Islamabad and Rawalpindi by June 30, 2017.

The SECP has also provided certain guidelines in the above mentioned circulars for the allocation of expenses to the fund, which prescribe that selling and marketing expenses can only be used in respect of the following:

1. cost pertaining to opening and maintenance of new branches by asset management companies in cities except Karachi, Lahore, Islamabad and Rawalpindi,
2. payment of salaries to sales team posted at new branches,
3. payment of commission to sales team and distributors in all cities of Pakistan, and
4. payment of advertising and publicity of these funds.

In addition, the above circulars also specify that asset management companies which intend to charge the above mentioned expenses to the funds, shall submit their annual plan to their Board of Directors for approval which amongst others, shall state the name of the funds in which such expenses will be charged and nature of expenses that will be charged.

Keeping in view the aforementioned guidelines provided by the SECP, the Board of Directors of the Management Company have approved the plan as required by the above mentioned circular in February 2017 and have approved selling and marketing expenses to be charged to the Fund.

Furthermore, in respect of the above, two new branches have been opened in Faisalabad and Multan before June 30, 2017 in order to comply with the requirements of the above mentioned circulars.



The management has also carried out an exercise to identify expenses of the Management Company (on the basis of criteria mentioned in the above circular) that can be charged to the Fund. As the actual expenses incurred by the Management Company that are allowable to be allocated to the Fund for the year ended June 30, 2017 are higher than 0.4% per annum of net assets of the Fund, accordingly, with effect from May 26, 2017 the Management Company has charged expenses at the rate of 0.4% per annum of net assets of the Fund being lower than actual expenses chargeable to the Fund for the year.

- 8.5 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On September 4, 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 10.13 million (2016: Rs 10.13 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2017 would have been higher by Re 0.58 per unit (2016: Re 0.84 per unit).

|                                                 | <b>Note</b> | <b>2017</b>          | <b>2016</b>    |
|-------------------------------------------------|-------------|----------------------|----------------|
| <b>9 PAYABLE TO THE TRUSTEE</b>                 |             | ----- (Rupees) ----- | -----          |
| Trustee remuneration payable                    | 9.1         | 293,152              | 478,025        |
| Sindh Sales Tax payable on trustee remuneration | 9.2         | 41,833               | 70,933         |
|                                                 |             | <u>334,985</u>       | <u>548,958</u> |

- 9.1 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 NAV 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      | Rs 0.7 million or 0.20% per annum of net assets whichever is higher.    |
| Over Rs 1 billion       | Rs 2 million plus 0.10% per annum of net assets exceeding Rs 1 billion. |

- 9.2 During the year, Sindh Sales Tax on trustee remuneration has been charged at the rate of 13% (2016: 14%).

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

Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.095 percent of the average annual net assets of the Fund.

#### 11. PAYABLE AGAINST PURCHASE OF INVESTMENTS

This represents payable against purchase of investments which requires delivery and settlement / payment of securities within two days after transaction date as required by stock exchange regulations. These amounts have been paid subsequent to the year ended June 30, 2017.

#### 12. PAYABLE AGAINST REDEMPTION OF UNITS

This reflects Rs 4.71 million (2016: Nil) which is payable to a unit holder in respect of redemption of units. This amount has been paid to the respective unit holder subsequent to the year ended June 30, 2017.

|                                                      | <b>Note</b> | <b>2017</b>          | <b>2016</b> |
|------------------------------------------------------|-------------|----------------------|-------------|
| <b>13 ACCRUED AND OTHER LIABILITIES</b>              |             | ----- (Rupees) ----- | -----       |
| Provision against Sindh Workers' Welfare Fund (SWWF) | 13.1        | 17,625,220           | -           |
| Provision against Workers' Welfare Fund (WWF)        | 13.1        | -                    | 7,280,222   |
| Brokerage expense payable                            |             | 997,637              | 2,559,833   |
| Auditors' remuneration payable                       |             | 360,000              | 405,412     |
| Annual rating fee payable                            |             | 160,438              | 261,928     |
| Clearing charges payable                             |             | 56,715               | 179,705     |



|                          | Note | 2017                 | 2016              |
|--------------------------|------|----------------------|-------------------|
|                          |      | ----- (Rupees) ----- |                   |
| Printing charges payable |      | 25,000               | 123,816           |
| Capital gain tax payable |      | 669,331              | 1,863,257         |
| Sales load payable       |      | 178,170              | 410,052           |
| Withholding tax payable  |      | 3,911,959            | 2,170,917         |
|                          |      | <u>23,984,470</u>    | <u>15,255,142</u> |

- 13.1** The Finance Act, 2008 had introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeded Rs 0.5 million in a tax year were 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 was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court (SHC) challenging the applicability of WWF on CISs which is pending adjudication. Similar cases were disposed of by the Peshawar and the Lahore High Courts in which these amendments were declared unlawful and unconstitutional. However, these decisions were challenged in the Supreme Court of Pakistan.

Subsequently, the Finance Act, 2015 introduced an amendment under which CISs / mutual funds have been excluded from the definition of "industrial establishment" subject to WWF under the WWF Ordinance. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable from tax year 2016. Accordingly, no further provision in respect of WWF was made with effect from July 1, 2015.

On November 10, 2016 the Supreme Court of Pakistan (SCP) has passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter are still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) has taken legal and tax opinions on the impact of the SCP judgement on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

Furthermore, as a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds, MUFAP had recommended the following to all its members on January 12, 2017:

- based on legal opinion, the entire provision against WWF held by the CISs till June 30 2015, to be reversed on January 12, 2017; and
- as a matter of abundant caution provision in respect of SWWF is being made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e., starting from May 21, 2015).

Accordingly, on January 12, 2017 the provision for WWF was reversed and the provision for SWWF was made for the period from May 21, 2015 to January 12, 2017. Thereafter, the provision for SWWF is being made on a daily basis going forward.

The above decisions were communicated to the Securities and Exchange Commission of Pakistan (SECP) and the Pakistan Stock Exchange Limited on January 12, 2017. The SECP vide its letter dated February 1, 2017 had advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds. Accordingly, necessary adjustments in this respect were recorded in the books of the Funds on January 12, 2017.

Had the provision for SWWF not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2017 would have been higher by Re 1.02 per unit.

#### **14. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at June 30, 2017 and June 30, 2016.

|                                                                    | 2017                 | 2016              |
|--------------------------------------------------------------------|----------------------|-------------------|
|                                                                    | ----- (Rupees) ----- |                   |
| <b>15 PROFIT / MARK-UP INCOME</b>                                  |                      |                   |
| Profit / mark-up income on:                                        |                      |                   |
| <b>As at fair value through profit or loss' - held for trading</b> |                      |                   |
| - Market Treasury Bills                                            | 212,969              | 58,760            |
| <b>Loans and receivables</b>                                       |                      |                   |
| - Bank balances                                                    | 12,992,107           | 10,274,856        |
|                                                                    | <u>13,205,076</u>    | <u>10,333,616</u> |
| <b>16 AUDITORS' REMUNERATION</b>                                   |                      |                   |
| Audit fee                                                          | 284,592              | 284,592           |
| Review and other certifications                                    | 170,343              | 176,176           |
| Sindh sales tax                                                    | 27,296               | 27,646            |
| Out of pocket expenses                                             | 47,504               | 57,596            |
|                                                                    | <u>529,735</u>       | <u>546,010</u>    |
| <b>17. TOTAL EXPENSE RATIO</b>                                     |                      |                   |

The total expense ratio of the Fund for the year ended June 30, 2017 is 3.61% which includes 0.93% representing Government levy, Workers' Welfare Fund and SECP fee.

#### 18. TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations, requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Management Company has distributed the income earned by the Fund during the year to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements.

#### 19. TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include Alfalah GHP Investment Management Limited being the Management Company, Funds under management of the Management Company, GHP Beteiligungen Holding Limited, Bank Alfalah Limited and MAB Investment Incorporated being associated companies of Management Company, Bank Alfalah Limited - Employees' Provident Fund, Bank Alfalah Limited - Employees' Gratuity Fund, Alfalah GHP Investment Management Limited - Staff Provident Fund, directors and key management personnel of Alfalah GHP Investment Management Limited and Central Depository Company of Pakistan Limited (CDC) being the trustee of the Fund, and other associated companies and connected persons. Connected persons also includes any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund. The transactions with connected persons are in the normal course of business and at contractual rates.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investment and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

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

| 19.1 Unit Holders' Fund                       | Note   | June 30, 2017       |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |
|-----------------------------------------------|--------|---------------------|-----------------------------------------------|-----------------------|------------------------------------------|---------------------|---------------------|-----------------------------------------------|-----------------------|------------------------------------------|-------------------------------------|
|                                               |        | As at July 01, 2016 | Issued for cash / conversion in / transfer in | Dividend reinvestment | Redeemed / conversion out / transfer out | As at June 30, 2017 | As at July 01, 2016 | Issued for cash / conversion in / transfer in | Dividend reinvestment | Redeemed / conversion out / transfer out | Net asset value as at June 30, 2017 |
|                                               |        |                     |                                               |                       | ----- Units -----                        |                     |                     |                                               |                       | ----- (Rupees) -----                     |                                     |
| <b>Associated companies / undertakings</b>    |        |                     |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |
| Alfalah GHP Capital Preservation Fund         | 19.1.1 | 2,608,803           | 211,146                                       | -                     | 2,819,949                                | -                   | 328,904,056         | 28,000,000                                    | -                     | 383,846,797                              | -                                   |
| Alfalah Insurance Company Limited             | 19.1.1 | 659,413             | 898,109                                       | 19,468                | 990,416                                  | 586,574             | 83,135,296          | 141,000,000                                   | 3,081,839             | 155,665,198                              | 92,023,137                          |
| Alfalah GHP Prosperity Planning Fund*         | 19.1.1 | 764,594             | 1,828,028                                     | 68,748                | 583,215                                  | 2,078,155           | 96,395,902          | 290,000,000                                   | 10,883,143            | 89,000,000                               | 326,025,944                         |
| <b>Key management personnel (Employees)</b>   |        |                     |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |
| Head of marketing                             | 19.1.1 | -                   | 4,116                                         | 116                   | 725                                      | 3,507               | -                   | 564,651                                       | 18,424                | 102,303                                  | 550,187                             |
| Chief executive officer                       | 19.1.1 | 15,909              | 14,653                                        | 947                   | 2,963                                    | 28,546              | 2,005,722           | 2,028,027                                     | 149,985               | 418,748                                  | 4,478,365                           |
| Chief operating officer and company secretary | 19.1.1 | 1,163               | 9,159                                         | 301                   | 1,546                                    | 9,077               | 146,748             | 1,550,000                                     | 47,693                | 255,962                                  | 1,424,022                           |
| AVP compliance                                | 19.1.1 | -                   | 593                                           | 20                    | 3                                        | 610                 | -                   | 100,000                                       | 3,210                 | 401                                      | 95,698                              |
| Head of finance                               | 19.1.1 | 6,480               | 3,522                                         | -                     | 10,002                                   | -                   | 816,964             | 532,890                                       | -                     | 1,517,407                                | -                                   |
| <b>Unit holder holding 10% or more units</b>  |        |                     |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |
| Habib Metropolitan Bank Limited               | 19.1.1 | -                   | 2,818,178                                     | 65,157                | 913,760                                  | 1,969,575           | -                   | 475,000,000                                   | 10,314,515            | 159,645,612                              | 308,991,653                         |

June 30, 2016

|                                               | As at<br>July 01,<br>2015 | Issued<br>for cash /<br>conversion in /<br>transfer in | Dividend<br>reinvestment | Redeemed /<br>conversion out /<br>transfer out | As at June<br>30, 2016 | As at<br>July 01, 2015 | Issued<br>for cash /<br>conversion in /<br>transfer in | Dividend<br>reinvestment | Redeemed /<br>conversion out /<br>transfer out | Net asset value<br>as at<br>June 30, 2016 |
|-----------------------------------------------|---------------------------|--------------------------------------------------------|--------------------------|------------------------------------------------|------------------------|------------------------|--------------------------------------------------------|--------------------------|------------------------------------------------|-------------------------------------------|
|                                               | Units                     |                                                        |                          |                                                | (Rupees)               |                        |                                                        |                          |                                                |                                           |
| <b>Associated companies / undertakings</b>    |                           |                                                        |                          |                                                |                        |                        |                                                        |                          |                                                |                                           |
| Alfalsh GHP Capital Preservation Fund         | 2,644,886                 | 2,341,160                                              | 307,252                  | 2,684,495                                      | 2,608,803              | 308,419,795            | 295,152,598                                            | 37,873,548               | 317,652,598                                    | 328,904,056                               |
| Alfalsh Insurance Company Limited             | -                         | 1,143,904                                              | 39,345                   | 523,836                                        | 659,413                | -                      | 152,642,902                                            | 4,849,974                | 74,996,856                                     | 83,135,296                                |
| Alfalsh GHP Prosperity Planning Fund          | -                         | 1,819,793                                              | 19,987                   | 1,075,186                                      | 764,594                | -                      | 231,041,743                                            | 2,463,754                | 145,182,465                                    | 96,395,959                                |
| <b>Key management personnel (Employees)</b>   |                           |                                                        |                          |                                                |                        |                        |                                                        |                          |                                                |                                           |
| Head of Marketing                             | 6,096                     | 5,825                                                  | -                        | 11,921                                         | -                      | 710,935                | 722,401                                                | -                        | 1,498,436                                      | -                                         |
| Chief Executive Officer                       | 8,895                     | 8,364                                                  | 949                      | 2,299                                          | 15,909                 | 1,037,288              | 1,032,001                                              | 117,014                  | 335,858                                        | 2,005,722                                 |
| Chief Operating Officer and Company Secretary | 890                       | 1,098                                                  | 69                       | 894                                            | 1,163                  | 103,729                | 154,800                                                | 8,560                    | 113,131                                        | 146,625                                   |
| Head of Finance                               | -                         | 6,118                                                  | 386                      | 24                                             | 6,480                  | -                      | 804,961                                                | 47,666                   | 27,550                                         | 816,964                                   |

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

19.1.1 This reflects the position of related party / connected persons status as at June 30, 2017.

**19.2 Other transactions**

**Associated companies / undertakings**

**Alfalsh GHP Investment Management Limited - Management Company**

|                                                               | 2017       | 2016       |
|---------------------------------------------------------------|------------|------------|
|                                                               | (Rupees)   |            |
| Remuneration of the Management Company                        | 50,752,890 | 32,333,523 |
| Sindh sales tax on remuneration of the Management Company     | 6,597,875  | 5,250,964  |
| Federal excise duty on remuneration of the Management Company | -          | 5,173,364  |
| Allocated expenses                                            | 2,537,656  | 972,443    |
| Selling and marketing expenses                                | 1,177,624  | -          |

**Bank Alfalah Limited**

|                         |           |           |
|-------------------------|-----------|-----------|
| Profit on bank balances | 2,032,662 | 2,414,213 |
| Bank charges            | 57,628    | 72,389    |

**Other related parties**

**Central Depository Company of Pakistan Limited - Trustee**

|                                                |           |           |
|------------------------------------------------|-----------|-----------|
| Remuneration of the Trustee                    | 3,537,569 | 2,621,074 |
| Sindh sales tax on remuneration of the Trustee | 459,882   | 366,954   |
| CDS charges                                    | 403,361   | 250,657   |

**19.3 Other balances**

2017                      2016  
----- (Rupees) -----

**Associated companies / undertakings**

**Alfalah GHP Investment Management Limited - Management Company**

|                                                        |            |            |
|--------------------------------------------------------|------------|------------|
| Management remuneration payable                        | 4,710,099  | 3,260,186  |
| Sindh sales tax payable on management remuneration     | 2,043,054  | 1,888,008  |
| Payable against allocated expenses                     | 1,274,079  | 832,326    |
| Payable against selling and marketing expenses         | 1,177,624  | -          |
| Federal excise duty payable on management remuneration | 10,130,262 | 10,130,262 |
| Sales load payable                                     | 3,506,116  | 7,454,151  |

**Bank Alfalah Limited**

|                         |             |             |
|-------------------------|-------------|-------------|
| Bank balance            | 158,879,881 | 133,742,367 |
| Profit on bank balances | 2,895       | -           |

**Other related parties**

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

|                                                 |         |         |
|-------------------------------------------------|---------|---------|
| Trustee remuneration payable                    | 293,152 | 478,025 |
| Sindh Sales Tax payable on trustee remuneration | 41,833  | 70,933  |
| Security deposit                                | 100,000 | 100,000 |

**20. FINANCIAL INSTRUMENTS BY CATEGORY**

As at June 30, 2017, all the financial assets carried on the statement of assets and liabilities are categorised either as loans and receivables or financial assets at fair value through profit or loss. All the financial liabilities carried on the statement of assets and liabilities are categorised as financial liabilities measured at amortised cost.

| Particulars                    | June 30, 2017         |                                                         |                    | Total                |
|--------------------------------|-----------------------|---------------------------------------------------------|--------------------|----------------------|
|                                | Loans and receivables | Financial assets 'at fair value through profit or loss' | Available for sale |                      |
| ----- (Rupees) -----           |                       |                                                         |                    |                      |
| <b>Financial assets</b>        |                       |                                                         |                    |                      |
| Bank balances                  | 478,581,673           | -                                                       | -                  | 478,581,673          |
| Investments                    | -                     | 2,620,166,678                                           | -                  | 2,620,166,678        |
| Security deposits              | 2,600,000             | -                                                       | -                  | 2,600,000            |
| Dividend and other receivables | 6,032,525             | -                                                       | -                  | 6,032,525            |
|                                | <u>487,214,198</u>    | <u>2,620,166,678</u>                                    | <u>-</u>           | <u>3,107,380,876</u> |

| Particulars                         | June 30, 2017                                      |                                                  | Total              |
|-------------------------------------|----------------------------------------------------|--------------------------------------------------|--------------------|
|                                     | Liabilities 'at fair value through profit or loss' | Financial liabilities measured at amortised cost |                    |
| ----- (Rupees) -----                |                                                    |                                                  |                    |
| <b>Financial liabilities</b>        |                                                    |                                                  |                    |
| Payable to the Management Company   | -                                                  | 10,667,918                                       | 10,667,918         |
| Payable to the Trustee              | -                                                  | 293,152                                          | 293,152            |
| Payable against sale of investments | -                                                  | 332,846,444                                      | 332,846,444        |
| Payable against redemption of units | -                                                  | 4,317,663                                        | 4,317,663          |
| Accrued and other liabilities       | -                                                  | 1,777,960                                        | 1,777,960          |
|                                     | <u>-</u>                                           | <u>349,903,137</u>                               | <u>349,903,137</u> |

| Particulars                    | June 30, 2016         |                                                         |                    |                      |
|--------------------------------|-----------------------|---------------------------------------------------------|--------------------|----------------------|
|                                | Loans and receivables | Financial assets 'at fair value through profit or loss' | Available for sale | Total                |
| (Rupees)                       |                       |                                                         |                    |                      |
| <b>Financial assets</b>        |                       |                                                         |                    |                      |
| Bank balances                  | 264,413,236           | -                                                       | -                  | 264,413,236          |
| Investments                    | -                     | 1,286,834,148                                           | -                  | 1,286,834,148        |
| Security deposits              | 2,600,000             | -                                                       | -                  | 2,600,000            |
| Dividend and other receivables | 14,898,443            | -                                                       | -                  | 14,898,443           |
|                                | <u>281,911,679</u>    | <u>1,286,834,148</u>                                    | <u>-</u>           | <u>1,568,745,827</u> |

| Particulars                       | June 30, 2016                                      |                                                  |                   |
|-----------------------------------|----------------------------------------------------|--------------------------------------------------|-------------------|
|                                   | Liabilities 'at fair value through profit or loss' | Financial liabilities measured at amortised cost | Total             |
| (Rupees)                          |                                                    |                                                  |                   |
| <b>Financial liabilities</b>      |                                                    |                                                  |                   |
| Payable to the Management Company | -                                                  | 11,546,663                                       | 11,546,663        |
| Payable to the Trustee            | -                                                  | 478,025                                          | 478,025           |
| Accrued and other liabilities     | -                                                  | 3,940,746                                        | 3,940,746         |
| Dividend payable                  | -                                                  | 2,147                                            | 2,147             |
|                                   | <u>-</u>                                           | <u>15,967,581</u>                                | <u>15,967,581</u> |

## 21. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

### 21.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and the regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

#### 21.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

#### 21.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The interest rate profile of the Fund's interest bearing financial instruments is as follows:

|                                                   | Note | 2017               | 2016               |
|---------------------------------------------------|------|--------------------|--------------------|
| -----Rupees-----                                  |      |                    |                    |
| <b>Variable rate instrument (financial asset)</b> |      |                    |                    |
| Bank balance                                      | 4    | <u>478,581,673</u> | <u>264,413,236</u> |

#### a) Sensitivity analysis for variable rate instrument

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased the income statement and statement of comprehensive income by Rs 0.335 million (2016: Rs 0.0112 million) and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

b) Fair value sensitivity analysis for fixed rate instruments

As at reporting date, the Fund does not hold any fixed rate instruments.

The composition of the Fund's investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2017 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet financial instruments is based on settlement date.

| Particulars                                     | As at June 30, 2017             |                                  |                                           |                    |                                           |                      |
|-------------------------------------------------|---------------------------------|----------------------------------|-------------------------------------------|--------------------|-------------------------------------------|----------------------|
|                                                 | Effective yield / interest rate | Exposed to yield / interest risk |                                           |                    | Not exposed to yield / interest rate risk | Total                |
|                                                 |                                 | Upto three months                | More than three months and up to one year | More than one year |                                           |                      |
|                                                 | %                               | ----- (Rupees) -----             |                                           |                    |                                           |                      |
| <b>On-balance sheet financial instruments</b>   |                                 |                                  |                                           |                    |                                           |                      |
| <b>Financial assets</b>                         |                                 |                                  |                                           |                    |                                           |                      |
| Bank balances                                   | 5% to 6.6%                      | 478,581,673                      | -                                         | -                  | -                                         | 478,581,673          |
| Investments                                     |                                 | -                                | -                                         | -                  | 2,620,166,678                             | 2,620,166,678        |
| Security deposits                               |                                 | -                                | -                                         | -                  | 2,600,000                                 | 2,600,000            |
| Dividend and other receivables                  |                                 | -                                | -                                         | -                  | 6,032,525                                 | 6,032,525            |
| <b>Sub total</b>                                |                                 | <b>478,581,673</b>               | <b>-</b>                                  | <b>-</b>           | <b>2,628,799,203</b>                      | <b>3,107,380,876</b> |
| <b>Financial liabilities</b>                    |                                 |                                  |                                           |                    |                                           |                      |
| Payable to the Management Company               |                                 | -                                | -                                         | -                  | 10,667,918                                | 10,667,918           |
| Payable to the Trustee                          |                                 | -                                | -                                         | -                  | 293,152                                   | 293,152              |
| Payable against sale of investments             |                                 | -                                | -                                         | -                  | 332,846,444                               | 332,846,444          |
| Payable against redemption of units             |                                 | -                                | -                                         | -                  | 4,317,663                                 | 4,317,663            |
| Accrued and other liabilities                   |                                 | -                                | -                                         | -                  | 1,777,960                                 | 1,777,960            |
| <b>Sub total</b>                                |                                 | <b>-</b>                         | <b>-</b>                                  | <b>-</b>           | <b>349,903,137</b>                        | <b>349,903,137</b>   |
| <b>On-balance sheet gap</b>                     |                                 | <b>478,581,673</b>               | <b>-</b>                                  | <b>-</b>           | <b>2,278,896,066</b>                      | <b>2,757,477,739</b> |
| <b>Total interest rate sensitivity gap</b>      |                                 | <b>478,581,673</b>               | <b>-</b>                                  | <b>-</b>           | <b>2,278,896,066</b>                      | <b>2,757,477,739</b> |
| <b>Cumulative interest rate sensitivity gap</b> |                                 | <b>478,581,673</b>               | <b>478,581,673</b>                        | <b>478,581,673</b> |                                           |                      |

| Particulars                                     | As at June 30, 2016             |                                  |                                          |                    |                                           |                      |
|-------------------------------------------------|---------------------------------|----------------------------------|------------------------------------------|--------------------|-------------------------------------------|----------------------|
|                                                 | Effective yield / interest rate | Exposed to yield / interest risk |                                          |                    | Not exposed to yield / interest rate risk | Total                |
|                                                 |                                 | Upto three months                | More than three months and upto one year | More than one year |                                           |                      |
|                                                 | %                               | ----- (Rupees) -----             |                                          |                    |                                           |                      |
| <b>On-balance sheet financial instruments</b>   |                                 |                                  |                                          |                    |                                           |                      |
| <b>Financial assets</b>                         |                                 |                                  |                                          |                    |                                           |                      |
| Bank balances                                   | 5% to 6.7%                      | 264,413,236                      | -                                        | -                  | -                                         | 264,413,236          |
| Investments                                     |                                 | -                                | -                                        | -                  | 1,286,834,148                             | 1,286,834,148        |
| Security deposits                               |                                 | -                                | -                                        | -                  | 2,600,000                                 | 2,600,000            |
| Dividend and other receivables                  |                                 | -                                | -                                        | -                  | 14,898,443                                | 14,898,443           |
| <b>Sub total</b>                                |                                 | <b>264,413,236</b>               | <b>-</b>                                 | <b>-</b>           | <b>1,304,332,591</b>                      | <b>1,568,745,827</b> |
| <b>Financial liabilities</b>                    |                                 |                                  |                                          |                    |                                           |                      |
| Payable to the Management Company               |                                 | -                                | -                                        | -                  | 11,546,663                                | 11,546,663           |
| Payable to the Trustee                          |                                 | -                                | -                                        | -                  | 478,025                                   | 478,025              |
| Accrued and other liabilities                   |                                 | -                                | -                                        | -                  | 3,940,746                                 | 3,940,746            |
| Dividend payable                                |                                 | -                                | -                                        | -                  | 2,147                                     | 2,147                |
| <b>Sub Total</b>                                |                                 | <b>-</b>                         | <b>-</b>                                 | <b>-</b>           | <b>15,967,581</b>                         | <b>15,967,581</b>    |
| <b>On-balance sheet gap</b>                     |                                 | <b>264,413,236</b>               | <b>-</b>                                 | <b>-</b>           | <b>1,288,365,010</b>                      | <b>1,552,778,246</b> |
| <b>Total interest rate sensitivity gap</b>      |                                 | <b>264,413,236</b>               | <b>-</b>                                 | <b>-</b>           | <b>1,288,365,010</b>                      | <b>1,552,778,246</b> |
| <b>Cumulative interest rate sensitivity gap</b> |                                 | <b>264,413,236</b>               | <b>264,413,236</b>                       | <b>264,413,236</b> |                                           |                      |



### 21.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund has exposure to equity price risk arising from the Fund investments in equity securities. The Fund manages its price risk arising from investment in the equity securities by diversifying its portfolio within the eligible limits prescribed in the Fund's Constitutive Documents, the NBFC Regulations and circulars issued by SECP from time to time.

The table below summarizes the sensitivity of the Fund's net assets attributable to unit holders to the equity price movements as at June 30, 2017. The analysis is based on the assumption that PSX index increase and decreases by 5%, with all other variables held constant and that the fair value of the Fund's portfolio of equity securities moved according to their historical correlation with index this represents managements' best estimate of a reasonable possible shift in the PSX index, having regards to the historical volatility of index of past three years.

At June 30, 2017, the fair value of equity securities exposed to price risk was disclosed in note 5.1.

|                                                           | 2017               | 2016              |
|-----------------------------------------------------------|--------------------|-------------------|
|                                                           | -----Rupees-----   |                   |
| <i>Effect due to increase / decrease in KSE 100 index</i> |                    |                   |
| Investment and net assets                                 | <u>131,008,334</u> | <u>64,341,707</u> |
| Income statement                                          | <u>131,008,334</u> | <u>64,341,707</u> |

### 21.2 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted and arises principally from bank balances, investments, profit and other receivable.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

#### 21.2.1 Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2017 was as follows:

|                                | 2017                                                        |                     | 2016                                                        |                     |
|--------------------------------|-------------------------------------------------------------|---------------------|-------------------------------------------------------------|---------------------|
|                                | Balance as per<br>statement of<br>assets and<br>liabilities | Maximum<br>exposure | Balance as per<br>statement of<br>assets and<br>liabilities | Maximum<br>exposure |
|                                | ----- (Rupees) -----                                        |                     |                                                             |                     |
| Bank balances                  | 478,581,673                                                 | 478,581,673         | 264,413,236                                                 | 264,413,236         |
| Investments                    | 2,620,166,678                                               | -                   | 1,286,834,148                                               | -                   |
| Security deposits              | 2,600,000                                                   | 2,600,000           | 2,600,000                                                   | 2,600,000           |
| Dividend and other receivables | 6,032,525                                                   | 6,032,525           | 14,898,443                                                  | 14,898,443          |
|                                | <u>3,107,380,876</u>                                        | <u>487,214,198</u>  | <u>1,568,745,827</u>                                        | <u>281,911,679</u>  |

Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investments in listed equity securities of Rs 2,620.167 million (2016: Rs 1,286.834 million) are not exposed to credit risk.

Credit risk on dividend receivable is minimal due to statutory protection. All transactions in listed securities are settled / paid for upon delivery using the National Clearing Company of Pakistan Limited. The risk of default is considered minimal due to inherent systematic measures taken therein.

No financial assets were considered to be past due or impaired either at June 30, 2017 and June 30, 2016.

#### 21.2.2 Bank balances

The Fund held bank balances at June 30, 2017 with banks having following credit ratings:

| Rating    | 2017               |                | 2016               |                |
|-----------|--------------------|----------------|--------------------|----------------|
|           | Rupees             | %              | Rupees             | %              |
| A1+ / AA+ | 478,540,687        | 99.99%         | 264,376,561        | 99.99%         |
| A1+ / AA  | 10,000             | 0.00%          | 30,579             | 0.01%          |
| A1+ / AAA | 30,986             | 0.01%          | 6,097              | 0.00%          |
|           | <u>478,581,673</u> | <u>100.00%</u> | <u>264,413,237</u> | <u>100.00%</u> |

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS as of June 30, 2017.

### 21.2.3 Concentration of 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. The Fund's portfolio of financial instruments is mainly held with banks.

### 21.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to redemptions of its redeemable units on a regular basis. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is therefore to invest the majority of its assets in short term instruments in order to maintain liquidity.

The Fund can borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was required to be obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summarizes the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month.

| 2017                                | Within               | 1 to 3   | 3 to 12  | 1 to 5   | Total                |
|-------------------------------------|----------------------|----------|----------|----------|----------------------|
|                                     | 1 month              | months   | months   | years    |                      |
| ----- Rupees -----                  |                      |          |          |          |                      |
| <b>Financial assets</b>             |                      |          |          |          |                      |
| Bank balances                       | 478,540,687          | -        | -        | -        | 478,540,687          |
| Investments                         | 2,620,166,678        | -        | -        | -        | 2,620,166,678        |
| Security deposits                   | 2,600,000            | -        | -        | -        | 2,600,000            |
| Dividend and other receivables      | 6,032,525            | -        | -        | -        | 6,032,525            |
|                                     | <u>3,107,380,876</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,107,380,876</u> |
| <b>Financial liabilities</b>        |                      |          |          |          |                      |
| Payable to the Management Company   | 10,667,918           | -        | -        | -        | 10,667,918           |
| Payable to the Trustee              | 293,152              | -        | -        | -        | 293,152              |
| Payable against sale of investments | 332,846,444          | -        | -        | -        | 332,846,444          |
| Payable against redemption of units | 4,317,663            | -        | -        | -        | 4,317,663            |
| Accrued and other liabilities       | 1,777,960            | -        | -        | -        | 1,777,960            |
|                                     | <u>349,903,137</u>   | <u>-</u> | <u>-</u> | <u>-</u> | <u>349,903,137</u>   |
| <b>Net assets</b>                   | <u>2,757,477,739</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,757,477,739</u> |

| 2016                              | Within<br>1 month    | 1 to 3<br>months | 3 to 12<br>months | 1 to 5<br>years | Total                |
|-----------------------------------|----------------------|------------------|-------------------|-----------------|----------------------|
|                                   | ----- Rupees -----   |                  |                   |                 |                      |
| <b>Financial assets</b>           |                      |                  |                   |                 |                      |
| Bank balances                     | 264,413,236          | -                | -                 | -               | 264,413,236          |
| Investments                       | 1,286,834,148        | -                | -                 | -               | 1,286,834,148        |
| Security deposits                 | 2,600,000            | -                | -                 | -               | 2,600,000            |
| Dividend and other receivables    | 14,898,443           | -                | -                 | -               | 14,898,443           |
|                                   | <u>1,568,745,827</u> | <u>-</u>         | <u>-</u>          | <u>-</u>        | <u>1,568,745,827</u> |
| <b>Financial liabilities</b>      |                      |                  |                   |                 |                      |
| Payable to the Management Company | 11,546,663           | -                | -                 | -               | 11,546,663           |
| Payable to the Trustee            | 478,025              | -                | -                 | -               | 478,025              |
| Accrued and other liabilities     | 3,940,746            | -                | -                 | -               | 3,940,746            |
| Dividend payable                  | 2,147                | -                | -                 | -               | 2,147                |
|                                   | <u>15,967,581</u>    | <u>-</u>         | <u>-</u>          | <u>-</u>        | <u>15,967,581</u>    |
| <b>Net assets</b>                 | <u>1,552,778,246</u> | <u>-</u>         | <u>-</u>          | <u>-</u>        | <u>1,552,778,246</u> |

#### 21.4 Fair value measurement

Fair value is the amount for which an asset could be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of investments is determined as per the policy disclosed in note 3.2.5 to these financial statements.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- **Level 1:** Quoted price (unadjusted) in an active market for identical assets or liabilities that the entity can access at the measurement date;
- **Level 2:** 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:** Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2017 and June 30, 2016, the Fund held the following assets measured at fair values:

|                                                                | ----- As at June 30, 2017 ----- |          |          |                      |
|----------------------------------------------------------------|---------------------------------|----------|----------|----------------------|
|                                                                | Level 1                         | Level 2  | Level 3  | Total                |
|                                                                | ----- Rupees -----              |          |          |                      |
| <b>At fair value through profit or loss - held for trading</b> |                                 |          |          |                      |
| - Listed equity securities                                     | 2,620,166,678                   | -        | -        | 2,620,166,678        |
|                                                                | <u>2,620,166,678</u>            | <u>-</u> | <u>-</u> | <u>2,620,166,678</u> |
|                                                                | ----- As at June 30, 2016 ----- |          |          |                      |
|                                                                | Level 1                         | Level 2  | Level 3  | Total                |
|                                                                | ----- Rupees -----              |          |          |                      |
| <b>At fair value through profit or loss - held for trading</b> |                                 |          |          |                      |
| - Listed equity securities                                     | 1,286,834,148                   | -        | -        | 1,286,834,148        |
|                                                                | <u>1,286,834,148</u>            | <u>-</u> | <u>-</u> | <u>1,286,834,148</u> |

During the year ended June 30, 2017, 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.

#### 21.5 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
- Monitors portfolio allocations and return on net assets and where required make necessary adjustments in portfolio allocations in light of changes in market conditions.

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

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

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

## **22. 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.

## **23. CORRESPONDING FIGURES**

Corresponding figures have been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications were made in these financial statements.

## **24. GENERAL**

Figures are rounded off to the nearest rupee.

## **25. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on **August 23, 2017** by the Board of Directors of the Management Company.

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

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

\_\_\_\_\_  
Director

## Annexure I

**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 2017     |                      |                      |             |
|---------------------------|------------------------|----------------------|----------------------|-------------|
|                           | Number of unit holders | Number of units held | Amount Rupees        | % of total  |
| Individuals               | 217                    | 3,080,241            | 483,235,639          | 18%         |
| Associated Co./ Directors | 2                      | 892,050              | 139,946,993          | 5%          |
| Banks/Dfis                | 1                      | 1,969,575            | 308,991,636          | 11%         |
| Insurance Co.             | 12                     | 1,451,211            | 227,669,408          | 8%          |
| Retirement & Other Funds  | 26                     | 4,989,628            | 782,784,785          | 29%         |
| Others                    | 20                     | 4,959,853            | 778,113,736          | 29%         |
|                           | <b>278</b>             | <b>17,342,558</b>    | <b>2,720,742,198</b> | <b>100%</b> |

| Category                  | As at 30 June 2016     |                      |                      |             |
|---------------------------|------------------------|----------------------|----------------------|-------------|
|                           | Number of unit holders | Number of units held | Amount Rupees        | % of total  |
| Individuals               | 102                    | 2,234,709            | 281,740,305          | 18%         |
| Associated Co./ Directors | 5                      | 4,032,810            | 508,435,321          | 33%         |
| Banks/Dfis                | -                      | -                    | -                    | 0%          |
| Insurance Co.             | 3                      | 550,961              | 69,462,218           | 5%          |
| Retirement & Other Funds  | 15                     | 3,931,803            | 495,700,932          | 32%         |
| Others                    | 12                     | 1,368,241            | 172,500,667          | 11%         |
|                           | <b>137</b>             | <b>12,118,524</b>    | <b>1,527,839,442</b> | <b>100%</b> |

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

|                                               |                     |
|-----------------------------------------------|---------------------|
|                                               | <b>30 June 2017</b> |
|                                               | <b>%</b>            |
| Optimus Capital Management (Pvt) Limited      | <b>9.20%</b>        |
| Inter Market Securities Limited               | <b>7.79%</b>        |
| JS Global Capital Limited                     | <b>7.32%</b>        |
| Alfalah Securities (Private) Limited          | <b>7.28%</b>        |
| Al Habib Capital Markets Limited              | <b>6.70%</b>        |
| Taurus Securities Limited                     | <b>5.68%</b>        |
| AKD Securities Ltd.                           | <b>5.31%</b>        |
| Global Securities Limited                     | <b>5.25%</b>        |
| IGI Finex Securities Limited                  | <b>4.70%</b>        |
| Elixir Securities Pakistan (Pvt.) Limited     | <b>4.28%</b>        |
|                                               | <b>30 June 2016</b> |
|                                               | <b>%</b>            |
| Inter Market Securities Limited               | <b>10.44%</b>       |
| Taurus Securities Limited                     | <b>9.72%</b>        |
| IGI Finex Securities Limited                  | <b>8.26%</b>        |
| Al Habib Capital Markets Limited              | <b>7.43%</b>        |
| Topline Securities (Pvt) Limited              | <b>5.74%</b>        |
| Arif Habib Limited                            | <b>5.70%</b>        |
| Optimus Capital Management (Pvt) Limited      | <b>5.28%</b>        |
| BMA Capital Management Limited                | <b>5.14%</b>        |
| Habib Metropolitan Financial Services limited | <b>4.94%</b>        |
| Invest & Finance Securities Limited           | <b>4.90%</b>        |

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

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

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

**Maheen Rahman – CEO**

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

**Noman Soomro**

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

**Shariq Mukhtar Hashmi**

Mr. Hashmi holds a diversified experience of over 11 years with various private sector enterprises of repute. He joined IGI Funds Limited (which subsequently merged into Alfalah GHP Investment Management Limited in Oct. 2013) in 2010 to lead the back office function as Head of Operations & Settlements. His association has continued, post-merger, as Head of Compliance & Risk Management. He has previously served National Asset Management Company as Head of Internal Audit and Feroze Sharif Tariq & Co Chartered Accountants in various capacities. He has also headed the Internal Audit Department of the Company. Mr. Hashmi is a qualified Accountant from the Association of Chartered Certified Accountants, UK and holds MBA degree in Finance from SZABIST University. He is also enrolled for Financial Risk Manager Certification of Global Association of Risk Professionals; USA.

**Muddasir Ahmed Shaikh**

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

**Nabeel Malik**

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



**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 73rd, 74th, 75th, 76th and 77th Board Meetings were held on 26 Aug 2016, 22 Sep 2016, 31 Oct 2016, 07 Dec 2016, 14 Feb 2017 and 26 April 2017 respectively.

| Name of Director       | Number of Meetings |          |               | Meeting not attended |
|------------------------|--------------------|----------|---------------|----------------------|
|                        | Held               | Attended | Leave Granted |                      |
| HANSPETER BEIER        | 6                  | 4        | 2             | 2                    |
| SYED ALI SULTAN        | 6                  | 6        | -             | -                    |
| AMIN DAWOOD SALEH      | 5                  | 1        | 1             | 1                    |
| MS. MAHEEN RAHMAN      | 6                  | 6        | -             | -                    |
| MR. ABID NAQVI         | 6                  | 5        | 1             | 1                    |
| MR. MICHAEL BUCHEN     | 1                  | -        | 1             | 1                    |
| MR. Tufail Jawed Ahmad | 6                  | 5        | 1             | 1                    |
| MR. Adeel Bajwa        | 2                  | 1        | 1             | 1                    |

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

**PERFORMANCE TABLE - AGSTF**

|                                   | <b>30 June<br/>2017</b> | <b>30 June<br/>2016</b> | 30 June<br>2015 | 30 June<br>2014 | 30 June<br>2013 |
|-----------------------------------|-------------------------|-------------------------|-----------------|-----------------|-----------------|
|                                   | <b>(Rupees in '000)</b> |                         |                 |                 |                 |
| Net Assets                        | <b>2,720,742</b>        | <b>1,527,839</b>        | 1,171,125       | 440,267         | 443,976         |
| NAV per unit                      | <b>156.8824</b>         | <b>126.0747</b>         | 116.6099        | 102.7030        | 170.8240        |
| Selling price per unit            | <b>161.3143</b>         | <b>130.2427</b>         | 120.4988        | 106.1579        | 175.0946        |
| Redemption price per unit         | <b>156.8824</b>         | <b>126.0747</b>         | 116.6099        | 102.7030        | 170.8240        |
| Highest selling price per unit    | <b>187.3510</b>         | <b>142.3502</b>         | 137.0684        | 152.1260        | 183.8189        |
| Highest redemption price per unit | <b>182.2037</b>         | <b>137.7947</b>         | 132.6447        | 148.4156        | 179.3355        |
| Lowest selling price per unit     | <b>131.0540</b>         | <b>117.6185</b>         | 98.7204         | 114.9936        | 109.4221        |
| Lowest redemption price per unit  | <b>127.4534</b>         | <b>113.8545</b>         | 95.5075         | 112.1889        | 106.7533        |
| Interim 1st distribution date     | <b>22-Jun-17</b>        | <b>7.713</b>            | 14.4405         | 44.562          | Nil             |
| Interim 2nd distribution date     | <b>29-Jun-17</b>        |                         |                 |                 |                 |
| Interim distribution date         | <b>3.62</b>             | <b>29-Jun-16</b>        | 23-Jun-15       | 30-Jun-14       | N/A             |
| Final distribution per unit       | <b>1.76</b>             | <b>Nil</b>              | Nil             | Nil             | 51.6711         |
| Final distribution date           | <b>N/A</b>              | <b>N/A</b>              | N/A             | N/A             | 4-Jul-13        |
| Annualized returns                | <b>28.69%</b>           | <b>14.88%</b>           | 27.70%          | 24.58%          | 66.38%          |
| Income distribution               | <b>4.27%</b>            | <b>6.61%</b>            | 14.06%          | 26.09%          | 28.31%          |

**Return since inception is 28.83%**

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

**(V) Summary of Actual Proxy voted**

| Nature of Meeting                                                | Meeting Date | Resolutions                                                                               | Holding | %age Holding | Favour | Against | Abstain |
|------------------------------------------------------------------|--------------|-------------------------------------------------------------------------------------------|---------|--------------|--------|---------|---------|
| <b>Engro Corporation Limited</b>                                 |              |                                                                                           |         |              |        |         |         |
| EOGM                                                             | 5-Aug-16     | Approval of the sale / disposal of upto 51% of the company's share in Engro Foods Limited | 236,000 | 0.045%       | ✓      |         |         |
| <b>D.G.Khan Cement Company Limited</b>                           |              |                                                                                           |         |              |        |         |         |
| AGM                                                              | 31-Oct-16    | Election of Directors                                                                     | 305,000 | 0.070%       | ✓      |         |         |
| <b>Nishat Mills Limited</b>                                      |              |                                                                                           |         |              |        |         |         |
| AGM                                                              | 31-Oct-16    | Declaration of Dividend                                                                   | 774,500 | 0.220%       | ✓      |         |         |
| <b>Ghani Glass Limited</b>                                       |              |                                                                                           |         |              |        |         |         |
| AGM                                                              | 31-Oct-16    | Amendments in the article of association of the company                                   | 63,500  | 0.015%       | ✓      |         |         |
| <b>Nishat Chunian Limited</b>                                    |              |                                                                                           |         |              |        |         |         |
| BOD                                                              | 28-Oct-16    | Approval of the 1st Quarter Unaudited Accounts                                            | 500     | 0.000%       | ✓      |         |         |
| <b>The General Tyre &amp; Rubber Company of Pakistan Limited</b> |              |                                                                                           |         |              |        |         |         |
| AGM                                                              | 31-Oct-16    | Confirm Minutes of previous AGM                                                           | 38,500  | 0.064%       | ✓      |         |         |
|                                                                  |              | Approval of Annual Accounts of the Company                                                |         |              |        |         |         |
|                                                                  |              | Appointment of Statutory Auditor                                                          |         |              |        |         |         |
| <b>Thal Limited</b>                                              |              |                                                                                           |         |              |        |         |         |
| AGM                                                              | 29-Sep-16    | Declaration of Dividend                                                                   | 58,400  | 0.072%       | ✓      |         |         |
|                                                                  |              | Approval of Annual Accounts of the Company                                                |         |              |        |         |         |
|                                                                  |              | Appointment of Statutory Auditor                                                          |         |              |        |         |         |
| <b>Sui Northern Gas Pipeline Limited</b>                         |              |                                                                                           |         |              |        |         |         |
| AGM                                                              | 26-Jan-17    | Confirm Minutes of previous AGM                                                           | 732,600 | 0.116%       | ✓      |         |         |
|                                                                  |              | Approval of Annual Accounts of the Company                                                |         |              |        |         |         |
|                                                                  |              | Appointment of Statutory Auditor                                                          |         |              |        |         |         |
| <b>Bank Alfalah Limited</b>                                      |              |                                                                                           |         |              |        |         |         |
| AGM                                                              | 28-Mar-17    | Confirm Minutes of previous AGM                                                           | 743,000 | 0.046%       | ✓      |         |         |
|                                                                  |              | Approval of Annual Accounts of the Company                                                |         |              |        |         |         |
|                                                                  |              | Appointment of Statutory Auditor                                                          |         |              |        |         |         |
| <b>Abbott Laboratories (Pakistan) Limited</b>                    |              |                                                                                           |         |              |        |         |         |
| AGM                                                              | 18-Apr-17    | Approval of Annual Accounts of the Company                                                | 38,650  | 0.039%       | ✓      |         |         |
|                                                                  |              | Declaration of Dividend                                                                   |         |              |        |         |         |
|                                                                  |              | Appointment of Statutory Auditor                                                          |         |              |        |         |         |
|                                                                  |              | Election of Directors                                                                     |         |              |        |         |         |
| <b>ICI Pakistan Limited</b>                                      |              |                                                                                           |         |              |        |         |         |
| EOGM                                                             | 20-Apr-17    | Election of Directors                                                                     | 37,600  | 0.041%       | ✓      |         |         |
| <b>Glaxosmithkline Pakistan Limited</b>                          |              |                                                                                           |         |              |        |         |         |
| AGM                                                              | 24-Apr-17    | Approval of Annual Accounts of the Company                                                | 500     | 0.000%       | ✓      |         |         |
|                                                                  |              | Declaration of Dividend                                                                   |         |              |        |         |         |
|                                                                  |              | Appointment of Statutory Auditor                                                          |         |              |        |         |         |
|                                                                  |              | Election of Directors                                                                     |         |              |        |         |         |
| <b>Pak Suzuki Motor Company Limited</b>                          |              |                                                                                           |         |              |        |         |         |
| AGM                                                              | 25-Apr-17    | Confirm Minutes of previous EOGM                                                          | 91,250  | 0.111%       | ✓      |         |         |
|                                                                  |              | Approval of Annual Accounts of the Company                                                |         |              |        |         |         |
|                                                                  |              | Declaration of Dividend                                                                   |         |              |        |         |         |
|                                                                  |              | Appointment of Statutory Auditor                                                          |         |              |        |         |         |
| <b>Packages Limited</b>                                          |              |                                                                                           |         |              |        |         |         |
| AGM                                                              | 25-Apr-17    | Confirm Minutes of previous AGM                                                           | 113,350 | 0.127%       | ✓      |         |         |
|                                                                  |              | Approval of Annual Accounts of the Company                                                |         |              |        |         |         |
|                                                                  |              | Declaration of Dividend                                                                   |         |              |        |         |         |
|                                                                  |              | Appointment of Statutory Auditor                                                          |         |              |        |         |         |
| <b>Pakistan Oilfields Limited</b>                                |              |                                                                                           |         |              |        |         |         |
| EOGM                                                             | 20-Jun-17    | Election of Directors                                                                     | 153,800 | 0.065%       | ✓      |         |         |
| <b>Shell Pakistan Limited</b>                                    |              |                                                                                           |         |              |        |         |         |
| BOD                                                              | 21-Jun-17    | Appointment of CEO & Chairman                                                             | 49,000  | 0.046%       | ✓      |         |         |
| <b>Sui Northern Gas Pipeline Limited</b>                         |              |                                                                                           |         |              |        |         |         |
| EOGM                                                             | 21-Jun-17    | Confirm Minutes of previous AGM                                                           | 761,100 | 0.120%       | ✓      |         |         |
|                                                                  |              | Election of Directors                                                                     |         |              |        |         |         |



**Alfalah**  
**GHP Islamic Stock Fund**

## FUND INFORMATION

|                                                            |                                                                                                                                                              |
|------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Management Company:</b>                                 | <b>Alfalah GHP Investment Management Limited<br/>8-B, 8th Floor, Executive Tower, Dolmen City, Block-4,<br/>Clifton, Karachi.</b>                            |
| <b>Board of Directors of the<br/>Management Company:</b>   | <b>Ms.Maheen Rahman<br/>Syed Ali Sultan<br/>Mr.Hanspeter Beier<br/>Mr.Amin Dawood Saleh<br/>Mr.Abid Naqvi<br/>Mr. Tufail Jawed Ahmad<br/>Mr. Adeel Bajwa</b> |
| <b>Audit Committee:</b>                                    | <b>Mr. Abid Naqvi<br/>Syed Ali Sultan<br/>Mr. Amin Dawood Saleh</b>                                                                                          |
| <b>HR Committee:</b>                                       | <b>Syed Ali Sultan<br/>Mr. Tufail Jawed Ahmed<br/>Ms. Maheen Rahman</b>                                                                                      |
| <b>Chief Operating Officer<br/>and Company Secretary :</b> | <b>Mr. Noman Ahmed Soomro</b>                                                                                                                                |
| <b>Chief Financial Officer:</b>                            | <b>Mr. Muhammad Shehzad Dhedhi</b>                                                                                                                           |
| <b>Trustee:</b>                                            | <b>Central Depository Company of Pakistan Limited<br/>CDC House, 99-B, Block 'B',SMCHS,<br/>Main Share-e-Faisal,Karachi</b>                                  |
| <b>Bankers to the Fund:</b>                                | <b>Bank Alfalah Limited</b>                                                                                                                                  |
| <b>Auditors:</b>                                           | <b>A.F. Ferguson &amp; Co.<br/>Chartered Accountants<br/>State Life Building No. 1-C I.I. Chundrigar Road,<br/>P.O.Box 4716 Karachi,<br/>Pakistan</b>        |
| <b>Legal Advisor:</b>                                      | <b>Ahmed &amp; Qazi<br/>Advocates &amp; Legal Consultants<br/>402,403,404,417<br/>Clifton Centre,<br/>Clifton, Karachi</b>                                   |
| <b>Shariah Advisor:</b>                                    | <b>BankIslami Pakistan Limited 11th Floor,<br/>Dolmen Executive Towers, Marine Drive,<br/>Clifton, Block-4, Karachi</b>                                      |
| <b>Registrar:</b>                                          | <b>Alfalah GHP Investment Management Limited<br/>8-B, 8th Floor, Executive Tower, Dolmen City, Block-4,<br/>Clifton, Karachi.</b>                            |
| <b>Distributor:</b>                                        | <b>Bank Alfalah Limited</b>                                                                                                                                  |
| <b>Rating:</b>                                             | <b>4 Star (long term) and 3 Star (short term) by PACRA</b>                                                                                                   |

# Alfalah GHP Islamic Stock Fund

## Annual Fund Manager`s Report

### Type of Fund

Open-end Scheme

### Category of Fund

Shariah Compliant Islamic Equity Scheme (Previously Shariah Compliant Asset Allocation Scheme)

### Investment Objective

The investment objective of Alfalah GHP Islamic Stock Fund (AGIsF) is seeking long term capital appreciation and income from a diversified portfolio developed in consistence with the principles of Shariah.

### Accomplishment of Objective

The Fund has strived to achieve its objective as it provided the unit holders a competitive and attractive return as compared to peer funds via investments in Shariah Compliant avenues.

### Review of the Market

KSE-100 gave a return of 23.24% in FY17 as compared to 9.84% return in FY16. The major excitement created during the fiscal year in the PSX was of Pakistan's reclassification into an MSCI Emerging market, from a Frontier Market. On May 25' 2017, the benchmark KSE-100 index hit an intra-day all-time high at 53,124 points providing an upside of 11% from Jan 1' 2017. Six companies had qualified for the main MSCI EM index: Engro Corporation, Habib Bank, Lucky Cement, MCB Bank, Oil and Gas Development Company and United Bank. The inclusion of Pakistan in the MSCI EM Index was not as welcoming and Pakistan performed the worst in MTD return charts and was an underperformer in the MSCI Asian EM by 7.7% in Jun'17. Concurrently, to the peak from which the index came crashing down, in just 16 trading sessions until 20 June' 17, the Index has lost 6,265 points, representing an incredibly steep fall of 12%.

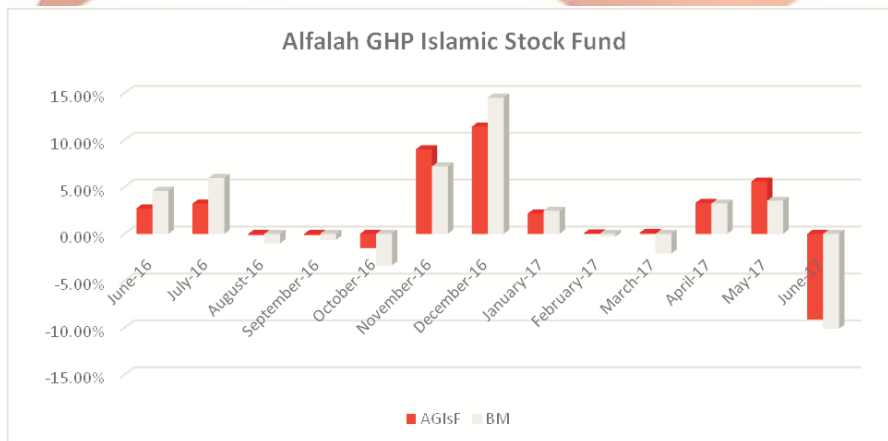
The KSE-100 now trades at an approximate forward P/E of 9.5x, at an approx. 19%-21% discount to MSCI EM. Given that the market corrected sharply in June and with foreign investors turning net buyers again over last few weeks, the market should lift gradually in the coming months. Additionally on the positive side SECP made major amendments in margin financing system, in light with longstanding demands of brokers.

### Fund Performance

During the year under review, the Fund generated a return of 24.8% against a benchmark (KMI - 30 Index) of 18.80% YTD translating into an outperformance of 600bps.

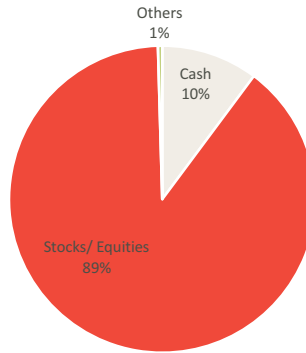
Performance of the fund remained strong throughout the year as the benchmark KMI-30 index during the year touched a new high of 91,145 points on the back of inclusion of Pakistan in MSCI Emerging market and increase in CPEC related investments. Major portion of the fund remained invested in index heavy sectors, mainly Oil & Gas exploration, to get the benefit of the inclusion in EM index and surge in international oil prices. Additionally, the fund was invested in construction & material sector on the back of strong cement and steel demand and expected growth in construction activities. Select picks in Oil Marketing sector remained some of the best performers for the fund as turnaround in that specific company fundamentals and expansion of distribution network contributed positively in the financial results of the company. The fund continued to maintain its basic philosophy of investing in fundamentally strong shariah complaint companies.

### Performance comparison with Benchmark





### Asset Allocation, June 2017



**Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**

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

**Disclosure on unit split (if any), comprising:-**

There were no unit splits during the period.

**Disclosures of circumstances that materially affect any interests of unit holders**

Investments are subject to market risk.

**Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.**

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

**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 STOCK FUND**

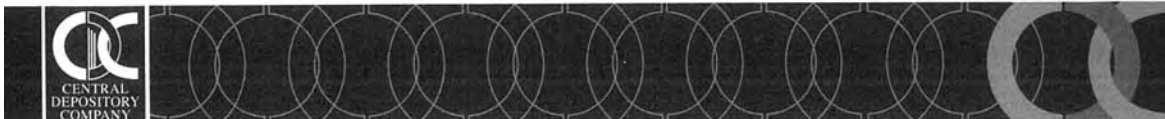
**Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of  
the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We Central Depository Company of Pakistan Limited, being the Trustee of Alfalah GHP Islamic Stock 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, 2017 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.

**Aftab Ahmed Diwan**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: September 12, 2017





## **REPORT OF THE SHARIAH ADVISORY BOARD ALFALAH GHP ISLAMIC STOCK FUND**

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

It is the responsibility of the Management Company of the said Fund to establish and maintain a system of internal controls to ensure compliance with issued Shariah guidelines. As a Shariah 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 of the Fund, we provide consent for Investment in Equity securities based on the Shariah Guidelines during the period from July 1, 2016 to June 30, 2017.

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

In the Year 2015-16 Provision against Charity was made amounted to Rs. 249,401/-. During the year 2016-17 the said provisioning after adjustment on the basis of final dividend purification rates amounted to Rs. 230,922/- based on respective Company's Annual Financial Statement. The same was available for disbursement to charitable institution.

For the year 2016-17 Provision against Charity is made amounted to Rs. 2,450,421/- in respect of dividend purification, which is subject to final adjustment on the basis of respective Company's Annual Financial Statement for the year ended 2018.

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

  
Shariah Advisor

## **INDEPENDENT REASONABLE ASSURANCE REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES**

### **Introduction**

We were engaged by the Board of Directors of Alfalah GHP Investment Management Limited (the Management Company) to report on the Management Company's assessment of compliance with the Shariah Principles of Alfalah GHP Islamic Stock Fund (the Fund), as set out in the annexed Statement of Compliance with the Shariah Principles (the Statement) prepared by the Management Company for the year ended June 30, 2017, in the form of an independent reasonable assurance conclusion about whether the annexed statement reflects, in all material respects the status of compliance of the Fund with the Shariah Principles as specified in the Trust Deed and the guidelines issued by the Shariah Advisor. Our engagement was conducted by a team of assurance practitioners.

### **Applicable Criteria**

The criteria for the assurance engagement against which the annexed statement has been assessed comprises of the Shariah Principles as specified in the Trust Deed and the guidelines issued by the Shariah Advisor (the Shariah Principles).

### **Management's Responsibility of Shariah Compliance**

The Management Company of the Fund is responsible for preparation of the annexed statement that is free from material misstatement. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. It also includes ensuring the overall compliance of the Fund with the Shariah Principles.

### **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control (ISQC) 1 (Redrafted), "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Our responsibility and summary of work performed**

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement reflects the status of compliance of the Fund with the Shariah Principles as specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with the Shariah Principles, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Fund's compliance with the Shariah Principles, in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion as to the effectiveness of the Management Company's internal control over the Fund's compliance with the Shariah Principles. A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Shariah Principles, and consequently cannot provide absolute assurance that the objective of compliance with the Shariah Principles, will be met. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

The procedures primarily performed comprised the following:

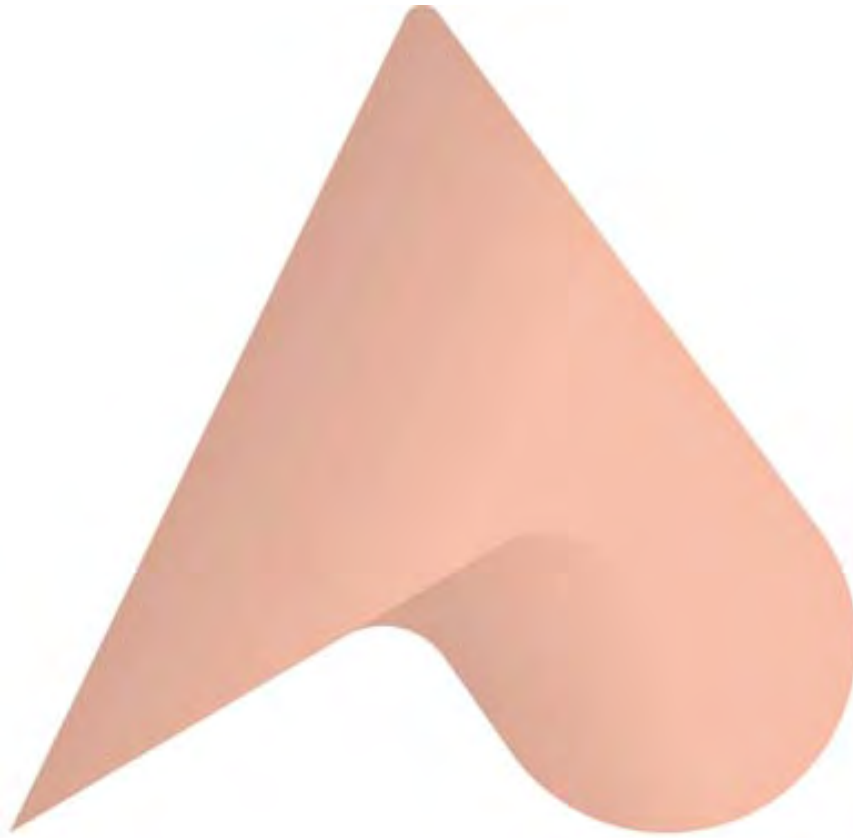
- checking compliance of specific guidelines relating to charity, maintaining bank accounts and for making investments of the Fund.
- checking that the Shariah Advisor has certified that the operations of the Fund, its investments and placements made during the year ended June 30, 2017 are in compliance with the Shariah Principles.

We believe that the evidences we have obtained through performing our procedures were sufficient and appropriate to provide a basis for our conclusion.

**Conclusion**

Based on the procedures performed during our reasonable assurance engagement, we report that in our opinion, the annexed statement, in all material respects, presents fairly the status of the Fund's compliance with the Shariah Principles specified in the Trust Deed and in the guidelines issued by the Shariah Advisor for the year ended June 30, 2017.

A.F.Ferguson & Co.  
Chartered Accountants  
Dated: September 20, 2017  
Karachi

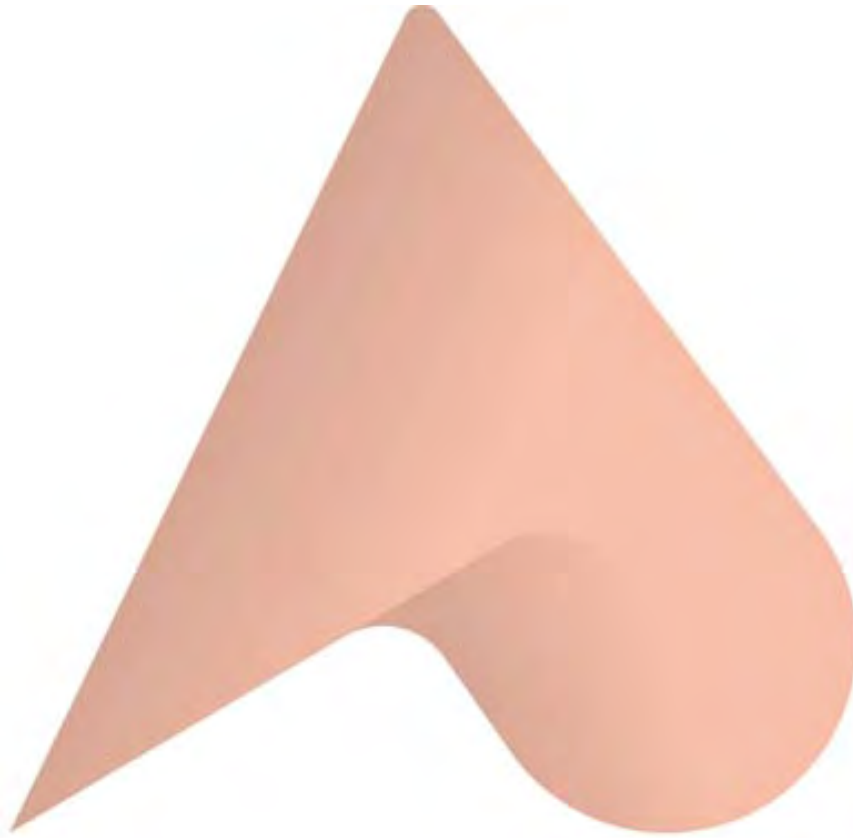


## STATEMENT OF COMPLIANCE WITH SHARIAH PRINCIPLES

**Alfalah GHP Islamic Stock Fund** has fully complied with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor for its operations, investments and placements made during the year ended June 30, 2017. This has been duly confirmed by the Shariah Advisor of the Fund.

Dated: September 20, 2017

\_\_\_\_\_  
Ms. Maheen Rahman  
Chief Executive Officer





**STATEMENT OF COMPLIANCE BY ALFALAH GHP ISLAMIC STOCK FUND  
WITH THE CODE OF CORPORATE GOVERNANCE  
FOR THE YEARENDED JUNE 30, 2017**

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No.5.19 of Chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Management Company encourages representation of independent, non-executive directors, and directors representing minority interests on its board of directors ("the Board"). At present the Board includes:

| Category                | Names                                                                                 |
|-------------------------|---------------------------------------------------------------------------------------|
| Executive Director      | Ms. Maheen Rahman– Chief Executive Officer (CEO)                                      |
| Independent Directors   | Mr. Abid Naqvi<br>Mr. Tufail Jawed Ahmad                                              |
| Non-Executive Directors | Mr. Syed Ali Sultan<br>Mr. Adeel Bajwa<br>Mr. HanspeterBeier<br>Mr. Amin Dawood Saleh |

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

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies (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 broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. According to regulation 5.19.3 of the Rule Book and section 155 (3) of the Companies Act, 2017, any casual vacancy occurring on the Board of Directors of a listed company shall be filled up by the directors at the earliest but not later than 90 days thereof. A casual vacancy occurred on the Board on September 22, 2016, due to resignation of Mr. Michael Buchen. However, the Board of Directors appointed Mr. Adeel Bajwa as a director on January 23, 2017 i.e. after 90 days after the date of resignation Mr. Michael Buchen. The appointment was approved in principle by the SECP with effect from February 7, 2017.
5. The Management Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before such meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged no training programs for its directors during the year. However, at present 6 directors of the Management Company have certification under the Directors' Training Program offered by institutions.
10. There was no change of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year. However, the remuneration and terms and conditions of Chief Financial Officer, Company Secretary and Head of Internal Audit were approved by the Board.

11. The Directors' Report for the year ended June 30, 2017 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by the CEO and CFO 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 that disclosed in the Directors' Report and pattern of unit holding.
14. The Management Company has 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, and the Chairman of the Committee 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 Committee have been formed and advised to the Committee for compliance.
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 Deloitte Yousuf Adil Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partner of the firm, their spouse and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'Book Closure' dates were duly determined and intimated to the stock exchange, however the 'closed period' prior to the announcement of interim / final results, and business decisions was not determined and intimated to directors, employees and the stock exchange, considering the fact that NAV of the Fund is announced on a daily basis.
22. Material/price sensitive information has been disseminated among all market participants at once through the stock exchange.
23. The Management Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the Code have been complied with.

**For and on behalf of the Board**

Maheen Rahman  
Chief Executive Officer

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Alfalah GHP Investment Management Limited, the Management Company of **Alfalah GHP Islamic Stock Fund** (the Fund) for the year ended June 30, 2017 to comply with the requirements of regulation no. 5.19 of chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company (**Alfalah GHP Investment Management Limited**). Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund'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 Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As a part of our audit of the 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 of Directors' 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 of Directors for their review and approval of 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 of Directors 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 of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2017.

Further, we highlight below an instance of non-compliance with the requirement of the Code as reflected in paragraph reference where it is stated in the Statement of Compliance:

| S. No. | Paragraph reference | Description                                                                                                                                                                                                                                                                                                                                                                                  |
|--------|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | 4                   | According to regulation 5.19.3 of the Rule Book and section 155 (3) of the Companies Act, 2017, any casual vacancy occurring on the Board of Directors of a listed company shall be filled up by the directors at the earliest but not later than 90 days thereof. A casual vacancy occurred on the Board on September 22, 2016 which was filled after 90 days from the date of resignation. |

**A.F. Ferguson & Co.**  
**Chartered Accountants**

Dated: September 20, 2017  
Karachi

# INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Alfalah GHP Islamic Stock Fund** (hereinafter referred to as the 'Fund'), which comprise the statement of assets and liabilities as at June 30, 2017, and the related income statement, statement of comprehensive income, distribution statement, cash flow statement and statement of movement in unit holders' funds for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

The Management Company (**Alfalah GHP Investment Management Limited**) of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with 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 the International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial position of the Fund as at June 30, 2017 and of its financial performance, its cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

### Other matter

The financial statements of the Fund for the year ended June 30, 2016 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion on those financial statements vide their report dated September 22, 2016.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

**A.F. Ferguson & Co.**  
**Chartered Accountants**  
**Engagement Partner: Shahbaz Akbar**

Dated: September 20, 2017  
Karachi

**ALFALAH GHP ISLAMIC STOCK FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
*AS AT JUNE 30, 2017*

|                                                                                 | 2017                          | 2016                 |
|---------------------------------------------------------------------------------|-------------------------------|----------------------|
| Note                                                                            | ----- (Rupees) -----          | ----- (Rupees) ----- |
| <b>Assets</b>                                                                   |                               |                      |
| Bank balances                                                                   | 4 895,022,640                 | 427,720,588          |
| Investments                                                                     | 5 8,534,461,407               | 1,597,055,017        |
| Security deposits                                                               | 6 2,600,000                   | 2,600,000            |
| Dividend, profit and other receivable                                           | 7 31,222,134                  | 6,557,289            |
| <b>Total assets</b>                                                             | 9,463,306,181                 | 2,033,932,894        |
| <b>Liabilities</b>                                                              |                               |                      |
| Payable to the Management Company                                               | 8 33,187,626                  | 16,370,167           |
| Payable to the Trustee                                                          | 9 956,649                     | 401,956              |
| Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP) | 10 6,206,142                  | 817,826              |
| Accrued and other liabilities                                                   | 11 114,950,739                | 29,616,512           |
| Dividend payable                                                                | -                             | 493                  |
| Payable against purchase of investments                                         | 12 177,823,166                | -                    |
| <b>Total liabilities</b>                                                        | 333,124,322                   | 47,206,954           |
| <b>Net assets attributable to unit holders</b>                                  | <u>9,130,181,859</u>          | <u>1,986,725,940</u> |
| <b>Unit holders' funds (as per statement attached)</b>                          | <u>9,130,181,859</u>          | <u>1,986,725,940</u> |
| <b>Contingencies and Commitments</b>                                            | 13                            |                      |
|                                                                                 | ----- (Number of units) ----- |                      |
| <b>Number of units in issue</b>                                                 | <u>125,375,142</u>            | <u>31,119,772</u>    |
|                                                                                 | ----- (Rupees) -----          |                      |
| <b>Net asset value per unit</b>                                                 | <u>72.8229</u>                | <u>63.8413</u>       |

The annexed notes from 1 to 24 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP ISLAMIC STOCK FUND**

**INCOME STATEMENT**

FOR THE YEAR ENDED JUNE 30, 2017

|                                                                                                                                                 | 2017                 | 2016               |
|-------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------------------|
| Note                                                                                                                                            | ----- (Rupees) ----- |                    |
| <b>Income</b>                                                                                                                                   |                      |                    |
| Profit on bank balances                                                                                                                         | 28,083,288           | 5,339,181          |
| At fair value through profit or loss <sup>1</sup> - held-for-trading                                                                            |                      |                    |
| - Gain on sale of investment - net                                                                                                              | 633,557,751          | 30,418,568         |
| - Dividend income                                                                                                                               | 197,307,809          | 32,008,674         |
| - Unrealised appreciation on re-measurement of investments - net                                                                                | 477,050,387          | 121,667,286        |
|                                                                                                                                                 | 1,307,915,947        | 184,094,528        |
| Reversal of provision against Workers' Welfare Fund                                                                                             | 11.1 10,801,934      | -                  |
| <b>Total income</b>                                                                                                                             | <u>1,346,801,169</u> | <u>189,433,709</u> |
| <b>Expenses</b>                                                                                                                                 |                      |                    |
| Remuneration of the Management Company                                                                                                          | 8.1 130,673,632      | 17,214,664         |
| Sindh sales tax on remuneration of the Management Company                                                                                       | 8.2 16,987,572       | 2,795,896          |
| Federal excise duty on remuneration of the Management Company                                                                                   | 8.3 -                | 2,754,347          |
| Allocated expenses                                                                                                                              | 8.4 6,531,970        | 490,947            |
| Selling and Marketing Expenses                                                                                                                  | 8.5 3,714,474        | -                  |
| Remuneration of the Trustee                                                                                                                     | 9.1 7,532,705        | 1,622,711          |
| Sindh sales tax on remuneration of the Trustee                                                                                                  | 9.2 979,252          | 227,172            |
| Annual fee to the Securities and Exchange Commission of Pakistan                                                                                | 10 6,206,142         | 817,826            |
| Brokerage expense, federal excise duty and capital value tax                                                                                    | 22,533,408           | 4,769,438          |
| Bank and settlement charges                                                                                                                     | 1,647,545            | 495,613            |
| Auditors' remuneration                                                                                                                          | 14 676,311           | 682,728            |
| Annual listing fee                                                                                                                              | 55,012               | 69,753             |
| Annual rating fee                                                                                                                               | 140,360              | 140,354            |
| Printing charges                                                                                                                                | 89,604               | 150,426            |
| Charity                                                                                                                                         | 11.2 2,431,942       | 89,756             |
| Legal and professional charges                                                                                                                  | 40,834               | -                  |
| Shariah advisory fee                                                                                                                            | 349,745              | 350,000            |
| Provision against Sindh Workers' Welfare Fund (SWWF)                                                                                            | 11.1 45,637,296      | -                  |
| <b>Total expenses</b>                                                                                                                           | <u>246,227,804</u>   | <u>32,671,631</u>  |
| <b>Net income for the year before Element of income and capital gains included in prices of units issued less those in units redeemed - net</b> | 1,100,573,365        | 156,762,078        |
| Element of income and capital gains included in prices of units issued less those in units redeemed - net                                       | 803,783,332          | 136,895,285        |
| <b>Net income for the year before taxation</b>                                                                                                  | 1,904,356,697        | 293,657,363        |
| Taxation                                                                                                                                        | 17 -                 | -                  |
| <b>Net income for the year after taxation</b>                                                                                                   | <u>1,904,356,697</u> | <u>293,657,363</u> |

The annexed notes from 1 to 24 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

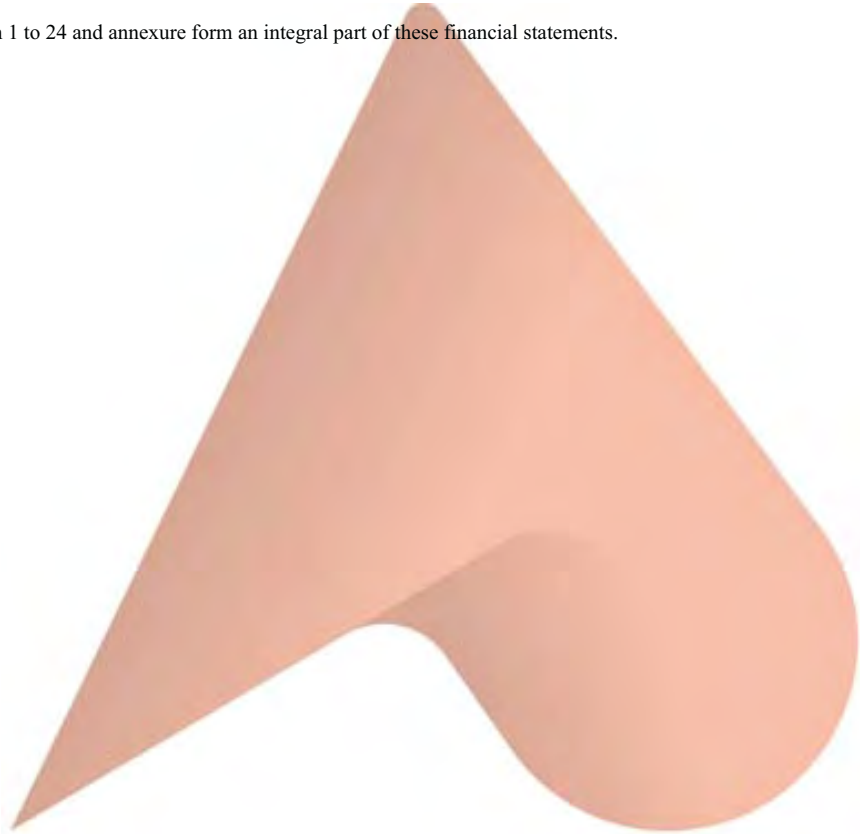
\_\_\_\_\_  
Director



**ALFALAH GHP ISLAMIC STOCK FUND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED JUNE 30, 2017*

|                                                | 2017<br>----- (Rupees) ----- | 2016<br>----- (Rupees) ----- |
|------------------------------------------------|------------------------------|------------------------------|
| <b>Net income for the year after taxation</b>  | 1,904,356,697                | 293,657,363                  |
| Other comprehensive income for the year        | -                            | -                            |
| <b>Total comprehensive income for the year</b> | <u><u>1,904,356,697</u></u>  | <u><u>293,657,363</u></u>    |

The annexed notes from 1 to 24 and annexure form an integral part of these financial statements.



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

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

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

**ALFALAH GHP ISLAMIC STOCK FUND**

**CASH FLOW STATEMENT**

FOR THE YEAR ENDED JUNE 30, 2017

|                                                                                                                             | 2017                      | 2016                      |
|-----------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
|                                                                                                                             | ----- (Rupees) -----      |                           |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                                                 |                           |                           |
| Net income for the year before taxation                                                                                     | 1,904,356,697             | 293,657,363               |
| <b>Adjustments for:</b>                                                                                                     |                           |                           |
| Unrealised gain on revaluation of investments classified as 'at fair value through profit or loss' - held-for-trading - net | (477,050,387)             | (121,667,286)             |
| Reversal of provision against Workers' Welfare Fund                                                                         | (10,801,934)              | -                         |
| Provision against Sindh Workers' Welfare Fund                                                                               | 45,637,296                | -                         |
| Element of income and capital gains included in prices of units issued less those in units redeemed - net                   | (803,783,332)             | (136,895,285)             |
|                                                                                                                             | <u>658,358,340</u>        | <u>35,094,792</u>         |
| <b>Decrease / (increase) in assets</b>                                                                                      |                           |                           |
| Investments - net                                                                                                           | (6,460,356,003)           | (955,116,203)             |
| Dividend, profit and other receivable                                                                                       | (24,664,845)              | 3,501,990                 |
| Receivable against sale of investments                                                                                      | -                         | 31,433,535                |
|                                                                                                                             | <u>(6,485,020,848)</u>    | <u>(920,180,678)</u>      |
| <b>Increase in liabilities</b>                                                                                              |                           |                           |
| Payable to the Management Company                                                                                           | 16,817,459                | 11,794,004                |
| Payable to the Trustee                                                                                                      | 554,693                   | 308,430                   |
| Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)                                             | 5,388,316                 | 405,276                   |
| Accrued and other liabilities                                                                                               | 50,498,865                | 13,770,164                |
| Payable against purchase of investments                                                                                     | 177,823,166               | -                         |
|                                                                                                                             | <u>251,082,499</u>        | <u>26,277,874</u>         |
| <b>Net cash flow used in operating activities</b>                                                                           | <u>(5,575,580,009)</u>    | <u>(858,808,012)</u>      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                                                 |                           |                           |
| Amounts received against issuance of units                                                                                  | 10,923,383,548            | 2,623,964,706             |
| Payments made against redemption of units                                                                                   | (4,102,214,863)           | (1,210,049,042)           |
| Dividend paid                                                                                                               | (778,286,624)             | (204,692,452)             |
| <b>Net cash flow generated from financing activities</b>                                                                    | <u>6,042,882,061</u>      | <u>1,209,223,212</u>      |
| Net increase in cash and cash equivalents during the year                                                                   | 467,302,052               | 350,415,200               |
| Cash and cash equivalents at beginning of the year                                                                          | 427,720,588               | 77,305,388                |
| <b>Cash and cash equivalents at end of the year</b>                                                                         | <u><u>895,022,640</u></u> | <u><u>427,720,588</u></u> |

The annexed notes from 1 to 24 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP ISLAMIC STOCK FUND**  
**DISTRIBUTION STATEMENT**  
*FOR THE YEAR ENDED JUNE 30, 2017*

|                                                                                                                           | 2017<br>----- (Rupees) ----- | 2016<br>----- (Rupees) ----- |
|---------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>Undistributed income brought forward comprises of:</b>                                                                 |                              |                              |
| Realised gain / (loss)                                                                                                    | 236,581,979                  | (935,291)                    |
| Unrealised gain                                                                                                           | 121,667,286                  | 79,924,680                   |
|                                                                                                                           | 358,249,265                  | 78,989,389                   |
| Element of income and capital gains included in<br>prices of units issued less those in units redeemed - net              | 1,085,063,124                | 175,192,315                  |
| Total comprehensive income for the year                                                                                   | 1,904,356,697                | 293,657,363                  |
| Interim distribution of NIL bonus units (2016: 397,527 units)                                                             | -                            | (25,764,728)                 |
| First interim distribution of cash dividend @ Rs.5.7232 per unit, approved on<br>June 22, 2017 (2016: Rs.6.0806 per unit) | (631,263,587)                | (163,825,074)                |
| Second interim distribution of cash dividend @ Rs.1.1972 per unit, approved on<br>June 29, 2017 (2016: Rs Nil per unit)   | (147,022,544)                | -                            |
|                                                                                                                           | 1,126,070,566                | 104,067,561                  |
| <b>Undistributed income carried forward</b>                                                                               | <u>2,569,382,955</u>         | <u>358,249,265</u>           |
| <b>Undistributed income carried forward comprises of:</b>                                                                 |                              |                              |
| Realised gain                                                                                                             | 2,092,332,568                | 236,581,979                  |
| Unrealised gain                                                                                                           | 477,050,387                  | 121,667,286                  |
|                                                                                                                           | <u>2,569,382,955</u>         | <u>358,249,265</u>           |

The annexed notes from 1 to 24 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP ISLAMIC STOCK FUND**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

|                                                                                                                                                 | 2017                        | 2016                        |
|-------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
|                                                                                                                                                 | ----- (Rupees) -----        |                             |
| <b>Net assets at the beginning of the year</b>                                                                                                  | 1,986,725,940               | 579,873,272                 |
| Issuance of 147,534,946 units (2016: 38,565,483 units)                                                                                          | 10,923,383,548              | 2,623,964,706               |
| Redemption of 53,279,576 units (2016: 17,116,477 units)                                                                                         | (4,102,214,863)             | (1,210,049,042)             |
| Issuance of Nil bonus units in respect of final and interim distribution (2016: 397,527 units)                                                  | -                           | 25,764,728                  |
|                                                                                                                                                 | <u>8,807,894,625</u>        | <u>2,019,553,664</u>        |
| Element of income and capital gains included in prices of units issued less those in units redeemed - net                                       |                             |                             |
| - transferred to income statement                                                                                                               | (803,783,332)               | (136,895,285)               |
| - transferred to distribution statement                                                                                                         | (1,085,063,124)             | (175,192,315)               |
|                                                                                                                                                 | <u>(1,888,846,456)</u>      | <u>(312,087,600)</u>        |
| Element of income and capital gains included in prices of units issued less those in units redeemed transferred to distribution statement - net | 1,085,063,124               | 175,192,315                 |
| Gain on sale of investments classified as 'at fair value through profit or loss' - held-for-trading - net                                       | 633,557,751                 | 30,418,568                  |
| Unrealised gain on revaluation of investments classified as 'at fair value through profit or loss' - held-for-trading - net                     | 477,050,387                 | 121,667,286                 |
| Other income (net of expenses)                                                                                                                  | 793,748,559                 | 141,571,509                 |
| Total comprehensive income for the year                                                                                                         | <u>1,904,356,697</u>        | <u>293,657,363</u>          |
| Issuance of Nil bonus units in respect of final and interim distribution (2016: 397,527 units)                                                  | -                           | (25,764,728)                |
| First interim distribution of cash dividend @ Rs.5.7232 per unit, approved on June 22, 2017 (2016: Rs.6.0806 per unit)                          | (631,263,587)               | (163,825,074)               |
| Second interim 'distribution of cash dividend @ Rs.1.1972 per unit, approved on June 29, 2017 (2016: Rs Nil per unit)                           | (147,022,544)               | -                           |
|                                                                                                                                                 | <u>(778,286,131)</u>        | <u>(189,589,802)</u>        |
| Total comprehensive income less distributions for the year                                                                                      | 1,126,070,566               | 104,067,561                 |
| <b>Net assets at the end of the year</b>                                                                                                        | <u><u>9,130,181,859</u></u> | <u><u>1,986,725,940</u></u> |
| Net assets value per unit as at beginning of the year                                                                                           | <u>63.8413</u>              | <u>59.9614</u>              |
| Net assets value per unit as at end of the year                                                                                                 | <u>72.8229</u>              | <u>63.8413</u>              |

The annexed notes from 1 to 24 and annexure form an integral part of these financial statements.

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

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

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

## ALFALAH GHP ISLAMIC STOCK FUND

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

FOR THE YEAR ENDED JUNE 30, 2017

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

Alfalah GHP Islamic Stock Fund (formerly Alfalah GHP Islamic Fund) (the Fund) is an open-end collective investment scheme established through a Trust Deed under the Trust Act, 1882, executed between Alfalah GHP Investment Management Limited, (the Management Company) and Central Depository Company of Pakistan Limited, (the Trustee). The Trust Deed was executed on April 11, 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the NBFC (Establishment and Regulation) Rules, 2003 (NBFC Rules), on March 29, 2007. The SECP has approved second Supplemental Trust Deed, under the NBFC Regulations, vide its letter No. SCD/AMCW/AGISF/239/2015 dated February 03, 2015 to modify and restate the previous Trust Deed to effectuate renaming of the Fund to Alfalah GHP Islamic Stock Fund.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate issued by the SECP on March 09, 2017. The registered office of the Management Company is situated at 8-B, 8th floor, Executive tower, Dolmen city, Block 4, Clifton, Karachi.

The Fund is categorised as a 'shariah compliant Equity scheme' pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund are being offered for public subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.

According to the trust deed, the objective of the Fund is to provide good total return through a combination of current income and long-term capital appreciation, consistent with reasonable investment risk in shariah compliant equity securities. The Fund invests in shariah compliant securities and profit bearing accounts. The investment objectives and policy are explained in the Fund's offering document.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned 'AM2+' (Outlook: Stable) to the Management Company in its rating report dated May 16, 2017 and 3-Star (short-term) and 4-Star (long-term) to the Fund in its rating report dated May 08, 2017.

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

#### 2. BASIS OF PREPARATION

##### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the 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 the IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The Directors of the asset management company declare that these financial statements give a true and fair view of the state of affairs of the Fund.

##### 2.2 Standards, Interpretations and amendments to published approved accounting standards that are effective in the current year

There are certain new and amended standards and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2016 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

##### 2.3 Standards, Interpretations and amendments to published approved accounting standards that are not yet effective

2.3.1 There are certain new and amended standards and interpretations that are mandatory for the accounting period beginning on or after July 1, 2017 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

2.3.2 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.

#### Standards, Interpretations or Amendments

#### Effective date (accounting period beginning on or after)

|                                                 |                 |
|-------------------------------------------------|-----------------|
| - IFRS-9 Financial Instruments                  | January 1, 2018 |
| - IFRS-15 Revenue from contracts with customers | January 1, 2018 |
| - IFRS-16 Leases                                | January 1, 2019 |

2.3.3 The SECP vide its SRO 756(1) / 2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations, 2008 which will be applicable on the financial statements of the Fund from the accounting year ending on June 30, 2018. The notification includes a definition and explanation relating to “element of income” and excludes the element of income from the expression “accounting income” as described in Regulation 63 (Amount distributable to unit holders) of the NBFC Regulations, 2008. In addition there are certain changes in the disclosure requirements relating to the Income Statement and the Statement of Movement in Unit Holders’ Fund. The management is currently in the process of assessing the impact of these changes on the financial statements.

## 2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- Classification and valuation of investments (note 3.2 and 5)
- Impairment of financial assets (note 3.2.6)
- Taxation (note 3.6 and 15)
- Provision against Federal Excise Duty and Sindh Workers’ Welfare Fund (note 8.3 and 11.1 respectively)

## 2.5 Accounting convention

These financial statements have been prepared under the historical cost convention, except for certain investments which are stated at fair value.

## 2.6 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund’s functional and presentation currency.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

### 3.1 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

### 3.2 Financial assets

#### 3.2.1 Classification

The Fund classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. The management determines the appropriate classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

**Investments are categorised as follows:**

#### a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profits from short-term fluctuations in prices are classified as financial assets at fair value through profit or loss category. These include held for trading investments and such other investments that, upon initial recognition, are designated under this category.

#### b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

#### c) Available-for-sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as

(a) financial assets at fair value through profit or loss or

(b) loans and receivables. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.



### 3.2.2 Derivatives

These are measured at fair value. Derivatives with positive fair values (unrealised gains) are included in fair value of derivative asset and derivatives with negative fair values (unrealised losses) are included in fair value of derivative liability in the statement of assets and liabilities. The resultant gains and losses are included in the income statement.

### 3.2.3 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

### 3.2.4 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed out in the income statement.

### 3.2.5 Subsequent measurement

#### a) Financial assets 'at fair value through profit or loss' and 'available for sale'

Subsequent to initial recognition, financial instruments classified as 'at fair value through profit or loss' and 'available-for-sale' are measured at fair value.

Gains or losses arising, from changes in the fair value and on sale of the financial assets 'at fair value through profit or loss' are recognised in the Income Statement.

Changes in the fair value of financial instruments classified as 'available-for-sale' are recognised in other comprehensive income until derecognised or impaired, then the accumulated fair value adjustments recognised in other comprehensive income are included in the Income Statement.

#### Basis of valuation

- The fair value of investments in listed equity securities is determined by reference to Stock Exchange quoted market prices at the close of period end.

#### b) Loans and receivables

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortised cost using the effective yield method.

### 3.2.6 Impairment

The Fund assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets are impaired. The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

In the case of equity securities classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered as an objective evidence of impairment. In case of impairment of available for sale securities, the cumulative loss previously recognised in other comprehensive income is removed therefrom and included in the Income Statement. Impairment losses recognised in the income statement on equity securities are only reversed when the equity securities are derecognised.

For certain other financial assets, a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The provision against these amounts is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company in accordance with the requirements of the Securities and Exchange Commission of Pakistan. Impairment losses are recognised in the income statement.

### 3.2.7 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

### 3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

### 3.4 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### 3.5 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

### 3.6 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

### 3.7 Dividend distribution and appropriations

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

### 3.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, and charges on redemption, if applicable.

### 3.9 "Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed"

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

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

### 3.10 Net asset value per unit

The Net Asset Value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

### 3.11 Revenue recognition

- Gain or loss on sale of investment is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss arising on revaluation of investments classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Dividend income is recognised when the right to receive the dividend is established.
- Income on bank balances is recognised on an accrual basis.

### 3.12 Expenses

All expenses including management fee and trustee fee are recognised in the Income Statement on an accrual basis.

### 3.13 Earnings per unit

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

| 4 BANK BALANCES     | Note | 2017                 | 2016               |
|---------------------|------|----------------------|--------------------|
|                     |      | ----- (Rupees) ----- |                    |
| In savings accounts | 4.1  | 352,741,673          | 61,677,602         |
| In current accounts | 4.2  | 542,280,967          | 366,042,986        |
|                     |      | <u>895,022,640</u>   | <u>427,720,588</u> |

4.1 The rate of return on these accounts ranges from 3.37% to 5.60% (2016: 5.0% to 6.45%) per annum. It includes bank balance of Rs 28.409 million (2016: Rs 25.887 million) maintained with Bank Alfalah Limited - Islamic Banking Division (a related party).

4.2 This represents bank balance of Rs.542.281 million (2016: Rs.366.043 million) maintained with Bank Alfalah Limited - Islamic Banking Division (a related party).

| 5 INVESTMENTS                                                    | Note | 2016                 | 2015                 |
|------------------------------------------------------------------|------|----------------------|----------------------|
|                                                                  |      | ----- (Rupees) ----- |                      |
| <b>'At fair value through profit or loss' - held-for-trading</b> |      |                      |                      |
| Listed equity securities                                         | 5.1  | 8,534,455,977        | 1,591,628,460        |
| Real Estate Investment Trust units - listed                      | 5.2  | 5,430                | 5,426,557            |
|                                                                  |      | <u>8,534,461,407</u> | <u>1,597,055,017</u> |

#### 5.1 Investment in listed equity securities - 'at fair value through profit or loss' - held-for-trading

Ordinary shares have a face value of Rs. 10 each unless stated otherwise

| Name of the investee company                          | As at July 01, 2016 | Purchased during the year | Bonus / Right shares received during the year | Sold during the year | As at June 30, 2017 | As at June 30, 2017 |               |                            | Market value as a percentage of |                                   | Holding as a percentage of paid up capital of the investee company |
|-------------------------------------------------------|---------------------|---------------------------|-----------------------------------------------|----------------------|---------------------|---------------------|---------------|----------------------------|---------------------------------|-----------------------------------|--------------------------------------------------------------------|
|                                                       |                     |                           |                                               |                      |                     | Carrying value as   | Market value  | Appreciation/ (diminution) | Net assets of the fund          | Total market value of investments |                                                                    |
|                                                       |                     |                           |                                               |                      | (Number of shares)  | (Rupees)            |               |                            |                                 |                                   |                                                                    |
| <b>Fertilizer</b>                                     |                     |                           |                                               |                      |                     |                     |               |                            |                                 |                                   |                                                                    |
| Fauji Fertilizer Company Limited                      | 449,700             | 645,000                   | -                                             | 1,094,700            | -                   | -                   | -             | -                          | 0.00%                           | 0.00%                             | 0.00%                                                              |
| Engro Fertilizer Limited                              | 802,900             | 4,853,000                 | -                                             | 2,868,500            | 2,787,400           | 190,323,993         | 153,975,976   | (36,348,017)               | 1.69%                           | 1.80%                             | 0.21%                                                              |
| Dawood Hercules Corporation Limited                   | -                   | 1,331,400                 | -                                             | 93,300               | 1,238,100           | 187,838,147         | 168,827,316   | (19,010,831)               | 1.85%                           | 1.98%                             | 0.26%                                                              |
| Engro Corporation Limited                             | 348,000             | 2,072,900                 | -                                             | 976,800              | 1,444,100           | 514,514,791         | 470,646,631   | (43,868,160)               | 5.15%                           | 5.51%                             | 0.28%                                                              |
|                                                       |                     |                           |                                               |                      |                     | 892,676,931         | 793,449,923   | (99,227,008)               | 8.69%                           | 9.30%                             |                                                                    |
| <b>Cement</b>                                         |                     |                           |                                               |                      |                     |                     |               |                            |                                 |                                   |                                                                    |
| D.G Khan Cement Company Limited                       | 184,500             | 2,495,200                 | -                                             | 1,377,700            | 1,302,000           | 272,657,828         | 277,534,320   | 4,876,492                  | 3.04%                           | 3.25%                             | 0.30%                                                              |
| Fauji Cement Company Limited                          | 55,000              | 3,595,500                 | -                                             | 3,650,500            | -                   | -                   | -             | -                          | 0.00%                           | 0.00%                             | 0.00%                                                              |
| Kohat Cement Limited                                  | 210,900             | 186,700                   | -                                             | 397,600              | -                   | -                   | -             | -                          | 0.00%                           | 0.00%                             | 0.00%                                                              |
| Maple Leaf Cement Company Limited                     | -                   | 2,386,300                 | -                                             | 365,000              | 2,021,300           | 240,452,445         | 225,091,968   | (15,360,477)               | 2.47%                           | 2.64%                             | 0.38%                                                              |
| Pioneer Cement Limited                                | 603,500             | 1,837,400                 | -                                             | 1,475,000            | 965,900             | 136,090,478         | 125,567,000   | (10,523,478)               | 1.38%                           | 1.47%                             | 0.43%                                                              |
| Cherat Cement Company Limited                         | 18,000              | 2,416,500                 | -                                             | 1,298,400            | 1,136,100           | 210,232,156         | 203,111,958   | (7,120,198)                | 2.22%                           | 2.38%                             | 0.64%                                                              |
| Lucky Cement Limited                                  | 133,700             | 798,750                   | -                                             | 126,200              | 806,250             | 647,816,595         | 674,234,625   | 26,418,030                 | 7.38%                           | 7.90%                             | 0.25%                                                              |
| Fecto Cement Limited                                  | 275,000             | -                         | -                                             | 275,000              | -                   | -                   | -             | -                          | 0.00%                           | 0.00%                             | 0.00%                                                              |
|                                                       |                     |                           |                                               |                      |                     | 1,507,249,502       | 1,505,539,871 | (1,709,631)                | 16.49%                          | 17.64%                            |                                                                    |
| <b>Power generation and distribution</b>              |                     |                           |                                               |                      |                     |                     |               |                            |                                 |                                   |                                                                    |
| Hub Power Company Limited                             | 1,182,500           | 4,645,100                 | -                                             | 2,353,700            | 3,473,900           | 445,391,326         | 407,940,077   | (37,451,249)               | 4.47%                           | 4.78%                             | 0.30%                                                              |
| Kot Addu Power Company Limited                        | 883,000             | 1,090,000                 | -                                             | 1,973,000            | -                   | -                   | -             | -                          | 0.00%                           | 0.00%                             | 0.00%                                                              |
|                                                       |                     |                           |                                               |                      |                     | 445,391,326         | 407,940,077   | (37,451,249)               | 4.47%                           | 4.78%                             |                                                                    |
| <b>Oil and gas marketing companies</b>                |                     |                           |                                               |                      |                     |                     |               |                            |                                 |                                   |                                                                    |
| Hascol Petroleum Limited                              | 112,408             | 270,800                   | -                                             | 105,000              | 278,208             | 94,482,555          | 94,896,749    | 414,194                    | 1.04%                           | 1.11%                             | 0.23%                                                              |
| Pakistan State Oil Company Limited                    | 144,400             | 594,300                   | -                                             | 264,000              | 474,700             | 192,578,288         | 183,875,045   | (8,703,243)                | 2.01%                           | 2.15%                             | 0.17%                                                              |
| Hi-Tech Lubricants Limited                            | -                   | 2,476,000                 | -                                             | 2,476,000            | -                   | -                   | -             | -                          | 0.00%                           | 0.00%                             | 0.00%                                                              |
| Attock Petroleum Limited                              | -                   | 268,000                   | -                                             | 128,450              | 139,550             | 87,942,270          | 87,418,307    | (523,963)                  | 0.96%                           | 1.02%                             | 0.17%                                                              |
| Shell Pakistan Limited                                | -                   | 153,200                   | -                                             | -                    | 153,200             | 97,576,843          | 88,146,684    | (9,430,159)                | 0.97%                           | 1.03%                             | 0.14%                                                              |
| Sui Northern Gas Pipelines Limited                    | -                   | 6,589,500                 | -                                             | 3,805,500            | 2,784,000           | 257,244,851         | 414,593,280   | 157,348,429                | 4.54%                           | 4.86%                             | 0.44%                                                              |
|                                                       |                     |                           |                                               |                      |                     | 729,824,807         | 868,930,065   | 139,105,258                | 9.52%                           | 10.18%                            |                                                                    |
| <b>Automobile parts and accessories</b>               |                     |                           |                                               |                      |                     |                     |               |                            |                                 |                                   |                                                                    |
| Thal Limited (Face value of Rs. 5 per share)          | -                   | 841,900                   | -                                             | 220,400              | 621,500             | 315,024,631         | 376,647,645   | 61,623,014                 | 4.13%                           | 4.41%                             | 0.77%                                                              |
| The General Tyre & Rubber Company of Pakistan Limited | 230,800             | 970,800                   | -                                             | 582,200              | 619,400             | 200,879,524         | 187,987,900   | (12,891,624)               | 2.06%                           | 2.20%                             | 1.04%                                                              |
|                                                       |                     |                           |                                               |                      |                     | 515,904,155         | 564,635,545   | 48,731,390                 | 6.18%                           | 6.62%                             |                                                                    |
| <b>Oil and gas exploration companies</b>              |                     |                           |                                               |                      |                     |                     |               |                            |                                 |                                   |                                                                    |
| Oil & Gas Development Company Limited                 | 1,106,000           | 5,083,700                 | -                                             | 2,407,800            | 3,781,900           | 582,786,127         | 532,075,511   | (50,710,616)               | 5.83%                           | 6.23%                             | 0.09%                                                              |
| Attock Refinery Limited                               | 127,500             | 257,800                   | -                                             | 385,300              | -                   | -                   | -             | -                          | 0.00%                           | 0.00%                             | 0.00%                                                              |
| Pakistan Oilfields Limited                            | 235,900             | 1,016,200                 | -                                             | 580,000              | 672,100             | 303,565,282         | 307,922,615   | 4,357,333                  | 3.37%                           | 3.61%                             | 0.28%                                                              |
| Pakistan Petroleum Limited                            | 456,700             | 3,446,600                 | -                                             | 1,574,800            | 2,328,500           | 381,389,030         | 344,943,990   | (36,445,040)               | 3.78%                           | 4.04%                             | 0.12%                                                              |
| National Refinery Limited                             | 145,300             | 462,700                   | -                                             | 608,000              | -                   | -                   | -             | -                          | 0.00%                           | 0.00%                             | 0.00%                                                              |
| Mari Petroleum Company Limited                        | 89,150              | 286,550                   | -                                             | 128,070              | 247,630             | 259,086,633         | 390,175,733   | 131,089,100                | 4.27%                           | 4.57%                             | 0.22%                                                              |
|                                                       |                     |                           |                                               |                      |                     | 1,526,827,072       | 1,575,117,849 | 48,290,777                 | 17.25%                          | 18.46%                            |                                                                    |

| Name of the investee company               | As at July 01, 2016 | Purchased during the year | Bonus / Right shares received during the year | Sold during the year | As at June 30, 2017 | As at June 30, 2017 |              |                            | Market value as a percentage of |                                   | Holding as a percentage of paid up capital of the investee company |
|--------------------------------------------|---------------------|---------------------------|-----------------------------------------------|----------------------|---------------------|---------------------|--------------|----------------------------|---------------------------------|-----------------------------------|--------------------------------------------------------------------|
|                                            |                     |                           |                                               |                      |                     | Carrying value as   | Market value | Appreciation/ (diminution) | Net assets of the fund          | Total market value of investments |                                                                    |
|                                            |                     |                           |                                               |                      |                     | (Number of shares)  |              |                            | (Rupees)                        |                                   |                                                                    |
| <b>Automobile assembler</b>                |                     |                           |                                               |                      |                     |                     |              |                            |                                 |                                   |                                                                    |
| Honda Atlas Cars (Pakistan) Limited        | -                   | 227,900                   | -                                             | 8,400                | 219,500             | 167,952,927         | 190,457,955  | 22,505,028                 | 2.09%                           | 2.23%                             | 0.15%                                                              |
| Pak Suzuki Motor Company Limited           | -                   | 571,700                   | -                                             | 278,150              | 293,550             | 162,682,332         | 229,074,678  | 66,392,346                 | 2.51%                           | 2.68%                             | 0.36%                                                              |
|                                            |                     |                           |                                               |                      |                     | 330,635,259         | 419,532,633  | 88,897,374                 | 4.60%                           | 4.92%                             |                                                                    |
| <b>Textile composite</b>                   |                     |                           |                                               |                      |                     |                     |              |                            |                                 |                                   |                                                                    |
| Nishat Mills Limited                       | 610,500             | 4,123,700                 | -                                             | 2,575,500            | 2,158,700           | 313,580,399         | 342,542,516  | 28,962,117                 | 3.75%                           | 4.01%                             | 0.61%                                                              |
| Kohinoor Textile Mills Limited             | 775,725             | 547,500                   | -                                             | 1,321,500            | 1,725               | 149,920             | 181,349      | 31,429                     | 0.00%                           | 0.00%                             | 0.00%                                                              |
|                                            |                     |                           |                                               |                      |                     | 313,730,319         | 342,723,865  | 28,993,546                 | 3.75%                           | 4.02%                             |                                                                    |
| <b>Engineering</b>                         |                     |                           |                                               |                      |                     |                     |              |                            |                                 |                                   |                                                                    |
| Crescent Steel and Allied products Limited | 224,350             | 627,000                   | -                                             | 292,000              | 559,350             | 134,976,870         | 133,444,130  | (1,532,740)                | 1.46%                           | 1.56%                             | 0.72%                                                              |
| International Industries limited           | -                   | 1,567,100                 | -                                             | 823,400              | 743,700             | 157,853,390         | 274,105,509  | 116,252,119                | 3.00%                           | 3.21%                             | 0.62%                                                              |
| International Steels Limited               | -                   | 2,881,500                 | -                                             | 932,000              | 1,949,500           | 214,936,522         | 249,321,555  | 34,385,033                 | 2.73%                           | 2.92%                             | 0.45%                                                              |
| Amreli Steel Limited                       | 6,500               | 2,442,000                 | -                                             | 1,216,000            | 1,232,500           | 78,230,090          | 151,535,875  | 73,305,785                 | 1.66%                           | 1.78%                             | 0.41%                                                              |
|                                            |                     |                           |                                               |                      |                     | 585,996,872         | 808,407,069  | 222,410,197                | 8.85%                           | 9.47%                             |                                                                    |
| <b>Sugar and allied industries</b>         |                     |                           |                                               |                      |                     |                     |              |                            |                                 |                                   |                                                                    |
| Faran Sugar Mills Limited                  | 32,500              | -                         | -                                             | 32,500               | -                   | -                   | -            | -                          | 0.00%                           | 0.00%                             | 0.00%                                                              |
| <b>Pharmaceuticals</b>                     |                     |                           |                                               |                      |                     |                     |              |                            |                                 |                                   |                                                                    |
| The Searle Company Limited                 | 86,080              | 654,550                   | 78,819                                        | 423,050              | 396,399             | 207,899,027         | 202,948,360  | (4,950,667)                | 2.22%                           | 2.38%                             | 0.26%                                                              |
| Ferozsons Laboratories Limited             | 15,250              | 5,050                     | -                                             | 20,300               | -                   | -                   | -            | -                          | 0.00%                           | 0.00%                             | 0.00%                                                              |
| Highnoon Laboratories Limited              | 1,000               | 73,600                    | 6                                             | 74,600               | 6                   | 3,155               | 3,758        | 603                        | 0.00%                           | 0.00%                             | 0.00%                                                              |
| GlaxoSmithKline Pakistan Limited           | -                   | 500                       | -                                             | 500                  | -                   | -                   | -            | -                          | 0.00%                           | 0.00%                             | 0.00%                                                              |
| Abbott Laboratories Pakistan Limited       | -                   | 171,100                   | -                                             | 70,500               | 100,600             | 83,693,989          | 94,020,760   | 10,326,771                 | 1.03%                           | 1.10%                             | 0.10%                                                              |
|                                            |                     |                           |                                               |                      |                     | 291,596,171         | 296,972,878  | 5,376,707                  | 3.25%                           | 3.48%                             |                                                                    |
| <b>Cable and electrical goods</b>          |                     |                           |                                               |                      |                     |                     |              |                            |                                 |                                   |                                                                    |
| Pak Elektron Limited                       | 11,250              | -                         | -                                             | 5,000                | 6,250               | 404,063             | 689,500      | 285,437                    | 0.01%                           | 0.01%                             | 0.00%                                                              |
| <b>Food and personal care products</b>     |                     |                           |                                               |                      |                     |                     |              |                            |                                 |                                   |                                                                    |
| Al Shaheer Corporation Limited             | 36,500              | 2,403,000                 | 5,475                                         | 2,444,500            | 475                 | 24,225              | 19,052       | (5,173)                    | 0.00%                           | 0.00%                             | 0.00%                                                              |
| Treet Corporation Limited                  | -                   | 2,332,000                 | -                                             | 429,000              | 1,903,000           | 122,840,211         | 108,242,640  | (14,597,571)               | 1.19%                           | 1.27%                             | 1.34%                                                              |
|                                            |                     |                           |                                               |                      |                     | 122,864,436         | 108,261,692  | (14,602,744)               | 1.19%                           | 1.27%                             |                                                                    |
| <b>Commercial Banks</b>                    |                     |                           |                                               |                      |                     |                     |              |                            |                                 |                                   |                                                                    |
| Meezan Bank Limited                        | -                   | 4,083,500                 | -                                             | 1,958,500            | 2,125,000           | 128,224,470         | 167,875,000  | 39,650,530                 | 1.84%                           | 1.97%                             | 0.21%                                                              |
| <b>Glass and Ceramics</b>                  |                     |                           |                                               |                      |                     |                     |              |                            |                                 |                                   |                                                                    |
| Ghani Glass Limited                        | -                   | 678,500                   | -                                             | 678,500              | -                   | -                   | -            | -                          | 0.00%                           | 0.00%                             | 0.00%                                                              |
| <b>Chemical</b>                            |                     |                           |                                               |                      |                     |                     |              |                            |                                 |                                   |                                                                    |
| Ghani Gases Limited                        | -                   | 1,782,000                 | -                                             | 1,782,000            | -                   | -                   | -            | -                          | 0.00%                           | 0.00%                             | 0.00%                                                              |
| Engro Polymer & Chemicals Limited          | -                   | 5,348,000                 | -                                             | -                    | 5,348,000           | 200,923,457         | 195,202,000  | (5,721,457)                | 2.14%                           | 2.29%                             | 0.81%                                                              |
| ICI Pakistan Limited                       | -                   | 130,100                   | -                                             | 4,000                | 126,100             | 120,961,105         | 138,022,755  | 17,061,650                 | 1.51%                           | 1.62%                             | 0.14%                                                              |
|                                            |                     |                           |                                               |                      |                     | 321,884,562         | 333,224,755  | 11,340,193                 | 3.65%                           | 3.90%                             |                                                                    |

| Name of the investee company | As at July 01, 2016 | Purchased during the year | Bonus / Right shares received during the year | Sold during the year | As at June 30, 2017 | As at June 30, 2017 |              |                            | Market value as a percentage of |                                   | Holding as a percentage of paid up capital of the investee company |               |             |
|------------------------------|---------------------|---------------------------|-----------------------------------------------|----------------------|---------------------|---------------------|--------------|----------------------------|---------------------------------|-----------------------------------|--------------------------------------------------------------------|---------------|-------------|
|                              |                     |                           |                                               |                      |                     | Carrying value as   | Market value | Appreciation/ (diminution) | Net assets of the fund          | Total market value of investments |                                                                    |               |             |
|                              |                     |                           |                                               |                      |                     | (Number of shares)  |              |                            | (Rupees)                        |                                   |                                                                    |               |             |
| <b>Miscellaneous</b>         |                     |                           |                                               |                      |                     |                     |              |                            |                                 |                                   |                                                                    |               |             |
| Synthetic Products Limited   | -                   | 2,101,000                 | 182,450                                       | 1,189,500            | 1,093,950           | 66,750,496          | 82,538,528   | 15,788,032                 | 0.90%                           | 0.97%                             | 1.29%                                                              |               |             |
| <b>Paper and board</b>       |                     |                           |                                               |                      |                     |                     |              |                            |                                 |                                   |                                                                    |               |             |
| Packages Limited             | 67,200              | 369,350                   | -                                             | 64,750               | 371,800             | 277,445,622         | 258,616,727  | (18,828,895)               | 2.83%                           | 3.03%                             | 0.42%                                                              |               |             |
| <b>As at June 30, 2017</b>   |                     |                           |                                               |                      |                     | 9,661,713           | 84,192,450   | 266,750                    | 48,215,070                      | 45,905,843                        | 8,057,406,063                                                      | 8,534,455,977 | 477,049,914 |
| <b>As at June 30, 2016</b>   |                     |                           |                                               |                      |                     | 4,541,790           | 16,728,850   | 99,873                     | 11,708,800                      | 9,661,713                         | 1,469,855,657                                                      | 1,591,628,460 | 121,772,803 |

**5.1.1** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001. As a result of these amendments, companies are liable to withhold bonus shares at the rate of 5 percent. In accordance with the requirement of the Ordinance these shares shall only be released if the fund deposit tax equivalent to 5% of the value of the bonus shares issued. The value of tax is computed on the basis of day-end price on the first day of book closure.

In this regard, a constitutional petition has been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs, which is pending adjudication. The petition is based on the fact that because CISs are exempt from deduction of income tax under Clause 99 of Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should not be applicable on bonus shares received by CISs. A stay order has been granted by the High Court of Sindh in favour of CISs.

As at June 30, 2017, the following bonus shares of the Fund were withheld by certain companies at the time of declaration. The Fund has included these shares in its portfolio, as the management believes that the decision of the constitutional petition will be in favour of the CISs.

| Name of investee Company      | 2017          |                  | 2016         |                  |
|-------------------------------|---------------|------------------|--------------|------------------|
|                               | Bonus Shares  |                  |              |                  |
|                               | Number        | Market value     | Number       | Market value     |
| Hascol Petroleum              | 3,071         | 1,047,518        | 3,071        | 599,981          |
| Kohinoor Textile              | 1,287         | 135,302          | 1,287        | 102,999          |
| The Searle Company            | 5,618         | 2,876,304        | 1,251        | 670,724          |
| Highnoon Laboratories Limited | 1             | 626              | -            | -                |
| Al Shaheer Corporation Ltd.   | 274           | 10,990           | -            | -                |
| Synthetic Products Limited    | 9,123         | 688,330          | -            | -                |
|                               | <u>19,374</u> | <u>4,759,071</u> | <u>5,609</u> | <u>1,373,704</u> |

5.1.2 The above investments include shares having a market value (in aggregate) amounting to Rs. 130.220 million (June 30, 2016: Rs. 47.447 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated October 23, 2007 issued by the Securities & Exchange Commission of Pakistan. The details of shares which have been pledged are as follows:

| Name of investee Company        | 2017             | 2016           | 2017               | 2016              |
|---------------------------------|------------------|----------------|--------------------|-------------------|
|                                 | Number of shares |                | Rupees in '000'    |                   |
| D.G Khan Cement Company Limited | 60,000           | 60,000         | 12,789,600         | 11,429,400        |
| The Hub Power Company Limited   | 1,000,000        | 300,000        | 117,430,000        | 36,018,000        |
|                                 | <u>1,060,000</u> | <u>360,000</u> | <u>130,219,600</u> | <u>47,447,400</u> |

5.2 Real estate investment trust units - quoted - 'at fair value through profit or loss' - held-for-trading

| Name of the investee company                | As at July 01, 2016 | Purchased during the year | Bonus / Right shares received during the year | Sold during the year | As at June 30, 2017 | As at June 30, 2017 |              |                            | Market value as a percentage of |                                   | Holding as a percentage of paid up capital of the investee company |
|---------------------------------------------|---------------------|---------------------------|-----------------------------------------------|----------------------|---------------------|---------------------|--------------|----------------------------|---------------------------------|-----------------------------------|--------------------------------------------------------------------|
|                                             |                     |                           |                                               |                      |                     | Carrying value as   | Market value | Appreciation/ (diminution) | Net assets of the fund          | Total market value of investments |                                                                    |
|                                             |                     |                           |                                               |                      |                     | (Number of units)   | (Rupees)     |                            |                                 |                                   |                                                                    |
| Dolmen City REIT (face value of Rs.10 each) | 502,459             | -                         | -                                             | 502,000              | 459                 | 4,957               | 5,430        | 473                        | 0.00%                           | 0.00%                             | 0.00%                                                              |
| As at June 30, 2017                         | 502,459             | -                         | -                                             | 502,000              | 459                 | 4,957               | 5,430        | 473                        |                                 |                                   |                                                                    |
| As at June 30, 2016                         | 502,459             | -                         | -                                             | -                    | 502,459             | 5,532,074           | 5,426,557    | (105,517)                  |                                 |                                   |                                                                    |

5.3 Unrealised gain on revaluation of investments classified as 'at fair value through profit or loss' - held-for-trading - net

|                                     | 2017                   | 2016                   |
|-------------------------------------|------------------------|------------------------|
|                                     | (Rupees)               |                        |
| Market value of investments         | 8,534,461,407          | 1,597,055,017          |
| Less: carrying value of investments | <u>(8,057,411,020)</u> | <u>(1,475,387,731)</u> |
|                                     | <u>477,050,387</u>     | <u>121,667,286</u>     |

6 SECURITY DEPOSITS

|                                                       |                  |                  |
|-------------------------------------------------------|------------------|------------------|
| Central Depository Company of Pakistan Limited (CDC)  | 100,000          | 100,000          |
| National Clearing Company of Pakistan Limited (NCCPL) | <u>2,500,000</u> | <u>2,500,000</u> |
|                                                       | <u>2,600,000</u> | <u>2,600,000</u> |

7 DIVIDEND, PROFIT AND OTHER RECEIVABLE

|                                    | 2017              | 2016             |
|------------------------------------|-------------------|------------------|
|                                    | (Rupees)          |                  |
| Dividend receivable                | 26,604,735        | 5,294,374        |
| Profit receivable on bank balances | 3,935,236         | 580,753          |
| Security margin with NCCPL         | <u>682,163</u>    | <u>682,162</u>   |
|                                    | <u>31,222,134</u> | <u>6,557,289</u> |



|                                                        | Note | 2017<br>----- (Rupees) ----- | 2016<br>-----     |
|--------------------------------------------------------|------|------------------------------|-------------------|
| <b>8 PAYABLE TO THE MANAGEMENT COMPANY</b>             |      |                              |                   |
| Management remuneration payable                        | 8.1  | 15,295,144                   | 3,126,287         |
| Sindh sales tax payable on management remuneration     | 8.2  | 2,777,329                    | 1,227,703         |
| Federal excise duty payable on management remuneration | 8.3  | 5,412,371                    | 5,412,371         |
| Payable against allocated expenses                     | 8.4  | 4,298,571                    | 454,270           |
| Payable against selling and marketing expenses         | 8.5  | 3,714,474                    | -                 |
| Sales load payable                                     |      | <u>1,689,737</u>             | <u>6,149,536</u>  |
|                                                        |      | <u>33,187,626</u>            | <u>16,370,167</u> |

**8.1** The Management Company has charged remuneration at a rate of 2% of average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.

**8.2** During the year, Sindh Sales Tax on management remuneration has been charged at 13%.

**8.3** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On September 4, 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 5.412 million (2016: Rs. 5.412 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2017 would have been higher by Re 0.04 per unit (2016: Re 0.17 per unit).

**8.4** In accordance with the provisions of the NBFC Regulations, 2008 (as amended vide S.R.O 1160(I) / 2015 dated November 25, 2015), the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund upto a maximum of 0.1% of the average annual net assets of the Scheme or actual, whichever is less.

**8.5** In accordance with Regulation 60(3)(v) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Securities and Exchange Commission of Pakistan (SECP) has issued circular no. 40 of 2016 dated December 30, 2016 (later amended vide circular no. 05 of 2017 dated February 13, 2017) whereby it has prescribed certain conditions on Asset Management Companies (AMCs) for charging selling and marketing expenses to collective investment schemes (CISs). In accordance with the provisions contained in these circulars, selling and marketing expenses will be allowed initially for a period of three years (from January 1, 2017 till December 31, 2019) to be charged to open end equity, asset allocation and index funds upto a maximum of 0.4% per annum of net assets of the fund or actual expenses, whichever is less. The circulars also state that AMCs will only be allowed to charge these expenses on their CISs if they open at least two new branches in cities except Karachi, Lahore, Islamabad and Rawalpindi by June 30, 2017.

The SECP has also provided certain guidelines in the above mentioned circulars for the allocation of expenses to the fund, which prescribe that selling and marketing expenses can only be used in respect of the following:

1. cost pertaining to opening and maintenance of new branches by asset management companies in cities except Karachi, Lahore, Islamabad and Rawalpindi,
2. payment of salaries to sales team posted at new branches,
3. payment of commission to sales team and distributors in all cities of Pakistan, and
4. payment of advertising and publicity of these funds.

In addition, the above circulars also specify that asset management companies which intend to charge the above mentioned expenses to the funds, shall submit their annual plan to their Board of Directors for approval which amongst others, shall state the name of funds in which such expenses will be charged and nature of expenses that will be charged.

Keeping in view the aforementioned guidelines provided by SECP, the Board of Directors of the Management Company have approved the plan as required by the above mentioned circular in March 2017 and have approved selling and marketing expenses to be charged to the Fund. Furthermore, in respect of the above, two new branches have been opened in Faisalabad and Multan before June 30, 2017 in order to comply with the requirements of the above mentioned circulars.



The management has also carried out an exercise to identify expenses of the Management Company (on the basis of criteria mentioned in the above circular) that can be charged to the Fund. As the actual expenses incurred by the Management Company that are allowable to be allocated to the Fund for the year ended June 30, 2017 are higher than 0.4% per annum of net assets of the Fund. Accordingly, with effect from May 26, 2017 the Management Company has charged expenses at the rate of 0.4% per annum of net assets of the Fund being lower than actual expenses chargeable to the Fund for the year.

| <b>9 PAYABLE TO THE TRUSTEE</b>                 | <b>Note</b> | <b>2017</b>          | <b>2016</b> |
|-------------------------------------------------|-------------|----------------------|-------------|
|                                                 |             | ----- (Rupees) ----- |             |
| Trustee remuneration payable                    | 9.1         | 846,592              | 330,464     |
| Sindh Sales tax payable on trustee remuneration | 9.2         | 110,057              | 71,492      |
|                                                 |             | 956,649              | 401,956     |

9.1 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 NAV of the Fund. The remuneration is payable to the Trustee according to the following tariff structure:

| <b>Average net asset value</b> | <b>Tariff per annum</b>                                              |
|--------------------------------|----------------------------------------------------------------------|
| Up to Rs.1 billion             | Rs.0.7 million or 0.20% p.a. of net assets whichever is higher.      |
| Over Rs.1 billion              | Rs.2.0 million plus 0.10% p.a. of net assets exceeding Rs.1 billion. |

9.2 During the year, Sindh Sales Tax on trustee remuneration has been charged at 13%.

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

Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.095 percent of the average annual net assets of the Fund.

| <b>11 ACCRUED AND OTHER LIABILITIES</b>              | <b>Note</b> | <b>2017</b>          | <b>2016</b> |
|------------------------------------------------------|-------------|----------------------|-------------|
|                                                      |             | ----- (Rupees) ----- |             |
| Provision against Sindh Workers' Welfare Fund (SWWF) | 11.1        | 45,637,296           | -           |
| Provision against Workers' Welfare Fund (WWF)        | 11.1        | -                    | 10,801,934  |
| Auditors' remuneration                               |             | 577,928              | 562,525     |
| Brokerage payable                                    |             | 2,809,654            | 2,341,002   |
| Settlement charges                                   |             | 30,135               | 30,393      |
| Withholding tax payable                              |             | 47,560,877           | 13,005,814  |
| Charity payable                                      | 11.2        | 2,681,344            | 496,329     |
| Shariah advisory fee                                 |             | 279,745              | 350,000     |
| Capital value tax payable                            |             | 195,080              | 130,127     |
| Federal excise duty                                  |             | 381,494              | 339,182     |
| Sales load payable                                   |             | 14,760,395           | 1,526,051   |
| Annual rating fee                                    |             | 3,630                | -           |
| Other liabilities                                    |             | 33,161               | 33,155      |
|                                                      |             | 114,950,739          | 29,616,512  |

11.1 The Finance Act, 2008 had introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeded Rs 0.5 million in a tax year were 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 was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court (SHC) challenging the applicability of WWF on CISs which is pending adjudication. Similar cases were disposed of by the Peshawar and the Lahore High Courts in which these amendments were declared unlawful and unconstitutional. However, these decisions were challenged in the Supreme Court of Pakistan.

Subsequently, the Finance Act, 2015 introduced an amendment under which CISs / mutual funds have been excluded from the definition of "industrial establishment" subject to WWF under the WWF Ordinance. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable from tax year 2016. Accordingly, no further provision in respect of WWF was made with effect from July 1, 2015.

On November 10, 2016 the Supreme Court of Pakistan (SCP) has passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter are still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) has taken legal and tax opinions on the impact of the SCP judgement on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

Furthermore, as a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds, MUFAP had recommended the following to all its members on January 12, 2017:

- based on legal opinion, the entire provision against WWF held by the CISs till June 30 2015, to be reversed on January 12, 2017; and
- as a matter of abundant caution provision in respect of SWWF is being made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e., starting from May 21, 2015).

Accordingly, on January 12, 2017 the provision for WWF was reversed and the provision for SWWF was made for the period from May 21, 2015 to January 12, 2017. Thereafter, the provision for SWWF is being made by the Fund on a daily basis going forward.

The above decisions were communicated to the Securities and Exchange Commission of Pakistan (SECP) and the Pakistan Stock Exchange Limited on January 12, 2017. The SECP vide its letter dated February 1, 2017 had advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs / mutual funds. Accordingly, necessary adjustments in this respect were recorded in the books of the Funds on January 12, 2017.

Had the provision for SWWF not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2017 would have been higher by Rs 0.36 per unit.

- 11.2** According to the instructions of the Shariah Advisory Board, any income earned by the Fund from investments a portion of which has been made in non-shariah compliant avenues, such portion of the income of the Fund from that investee should be donated for charitable purposes directly by the Fund.

**12. PAYABLE AGAINST PURCHASE OF INVESTMENTS**

This represents payable against purchase of investments which requires delivery and settlement / payment of securities within two days after transaction date as required by stock exchange regulations. These amounts have been paid subsequent to the year ended June 30, 2017.

**13. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at June 30, 2017.

**14 AUDITORS' REMUNERATION**

|                                | <b>2017</b>          | <b>2016</b>    |
|--------------------------------|----------------------|----------------|
|                                | ----- (Rupees) ----- |                |
| Audit fee                      | 488,455              | 323,675        |
| Review and other certification | 87,687               | 252,467        |
| Sindh Sales tax                | 34,569               | 34,569         |
| Out of pocket expenses         | 65,600               | 72,017         |
|                                | <u>676,311</u>       | <u>682,728</u> |

**15. TOTAL EXPENSE RATIO**

The total expense ratio of the Fund for the year ended June 30, 2017 is 3.66% which includes 1.27% representing Government levy, Workers' Welfare Fund and SECP fee.

**16. TAXATION**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations, requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Management Company has distributed the income earned by the Fund during the year to the unit holders in the manner as explained above, no provision for taxation has been in these financial statements.

**17 CASH AND CASH EQUIVALENTS**

**2017**                      **2016**  
----- (Rupees) -----

|               |             |             |
|---------------|-------------|-------------|
| Bank balances | 895,022,640 | 427,720,588 |
|---------------|-------------|-------------|

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

Connected persons / related parties include Alfalah GHP Investment Management Limited being the Management Company, Funds under management of the Management Company, Bank Alfalah Limited, GHP Beteilligungen Holding Limited and MAB Investment Incorporated being associated companies of Management Company, Bank Alfalah Limited - Employees' Provident Fund, Bank Alfalah Limited - Employees' Gratuity Fund, Alfalah GHP Investment Management Limited - Staff Provident Fund ,directors and key management personnel of Alfalah GHP Investment Management Limited and Central Depository Company of Pakistan Limited (CDC) being the trustee of the Fund, and other associated companies and connected persons. Connected persons also includes any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund. The transactions with connected persons are in the normal course of business and at contractual rates.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investment and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

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

**18.1 Unit Holder's Fund**

| Note                                                     | June 30, 2017          |                                                        |                        |                                                |                        |                        |                                                        |                        |                                                |                                              |               |
|----------------------------------------------------------|------------------------|--------------------------------------------------------|------------------------|------------------------------------------------|------------------------|------------------------|--------------------------------------------------------|------------------------|------------------------------------------------|----------------------------------------------|---------------|
|                                                          | As at<br>July 01, 2016 | Issued<br>for cash /<br>conversion in /<br>transfer in | Dividend<br>Reinvested | Redeemed /<br>conversion out /<br>transfer out | As at June 30,<br>2017 | As at<br>July 01, 2016 | Issued<br>for cash /<br>conversion in /<br>transfer in | Dividend<br>Reinvested | Redeemed /<br>conversion out /<br>transfer out | Net asset<br>value as<br>at June<br>30, 2017 |               |
|                                                          | ----- (Units) -----    |                                                        |                        |                                                | ----- (Rupees) -----   |                        |                                                        |                        |                                                |                                              |               |
| <b>Associated companies / undertakings</b>               |                        |                                                        |                        |                                                |                        |                        |                                                        |                        |                                                |                                              |               |
| Bank Alfalah Limited - Islamic Banking Division          | 18.1.1                 | 5,590,077                                              | -                      | -                                              | 5,590,077              | -                      | 356,877,660                                            | -                      | -                                              | 467,178,405                                  | -             |
| Alfalah GHP Prosperity Planning Fund                     | 18.1.1                 | 328,368                                                | 1,723,952              | 107,199                                        | 916,701                | 1,242,817              | 20,963,418                                             | 115,000,000            | 7,963,359                                      | 64,500,000                                   | 90,505,569    |
| Alfalah GHP Islamic Prosperity Planning Fund *           | 18.1.1                 | 2,192,553                                              | 48,202,297             | 3,867,366                                      | 9,425,575              | 44,836,642             | 139,975,443                                            | 3,376,000,000          | 287,290,990                                    | 694,500,000                                  | 3,265,134,261 |
| <b>Key management personnel (Employees)</b>              |                        |                                                        |                        |                                                |                        |                        |                                                        |                        |                                                |                                              |               |
| Head of marketing                                        | 18.1.1                 | 11,112                                                 | -                      | 766                                            | 3,084                  | 8,794                  | 709,391                                                | -                      | 56,874                                         | 207,109                                      | 640,383       |
| Chief investment officer                                 | 18.1.1                 | 10,180                                                 | 29,793                 | 1,900                                          | 20,046                 | 21,828                 | 649,886                                                | 2,340,000              | 141,171                                        | 1,532,931                                    | 1,589,548     |
| Head of compliance and risk management                   | 18.1.1                 | 6                                                      | -                      | 1                                              | 0                      | 6                      | 366                                                    | -                      | 40                                             | 5                                            | 452           |
| Head of investment advisory and senior portfolio manager | 18.1.1                 | 3,443                                                  | 2,831                  | 255                                            | 3,599                  | 2,930                  | 219,816                                                | 240,000                | 18,951                                         | 247,452                                      | 213,387       |
| Head of administration                                   | 18.1.1                 | -                                                      | 9,136                  | 808                                            | 664                    | 9,280                  | -                                                      | 750,000                | 60,018                                         | 57,502                                       | 675,797       |
| Head of finance                                          | 18.1.1                 | -                                                      | 11,303                 | 213                                            | 9,070                  | 2,446                  | -                                                      | 832,890                | 15,823                                         | 706,563                                      | 178,125       |
| <b>June 30, 2016</b>                                     |                        |                                                        |                        |                                                |                        |                        |                                                        |                        |                                                |                                              |               |
|                                                          | As at<br>July 01, 2015 | Issued<br>for cash /<br>conversion in /<br>transfer in | Dividend<br>Reinvested | Redeemed /<br>conversion out /<br>transfer out | As at June 30,<br>2016 | As at<br>July 01, 2015 | Issued<br>for cash /<br>conversion in /<br>transfer in | Dividend<br>Reinvested | Redeemed /<br>conversion out /<br>transfer out | Net asset<br>value as<br>at June<br>30, 2016 |               |
|                                                          | ----- (Units) -----    |                                                        |                        |                                                | ----- (Rupees) -----   |                        |                                                        |                        |                                                |                                              |               |
| <b>Associated companies / undertakings</b>               |                        |                                                        |                        |                                                |                        |                        |                                                        |                        |                                                |                                              |               |
| Bank Alfalah Limited - Islamic Banking Division          | 5,590,077              | -                                                      | 726,790                | 726,790                                        | 5,590,077              | 335,189,205            | -                                                      | 45,319,874             | 45,319,874                                     | 356,877,783                                  |               |
| <b>Other Related Parties</b>                             |                        |                                                        |                        |                                                |                        |                        |                                                        |                        |                                                |                                              |               |
| Alfalah GHP Prosperity Planning Fund                     | -                      | 1,954,275                                              | 75,561                 | 1,701,469                                      | 328,367                | -                      | 129,889,219                                            | 4,711,696              | 120,557,155                                    | 20,963,376                                   |               |
| Alfalah GHP Islamic Prosperity Planning Fund             | -                      | 7,683,790                                              | -                      | 5,491,237                                      | 2,192,553              | -                      | 565,796,107                                            | -                      | 410,449,884                                    | 139,975,434                                  |               |
| <b>Key Management Personnel</b>                          |                        |                                                        |                        |                                                |                        |                        |                                                        |                        |                                                |                                              |               |
| Head of Marketing                                        | -                      | 9,955                                                  | 2,128                  | 971                                            | 11,112                 | -                      | 733,248                                                | 132,665                | 35,526                                         | 709,405                                      |               |
| Chief Investment Officer                                 | -                      | 15,097                                                 | -                      | 4,918                                          | 10,179                 | -                      | 986,251                                                | -                      | 374,423                                        | 649,841                                      |               |
| Head of Compliance & Risk Management                     | -                      | 76                                                     | 1                      | 72                                             | 5                      | -                      | 5,191                                                  | 68                     | 5,195                                          | 319                                          |               |
| Head of Investment Advisory & Senior Portfolio Manager   | -                      | 3,166                                                  | 509                    | 232                                            | 3,443                  | -                      | 212,822                                                | 31,759                 | 9,875                                          | 219,806                                      |               |
| <b>Unit holder holding 10% or more Units</b>             |                        |                                                        |                        |                                                |                        |                        |                                                        |                        |                                                |                                              |               |
| Archroma Pakistan Limited - Employees Gratuity Fund      | -                      | 284,195                                                | 73,899                 | 36,949                                         | 321,145                | -                      | 20,764,564                                             | 4,608,046              | 772,693                                        | 20,502,314                                   |               |
| Pakistan Mobile Communication Limited - Provident Fund   | -                      | 164,683                                                | 37,202                 | 16,059                                         | 185,826                | -                      | 11,500,000                                             | 2,319,806              | 455,503                                        | 11,863,373                                   |               |
| Lahore University of Management Sciences                 | -                      | 323,984                                                | 84,245                 | 42,123                                         | 366,106                | -                      | 21,842,658                                             | 5,253,202              | 802,830                                        | 23,372,683                                   |               |
| Siddiq Leather Works (Private) Limited                   | 602,230                | 3,190,896                                              | 691,356                | 873,620                                        | 3,610,862              | 36,110,614             | 227,801,046                                            | 43,110,348             | 51,964,014                                     | 230,522,124                                  |               |
| TCS (Private) Limited - Provident Fund                   | -                      | 156,837                                                | 2,971                  | 144,292                                        | 15,516                 | -                      | 10,190,788                                             | 185,246                | 10,393,550                                     | 990,562                                      |               |
| Fauji Fertilizer Bin Qasim Limited - Provident Fund      | -                      | 272,121                                                | 70,759                 | 35,380                                         | 307,500                | -                      | 19,205,918                                             | 4,412,277              | 705,918                                        | 19,631,200                                   |               |
| Pakistan Services Limited - Provident Fund               | -                      | 178,621                                                | 46,447                 | 23,223                                         | 201,845                | -                      | 13,703,683                                             | 2,896,240              | 503,682                                        | 12,886,047                                   |               |

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

18.1.1 This reflects the position of related party / connected persons status as at June 30, 2017.

|                                                                       | 2017                 | 2016        |
|-----------------------------------------------------------------------|----------------------|-------------|
|                                                                       | ----- (Rupees) ----- |             |
| <b>18.2 Other transactions</b>                                        |                      |             |
| <b>Associated companies / undertakings</b>                            |                      |             |
| <b>Alfalsh GHP Investment Management Limited - Management Company</b> |                      |             |
| Remuneration of the Management Company                                | 130,673,632          | 17,214,664  |
| Sindh sales tax on remuneration of the Management Company             | 16,987,572           | 2,795,896   |
| Federal excise duty on remuneration of the Management Company         | -                    | 2,754,347   |
| Allocated expenses                                                    | 6,531,970            | 490,947     |
| Selling and Marketing Expenses                                        | 3,714,474            | -           |
| Sales load                                                            | 19,605,591           | 6,149,536   |
| <b>Bank Alfalah Limited - Islamic Banking Division</b>                |                      |             |
| Profit on savings accounts                                            | 782,447              | 250,885     |
| Bank charges                                                          | 96,408               | 31,336      |
| Sales load                                                            | 21,403,962           | -           |
| <b>Other related parties</b>                                          |                      |             |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>       |                      |             |
| Remuneration of the Trustee                                           | 7,532,705            | 1,622,711   |
| Sales tax on Trustee fee                                              | 979,252              | 227,172     |
| Settlement charges                                                    | 650,964              | 85,845      |
| <b>18.3 Other balances</b>                                            |                      |             |
| <b>Associated companies / undertakings</b>                            |                      |             |
| <b>Alfalsh GHP Investment Management Limited - Management Company</b> |                      |             |
| Management remuneration payable                                       | 15,295,144           | 3,126,287   |
| Sindh sales tax payable on management remuneration                    | 2,777,329            | 1,227,703   |
| Federal excise duty payable on management remuneration                | 5,412,371            | 5,412,371   |
| Payable against allocated expenses                                    | 4,298,571            | 454,270     |
| Payable against selling and marketing expenses                        | 3,714,474            | -           |
| Sales load payable                                                    | 1,689,737            | 6,149,536   |
| <b>Bank Alfalah Limited - Islamic Banking Division</b>                |                      |             |
| Bank balances                                                         | 570,690,358          | 391,515,837 |
| Profit receivable                                                     | 41,110               | 20,638      |
| Sales Load Payable                                                    | 14,760,395           | -           |
| <b>Other related parties</b>                                          |                      |             |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>       |                      |             |
| Trustee remuneration payable                                          | 846,592              | 330,464     |
| Sindh Sales tax payable on trustee remuneration                       | 110,057              | 71,492      |
| Security deposit                                                      | 100,000              | 100,000     |

18.4 This reflects the position of related party / connected persons status as at June 30, 2017.

## 19. FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2017, all the financial assets carried on the statement of assets and liabilities are categorised either as loans and receivables or financial assets at fair value through profit or loss. All the financial liabilities carried on the statement of assets and liabilities are categorised as financial liabilities measured at amortised cost.

| Particulars                           | June 30, 2017         |                                                         |                    | Total                |
|---------------------------------------|-----------------------|---------------------------------------------------------|--------------------|----------------------|
|                                       | Loans and receivables | Financial assets 'at fair value through profit or loss' | Available for sale |                      |
| (Rupees)                              |                       |                                                         |                    |                      |
| <b>Financial assets</b>               |                       |                                                         |                    |                      |
| Bank balances                         | 895,622,640           | -                                                       | -                  | 895,022,640          |
| Investments                           | -                     | 8,534,461,407                                           | -                  | 8,534,461,407        |
| Security deposits                     | 2,600,000             | -                                                       | -                  | 2,600,000            |
| Dividend, profit and other receivable | 31,222,134            | -                                                       | -                  | 31,222,134           |
|                                       | <u>928,844,774</u>    | <u>8,534,461,407</u>                                    | <u>-</u>           | <u>9,463,306,181</u> |

| Particulars                             | June 30, 2017                                      |                                                  | Total              |
|-----------------------------------------|----------------------------------------------------|--------------------------------------------------|--------------------|
|                                         | Liabilities 'at fair value through profit or loss' | Financial liabilities measured at amortised cost |                    |
| (Rupees)                                |                                                    |                                                  |                    |
| <b>Financial liabilities</b>            |                                                    |                                                  |                    |
| Payable to the Management Company       | -                                                  | 24,997,926                                       | 24,997,926         |
| Payable to the Trustee                  | -                                                  | 846,592                                          | 846,592            |
| Accrued and other liabilities           | -                                                  | 21,175,992                                       | 21,175,992         |
| Payable against purchase of investments | -                                                  | 177,823,166                                      | 177,823,166        |
|                                         | <u>-</u>                                           | <u>224,843,676</u>                               | <u>224,843,676</u> |

| Particulars                           | June 30, 2016         |                                                         |                    | Total                |
|---------------------------------------|-----------------------|---------------------------------------------------------|--------------------|----------------------|
|                                       | Loans and receivables | Financial assets 'at fair value through profit or loss' | Available for sale |                      |
| (Rupees)                              |                       |                                                         |                    |                      |
| <b>Financial assets</b>               |                       |                                                         |                    |                      |
| Bank balances                         | 427,720,588           | -                                                       | -                  | 427,720,588          |
| Investments                           | -                     | 1,597,055,017                                           | -                  | 1,597,055,017        |
| Security deposits                     | 2,600,000             | -                                                       | -                  | 2,600,000            |
| Dividend, profit and other receivable | 6,557,289             | -                                                       | -                  | 6,557,289            |
|                                       | <u>436,877,877</u>    | <u>1,597,055,017</u>                                    | <u>-</u>           | <u>2,033,932,894</u> |

| Particulars                       | June 30, 2016                                      |                                                  | Total             |
|-----------------------------------|----------------------------------------------------|--------------------------------------------------|-------------------|
|                                   | Liabilities 'at fair value through profit or loss' | Financial liabilities measured at amortised cost |                   |
| (Rupees)                          |                                                    |                                                  |                   |
| <b>Financial liabilities</b>      |                                                    |                                                  |                   |
| Payable to the Management Company | -                                                  | 9,730,093                                        | 9,730,093         |
| Payable to the Trustee            | -                                                  | 330,464                                          | 330,464           |
| Accrued and other liabilities     | -                                                  | 5,339,455                                        | 5,339,455         |
| Dividend payable                  | -                                                  | 493                                              | 493               |
|                                   | <u>-</u>                                           | <u>15,400,505</u>                                | <u>15,400,505</u> |

## 20 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

### 20.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and the regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

#### 20.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

#### 20.1.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. The profit rate profile of the Fund's profit bearing financial instruments is as follows:

|                                                   | Note | 2017               | 2016              |
|---------------------------------------------------|------|--------------------|-------------------|
|                                                   |      | -----Rupees-----   |                   |
| <b>Variable rate instrument (financial asset)</b> |      |                    |                   |
| Bank balance                                      |      | <u>352,741,673</u> | <u>61,677,602</u> |

#### a) Sensitivity analysis for variable rate instrument

A reasonably possible change of 100 basis points in profit rates at the reporting date would have increased / decreased the income statement and statement of comprehensive income by Rs 0.7028 million (2016: Rs 0.0058 million) and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

#### b) Sensitivity analysis for fixed rate instrument

**As at reporting date, the Fund does not hold any fixed rate instruments.**

The composition of the Fund's investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2017 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

Yield / profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet financial instruments is based on settlement date.

| Particulars | As at June 30, 2017           |                                |                                           |                    |                                         | Total |
|-------------|-------------------------------|--------------------------------|-------------------------------------------|--------------------|-----------------------------------------|-------|
|             | Effective yield / profit rate | Exposed to yield / profit risk |                                           |                    | Not exposed to yield / profit rate risk |       |
|             |                               | Upto three months              | More than three months and up to one year | More than one year |                                         |       |
|             | %                             | ----- (Rupees) -----           |                                           |                    |                                         |       |

#### On-balance sheet financial instruments

##### Financial assets

|                                       |             |                    |          |          |                      |                      |
|---------------------------------------|-------------|--------------------|----------|----------|----------------------|----------------------|
| Bank balances                         | 3.37 - 5.60 | 352,741,673        | -        | -        | 542,280,967          | 895,022,640          |
| Investments                           |             | -                  | -        | -        | 8,534,461,407        | 8,534,461,407        |
| Security deposits                     |             |                    |          |          | 2,600,000            | 2,600,000            |
| Dividend, profit and other receivable |             | -                  | -        | -        | 31,222,134           | 31,222,134           |
| <b>Sub total</b>                      |             | <u>352,741,673</u> | <u>-</u> | <u>-</u> | <u>9,110,564,508</u> | <u>9,463,306,181</u> |



| Particulars                                   | As at June 30, 2017           |                                |                                           |                    |                                         |               |
|-----------------------------------------------|-------------------------------|--------------------------------|-------------------------------------------|--------------------|-----------------------------------------|---------------|
|                                               | Effective yield / profit rate | Exposed to yield / profit risk |                                           |                    | Not exposed to yield / profit rate risk | Total         |
|                                               |                               | Upto three months              | More than three months and up to one year | More than one year |                                         |               |
|                                               | %                             | ----- (Rupees) -----           |                                           |                    |                                         |               |
| <b>On-balance sheet financial instruments</b> |                               |                                |                                           |                    |                                         |               |
| <b>Financial liabilities</b>                  |                               |                                |                                           |                    |                                         |               |
| Payable to the Management Company             |                               | -                              | -                                         | -                  | 24,997,926                              | 24,997,926    |
| Payable to the Trustee                        |                               | -                              | -                                         | -                  | 846,592                                 | 846,592       |
| Accrued and other liabilities                 |                               | -                              | -                                         | -                  | 21,175,992                              | 21,175,992    |
| Payable against purchase of investments       |                               | -                              | -                                         | -                  | 177,823,166                             | 177,823,166   |
| <b>Sub total</b>                              |                               | -                              | -                                         | -                  | 224,843,676                             | 224,843,676   |
| <b>On-balance sheet gap</b>                   |                               | 352,741,673                    | -                                         | -                  | 8,885,720,832                           | 9,238,462,505 |
| <b>Total profit rate sensitivity gap</b>      |                               | 352,741,673                    | -                                         | -                  | 8,885,720,832                           | 9,238,462,505 |
| <b>Cumulative profit rate sensitivity gap</b> |                               | 352,741,673                    | 352,741,673                               | 352,741,673        |                                         |               |

| Particulars                                   | As at June 30, 2016           |                                |                                          |                    |                                         |               |
|-----------------------------------------------|-------------------------------|--------------------------------|------------------------------------------|--------------------|-----------------------------------------|---------------|
|                                               | Effective yield / profit rate | Exposed to yield / profit risk |                                          |                    | Not exposed to yield / profit rate risk | Total         |
|                                               |                               | Upto three months              | More than three months and upto one year | More than one year |                                         |               |
|                                               | %                             | ----- (Rupees) -----           |                                          |                    |                                         |               |
| <b>On-balance sheet financial instruments</b> |                               |                                |                                          |                    |                                         |               |
| <b>Financial assets</b>                       |                               |                                |                                          |                    |                                         |               |
| Bank balances                                 | 5.00 - 6.45                   | 61,677,602                     | -                                        | -                  | 366,042,986                             | 427,720,588   |
| Investments                                   |                               | -                              | -                                        | -                  | 1,597,055,017                           | 1,597,055,017 |
| Security deposits                             |                               | -                              | -                                        | -                  | 2,600,000                               | 2,600,000     |
| Dividend, profit and other receivable         |                               | -                              | -                                        | -                  | 6,557,289                               | 6,557,289     |
| <b>Sub total</b>                              |                               | 61,677,602                     | -                                        | -                  | 1,972,255,292                           | 2,033,932,894 |
| <b>Financial liabilities</b>                  |                               |                                |                                          |                    |                                         |               |
| Payable to the Management Company             |                               | -                              | -                                        | -                  | 9,730,093                               | 9,730,093     |
| Payable to the Trustee                        |                               | -                              | -                                        | -                  | 330,464                                 | 330,464       |
| Accrued and other liabilities                 |                               | -                              | -                                        | -                  | 5,339,455                               | 5,339,455     |
| Dividend payable                              |                               | -                              | -                                        | -                  | 493                                     | 493           |
| <b>Sub Total</b>                              |                               | -                              | -                                        | -                  | 15,400,505                              | 15,400,505    |
| <b>On-balance sheet gap</b>                   |                               | 61,677,602                     | -                                        | -                  | 1,956,854,787                           | 2,018,532,389 |
| <b>Total profit rate sensitivity gap</b>      |                               | 61,677,602                     | -                                        | -                  | 1,956,854,787                           | 2,018,532,389 |
| <b>Cumulative profit rate sensitivity gap</b> |                               | 61,677,602                     | 61,677,602                               | 61,677,602         |                                         |               |

### 20.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund has exposure to equity price risk arising from the Fund investments in equity securities. The Fund manages its price risk arising from investment in the equity securities by diversifying its portfolio within the eligible limits prescribed in the Fund's Constitutive Documents, the NBFC Regulations and circulars issued by SECP from time to time.

The table below summarizes the sensitivity of the Fund's net assets attributable to unit holders to the equity price movements as at June 30, 2017. The analysis is based on the assumption that PSX index increase and decreases by 5%, with all other variables held constant and that the fair value of the Fund's portfolio of equity securities moved according to their historical correlation with index. This represents managements' best estimate of a reasonable possible shift in the PSX index, having regards to the historical volatility of index of past three years.

At June 30, 2017, the fair value of equity securities exposed to price risk was disclosed in note 5.1.

|                                                           | 2017               | 2016              |
|-----------------------------------------------------------|--------------------|-------------------|
|                                                           | -----Rupees-----   |                   |
| <i>Effect due to increase / decrease in KSE 100 index</i> |                    |                   |
| Investment and net assets                                 | <u>129,800,599</u> | <u>79,852,751</u> |
| Income statement                                          | <u>129,800,599</u> | <u>79,852,751</u> |

## 20.2 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted and arises principally from bank balances, investments, profit and other receivable.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

### 20.2.1 Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2017 was as follows:

|                                       | 2017                                                        |                     | 2016                                                        |                     |
|---------------------------------------|-------------------------------------------------------------|---------------------|-------------------------------------------------------------|---------------------|
|                                       | Balance as per<br>statement of<br>assets and<br>liabilities | Maximum<br>exposure | Balance as per<br>statement of<br>assets and<br>liabilities | Maximum<br>exposure |
|                                       | ----- (Rupees) -----                                        |                     |                                                             |                     |
| Bank balances                         | 895,022,640                                                 | 895,022,640         | 427,720,588                                                 | 427,720,588         |
| Investments                           | 8,534,461,407                                               | -                   | 1,597,055,017                                               | -                   |
| Security deposits                     | 2,600,000                                                   | 2,600,000           | 2,600,000                                                   | 2,600,000           |
| Dividend, profit and other receivable | 31,222,134                                                  | 31,222,134          | 6,557,289                                                   | 6,557,289           |
|                                       | <u>9,463,306,181</u>                                        | <u>928,844,774</u>  | <u>2,033,932,894</u>                                        | <u>436,877,877</u>  |

Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investments in listed equity securities of Rs 8,534.461 million (2016: Rs 1,597.055 million) is not exposed to credit risk.

No financial assets were considered to be past due or impaired either at June 30, 2017 and June 30, 2016

### 20.2.2 Bank balances

The Fund held bank balances at June 30, 2017 with banks having following credit ratings:

| Rating | 2017               |                | 2016               |                |
|--------|--------------------|----------------|--------------------|----------------|
|        | Rupees             | %              | Rupees             | %              |
| A1+    | 571,390,752        | 63.84%         | 392,522,424        | 91.77%         |
| A1     | 895,022,640        | 36.14%         | 35,061,867         | 8.20%          |
| A2     | 136,297            | 0.02%          | 136,297            | 0.03%          |
|        | <u>948,491,304</u> | <u>100.00%</u> | <u>427,720,588</u> | <u>100.00%</u> |

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS as of June 30, 2017.

### 20.2.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect the groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instrument is mainly held with various banks and securities issued by the State Bank of Pakistan on behalf of Government of Pakistan.

### 20.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to redemptions of its redeemable units on a regular basis. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is therefore to invest the majority of its assets in short term instruments in order to maintain liquidity.

The Fund can borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was required to be obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month.

| 2017                                    | Within         | 1 to 3        | 3 to 12        | 1 to 5        | Total         |
|-----------------------------------------|----------------|---------------|----------------|---------------|---------------|
|                                         | 1 month        | months        | months         | years         |               |
| ----- Rupees -----                      |                |               |                |               |               |
| <b>Financial assets</b>                 |                |               |                |               |               |
| Bank balances                           | 895,022,640    | -             | -              | -             | 895,022,640   |
| Investments                             | 8,534,461,407  | -             | -              | -             | 8,534,461,407 |
| Security deposits                       | 2,600,000      | -             | -              | -             | 2,600,000     |
| Dividend, profit and other receivable   | 31,222,134     | -             | -              | -             | 31,222,134    |
|                                         | 9,463,306,181  | -             | -              | -             | 9,463,306,181 |
| <b>Financial liabilities</b>            |                |               |                |               |               |
| Payable to the Management Company       | 24,997,926     | -             | -              | -             | 24,997,926    |
| Payable to the Trustee                  | 846,592        | -             | -              | -             | 846,592       |
| Accrued and other liabilities           | 18,366,338     | 2,809,654     | -              | -             | 21,175,992    |
| Payable against purchase of investments | 177,823,166    | -             | -              | -             | 177,823,166   |
|                                         | 222,034,022    | 2,809,654     | -              | -             | 224,843,676   |
| <b>Net assets</b>                       | 9,241,272,159  | (2,809,654)   | -              | -             | 9,238,462,505 |
| ----- Rupees -----                      |                |               |                |               |               |
| <b>2016</b>                             | <b>Within</b>  | <b>1 to 3</b> | <b>3 to 12</b> | <b>1 to 5</b> | <b>Total</b>  |
|                                         | <b>1 month</b> | <b>months</b> | <b>months</b>  | <b>years</b>  |               |
| ----- Rupees -----                      |                |               |                |               |               |
| <b>Financial assets</b>                 |                |               |                |               |               |
| Bank balances                           | 427,720,588    | -             | -              | -             | 427,720,588   |
| Investments                             | 1,597,055,017  | -             | -              | -             | 1,597,055,017 |
| Security deposits                       | 2,600,000      | -             | -              | -             | 2,600,000     |
| Dividend, profit and other receivable   | 6,557,289      | -             | -              | -             | 6,557,289     |
|                                         | 2,033,932,894  | -             | -              | -             | 2,033,932,894 |
| <b>Financial liabilities</b>            |                |               |                |               |               |
| Payable to the Management Company       | 9,730,093      | -             | -              | -             | 9,730,093     |
| Payable to the Trustee                  | 330,464        | -             | -              | -             | 330,464       |
| Accrued and other liabilities           | 2,998,453      | 2,341,002     | -              | -             | 5,339,455     |
| Dividend payable                        | 493            | -             | -              | -             | 493           |
|                                         | 13,059,503     | 2,341,002     | -              | -             | 15,400,505    |
| <b>Net assets</b>                       | 2,020,873,391  | (2,341,002)   | -              | -             | 2,018,532,389 |

## 20.4 Fair value measurement

Fair value is the amount for which an asset could be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of investments is determined as per the policy disclosed in note 3.2 to these financial statements.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- **Level 1:** Quoted price (unadjusted) in an active market for identical assets or liabilities that the entity can access at the measurement date;
- **Level 2:** 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:** Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2017 and June 30, 2016, the Fund held the following assets measured at fair values:

|                                                                | ----- As at June 30, 2017 ----- |         |         |               |
|----------------------------------------------------------------|---------------------------------|---------|---------|---------------|
|                                                                | Level 1                         | Level 2 | Level 3 | Total         |
|                                                                | ----- Rupees -----              |         |         |               |
| <b>At fair value through profit or loss - held for trading</b> |                                 |         |         |               |
| Listed equity securities                                       | 8,534,461,407                   | -       | -       | 8,534,461,407 |
|                                                                |                                 |         |         |               |
|                                                                | ----- As at June 30, 2016 ----- |         |         |               |
|                                                                | Level 1                         | Level 2 | Level 3 | Total         |
|                                                                | ----- Rupees -----              |         |         |               |
| <b>At fair value through profit or loss - held for trading</b> |                                 |         |         |               |
| Listed equity securities                                       | 1,597,055,017                   | -       | -       | 1,597,055,017 |

## 20.5 Unit Holders' Fund risk management

The Fund's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders and to ensure reasonable safety of Unit Holders' Fund.

The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in market conditions. The capital structure depends on the issuance and redemption of units.

The Fund is an open-end collective investment scheme. The capital of the open end schemes is represented by the net assets attributable to unit holders.

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 whether realised or unrealised as reduced by such expenses as are chargeable to the Fund.

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

The objective of Management Company when managing capital of the Fund is to maintain the Fund's ability to continue as a going concern in order to provide returns to unit holders on their investments.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- Monitors the level of daily issuance and redemptions relative to liquid assets;
- Redeem and issue 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 / Investment Committee members and the Chief Executive of the company critically monitor capital of the Fund on the basis of the value of net assets attributable to the unit holders and track the movement of 'Assets under Management' as well returns earned on the net assets to maintain investors confidence and achieve future growth in business. Further the Board of Directors is updated about the Fund yield and movement of NAV and total fund size at the end of each quarter.

In accordance with the NBFC Regulations, the Fund is required to maintain minimum net assets of one hundred million rupees at all times during the life of the scheme.

**21. SUPPLEMENTARY NON FINANCIAL INFORMATION**

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

**22. CORRESPONDING FIGURES**

Corresponding figures have been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications were made in these financial statements.

**23. GENERAL**

Figures are rounded off to the nearest rupee.

**24. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on **August 23, 2017** by the Board of Directors of the Management Company.

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

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

\_\_\_\_\_  
Director

Annexure I

**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 2017     |                      |                      |             |
|---------------------------|------------------------|----------------------|----------------------|-------------|
|                           | Number of unit holders | Number of units held | Amount Rupees        | % of total  |
| Individuals               | 759                    | 26,955,951           | 1,963,010,967        | 22%         |
| Associated Co./ Directors | -                      | -                    | -                    | -           |
| Retirement & Other Funds  | 23                     | 14,156,690           | 1,030,931,223        | 11%         |
| Insurance Co.             | 5                      | 1,636,512            | 119,175,566          | 1%          |
| Others                    | 38                     | 82,625,989           | 6,017,064,103        | 66%         |
|                           | <b>825</b>             | <b>125,375,142</b>   | <b>9,130,181,859</b> | <b>100%</b> |

| Category                  | As at 30 June 2016     |                      |                      |             |
|---------------------------|------------------------|----------------------|----------------------|-------------|
|                           | Number of unit holders | Number of units held | Amount Rupees        | % of total  |
| Individuals               | 215                    | 9,255,974            | 591,017,102          | 30%         |
| Associated Co./ Directors | 2                      | 5,918,445            | 377,907,501          | 19%         |
| Retirement & Other Funds  | 9                      | 1,465,144            | 93,553,091           | 5%          |
| Insurance Co.             | 1                      | 45,706               | 2,918,439            | 0%          |
| Others                    | 25                     | 14,434,503           | 921,329,807          | 46%         |
|                           | <b>252</b>             | <b>31,119,772</b>    | <b>1,986,725,940</b> | <b>100%</b> |

(ii) TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

|                                          |              |
|------------------------------------------|--------------|
|                                          | 30 June 2017 |
|                                          | %            |
| JS Global Capital Limited                | 9%           |
| Inter Market Securities Limited          | 8%           |
| EFG Hermes Pakistan Limited              | 8%           |
| Nael Capital Private Limited             | 6%           |
| AKD Securities Ltd.                      | 6%           |
| Next Capital Limited                     | 6%           |
| Optimus Capital Management (Pvt) Limited | 5%           |
| Alfalah Securities (Private) Limited     | 5%           |
| Fortune Securities Limited               | 5%           |
| Topline Securities (Pvt) Limited         | 4%           |
|                                          | 30 June 2016 |
|                                          | %            |
| Elixir Securities Pakistan (Pvt) Ltd.    | 11%          |
| Optimus Capital Management (Pvt.) Ltd.   | 8%           |
| Taurus Securities Limited                | 7%           |
| Topline Securities (Pvt) Limited         | 7%           |
| Al Habib Capital Markets Limited         | 6%           |
| IGI Finex Securities Limited             | 6%           |
| Arif Habib Limited                       | 5%           |
| Global Securities Limited                | 5%           |
| Ismail Iqbal Securities (Pvt.) Ltd.      | 5%           |
| AKD Securities Ltd.                      | 5%           |



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

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

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

**Maheen Rahman – CEO**

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

**Noman Soomro**

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

**Shariq Mukhtar Hashmi**

Mr. Hashmi holds a diversified experience of over 11 years with various private sector enterprises of repute. He joined IGI Funds Limited (which subsequently merged into Alfalah GHP Investment Management Limited in Oct. 2013) in 2010 to lead the back office function as Head of Operations & Settlements. His association has continued, post-merger, as Head of Compliance & Risk Management. He has previously served National Asset Management Company as Head of Internal Audit and Feroze Sharif Tariq & Co Chartered Accountants in various capacities. He has also headed the Internal Audit Department of the Company. Mr. Hashmi is a qualified Accountant from the Association of Chartered Certified Accountants, UK and holds MBA degree in Finance from SZABIST University. He is also enrolled for Financial Risk Manager Certification of Global Association of Risk Professionals; USA.

**Muddasir Ahmed Shaikh**

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

**Nabeel Malik**

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

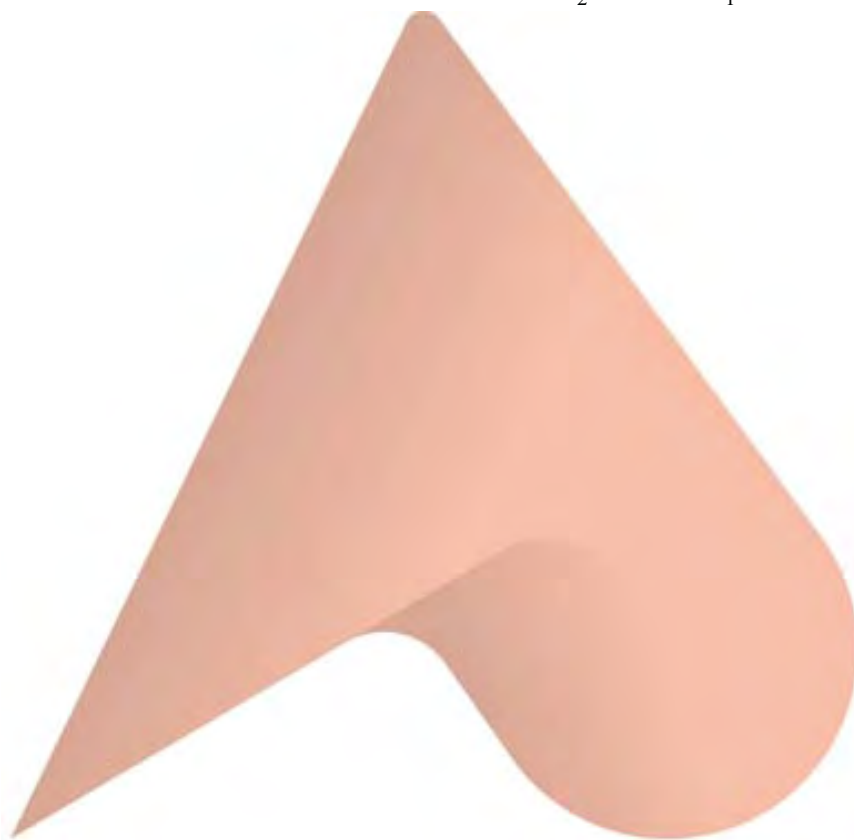
**Kashif Kasim**

“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 73rd, 74th, 75th, 76th, 77th and 78th Board Meetings were held on 26 Aug 2016, 22 Sep 2016, 31 Oct 2016, 07 Dec 2016, 14 Feb 2017 and 26 April 2017 respectively.

| Name of Director       | Number of Meetings |          |               | Meeting not attended |
|------------------------|--------------------|----------|---------------|----------------------|
|                        | Held               | Attended | Leave Granted |                      |
| Syed Ali Sultan        | 6                  | 6        | -             | -                    |
| Ms. Maheen Rahman      | 6                  | 6        | -             | -                    |
| Mr. Amin Dawood Saleh  | 6                  | 5        | 1             | 1                    |
| Mr. Abid Naqvi         | 6                  | 5        | 1             | 1                    |
| Mr. Hanspeter Beier    | 6                  | 4        | 2             | 2                    |
| Mr. Michael Buchen     | 1                  | -        | 1             | 1                    |
| Mr. Tufail Jawed Ahmad | 6                  | 5        | 1             | 1                    |
| Mr. Adeel Bajwa        | 2                  | 1        | 1             | 1                    |



Annexure A

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

**PERFORMANCE TABLE - AGISF**

|                                     | <b>30 June<br/>2017</b> | 30 June<br>2016 | 30 June<br>2015 | 30 June<br>2014 | 30 June<br>2013 |
|-------------------------------------|-------------------------|-----------------|-----------------|-----------------|-----------------|
|                                     | <b>(Rupees in '000)</b> |                 |                 |                 |                 |
| Net Assets                          | <b>9,130,181,859</b>    | 1,986,726       | 579,873         | 331,974         | 349,282         |
| NAV per unit                        | <b>72.8229</b>          | 63.8413         | 59.9615         | 54.3800         | 58.7200         |
| Selling price per unit              | <b>75.2916</b>          | 66.3740         | 63.9609         | 58.0387         | 61.6600         |
| Redemption price per unit           | <b>72.8229</b>          | 63.8413         | 59.9615         | 54.3800         | 58.7200         |
| Highest selling price per unit      | <b>92.9008</b>          | 76.8310         | 73.1806         | 73.7277         | 71.7400         |
| Highest redemption price per unit   | <b>89.8547</b>          | 73.8993         | 68.6047         | 69.0800         | 68.3200         |
| Lowest selling price per unit       | <b>66.4375</b>          | 60.6278         | 55.7200         | 58.0387         | 56.1700         |
| Lowest redemption price per unit    | <b>64.2591</b>          | 58.3144         | 52.2100         | 54.3800         | 53.5000         |
| Total interim distribution per unit | <b>6.9204</b>           | 8.1072          | 7.3107          | 14.991          | 13.47           |
| Interim distribution date           | <b>29-Jun-17</b>        | 29-Jun-16       | 30-Jun-15       | 30-Jun-14       | 27-Dec-12       |
|                                     | N/A                     | N/A             | N/A             | N/A             | 27-Jun-13       |
| Final distribution per unit         | Nil                     | Nil             | Nil             | Nil             | Nil             |
| Final distribution date             | N/A                     | N/A             | N/A             | N/A             | N/A             |
| Annualized returns                  | <b>24.81%</b>           | 20.33%          | 23.79%          | 18.42%          | 36.27%          |
| Income distribution                 | <b>10.84%</b>           | 13.52%          | 13.44%          | 25.53%          | 25.00%          |
| Weighted avg. portfolio duration    | N/A                     | N/A             | N/A             | N/A             | N/A             |

Return since inception is **17.80%**

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

**(v) Summary of Actual Proxy voted**

| Nature of Meeting                             | Meeting Date | Resolutions                                                                               | Holding   | %age Holding | Favour | Against | Abstain |
|-----------------------------------------------|--------------|-------------------------------------------------------------------------------------------|-----------|--------------|--------|---------|---------|
| <b>Engro Corporation Limited</b>              |              |                                                                                           |           |              |        |         |         |
| EOGM                                          | 5-Aug-16     | Approval of the sale / disposal of upto 51% of the company's share in Engro Foods Limited | 872,700   | 0.167%       | ✓      |         |         |
| <b>D.G.Khan Cement Company Limited</b>        |              |                                                                                           |           |              |        |         |         |
| AGM                                           | 31-Oct-16    | Election of Directors                                                                     | 1,013,500 | 0.231%       | ✓      |         |         |
| <b>Nishat Mills Limited</b>                   |              |                                                                                           |           |              |        |         |         |
| AGM                                           | 31-Oct-16    | Declaration of Dividend                                                                   | 1,817,200 | 0.517%       | ✓      |         |         |
| <b>Ghani Glass Limited</b>                    |              |                                                                                           |           |              |        |         |         |
| AGM                                           | 31-Oct-16    | Amendments in the article of association of the company                                   | 653,000   | 0.157%       | ✓      |         |         |
| <b>Thal Limited</b>                           |              |                                                                                           |           |              |        |         |         |
| AGM                                           | 29-Sep-16    | Declaration of Dividend                                                                   | 154,000   | 0.190%       | ✓      |         |         |
|                                               |              | Approval of Annual Accounts of the Company                                                |           |              |        |         |         |
|                                               |              | Appointment of Statutory Auditor                                                          |           |              |        |         |         |
| <b>Sui Northern Gas Pipeline Limited</b>      |              |                                                                                           |           |              |        |         |         |
| AGM                                           | 26-Jan-17    | Confirm Minutes of previous AGM                                                           | 2,055,000 | 0.324%       | ✓      |         |         |
|                                               |              | Approval of Annual Accounts of the Company                                                |           |              |        |         |         |
|                                               |              | Appointment of Statutory Auditor                                                          |           |              |        |         |         |
| <b>Abbott Laboratories (Pakistan) Limited</b> |              |                                                                                           |           |              |        |         |         |
| AGM                                           | 18-Apr-17    | Approval of Annual Accounts of the Company                                                | 119,600   | 0.122%       | ✓      |         |         |
|                                               |              | Declaration of Dividend                                                                   |           |              |        |         |         |
|                                               |              | Appointment of Statutory Auditor                                                          |           |              |        |         |         |
|                                               |              | Election of Directors                                                                     |           |              |        |         |         |
| <b>ICI Pakistan Limited</b>                   |              |                                                                                           |           |              |        |         |         |
| EOGM                                          | 20-Apr-17    | Election of Directors                                                                     | 126,100   | 0.137%       | ✓      |         |         |
| <b>Glaxosmithkline Pakistan Limited</b>       |              |                                                                                           |           |              |        |         |         |
| AGM                                           | 24-Apr-17    | Approval of Annual Accounts of the Company                                                | 500       | 0.000%       | ✓      |         |         |
|                                               |              | Declaration of Dividend                                                                   |           |              |        |         |         |
|                                               |              | Appointment of Statutory Auditor                                                          |           |              |        |         |         |
|                                               |              | Election of Directors                                                                     |           |              |        |         |         |
| <b>Pak Suzuki Motor Company Limited</b>       |              |                                                                                           |           |              |        |         |         |
| AGM                                           | 25-Apr-17    | Confirm Minutes of previous EOGM                                                          | 276,050   | 0.335%       | ✓      |         |         |
|                                               |              | Approval of Annual Accounts of the Company                                                |           |              |        |         |         |
|                                               |              | Declaration of Dividend                                                                   |           |              |        |         |         |
|                                               |              | Appointment of Statutory Auditor                                                          |           |              |        |         |         |
| <b>Packages Limited</b>                       |              |                                                                                           |           |              |        |         |         |
| AGM                                           | 25-Apr-17    | Confirm Minutes of previous AGM                                                           | 330,100   | 0.369%       | ✓      |         |         |
|                                               |              | Approval of Annual Accounts of the Company                                                |           |              |        |         |         |
|                                               |              | Declaration of Dividend                                                                   |           |              |        |         |         |
|                                               |              | Appointment of Statutory Auditor                                                          |           |              |        |         |         |
| <b>Pakistan Oilfields Limited</b>             |              |                                                                                           |           |              |        |         |         |
| EOGM                                          | 20-Jun-17    | Election of Directors                                                                     | 575,600   | 0.243%       | ✓      |         |         |
| <b>Shell Pakistan Limited</b>                 |              |                                                                                           |           |              |        |         |         |
| BOD                                           | 21-Jun-17    | Appointment of CEO & Chairman                                                             | 125,400   | 0.117%       | ✓      |         |         |
| <b>Sui Northern Gas Pipeline Limited</b>      |              |                                                                                           |           |              |        |         |         |
| EOGM                                          | 21-Jun-17    | Confirm Minutes of previous AGM                                                           | 2,231,000 | 0.352%       | ✓      |         |         |
|                                               |              | Election of Directors                                                                     |           |              |        |         |         |
| <b>Dawood Hercules Corporation Limited</b>    |              |                                                                                           |           |              |        |         |         |
| AGM                                           | 28-Apr-17    | Confirm Minutes of previous AGM                                                           | 1,140,800 | 0.237%       | ✓      |         |         |
|                                               |              | Approval of Annual Accounts of the Company                                                |           |              |        |         |         |
|                                               |              | Declaration of Dividend                                                                   |           |              |        |         |         |
|                                               |              | Appointment of Statutory Auditor / Election of Directors                                  |           |              |        |         |         |



**Alfalah  
GHP Value Fund**

## FUND INFORMATION

|                                                        |                                                                                                                                                 |
|--------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Management Company:</b>                             | Alfalah GHP Investment Management Limited<br>8-B, 8th Floor, Executive Tower, Dolmen City, Block-4,<br>Clifton, Karachi.                        |
| <b>Board of Directors of the Management Company:</b>   | Ms.Maheen Rahman<br>Syed Ali Sultan<br>Mr.Hanspeter Beier<br>Mr.Amin Dawood Saleh<br>Mr.Abid Naqvi<br>Mr. Tufail Jawed Ahmad<br>Mr. Adeel Bajwa |
| <b>Audit Committee:</b>                                | Mr. Abid Naqvi<br>Syed Ali Sultan<br>Mr. Amin Dawood Saleh                                                                                      |
| <b>HR Committee:</b>                                   | Syed Ali Sultan<br>Mr. Tufail Jawed Ahmed<br>Ms. Maheen Rahman                                                                                  |
| <b>Chief Operating Officer and Company Secretary :</b> | Mr. Noman Ahmed Soomro                                                                                                                          |
| <b>Chief Financial Officer:</b>                        | Mr. Muhammad Shehzad Dhedhi                                                                                                                     |
| <b>Trustee:</b>                                        | Central Depository Company of Pakistan Limited<br>CDC House, 99-B, Block 'B',SMCHS,<br>Main Share-e-Faisal,Karachi                              |
| <b>Bankers to the Fund:</b>                            | Bank Alfalah Limited                                                                                                                            |
| <b>Auditors:</b>                                       | A. F. Ferguson & Co.<br>Chartered Accountants<br>State Life Building No. 1-C I.I. Chundrigar Road,<br>P.O.Box 4716 Karachi,<br>Pakistan         |
| <b>Legal Advisor:</b>                                  | Ahmed & Qazi<br>Advocates & Legal Consultants<br>402,403,404,417<br>Clifton Centre,<br>Clifton, Karachi                                         |
| <b>Registrar:</b>                                      | Alfalah GHP Investment Management Limited<br>8-B, 8th Floor, Executive Tower, Dolmen City, Block-4,<br>Clifton, Karachi.                        |
| <b>Distributor:</b>                                    | Bank Alfalah Limited                                                                                                                            |
| <b>Rating:</b>                                         | 4 star (long term) and 4 star (short term) by PACRA                                                                                             |



# Alfalah GHP Value Fund

## Annual Fund Manager's Report

### Type of Fund

Open-end Scheme

### Category of Fund

Conventional Asset Allocation Scheme

### Investment Objective

The investment objective of Alfalah GHP Value Fund (AGVF) is to generate stable and consistent returns from a well-diversified portfolio consisting of high quality equity and debt securities.

### Accomplishment of Objective

The Fund has strived to achieve its objective as it provided the unit holders a competitive and attractive return as compared to peer funds.

### Market Review:

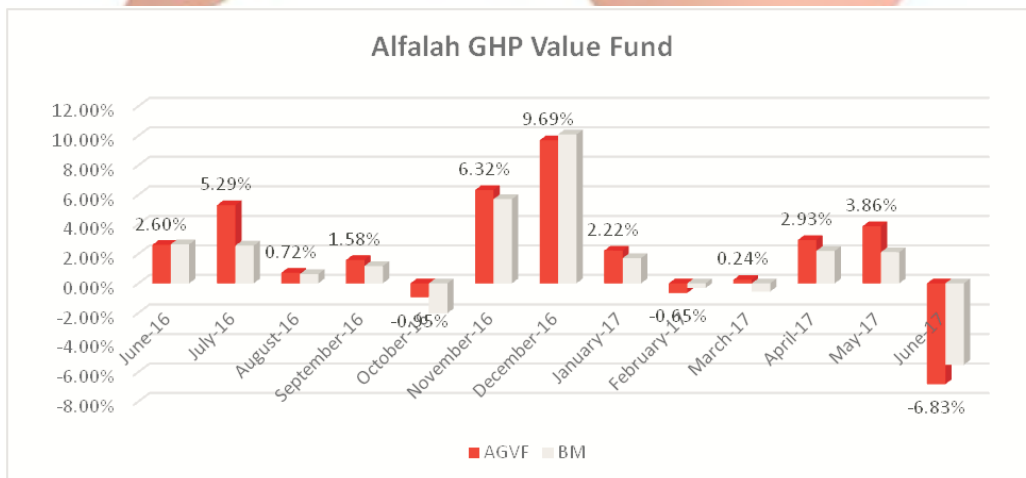
KSE-100 gave a return of 23.24% in FY17 as compared to 9.84% return in FY16. The major excitement created during the fiscal year in the PSX was of Pakistan's reclassification into an MSCI Emerging market, from a Frontier Market. On May 25' 2017, the benchmark KSE-100 index hit an intra-day all-time high at 53,124 points providing an upside of 11% from Jan 1' 2017. Six companies had qualified for the main MSCI EM index: Engro Corporation, Habib Bank, Lucky Cement, MCB Bank, Oil and Gas Development Company and United Bank. The inclusion of Pakistan in the MSCI EM Index was not as welcoming and Pakistan performed the worst in MTD return charts and was an underperformer in the MSCI Asian EM by 7.7% in Jun'17. Concurrently, to the peak from which the index came crashing down, in just 16 trading sessions until 20 June' 17, the Index has lost 6,265 points, representing an incredibly steep fall of 12%.

The KSE-100 now trades at an approximate forward P/E of 9.5x, at an approx. 19%-21% discount to MSCI EM. Given that the market corrected sharply in June and with foreign investors turning net buyers again over last few weeks, the market should lift gradually in the coming months. Additionally on the positive side SECP made major amendments in margin financing system, in light with longstanding demands of brokers.

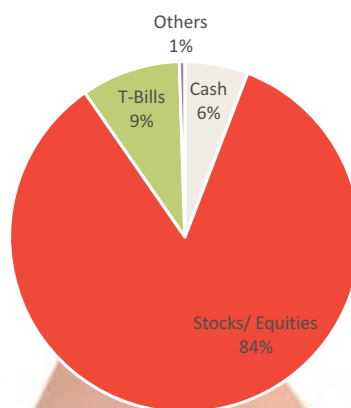
### Fund Performance

During the year under review, the Fund generated a return of 26.2% against a benchmark (Weighted average of KSE-100 Index and 6-months PKRV rate based on actual allocation of the fund) of 17.60% YTD translating into an outperformance of 860bps.

Performance of the fund remained strong throughout the year as the benchmark KSE-100 index during the year touched a new high of 52,876 points on the back of inclusion of Pakistan in MSCI Emerging market and increase in CPEC related investments. The fund remained invested in the sectors that were direct beneficiaries of the given theme. Major portion of the fund remained invested in index heavy sectors, mainly Banking and Oil & Gas exploration, to get the benefit of the inclusion in EM index and surge in international oil prices. Additionally, the fund was invested in construction & material sector on the back of strong cement and steel demand and expected growth in construction activities. Select picks in Oil Marketing sector remained some of the best performers for the fund as turnaround in that specific company fundamentals and expansion of distribution network contributed positively in the financial results of the company. The fund continued to maintain its basic philosophy of investing in fundamentally strong companies, however, index heavy companies and second tier stocks augmented the overall performance.



## Asset Allocation, June 2017



**Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**

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

**Disclosure on unit split (if any), comprising:-**

There were no unit splits during the period.

**Disclosures of circumstances that materially affect any interests of unit holders**

Investments are subject to market risk.

**Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.**

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

CDC House, 99-B, Block 'B',  
S.M.C.H.S. Main Shahra-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 VALUE FUND**

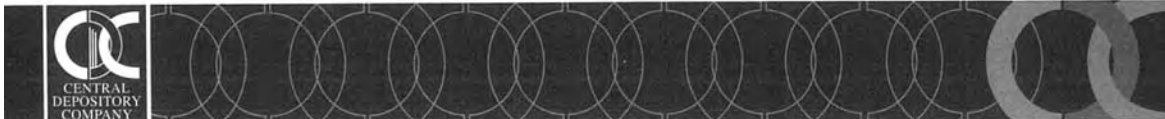
**Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of  
the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We Central Depository Company of Pakistan Limited, being the Trustee of Alfalah GHP Value 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, 2017 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.

**Aftab Ahmed Diwan**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: September 12, 2017



**STATEMENT OF COMPLIANCE BY ALFALAH GHP VALUE FUND  
WITH THE CODE OF CORPORATE GOVERNANCE  
FOR THE YEAR ENDED JUNE 30, 2017**

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No.5.19 of Chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Management Company encourages representation of independent, non-executive directors, and directors representing minority interests on its board of directors ("the Board"). At present the Board includes:

| Category                | Names                                                                                 |
|-------------------------|---------------------------------------------------------------------------------------|
| Executive Director      | Ms. Maheen Rahman– Chief Executive Officer (CEO)                                      |
| Independent Directors   | Mr. Abid Naqvi<br>Mr. Tufail Jawed Ahmad                                              |
| Non-Executive Directors | Mr. Syed Ali Sultan<br>Mr. Adeel Bajwa<br>Mr. HanspeterBeier<br>Mr. Amin Dawood Saleh |

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

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies (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 broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. According to regulation 5.19.3 of the Rule Book and section 155 (3) of the Companies Act, 2017, any casual vacancy occurring on the Board of Directors of a listed company shall be filled up by the directors at the earliest but not later than 90 days thereof. A casual vacancy occurred on the Board on September 22, 2016, due to resignation of Mr. Michael Buchen. However, the Board of Directors appointed Mr. Adeel Bajwa as a director on January 23, 2017 i.e. after 90 days after the date of resignation Mr. Michael Buchen. The appointment was approved in principle by the SECP with effect from February 7, 2017.
5. The Management Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before such meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged no training programs for its directors during the year. However, at present 6 directors of the Management Company have certification under the Directors' Training Program offered by institutions.
10. There was no change of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year. However, the remuneration and terms and conditions of Chief Financial Officer, Company Secretary and Head of Internal Audit were approved by the Board.

11. The Directors' Report for the year ended June 30, 2017 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by the CEO and CFO 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 that disclosed in the Directors' Report and pattern of unit holding.
14. The Management Company has 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, and the Chairman of the Committee 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 Committee have been formed and advised to the Committee for compliance.
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 Deloitte Yousuf Adil Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partner of the firm, their spouse and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'Book Closure' dates were duly determined and intimated to the stock exchange, however the 'closed period' prior to the announcement of interim / final results, and business decisions was not determined and intimated to directors, employees and the stock exchange, considering the fact that NAV of the Fund is announced on a daily basis.
22. Material/price sensitive information has been disseminated among all market participants at once through the stock exchange.
23. The Management Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the Code have been complied with.

**For and on behalf of the Board**

Maheen Rahman  
Chief Executive Officer

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Alfalah GHP Investment Management Limited, the Management Company of **Alfalah GHP Value Fund** (the Fund) for the year ended June 30, 2017 to comply with the requirements of regulation no. 5.19 of chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company (**Alfalah GHP Investment Management Limited**). Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund'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 Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As a part of our audit of the 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 of Directors' 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 of Directors for their review and approval of 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 of Directors 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 of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2017.

Further, we highlight below an instance of non-compliance with the requirement of the Code as reflected in paragraph reference where it is stated in the Statement of Compliance:

| S. No. | Paragraph reference | Description                                                                                                                                                                                                                                                                                                                                                                                  |
|--------|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | 4                   | According to regulation 5.19.3 of the Rule Book and section 155 (3) of the Companies Act, 2017, any casual vacancy occurring on the Board of Directors of a listed company shall be filled up by the directors at the earliest but not later than 90 days thereof. A casual vacancy occurred on the Board on September 22, 2016 which was filled after 90 days from the date of resignation. |

**A.F. Ferguson & Co.**  
**Chartered Accountants**

Dated: September 20, 2017  
Karachi



# INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Alfalah GHP Value Fund** (hereinafter referred to as the 'Fund'), which comprise the statement of assets and liabilities as at June 30, 2017, and the related income statement, statement of comprehensive income, distribution statement, cash flow statement and statement of movement in unit holders' funds for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

The Management Company (**Alfalah GHP Investment Management Limited**) of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with 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 the International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial position of the Fund as at June 30, 2017 and of its financial performance, its cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

### Other matter

The financial statements of the Fund for the year ended June 30, 2016 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion on those financial statements vide their report dated September 22, 2016.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

**A.F. Ferguson & Co.**  
**Chartered Accountants**  
**Engagement Partner: Shahbaz Akbar**

Dated: September 20, 2017  
Karachi

**ALFALAH GHP VALUE FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
*AS AT JUNE 30, 2017*

|                                                                                    | 2017                          | 2016               |
|------------------------------------------------------------------------------------|-------------------------------|--------------------|
|                                                                                    | ----- (Rupees) -----          |                    |
| <b>ASSETS</b>                                                                      |                               |                    |
| Bank balances                                                                      | 4 124,504,277                 | 104,769,769        |
| Investments                                                                        | 5 2,036,181,378               | 577,373,149        |
| Security deposits                                                                  | 6 2,600,000                   | 2,600,000          |
| Dividend, prepayments and other receivables                                        | 7 4,569,368                   | 3,377,409          |
| <b>Total assets</b>                                                                | 2,167,855,023                 | 688,120,327        |
| <b>LIABILITIES</b>                                                                 |                               |                    |
| Payable to Management Company                                                      | 8 13,802,495                  | 8,528,804          |
| Payable to the Trustee                                                             | 9 397,107                     | 408,382            |
| Annual fee payable to the Securities<br>and Exchange Commission of Pakistan (SECP) | 10 1,466,796                  | 676,810            |
| Accrued expenses and other liabilities                                             | 11 62,992,622                 | 22,541,551         |
| Dividend payable                                                                   | -                             | 14,377             |
| <b>Total liabilities</b>                                                           | 78,659,020                    | 32,169,924         |
| <b>NET ASSETS</b>                                                                  | <u>2,089,196,003</u>          | <u>655,950,403</u> |
| <b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>                              | <u>2,089,196,003</u>          | <u>655,950,403</u> |
| <b>CONTINGENCIES AND COMMITMENTS</b>                                               | 12                            |                    |
|                                                                                    | ----- (Number of units) ----- |                    |
| <b>NUMBER OF UNITS IN ISSUE</b>                                                    | <u>29,648,513</u>             | <u>10,350,921</u>  |
|                                                                                    | ----- (Rupees) -----          |                    |
| <b>NET ASSET VALUE PER UNIT</b>                                                    | <u>70.4655</u>                | <u>63.3712</u>     |

The annexed notes from 1 to 25 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP VALUE FUND**

**INCOME STATEMENT**

FOR THE YEAR ENDED JUNE 30, 2017

|                                                                                                                                                 | 2017                 | 2016         |
|-------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------------|
| Note                                                                                                                                            | ----- (Rupees) ----- | -----        |
| <b>Income</b>                                                                                                                                   |                      |              |
| Profit / mark-up income                                                                                                                         | 13 20,180,785        | 11,397,746   |
| At fair value through profit or loss <sup>1</sup> - held-for-trading                                                                            |                      |              |
| - Dividend income                                                                                                                               | 48,422,664           | 27,114,485   |
| - Gain on sale of investment - net                                                                                                              | 125,270,953          | 31,225,776   |
| - Unrealised gain on revaluation of investments - net                                                                                           | 5.6 75,911,346       | 74,340,808   |
|                                                                                                                                                 | 249,604,963          | 132,681,069  |
| Reversal of provision against Workers' Welfare Fund                                                                                             | 11.1 13,380,235      | -            |
| <b>Total income</b>                                                                                                                             | 283,165,983          | 144,078,815  |
| <b>Expenses</b>                                                                                                                                 |                      |              |
| Remuneration of Management Company                                                                                                              | 8.1 30,879,897       | 14,255,040   |
| Sindh sales tax on remuneration of the Management Company                                                                                       | 8.2 4,014,371        | 2,314,423    |
| Federal excise duty on remuneration of the Management Company                                                                                   | 8.3 -                | 2,280,373    |
| Allocated expenses                                                                                                                              | 8.4 1,537,124        | 417,900      |
| Selling and Marketing Expenses                                                                                                                  | 8.5 964,461          | -            |
| Remuneration of the Trustee                                                                                                                     | 9.1 2,438,187        | 1,425,512    |
| Sindh sales tax on remuneration of the Trustee                                                                                                  | 9.2 316,966          | 199,534      |
| Annual fee to the Securities and Exchange Commission of Pakistan                                                                                | 10 1,466,796         | 676,810      |
| Brokerage expense and capital value tax                                                                                                         | 5,076,273            | 3,113,909    |
| Bank and settlement charges                                                                                                                     | 634,369              | 448,849      |
| Auditors' remuneration                                                                                                                          | 14 676,346           | 662,439      |
| Fees and subscriptions                                                                                                                          | 156,378              | 160,682      |
| Printing charges                                                                                                                                | -                    | 57,915       |
| Legal and professional charges                                                                                                                  | 11,667               | -            |
| Provision against Sindh Workers' Welfare Fund                                                                                                   | 11.1 12,040,338      | -            |
| <b>Total expenses</b>                                                                                                                           | 60,213,173           | 26,013,386   |
| <b>Net income for the year before element of income and capital gains included in prices of units issued less those in units redeemed - net</b> | 222,952,810          | 118,065,429  |
| Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed - net                     | 238,535,707          | (15,029,542) |
| <b>Net income for the year before taxation</b>                                                                                                  | 461,488,517          | 103,035,887  |
| Taxation                                                                                                                                        | 17 -                 | -            |
| <b>Net income for the year after taxation</b>                                                                                                   | 461,488,517          | 103,035,887  |

The annexed notes from 1 to 25 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

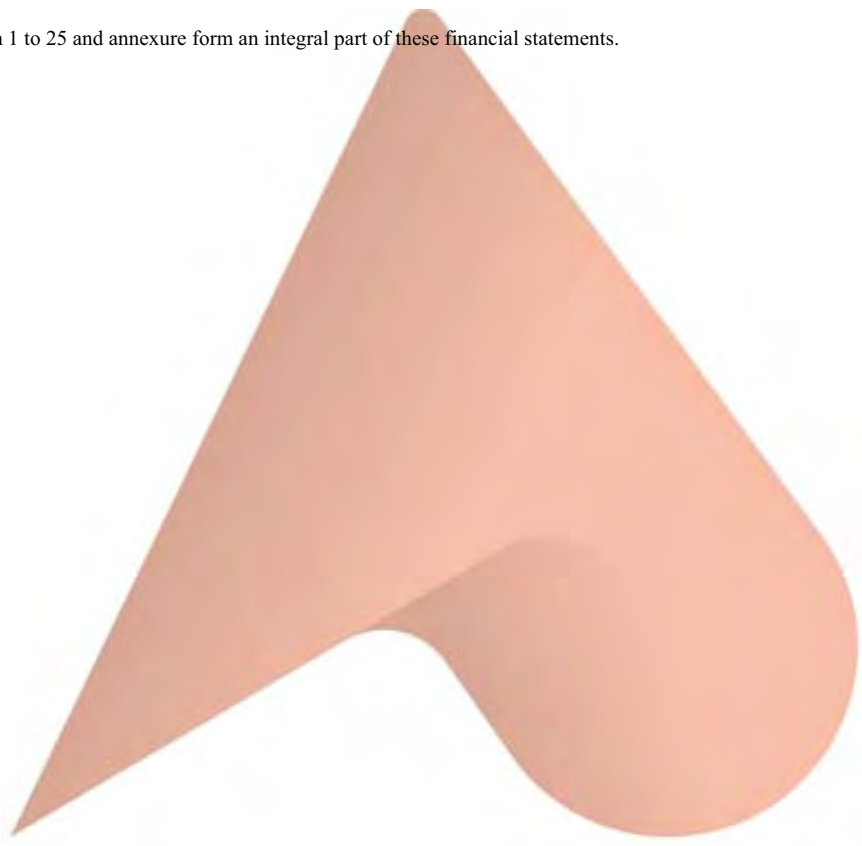
\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

**ALFALAH GHP VALUE FUND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED JUNE 30, 2017*

|                                                | 2017                      | 2016                      |
|------------------------------------------------|---------------------------|---------------------------|
|                                                | ----- (Rupees) -----      | -----                     |
| <b>Net income for the year after taxation</b>  | 461,488,517               | 103,035,887               |
| Other comprehensive income for the year        | -                         | -                         |
| <b>Total comprehensive income for the year</b> | <u><u>461,488,517</u></u> | <u><u>103,035,887</u></u> |

The annexed notes from 1 to 25 and annexure form an integral part of these financial statements.



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

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

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

**ALFALAH GHP VALUE FUND**

**CASH FLOW STATEMENT**

FOR THE YEAR ENDED JUNE 30, 2017

|                                                                                                                                  | 2017                         | 2016                |
|----------------------------------------------------------------------------------------------------------------------------------|------------------------------|---------------------|
| Note                                                                                                                             | ----- (Rupees) -----         |                     |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                                                      |                              |                     |
| Net income for the year before taxation                                                                                          | 461,488,517                  | 103,035,887         |
| <b>Adjustments for:</b>                                                                                                          |                              |                     |
| Unrealised gain on revaluation of investments classified as<br>at fair value through profit or loss' - held-for-trading - net    | (75,911,346)                 | (74,340,808)        |
| Reversal of provision against Workers' Welfare Fund                                                                              | (13,380,235)                 | -                   |
| Provision against Sindh Workers' Welfare Fund                                                                                    | 12,040,338                   | -                   |
| Element of (income) / loss and capital (gains) / losses included in prices<br>of units issued less those in units redeemed - net | (238,535,707)                | 15,029,542          |
|                                                                                                                                  | <u>145,701,567</u>           | <u>43,724,621</u>   |
| <b>(Increase) / decrease in assets</b>                                                                                           |                              |                     |
| Investments - net                                                                                                                | (1,233,703,325)              | 94,082,599          |
| Dividend, prepayments and other receivables                                                                                      | (1,191,959)                  | 387,076             |
| Receivable against sale of investments                                                                                           | -                            | 24,847,404          |
|                                                                                                                                  | <u>(1,234,895,284)</u>       | <u>119,317,079</u>  |
| <b>Increase / (decrease) in liabilities</b>                                                                                      |                              |                     |
| Payable to Management Company                                                                                                    | 5,273,691                    | 2,894,352           |
| Payable to the Trustee                                                                                                           | (11,275)                     | 233,041             |
| Annual fee payable to the Securities<br>and Exchange Commission of Pakistan (SECP)                                               | 789,986                      | 195,053             |
| Accrued expenses and other liabilities                                                                                           | 41,790,968                   | 4,024,021           |
|                                                                                                                                  | <u>47,843,370</u>            | <u>7,346,467</u>    |
| <b>Net cash (used in) / generated from operating activities</b>                                                                  | <u>(1,041,350,347)</u>       | <u>170,388,167</u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                                                      |                              |                     |
| Amount received against issuance of units                                                                                        | 3,530,234,066                | 353,729,457         |
| Payments made against redemption of units                                                                                        | (2,068,786,793)              | (354,867,202)       |
| Dividend paid                                                                                                                    | (251,168,860)                | (60,591,231)        |
| <b>Net cash generated from / (used in) financing activities</b>                                                                  | <u>1,210,278,413</u>         | <u>(61,728,976)</u> |
| <b>Net increase in cash and cash equivalents during the year</b>                                                                 | <u>168,928,066</u>           | <u>108,659,191</u>  |
| Cash and cash equivalents at beginning of the year                                                                               | 154,497,411                  | 45,838,220          |
| <b>Cash and cash equivalents at end of the year</b>                                                                              | <u>15</u> <u>323,425,477</u> | <u>154,497,411</u>  |

The annexed notes from 1 to 25 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP VALUE FUND**  
**DISTRIBUTION STATEMENT**  
*FOR THE YEAR ENDED JUNE 30, 2017*

|                                                                                                                           | 2017                 | 2016               |
|---------------------------------------------------------------------------------------------------------------------------|----------------------|--------------------|
|                                                                                                                           | ----- (Rupees) ----- |                    |
| <b>Undistributed income brought forward comprises of:</b>                                                                 |                      |                    |
| Realised gain                                                                                                             | 69,883,176           | 17,981,943         |
| Unrealised gain                                                                                                           | 74,340,808           | 92,104,649         |
| <b>Total undistributed income brought forward</b>                                                                         | 144,223,984          | 110,086,592        |
| Element of income and capital gains included in prices of units issued<br>less those in units redeemed - net              | 268,881,935          | 11,902,403         |
| Net income for the year after taxation                                                                                    | 461,488,517          | 103,035,887        |
| Issuance of NIL bonus units in respect of final and<br>interim distribution (2016:729,624 Units )                         | -                    | (47,598,263)       |
| First interim distribution of cash dividend @ Rs.8.4571 per unit,<br>approved on June 22, 2017 (2016: Rs.1.6239 per unit) | (220,801,796)        | (33,202,635)       |
| Second interim distribution of cash dividend Rs.1.0389 per unit,<br>approved on June 29, 2017 (2016: Rs. Nil per unit)    | (30,352,687)         | -                  |
| <b>Undistributed income carried forward</b>                                                                               | <u>623,439,953</u>   | <u>144,223,984</u> |
| <b>Undistributed income carried forward comprises of:</b>                                                                 |                      |                    |
| Realised gain                                                                                                             | 547,528,607          | 69,883,176         |
| Unrealised gain                                                                                                           | 75,911,346           | 74,340,808         |
|                                                                                                                           | <u>623,439,953</u>   | <u>144,223,984</u> |

The annexed notes from 1 to 25 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director



**ALFALAH GHP VALUE FUND**

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

FOR THE YEAR ENDED JUNE 30, 2017

|                                                                                                                                                   | 2017                 | 2016               |
|---------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------------------|
|                                                                                                                                                   | ----- (Rupees) ----- |                    |
| <b>Net assets at the beginning of the year</b>                                                                                                    | 655,950,403          | 572,225,354        |
| Issue of 45,729,819 (2016: 5,465,365 units)                                                                                                       | 3,530,234,066        | 353,729,457        |
| Redemption of 26,432,227 units (2016: 5,185,055 units)                                                                                            | (2,068,786,793)      | (354,867,202)      |
| Issuance of NIL bonus units in respect of final and interim distribution (2016:729,624 Units )                                                    | -                    | 47,598,263         |
|                                                                                                                                                   | <u>2,117,397,676</u> | <u>618,685,872</u> |
| Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net                     |                      |                    |
| - transferred to income statement                                                                                                                 | (238,535,707)        | 15,029,542         |
| - transferred to distribution statement                                                                                                           | (268,881,935)        | (11,902,403)       |
|                                                                                                                                                   | (507,417,642)        | 3,127,139          |
| Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to distribution statement - net | 268,881,935          | 11,902,403         |
| Gain on sale of investments classified as 'at fair value through profit or loss' - held-for-trading - net                                         | 125,270,953          | 31,225,776         |
| Unrealised gain on revaluation of investments classified as 'at fair value through profit or loss' - held-for-trading - net                       | 75,911,346           | 74,340,808         |
| Other income (net of expenses)                                                                                                                    | 260,306,218          | (2,530,697)        |
| Total comprehensive income for the year                                                                                                           | 461,488,517          | 103,035,887        |
| Issuance of NIL bonus units in respect of final and interim distribution (2016:729,624 Units )                                                    | -                    | (47,598,263)       |
| First interim distribution of cash dividend @ Rs.8.4571 per unit approved on June 22, 2017 (2016: Rs.1.6239 per unit)                             | (220,801,796)        | (33,202,635)       |
| Second interim distribution of cash dividend @ Rs.1.0389 per unit approved on June 29, 2017 (2016: Rs. Nil per unit)                              | (30,352,687)         | -                  |
|                                                                                                                                                   | (251,154,483)        | (80,800,898)       |
| Total comprehensive income less distributions for the year                                                                                        | 210,334,034          | 22,234,989         |
| <b>Net assets at end of the year</b>                                                                                                              | <u>2,089,196,003</u> | <u>655,950,403</u> |
| Net assets value per unit as at beginning of the year                                                                                             | <u>63.3712</u>       | <u>61.2579</u>     |
| Net assets value per unit as at end of the year                                                                                                   | <u>70.4655</u>       | <u>63.3712</u>     |

The annexed notes from 1 to 25 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

## ALFALAH GHP VALUE FUND

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

FOR THE YEAR ENDED JUNE 30, 2017

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

Alfalaha GHP Value Fund is an open-end collective investment scheme established through a Trust Deed under the Trust Act, 1882, executed between Alfalah GHP Investment Management Limited, (the Management Company) and Central Depository Company of Pakistan Limited, (the Trustee). The Trust Deed was executed on May 19, 2005 and was approved by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the NBFC (Establishment and Regulation) Rules, 2003 (NBFC Rules), on May 13, 2005. The SECP has approved first Supplemental Trust Deed, under the NBFC Regulations, vide its letter No. NBFC/RS/AGIML/AGVF/200/2010 dated March 18, 2010 to modify and restate the previous Trust Deed to effectuate renaming of the Fund to Alfalah GHP Value Fund.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate issued by the SECP on March 9, 2017. The registered office of the Management Company is situated at 8-B, 8th floor, Executive tower, Dolmen city, Block 4, Clifton, Karachi.

The Fund is categorised as a 'asset allocation scheme' pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund are being offered for public subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.

According to the trust deed, the objective of the Fund is to provide good total return through a combination of current income and long-term capital appreciation, consistent with reasonable investment risk in equity, debt and money market securities. The Fund invests in listed equity securities, government treasury bills, Pakistan investment bonds, and interest bearing accounts. The investment objectives and policy are explained in the Fund's offering document.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned 'AM2+' (Outlook: Stable) to the Management Company in its rating report dated May 16, 2017 and 4-Star (short-term) and 4-Star (long-term) to the Fund in its rating report dated May 08, 2017.

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

#### 2. BASIS OF PREPARATION

##### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the 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 the IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The Directors of the asset management company declare that these financial statements give a true and fair view of the state of affairs of the Fund.

##### 2.2 Standards, Interpretations and amendments to published approved accounting standards that are effective in current year

There are certain new and amended standards and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2016 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

##### 2.3 Standards, Interpretations and amendments to published approved accounting standards that are not yet effective

2.3.1 There are certain new and amended standards and interpretations that are mandatory for the accounting period beginning on or after July 1, 2017 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

2.3.2 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.

| Standards, Interpretations or Amendments        | Effective date (accounting period beginning on or after) |
|-------------------------------------------------|----------------------------------------------------------|
| - IFRS-9 Financial Instruments                  | January 1, 2018                                          |
| - IFRS-15 Revenue from contracts with customers | January 1, 2018                                          |
| - IFRS 16 – Leases                              | January 1, 2019                                          |

2.3.3 The SECP vide its SRO 756(1) / 2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations, 2008 which will be applicable on the financial statements of the Fund from the accounting year ending on June 30, 2018. The notification includes a definition and explanation relating to “element of income” and excludes the element of income from the expression “accounting income” as described in Regulation 63 (Amount distributable to unit holders) of the NBFC Regulations, 2008. In addition there are certain changes in the disclosure requirements relating to the Income Statement and the Statement of Movement in Unit Holders’ Fund. The management is currently in the process of assessing the impact of these changes on the financial statements.

#### 2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are revised on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a higher degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- Classification and valuation of investments (note 3.2 and 5)
- Impairment of financial assets (note 3.2.6)
- Taxation (note 3.6 and 17)
- Provision against Federal Excise Duty and Sindh Workers’ Welfare Fund (note 8.3 and 11.1 respectively)

#### 2.5 Accounting convention

These financial statement have been prepared under the historical cost convention, except for certain investments which are stated at fair value.

#### 2.6 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund’s functional and presentation currency.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below.

#### 3.1 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

#### 3.2 Financial assets

##### 3.2.1 Classification

The Fund classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. The management determines the appropriate classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

**Investments are categorised as follows:**

**a) Financial assets at fair value through profit or loss**

Financial assets that are acquired principally for the purpose of generating profits from short-term fluctuations in prices are classified as financial assets at fair value through profit or loss category. These include held for trading investments and such other investments that, upon initial recognition, are designated under this category.

**b) Loans and receivables**

These are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market.

**c) Available-for-sale**

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as

(a) financial assets at fair value through profit or loss or

(b) loans and receivables. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

### 3.2.2 Derivatives

These are measured at fair value. Derivatives with positive fair values (unrealised gains) are included in fair value of derivative asset and derivatives with negative fair values (unrealised losses) are included in fair value of derivative liability in the statement of assets and liabilities. The resultant gains and losses are included in the income statement.

### 3.2.3 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

### 3.2.4 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed out in the income statement.

### 3.2.5 Subsequent measurement

#### a) Financial assets 'at fair value through profit or loss' and 'available for sale'

Subsequent to initial recognition, financial instruments classified as 'at fair value through profit or loss' and 'available-for-sale' are measured at fair value.

Gains or losses arising, from changes in the fair value and on sale of the financial assets 'at fair value through profit or loss' are recognised in the Income Statement.

Changes in the fair value of financial instruments classified as 'available-for-sale' are recognised in other comprehensive income until derecognised or impaired, then the accumulated fair value adjustments recognised in other comprehensive income are included in the Income Statement.

#### Basis of valuation

- The fair value of investments in listed equity securities is determined by reference to Stock Exchange quoted market prices at the close of period end.
- The fair value of investments in Government securities is determined by reference to the quotations obtained from the PKRV rate sheet on the MUFAP website.

#### b) Loans and receivables

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortised cost using the effective interest method.

### 3.2.6 Impairment

The Fund assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets are impaired. The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

In the case of equity securities classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered as an objective evidence of impairment. In case of impairment of available for sale securities, the cumulative loss previously recognised in other comprehensive income is removed here from and included in the Income Statement. Impairment losses recognised in the income statement on equity securities are only reversed when the equity securities are derecognised.

For certain other financial assets, a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The provision against these amounts is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company in accordance with the requirements of the Securities and Exchange Commission of Pakistan. Impairment losses are recognised in the income statement.

### 3.2.7 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

### 3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

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

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### **3.5 Provisions**

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

### **3.6 Taxation**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

### **3.7 Dividend distribution and appropriations**

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

### **3.8 Issue and redemption of units**

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, and charges on redemption, if applicable.

### **3.9 "Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed"**

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

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

### **3.10 Net asset value per unit**

The Net Asset Value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

### **3.11 Revenue recognition**

- Gain or loss on sale of investment is accounted for in the income statement in the period in which it arises.
- Dividend income is recognised when the right to receive the dividend is established.
- Unrealised gain / loss arising on revaluation of investments classified as held for trading is included in the income statement in the period in which it arises.
- Income on bank balances, certificates of modaraba, term deposit receipts, debt and government securities is recognised on an accrual basis using effective interest method.

### **3.12 Expenses**

All expenses including management fee and trustee fee are recognised in the Income Statement on an accrual basis.

### **3.13 Earnings per unit**

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



| 4 BANK BALANCES     | Note | 2017                 | 2016               |
|---------------------|------|----------------------|--------------------|
|                     |      | ----- (Rupees) ----- |                    |
| In savings accounts | 4.1  | <u>124,504,277</u>   | <u>104,769,769</u> |

4.1 The rate of return on these accounts ranges from 5.30% to 6.60% (2016: 5.50% to 7.00%) per annum. It includes Rs 124.464 million (2016: Rs 104.750 million) maintained with Bank Alfalah Limited, (a related party).

| 5 INVESTMENTS                                                   | Note | 2017                 | 2016               |
|-----------------------------------------------------------------|------|----------------------|--------------------|
|                                                                 |      | ----- (Rupees) ----- |                    |
| <b>At fair value through profit or loss' - held for trading</b> |      |                      |                    |
| Listed equity securities                                        | 5.1  | 1,837,251,850        | 521,957,104        |
| Listed Real Estate Investment Trust units                       | 5.2  | 8,328                | 5,688,403          |
| Market Treasury Bills                                           | 5.3  | <u>198,921,200</u>   | <u>49,727,642</u>  |
|                                                                 |      | <u>2,036,181,378</u> | <u>577,373,149</u> |

#### 5.1 Listed equity securities

Ordinary shares have a face value of Rs. 10 each unless stated otherwise

| Name of the investee company             | As at July 01, 2016 | Purchased during the period | Bonus / right shares received during the period | Sold during the period | As at June 30, 2017 | As at June 30, 2017 |              |                            | Market value as a percentage of: |                                   | Holding as a percentage of paid up capital of the investee company |
|------------------------------------------|---------------------|-----------------------------|-------------------------------------------------|------------------------|---------------------|---------------------|--------------|----------------------------|----------------------------------|-----------------------------------|--------------------------------------------------------------------|
|                                          |                     |                             |                                                 |                        |                     | Carrying Cost       | Market value | Appreciation/ (diminution) | Net assets of the fund           | Total market value of investments |                                                                    |
|                                          |                     |                             | Number of shares                                |                        |                     | (Rupees)            |              |                            |                                  |                                   |                                                                    |
| <b>Fertilizer</b>                        |                     |                             |                                                 |                        |                     |                     |              |                            |                                  |                                   |                                                                    |
| Engro Corporation Limited                | 50,500              | 354,000                     | -                                               | 159,000                | 245,500             | 86,483,897          | 80,010,905   | (6,472,992)                | 3.83%                            | 3.93%                             | 0.05%                                                              |
| Engro Fertilizers Limited                | 53,000              | 600,000                     | -                                               | 235,000                | 418,000             | 29,764,814          | 23,090,320   | (6,674,494)                | 1.11%                            | 1.13%                             | 0.03%                                                              |
| Fauji Fertilizer Bin Qasim Limited       | -                   | 680,500                     | -                                               | 680,500                | -                   | -                   | -            | -                          | -                                | -                                 | -                                                                  |
|                                          |                     |                             |                                                 |                        |                     | 116,248,711         | 103,101,225  | (13,147,486)               | 4.94%                            | 5.06%                             | -                                                                  |
| <b>Chemicals</b>                         |                     |                             |                                                 |                        |                     |                     |              |                            |                                  |                                   |                                                                    |
| Biafo Industries Limited                 | 21,900              | -                           | -                                               | 21,900                 | -                   | -                   | -            | -                          | 0.00%                            | 0.00%                             | 0.00%                                                              |
| Ghani Gases Limited                      | -                   | 279,000                     | -                                               | 279,000                | -                   | -                   | -            | -                          | 0.00%                            | 0.00%                             | 0.00%                                                              |
| ICI Pakistan Limited                     | -                   | 28,000                      | -                                               | 3,000                  | 25,000              | 25,244,219          | 27,363,750   | 2,119,531                  | 1.31%                            | 1.34%                             | 0.03%                                                              |
| Engro Polymer & Chemicals Limited        | -                   | 890,000                     | -                                               | -                      | 890,000             | 33,432,155          | 32,485,000   | (947,155)                  | 1.55%                            | 1.60%                             | 0.13%                                                              |
|                                          |                     |                             |                                                 |                        |                     | 58,676,374          | 59,848,750   | 1,172,376                  | 2.86%                            | 2.94%                             | -                                                                  |
| <b>Commercial banks</b>                  |                     |                             |                                                 |                        |                     |                     |              |                            |                                  |                                   |                                                                    |
| Bank Alfalah Limited (a related party)   | 240,000             | 830,500                     | -                                               | 340,000                | 730,500             | 32,235,118          | 29,366,100   | (2,869,018)                | 1.41%                            | 1.44%                             | 0.05%                                                              |
| Bank Al-Habib Limited                    | -                   | 804,000                     | -                                               | 265,000                | 539,000             | 29,801,216          | 30,588,250   | 787,034                    | 1.46%                            | 1.50%                             | 0.05%                                                              |
| National Bank of Pakistan Limited        | -                   | 684,000                     | -                                               | 684,000                | -                   | -                   | -            | -                          | 0.00%                            | 0.00%                             | 0.00%                                                              |
| Habib Bank Limited                       | 69,500              | 412,400                     | -                                               | 116,500                | 365,400             | 93,271,930          | 98,343,756   | 5,071,826                  | 4.71%                            | 4.83%                             | 0.02%                                                              |
| JS Bank Limited                          | -                   | 4,105,000                   | -                                               | 2,934,500              | 1,170,500           | 12,568,684          | 11,225,095   | (1,343,589)                | 0.54%                            | 0.55%                             | 0.11%                                                              |
| MCB Bank Limited                         | 30,500              | 441,000                     | -                                               | 165,000                | 306,500             | 71,035,011          | 64,496,795   | (6,538,216)                | 3.09%                            | 3.17%                             | 0.03%                                                              |
| United Bank Limited                      | 80,000              | 389,200                     | -                                               | 127,000                | 342,200             | 76,433,488          | 80,594,944   | 4,161,456                  | 3.86%                            | 3.96%                             | 0.03%                                                              |
| The Bank of Punjab                       | -                   | 2,000,000                   | -                                               | 1,155,000              | 845,000             | 11,794,643          | 9,954,100    | (1,840,543)                | 0.48%                            | 0.49%                             | 0.05%                                                              |
| The Bank of Punjab - LoR                 | -                   | -                           | 1,400,000                                       | -                      | 1,400,000           | -                   | 56,000       | 56,000                     | 0.00%                            | 0.00%                             | 0.00%                                                              |
|                                          |                     |                             |                                                 |                        |                     | 327,140,090         | 324,625,040  | (2,515,050)                | 15.55%                           | 15.94%                            | -                                                                  |
| <b>Insurance</b>                         |                     |                             |                                                 |                        |                     |                     |              |                            |                                  |                                   |                                                                    |
| Adamjee Insurance Company Limited        | 81,500              | -                           | -                                               | 81,500                 | -                   | -                   | -            | -                          | 0.00%                            | 0.00%                             | -                                                                  |
| <b>Cement</b>                            |                     |                             |                                                 |                        |                     |                     |              |                            |                                  |                                   |                                                                    |
| D.G. Khan Cement Company Limited         | 72,000              | 460,600                     | -                                               | 226,000                | 306,600             | 65,077,420          | 65,354,856   | 277,436                    | 3.13%                            | 3.21%                             | 0.07%                                                              |
| Lucky Cement Limited                     | 27,700              | 141,550                     | -                                               | 42,150                 | 127,100             | 102,556,778         | 106,288,680  | 3,731,902                  | 5.09%                            | 5.22%                             | 0.04%                                                              |
| Kohat Cement Limited                     | 82,900              | -                           | -                                               | 82,900                 | -                   | -                   | -            | -                          | 0.00%                            | 0.00%                             | 0.00%                                                              |
| Fauji Cement Company Limited             | 19,000              | 190,000                     | -                                               | 209,000                | -                   | -                   | -            | -                          | 0.00%                            | 0.00%                             | 0.00%                                                              |
| Fecto Cement Limited                     | 92,500              | -                           | -                                               | 92,500                 | -                   | -                   | -            | -                          | 0.00%                            | 0.00%                             | 0.00%                                                              |
| Cherat Cement Company Limited            | -                   | 515,300                     | -                                               | 266,000                | 249,300             | 46,546,705          | 44,569,854   | (1,976,851)                | 2.13%                            | 2.19%                             | 0.14%                                                              |
| Pioneer Cement Limited                   | 161,000             | 158,100                     | -                                               | 161,000                | 158,100             | 22,694,990          | 20,553,000   | (2,141,990)                | 0.98%                            | 1.01%                             | 0.07%                                                              |
| Maple Leaf Cement Factory Limited        | -                   | 234,700                     | -                                               | -                      | 234,700             | 28,214,598          | 26,136,192   | (2,078,406)                | 1.25%                            | 1.28%                             | 0.04%                                                              |
|                                          |                     |                             |                                                 |                        |                     | 265,090,491         | 262,902,582  | (2,187,909)                | 12.58%                           | 12.91%                            | -                                                                  |
| <b>Power generation and distribution</b> |                     |                             |                                                 |                        |                     |                     |              |                            |                                  |                                   |                                                                    |
| Hub Power Company Limited                | 487,500             | 355,800                     | -                                               | 487,400                | 355,900             | 47,078,945          | 41,793,337   | (5,285,608)                | 2.00%                            | 2.05%                             | 0.03%                                                              |
| Kot Addu Power Company Limited           | 380,500             | -                           | -                                               | 380,500                | -                   | -                   | -            | -                          | 0.00%                            | 0.00%                             | 0.00%                                                              |
|                                          |                     |                             |                                                 |                        |                     | 47,078,945          | 41,793,337   | (5,285,608)                | 2.00%                            | 2.05%                             | -                                                                  |



| Name of the investee company                        | As at July 01, 2016 | Purchased during the period | Bonus / right shares received during the period | Sold during the period | As at June 30, 2017 | As at June 30, 2017  |                      |                            | Market value as a percentage of: |                                   | Holding as a percentage of paid up capital of the investee company |
|-----------------------------------------------------|---------------------|-----------------------------|-------------------------------------------------|------------------------|---------------------|----------------------|----------------------|----------------------------|----------------------------------|-----------------------------------|--------------------------------------------------------------------|
|                                                     |                     |                             |                                                 |                        |                     | Carrying Cost        | Market value         | Appreciation/ (diminution) | Net assets of the fund           | Total market value of investments |                                                                    |
|                                                     |                     |                             |                                                 |                        |                     | Number of shares     |                      |                            | (Rupees)                         |                                   |                                                                    |
| <b>Oil and gas marketing companies</b>              |                     |                             |                                                 |                        |                     |                      |                      |                            |                                  |                                   |                                                                    |
| Attock Petroleum Limited                            | -                   | 46,400                      | -                                               | 10,000                 | 36,400              | 24,797,747           | 22,802,052           | (1,995,695)                | 1.09%                            | 1.12%                             | 0.04%                                                              |
| Pakistan State Oil Company Limited                  | 27,500              | 142,000                     | -                                               | 79,000                 | 90,500              | 37,961,606           | 35,055,175           | (2,906,431)                | 1.68%                            | 1.72%                             | 0.03%                                                              |
| Hascol Petroleum Limited                            | 49,824              | 64,300                      | -                                               | 45,000                 | 69,124              | 22,930,792           | 23,578,196           | 647,404                    | 1.13%                            | 1.16%                             | 0.06%                                                              |
| Hi-Tech Lubricants Limited                          | -                   | 571,000                     | -                                               | 571,000                | -                   | -                    | -                    | -                          | 0.00%                            | 0.00%                             | 0.00%                                                              |
| Sui Northern Gas Pipelines Limited                  | -                   | 1,447,000                   | -                                               | 902,000                | 545,000             | 53,513,379           | 81,161,400           | 27,648,021                 | 3.88%                            | 3.99%                             | 0.09%                                                              |
| Sui Southern Gas Company                            | -                   | 600,000                     | -                                               | 600,000                | -                   | -                    | -                    | -                          | 0.00%                            | 0.00%                             | 0.00%                                                              |
| Shell Pakistan Limited                              | -                   | 35,000                      | -                                               | -                      | 35,000              | 22,226,332           | 20,137,950           | (2,088,382)                | 0.96%                            | 0.99%                             | 0.03%                                                              |
|                                                     |                     |                             |                                                 |                        |                     | 161,429,856          | 182,734,773          | 21,304,917                 | 8.74%                            | 8.98%                             |                                                                    |
| <b>Oil and gas exploration companies</b>            |                     |                             |                                                 |                        |                     |                      |                      |                            |                                  |                                   |                                                                    |
| Mari Petroleum Company Limited                      | 34,154              | 38,880                      | -                                               | 22,500                 | 50,534              | 57,023,891           | 79,623,392           | 22,599,501                 | 3.81%                            | 3.91%                             | 0.05%                                                              |
| Oil and Gas Development Company Limited             | 362,900             | 690,300                     | -                                               | 478,000                | 575,200             | 87,410,096           | 80,924,888           | (6,485,208)                | 3.87%                            | 3.97%                             | 0.01%                                                              |
| Pakistan Oilfields Limited                          | 75,100              | 78,000                      | -                                               | 54,000                 | 99,100              | 42,291,164           | 45,402,665           | 3,111,501                  | 2.17%                            | 2.23%                             | 0.04%                                                              |
| Pakistan Petroleum Limited                          | 70,000              | 320,000                     | -                                               | 247,000                | 143,000             | 23,404,295           | 21,184,020           | (2,220,275)                | 1.01%                            | 1.04%                             | 0.01%                                                              |
|                                                     |                     |                             |                                                 |                        |                     | 210,129,446          | 227,134,965          | 17,005,519                 | 10.86%                           | 11.15%                            |                                                                    |
| <b>Refinery</b>                                     |                     |                             |                                                 |                        |                     |                      |                      |                            |                                  |                                   |                                                                    |
| Attock Refinery Limited                             | 24,000              | 20,000                      | -                                               | 44,000                 | -                   | -                    | -                    | -                          | -                                | -                                 | 0.00%                                                              |
| National Refinery Limited                           | 28,100              | 42,950                      | -                                               | 71,050                 | -                   | -                    | -                    | -                          | -                                | -                                 | 0.00%                                                              |
|                                                     |                     |                             |                                                 |                        |                     | -                    | -                    | -                          | -                                | -                                 |                                                                    |
| <b>Automobile assembler</b>                         |                     |                             |                                                 |                        |                     |                      |                      |                            |                                  |                                   |                                                                    |
| Pak Suzuki Motor Company Limited                    | -                   | 87,500                      | -                                               | 20,200                 | 67,300              | 38,256,115           | 52,518,228           | 14,262,113                 | 2.51%                            | 2.58%                             | 0.08%                                                              |
| Honda Atlas Cars (Pakistan) Limited                 | -                   | 13,100                      | -                                               | 4,200                  | 8,900               | 7,117,892            | 7,722,441            | 604,549                    | 0.37%                            | 0.38%                             | 0.01%                                                              |
| Indus Motor Company Limited                         | 1,000               | 32,660                      | -                                               | 2,000                  | 31,660              | 46,652,528           | 56,785,376           | 10,132,848                 | 2.72%                            | 2.79%                             | 0.04%                                                              |
|                                                     |                     |                             |                                                 |                        |                     | 92,026,535           | 117,026,045          | 24,999,510                 | 5.60%                            | 5.75%                             |                                                                    |
| <b>Automobile parts and accessories</b>             |                     |                             |                                                 |                        |                     |                      |                      |                            |                                  |                                   |                                                                    |
| General Tyre and Rubber Company of Pakistan Limited | 57,000              | 165,100                     | -                                               | 67,000                 | 155,100             | 49,599,813           | 47,072,850           | (2,526,963)                | 2.25%                            | 2.31%                             | 0.26%                                                              |
| Thal Limited                                        | -                   | 149,600                     | -                                               | 20,000                 | 129,600             | 66,995,457           | 78,541,488           | 11,546,031                 | 3.76%                            | 3.86%                             | 0.16%                                                              |
|                                                     |                     |                             |                                                 |                        |                     | 116,595,270          | 125,614,338          | 9,019,068                  | 6.01%                            | 6.17%                             |                                                                    |
| <b>Cable and electrical goods</b>                   |                     |                             |                                                 |                        |                     |                      |                      |                            |                                  |                                   |                                                                    |
| Pak Elektron Limited                                | 27,875              | -                           | -                                               | 27,875                 | -                   | -                    | -                    | -                          | -                                | -                                 | -                                                                  |
| <b>Household goods</b>                              |                     |                             |                                                 |                        |                     |                      |                      |                            |                                  |                                   |                                                                    |
| Tariq Glass Industries Limited                      | 105,000             | -                           | -                                               | 105,000                | -                   | -                    | -                    | -                          | -                                | -                                 | 0.00%                                                              |
| <b>Textile composite</b>                            |                     |                             |                                                 |                        |                     |                      |                      |                            |                                  |                                   |                                                                    |
| Gul Ahmed Textile                                   | -                   | 841,800                     | 91,800                                          | 841,800                | 91,800              | 3,990,399            | 3,761,964            | (228,435)                  | 0.18%                            | 0.18%                             | 0.03%                                                              |
| Nishat Mills Limited                                | 32,000              | 800,200                     | -                                               | 472,000                | 360,200             | 52,469,102           | 57,156,536           | 4,687,434                  | 2.74%                            | 2.81%                             | 0.10%                                                              |
| Kohinoor Textile Mills Limited                      | 208,200             | 40,000                      | -                                               | 246,900                | 1,300               | 110,055              | 136,669              | 26,614                     | 0.01%                            | 0.01%                             | 0.00%                                                              |
|                                                     |                     |                             |                                                 |                        |                     | 56,569,556           | 61,055,169           | 4,485,613                  | 2.93%                            | 3.00%                             |                                                                    |
| <b>Food and personal care products</b>              |                     |                             |                                                 |                        |                     |                      |                      |                            |                                  |                                   |                                                                    |
| Al Shaheer Corporation Limited                      | 15,500              | 503,500                     | -                                               | 519,000                | -                   | -                    | -                    | -                          | 0.00%                            | 0.00%                             | 0.00%                                                              |
| Treet Corporation Limited                           | -                   | 425,000                     | -                                               | 51,000                 | 374,000             | 24,949,483           | 21,273,120           | (3,676,363)                | 1.02%                            | 1.04%                             | 0.26%                                                              |
| <b>Engineering</b>                                  |                     |                             |                                                 |                        |                     |                      |                      |                            |                                  |                                   |                                                                    |
| Amreli Steel Limited                                | 18,000              | 533,500                     | -                                               | 272,500                | 279,000             | 19,298,774           | 34,303,050           | 15,004,276                 | 1.64%                            | 1.68%                             | 0.09%                                                              |
| Crescent Steel & Allied Products Limited            | 124,375             | 160,500                     | -                                               | 158,300                | 126,575             | 30,197,392           | 30,196,998           | (394)                      | 1.45%                            | 1.48%                             | 0.16%                                                              |
| International Industries Limited                    | -                   | 336,300                     | -                                               | 194,000                | 142,300             | 40,782,272           | 52,447,511           | 11,665,239                 | 2.51%                            | 2.58%                             | 0.12%                                                              |
| International Steel Limited                         | -                   | 619,500                     | -                                               | 215,000                | 404,500             | 50,209,936           | 51,731,505           | 1,521,569                  | 2.48%                            | 2.54%                             | 0.09%                                                              |
|                                                     |                     |                             |                                                 |                        |                     | 140,488,374          | 168,679,064          | 28,190,690                 | 8.08%                            | 8.28%                             |                                                                    |
| <b>Pharmaceuticals</b>                              |                     |                             |                                                 |                        |                     |                      |                      |                            |                                  |                                   |                                                                    |
| ABBOTT Laboratories Pakistan Limited                | -                   | 46,550                      | -                                               | 25,050                 | 21,500              | 18,307,761           | 20,093,900           | 1,786,139                  | 0.96%                            | 0.99%                             | 0.02%                                                              |
| Ferozsons Laboratories Limited                      | 3,500               | -                           | -                                               | 3,500                  | -                   | -                    | -                    | -                          | 0.00%                            | 0.00%                             | 0.00%                                                              |
| Highnoon Laboratories Limited                       | 15,100              | -                           | -                                               | 15,100                 | -                   | -                    | -                    | -                          | 0.00%                            | 0.00%                             | 0.00%                                                              |
| The Searle Company Limited                          | 24,695              | 109,600                     | 14,352                                          | 80,500                 | 68,147              | 36,283,375           | 34,889,901           | (1,393,474)                | 1.67%                            | 1.71%                             | 0.04%                                                              |
|                                                     |                     |                             |                                                 |                        |                     | 54,591,136           | 54,983,801           | 392,665                    | 2.63%                            | 2.70%                             |                                                                    |
| <b>Sugar and allied industries</b>                  |                     |                             |                                                 |                        |                     |                      |                      |                            |                                  |                                   |                                                                    |
| Faran Sugar Mills Limited                           | 58,000              | -                           | -                                               | 58,000                 | -                   | -                    | -                    | -                          | 0.00%                            | 0.00%                             | 0.00%                                                              |
| <b>Paper and board</b>                              |                     |                             |                                                 |                        |                     |                      |                      |                            |                                  |                                   |                                                                    |
| Packages Limited                                    | 47,100              | 74,000                      | -                                               | 50,400                 | 70,700              | 54,059,473           | 49,177,506           | (4,881,967)                | 2.35%                            | 2.42%                             | 0.08%                                                              |
| <b>Miscellaneous</b>                                |                     |                             |                                                 |                        |                     |                      |                      |                            |                                  |                                   |                                                                    |
| Synthetic Products Limited                          | -                   | 259,000                     | 24,900                                          | 24,500                 | 259,400             | 16,001,051           | 19,571,730           | 3,570,679                  | 0.94%                            | 0.96%                             | 0.30%                                                              |
| <b>Inv Banks/Inv COS/Securities COS.</b>            |                     |                             |                                                 |                        |                     |                      |                      |                            |                                  |                                   |                                                                    |
| Arif Habib Limited                                  | -                   | 400,000                     | -                                               | 179,500                | 220,500             | 20,242,974           | 17,730,405           | (2,512,569)                | 0.85%                            | 0.87%                             | 0.40%                                                              |
| <b>As at June 30, 2017</b>                          | <b>3,358,923</b>    | <b>24,246,890</b>           | <b>1,531,052</b>                                | <b>15,971,225</b>      | <b>13,165,640</b>   | <b>1,761,317,765</b> | <b>1,837,251,850</b> | <b>75,934,085</b>          |                                  |                                   |                                                                    |
| <b>As at June 30, 2016</b>                          | <b>4,928,941</b>    | <b>9,966,750</b>            | <b>195,749</b>                                  | <b>10,968,517</b>      | <b>3,358,923</b>    | <b>447,518,676</b>   | <b>521,957,104</b>   | <b>74,438,428</b>          |                                  |                                   |                                                                    |

5.1.1 The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001. As a result of these amendments, companies are liable to withhold bonus shares at the rate of 5 percent. In accordance with the requirement of the Ordinance these shares shall only be released if the fund deposit tax equivalent to 5% of the value of the bonus shares issued. The value of tax is computed on the basis of day-end price on the first day of book closure.

In this regard, a constitutional petition has been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs, which is pending adjudication. The petition is based on the fact that because CISs are exempt from deduction of income tax under Clause 99 of Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should not be applicable on bonus shares received by CISs. A stay order has been granted by the High Court of Sindh in favour of CISs.

As at June 30, 2017, the following bonus shares of the Fund were withheld by certain companies at the time of declaration. The Fund has included these shares in its portfolio, as the management believes that the decision of the constitutional petition will be in favour of the CISs.

| Name of investee Company       | 2017         |                  | 2016         |                  |
|--------------------------------|--------------|------------------|--------------|------------------|
|                                | Bonus Shares |                  |              |                  |
|                                | Number       | Market value     | Number       | Market value     |
| Hascol Petroleum Limited       | 2,782        | 948,940          | 2,782        | 543,519          |
| Kohinoor Textile Mills Limited | 1,260        | 132,464          | 1,260        | 100,838          |
| Mari Petroleum Company Limited | 54           | 85,085           | 54           | 49,044           |
| The Searle Company Limited     | 1,882        | 963,546          | 922          | 494,330          |
| Synthetic Products Limited     | 1,245        | 93,935           | -            | -                |
|                                | <u>7,223</u> | <u>2,223,970</u> | <u>5,018</u> | <u>1,187,731</u> |

5.1.2 The above investments include shares having a market value (in aggregate) amounting to 37.125 million (June 30, 2016: Rs 36.394 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated October 23, 2007 issued by the Securities & Exchange Commission of Pakistan. The details of shares which have been pledged are as follows:

| Name of investee Company        | 2017             | 2016           | 2017              | 2016              |
|---------------------------------|------------------|----------------|-------------------|-------------------|
|                                 | Number of shares |                | Rupees            |                   |
| D.G Khan Cement Company Limited | -                | 65,000         | -                 | 12,381,850        |
| The Hub Power Company Limited   | -                | 200,000        | -                 | 24,012,000        |
| Oil and Gas Development Company | 145,000          | -              | 20,400,050        | -                 |
| Lucky Cement Limited            | 20,000           | -              | 16,725,200        | -                 |
|                                 | <u>165,000</u>   | <u>265,000</u> | <u>37,125,250</u> | <u>36,393,850</u> |

## 5.2 Listed units - 'at fair value through profit or loss' - held-for-trading

| Name of the investee company                | As at July 01, 2016 | Purchased during the period | Bonus / right shares received during the period | Sold during the period | As at June 30, 2017 | As at June 30, 2017 |              |                            | Market value as a percentage of |                                   | Holding as a percentage of paid up capital of the investee company |
|---------------------------------------------|---------------------|-----------------------------|-------------------------------------------------|------------------------|---------------------|---------------------|--------------|----------------------------|---------------------------------|-----------------------------------|--------------------------------------------------------------------|
|                                             |                     |                             |                                                 |                        |                     | Carrying value as   | Market value | Appreciation/ (diminution) | Net assets of the fund          | Total market value of investments |                                                                    |
|                                             |                     |                             |                                                 |                        |                     | Number of shares    |              |                            | (Rupees)                        |                                   |                                                                    |
| Dolmen City REIT (face value of Rs.10 each) | 526,704             | -                           | -                                               | 526,000                | 704                 | 7,603               | 8,328        | 725                        | 0.00%                           | 0.00%                             | 0.00%                                                              |
| As at June 30, 2017                         | 526,704             | -                           | -                                               | 526,000                | 704                 | 7,603               | 8,328        | 725                        |                                 |                                   |                                                                    |
| As at June 30, 2016                         | 526,704             | -                           | -                                               | -                      | 526,704             | -                   | 5,799,011    | 5,688,403                  |                                 |                                   |                                                                    |

## 5.3 Market Treasury Bills - 'at fair value through profit or loss' - held-for-trading

| Particulars                                   | Face value          |                           |                                |                     | Carrying value as at June 30, 2017 | Market value as at June 30, 2017 | Appreciation/ (diminution) | Market value as a percentage of |                                   |
|-----------------------------------------------|---------------------|---------------------------|--------------------------------|---------------------|------------------------------------|----------------------------------|----------------------------|---------------------------------|-----------------------------------|
|                                               | As at July 01, 2016 | Purchased during the year | Sold / matured during the year | As at June 30, 2017 |                                    |                                  |                            | Net assets of the fund          | Total market value of investments |
|                                               | (Rupees)            |                           |                                |                     |                                    |                                  |                            | (%)                             |                                   |
| Market Treasury Bills - 3 months (Note 5.3.1) | 50,000,000          | 400,000,000               | 250,000,000                    | 200,000,000         | 198,944,664                        | 198,921,200                      | (23,464)                   | 9.52%                           | 9.77%                             |
| Market Treasury Bills - 6 months              | -                   | 3,150,000,000             | 3,150,000,000                  | -                   | -                                  | -                                | -                          | -                               | -                                 |
| <b>Total as at June 30, 2017</b>              | <u>50,000,000</u>   | <u>3,550,000,000</u>      | <u>3,400,000,000</u>           | <u>200,000,000</u>  | <u>198,944,664</u>                 | <u>198,921,200</u>               | <u>(23,464)</u>            |                                 |                                   |
| <b>Total as at June 30, 2016</b>              | <u>40,000,000</u>   | <u>340,000,000</u>        | <u>330,000,000</u>             | <u>50,000,000</u>   | <u>49,714,654</u>                  | <u>49,727,642</u>                | <u>12,988</u>              |                                 |                                   |

5.3.1 These represent market treasury bills having face value of Rs.200 million (2016: Rs.50 million) carrying purchase yield of 6.13% (2016: 6.21%) per annum. These market treasury bills have maturity upto August 03, 2017 (2016: August 04, 2016 ).

5.4 Investment in term finance certificates - available-for-sale

| Name of the Investee company                                              | Face value                        |                             |                        |                     | Carrying value as at June 30, 2017 | Market value as at June 30, 2017 | Appreciation/ (diminution) | Market value as a percentage of |                                   |
|---------------------------------------------------------------------------|-----------------------------------|-----------------------------|------------------------|---------------------|------------------------------------|----------------------------------|----------------------------|---------------------------------|-----------------------------------|
|                                                                           | As at July 01, 2016               | Purchased during the period | Sold during the period | As at June 30, 2017 |                                    |                                  |                            | Net assets of the fund          | Total market value of investments |
|                                                                           | ----- Number of certificate ----- |                             |                        |                     | ----- (Rupees) -----               |                                  |                            |                                 |                                   |
| Unlisted Term Finance Certificates                                        |                                   |                             |                        |                     |                                    |                                  |                            |                                 |                                   |
| Agritech Limited (IV issue)<br>(Formerly Pak American Fertilizer Limited) | 1,141                             | -                           | -                      | 1,141               | -                                  | -                                | -                          | -                               | -                                 |
| <b>Total as at June 30, 2017</b>                                          | <b>1,141</b>                      | <b>-</b>                    | <b>-</b>               | <b>1,141</b>        | <b>-</b>                           | <b>-</b>                         | <b>-</b>                   | <b>-</b>                        | <b>-</b>                          |
| <b>Total as at June 30, 2016</b>                                          | <b>1,141</b>                      | <b>-</b>                    | <b>-</b>               | <b>1,141</b>        | <b>-</b>                           | <b>-</b>                         | <b>-</b>                   | <b>-</b>                        | <b>-</b>                          |

This represents additional TFCs of Agritech Ltd. (Formerly Pak American Fertilizer Limited) received by the Fund through restructuring agreement reached between lender and Agritech Ltd. Under such agreement, outstanding mark-up due on May 29, 2011 amounting to Rs.7.61 million was settled in the form of zero coupon TFCs valuing Rs.7.61 million. This investment has been recorded as 100% impaired since these securities have been received in lieu of suspended overdue mark-up to be recognized in income upon realisation.

5.5 Non compliant investments

| Name of non compliant investment | Type of investment        | Value of Investment before provision | Provision balance as on July 01, 2016 | Provision during the period | Provision held, if any | Value of investment after provision | Fair value as a percentage of: |              | Credit rating |
|----------------------------------|---------------------------|--------------------------------------|---------------------------------------|-----------------------------|------------------------|-------------------------------------|--------------------------------|--------------|---------------|
|                                  |                           |                                      |                                       |                             |                        |                                     | Net assets                     | Gross assets |               |
|                                  |                           | ----- (Rupees) -----                 |                                       |                             |                        |                                     |                                |              |               |
| Agritech Limited - IV            | Term finance certificates | 5,705,000                            | (5,705,000)                           | -                           | (5,705,000)            | -                                   | -                              | -            | D             |

5.5.1 At the time of purchase / investment, the TFCs and Sukuk were in compliance with the investment requirement of the Constitutive Documents and investment restriction parameters laid down in NBFC Regulations or NBFC Rules. However, subsequently they were defaulted or downgraded upon default to non investment grade and became non-compliant with investment restrictions parameters laid down in NBFC Regulations or NBFC Rules and with the requirements of Constitutive Documents. Disclosure of the non-compliance is made as required by Circular No. 16 of 2010 dated July 07, 2010 issued by the SECP.

5.6 Net unrealized gain on revaluation of investments classified as 'at fair value through profit or loss'

Note 2017 2016  
----- (Rupees) -----

|                                     |                   |                   |
|-------------------------------------|-------------------|-------------------|
| Market value of investments         | 2,036,181,378     | 577,373,149       |
| Less: Carrying value of investments | (1,960,270,032)   | (503,032,341)     |
|                                     | <u>75,911,346</u> | <u>74,340,808</u> |

6 SECURITY DEPOSITS

|                                                       |                  |                  |
|-------------------------------------------------------|------------------|------------------|
| Central Depository Company of Pakistan Limited (CDC)  | 100,000          | 100,000          |
| National Clearing Company of Pakistan Limited (NCCPL) | <u>2,500,000</u> | <u>2,500,000</u> |
|                                                       | <u>2,600,000</u> | <u>2,600,000</u> |

7 PREPAYMENTS, DIVIDEND AND OTHER RECEIVABLE

|                                    |                  |                  |
|------------------------------------|------------------|------------------|
| Dividend receivable                | 4,490,398        | 2,735,312        |
| Profit receivable on bank balances | 6,030            | 612,419          |
| Prepaid rating fee                 | <u>72,940</u>    | <u>29,678</u>    |
|                                    | <u>4,569,368</u> | <u>3,377,409</u> |

8 PAYABLE TO MANAGEMENT COMPANY

|                                                        |     |                   |                  |
|--------------------------------------------------------|-----|-------------------|------------------|
| Management remuneration payable                        | 8.1 | 3,958,467         | 1,414,823        |
| Sindh Sales tax payable on management remuneration     | 8.2 | 1,130,724         | 814,719          |
| Federal excise duty payable on management remuneration | 8.3 | 5,888,310         | 5,888,310        |
| Payable against allocated expenses                     | 8.4 | 979,956           | 255,088          |
| Payable against selling and marketing expenses         | 8.5 | 964,461           | -                |
| Sales load payable                                     |     | <u>880,577</u>    | <u>155,864</u>   |
|                                                        |     | <u>13,802,495</u> | <u>8,528,804</u> |

- 8.1 The Management Company has charged remuneration at the rate of 2% of average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.
- 8.2 During the year, Sindh Sales Tax on management remuneration has been charged at 13%.
- 8.3 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On September 4, 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 5,888,310 million (2016: Rs 5,888,310 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2017 would have been higher by Re 0.20 per unit (2016: Re 0.57 per unit).

- 8.4 In accordance with the provisions of the NBFC Regulations, 2008 (as amended vide S.R.O 1160(I) / 2015 dated November 25, 2015), the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund up to a maximum of 0.1% of the average annual net assets of the Scheme or actual, whichever is less. Accordingly, the Management Company has charged expenses at the rate of 0.1% per annum of the average annual net assets of the Fund being lower than actual expenses chargeable to the Fund for the year.
- 8.5 In accordance with Regulation 60(3)(v) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Securities and Exchange Commission of Pakistan (SECP) has issued circular no. 40 of 2016 dated December 30, 2016 (later amended vide circular no. 05 of 2017 dated February 13, 2017) whereby it has prescribed certain conditions on Asset Management Companies (AMCs) for charging selling and marketing expenses to collective investment schemes (CISs). In accordance with the provisions contained in these circulars, selling and marketing expenses will be allowed initially for a period of three years (from January 1, 2017 till December 31, 2019) to be charged to open end equity, asset allocation and index funds upto a maximum of 0.4% per annum of net assets of the fund or actual expenses, whichever is less. The circulars also state that AMCs will only be allowed to charge these expenses on their CISs if they open at least two new branches in cities except Karachi, Lahore, Islamabad and Rawalpindi by June 30, 2017.

The SECP has also provided certain guidelines in the above mentioned circulars for the allocation of expenses to the fund, which prescribe that selling and marketing expenses can only be used in respect of the following:

1. cost pertaining to opening and maintenance of new branches by asset management companies in cities except Karachi, Lahore, Islamabad and Rawalpindi,
2. payment of salaries to sales team posted at new branches,
3. payment of commission to sales team and distributors in all cities of Pakistan, and
4. payment of advertising and publicity of these funds.

In addition, the above circulars also specify that asset management companies which intend to charge the above mentioned expenses to the funds, shall submit their annual plan to their Board of Directors for approval which amongst others, shall state the name of funds in which such expenses will be charged and nature of expenses that will be charged.

Keeping in view the aforementioned guidelines provided by SECP, the Board of Directors of the Management Company have approved the plan as required by the above mentioned circular in March 2017 and have approved selling and marketing expenses to be charged to the Fund. Furthermore, in respect of the above, two new branches have been opened in Faisalabad and Multan before June 30, 2017 in order to comply with the requirements of the above mentioned circulars.

The management has also carried out an exercise to identify expenses of the Management Company (on the basis of criteria mentioned in the above circular) that can be charged to the Fund. As the actual expenses incurred by the Management Company that are allowable to be allocated to the Fund for the year ended June 30, 2017 are higher than 0.4% per annum of net assets of the Fund, accordingly, with effect from May 26, 2017 the Management Company has charged expenses at the rate of 0.4% per annum of net assets of the Fund being lower than actual expenses chargeable to the Fund for the year.

| 9 PAYABLE TO THE TRUSTEE                        | Note | 2017                 | 2016    |
|-------------------------------------------------|------|----------------------|---------|
|                                                 |      | ----- (Rupees) ----- |         |
| Trustee remuneration payable                    | 9.1  | 360,592              | 368,020 |
| Sindh Sales tax payable on trustee remuneration | 9.2  | 36,515               | 40,362  |
|                                                 |      | 397,107              | 408,382 |



- 9.1 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 NAV 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      | Rs.0.7 million or 0.20% p.a. of net assets whichever is higher.      |
| Over Rs.1 billion       | Rs.2.0 million plus 0.10% p.a. of net assets exceeding Rs.1 billion. |

- 9.2 During the year, Sindh Sales Tax on trustee remuneration has been charged at 13%.

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

Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.095 percent of the average annual net assets of the Fund.

| 11 ACCRUED EXPENSES AND OTHER LIABILITIES            | Note | 2017                 | 2016              |
|------------------------------------------------------|------|----------------------|-------------------|
|                                                      |      | ----- (Rupees) ----- |                   |
| Provision against Sindh Workers' Welfare Fund (SWWF) | 11.1 | 12,040,338           | -                 |
| Provision against Workers' Welfare Fund (WWF)        | 11.1 | -                    | 13,380,235        |
| Brokerage expense                                    |      | 606,869              | 596,999           |
| Auditors' remuneration                               |      | 502,248              | 511,242           |
| Settlement charges                                   |      | 69,628               | 76,802            |
| Printing charges                                     |      | 138,156              | -                 |
| Sales load payable                                   |      | 24,518,406           | 3,341,433         |
| Withholding tax                                      |      | 25,021,288           | 4,279,053         |
| Capital value tax                                    |      | 18,461               | 18,539            |
| Federal excise duty                                  |      | 75,318               | 74,528            |
| Other liabilities                                    |      | 1,910                | 262,720           |
|                                                      |      | <u>62,992,622</u>    | <u>22,541,551</u> |

- 11.1 The Finance Act, 2008 had introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeded Rs 0.5 million in a tax year were 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 was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court (SHC) challenging the applicability of WWF on CISs which is pending adjudication. Similar cases were disposed of by the Peshawar and the Lahore High Courts in which these amendments were declared unlawful and unconstitutional. However, these decisions were challenged in the Supreme Court of Pakistan.

Subsequently, the Finance Act, 2015 introduced an amendment under which CISs / mutual funds have been excluded from the definition of "industrial establishment" subject to WWF under the WWF Ordinance. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable from tax year 2016. Accordingly, no further provision in respect of WWF was made with effect from July 1, 2015.

On November 10, 2016 the Supreme Court of Pakistan (SCP) has passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter are still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) has taken legal and tax opinions on the impact of the SCP judgement on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

Furthermore, as a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds, MUFAP had recommended the following to all its members on January 12, 2017:

- based on legal opinion, the entire provision against WWF held by the CISs till June 30 2015, to be reversed on January 12, 2017; and
- as a matter of abundant caution the provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e., starting from May 21, 2015) on January 12, 2017.

Accordingly, on January 12, 2017 the provision for WWF was reversed and the provision for SWWF was made for the period from May 21, 2015 to January 12, 2017. Thereafter, the provision is being made by the Fund on a daily basis going forward.

The above decisions were communicated to the Securities and Exchange Commission of Pakistan (SECP) and the Pakistan Stock Exchange Limited on January 12, 2017. The SECP vide its letter dated February 1, 2017 had advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs / mutual funds. Accordingly, necessary adjustments in this respect were recorded in the books of the Funds on January 12, 2017.

Had the said provision for SWWF not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2017 would have been higher by Re 0.41 per unit.

## 12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2017 and June 30, 2016.

|                                                | 2017                 | 2016               |
|------------------------------------------------|----------------------|--------------------|
|                                                | ----- (Rupees) ----- |                    |
| <b>13 PROFIT / MARK-UP INCOME</b>              |                      |                    |
| Profit / mark-up on:                           |                      |                    |
| - Market treasury bills                        | 4,396,108            | 4,240,848          |
| - Pakistan Investment Bonds                    | -                    | 2,294,985          |
| - Bank balances                                | 15,784,677           | 4,861,913          |
|                                                | <u>20,180,785</u>    | <u>11,397,746</u>  |
| <b>14 AUDITORS' REMUNERATION</b>               |                      |                    |
| Audit fee                                      | 332,750              | 332,750            |
| Review and other certification                 | 226,270              | 226,270            |
| Sindh Sales tax                                | 33,541               | 33,541             |
| Out of pocket expenses                         | 83,785               | 69,878             |
|                                                | <u>676,346</u>       | <u>662,439</u>     |
| <b>15 CASH AND CASH EQUIVALENTS</b>            |                      |                    |
| Bank balances                                  | 124,504,277          | 104,769,769        |
| Market Treasury bills maturing within 3 months | 198,921,200          | 49,727,642         |
|                                                | <u>323,425,477</u>   | <u>154,497,411</u> |

## 16. TOTAL EXPENSE RATIO (TER)

The total expense ratio of the Fund for the year ended June 30, 2017 is 3.74% which includes 1.02% representing Government levy, Workers' Welfare Fund and SECP fee.

## 17. TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations, requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Management Company has distributed the income earned by the Fund during the year to the unit holders in the manner as explained above, no provision for taxation has been in these financial statements.

## 18. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include Alfalah GHP Investment Management Limited being the Management Company, Funds under management of the Management Company, GHP Beteiligungen Holding Limited, Bank Alfalah Limited and MAB Investment Incorporated being associated companies of Management Company, Bank Alfalah Limited - Employees' Provident Fund, Bank Alfalah Limited - Employees' Gratuity Fund, Alfalah GHP Investment Management Limited - Staff Provident Fund, directors and key management personnel of Alfalah GHP Investment Management Limited and Central Depository Company of Pakistan Limited (CDC) being the trustee of the Fund, and other associated companies and connected persons. Connected persons also includes any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund. The transactions with connected persons are in the normal course of business and at contractual rates.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investment and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.



The details of transactions carried out by the Fund with connected persons / related parties and balances with them at the year end are as follows:

## 18.1 Unit Holder's Fund

| Note                                            | June 30, 2017       |                                               |                     |                                          |                     |                     |                                               |                     |                                          |                                     |             |
|-------------------------------------------------|---------------------|-----------------------------------------------|---------------------|------------------------------------------|---------------------|---------------------|-----------------------------------------------|---------------------|------------------------------------------|-------------------------------------|-------------|
|                                                 | As at July 01, 2016 | Issued for cash / conversion in / transfer in | Dividend Reinvested | Redeemed / conversion out / transfer out | As at June 30, 2017 | As at July 01, 2016 | Issued for cash / conversion in / transfer in | Dividend Reinvested | Redeemed / conversion out / transfer out | Net asset value as at June 30, 2017 |             |
|                                                 | (Units)             |                                               |                     |                                          | (Rupees)            |                     |                                               |                     |                                          |                                     |             |
| <b>Other related parties</b>                    |                     |                                               |                     |                                          |                     |                     |                                               |                     |                                          |                                     |             |
| Bank Alfalah Limited - Employees Provident Fund | 18.1.1              | 1,348,870                                     | 2,481,833           | 334,469                                  | 1,348,870           | 2,816,302           | 85,479,511                                    | 200,000,000         | 23,872,565                               | 106,374,856                         | 198,452,129 |
| MAB Investment Inc.                             |                     | 3,295,487                                     | -                   | -                                        | 3,295,487           | -                   | 208,838,966                                   | -                   | -                                        | 218,667,718                         | -           |
| <b>Key management personnel</b>                 |                     |                                               |                     |                                          |                     |                     |                                               |                     |                                          |                                     |             |
| Head of Marketing                               | 18.1.1              | -                                             | 10,770              | 1,290                                    | 1,342               | 10,718              | -                                             | 831,000             | 92,092                                   | 104,512                             | 755,275     |
| Chief Executive Officer                         | 18.1.1              | -                                             | 14,191              | -                                        | -                   | 14,191              | -                                             | 1,000,000           | -                                        | -                                   | 1,000,000   |
| Assistant Vice President - Compliance           | 18.1.1              | -                                             | 1,385               | 186                                      | 23                  | 1,549               | -                                             | 94,000              | 13,305                                   | 1,663                               | 109,119     |
| <b>June 30, 2016</b>                            |                     |                                               |                     |                                          |                     |                     |                                               |                     |                                          |                                     |             |
|                                                 | As at July 01, 2015 | Issued for cash / conversion in / transfer in | Dividend Reinvested | Redeemed / conversion out / transfer out | As at June 30, 2016 | As at July 01, 2015 | Issued for cash / conversion in / transfer in | Dividend Reinvested | Redeemed / conversion out / transfer out | Net asset value as at June 30, 2016 |             |
|                                                 | (Units)             |                                               |                     |                                          | (Rupees)            |                     |                                               |                     |                                          |                                     |             |
| <b>Associated companies / undertakings</b>      |                     |                                               |                     |                                          |                     |                     |                                               |                     |                                          |                                     |             |
| Bank Alfalah Limited                            |                     | 2,889,739                                     | -                   | -                                        | 2,889,739           | -                   | 177,024,326                                   | -                   | -                                        | 204,799,563                         | -           |
| <b>Other related parties</b>                    |                     |                                               |                     |                                          |                     |                     |                                               |                     |                                          |                                     |             |
| MAB Investment Inc.                             |                     | 2,905,034                                     | -                   | 466,572                                  | 76,119              | 3,295,487           | 177,961,289                                   | -                   | 28,915,796                               | 306,312                             | 208,838,966 |
| Bank Alfalah Limited - Employees Provident Fund |                     | 1,179,547                                     | 1,179,549           | 338,644                                  | 1,348,870           | 1,348,870           | 72,258,605                                    | 79,533,229          | 20,987,457                               | 79,533,230                          | 85,479,511  |
| <b>Unit holder 10% or more units</b>            |                     |                                               |                     |                                          |                     |                     |                                               |                     |                                          |                                     |             |
| Lahore university of Management Sciences        |                     | -                                             | 605,908             | 173,954                                  | 86,977              | 692,885             | -                                             | 41,083,837          | 10,780,803                               | 2,399,205                           | 43,908,954  |
| Khalid Mahmood                                  |                     | -                                             | 1,299,365           | 208,689                                  | 34,047              | 1,474,007           | -                                             | 91,144,648          | 12,933,469                               | 4,170,524                           | 93,409,592  |

18.1.1 This reflects the position of related party / connected party status as at June 30, 2017.

## 18.2 Other transactions

### Associated companies / undertakings

#### Alfalah GHP Investment Management Limited - Management Company

|                                                               | 2017       | 2016       |
|---------------------------------------------------------------|------------|------------|
|                                                               | (Rupees)   |            |
| Remuneration of Management Company                            | 30,879,897 | 14,255,040 |
| Sindh sales tax on remuneration of the Management Company     | 4,014,371  | 2,314,423  |
| Allocated expenses                                            | 1,537,124  | 417,900    |
| Selling and Marketing Expenses                                | 964,461    | -          |
| Federal excise duty on remuneration of the Management Company | -          | 2,280,373  |
| Sales Load                                                    | 6,213,773  | -          |
| Amount paid during the year                                   |            |            |

#### Bank Alfalah Limited

|                            |            |           |
|----------------------------|------------|-----------|
| Profit on deposit accounts | 15,784,677 | 4,861,913 |
| Bank charges               | 53,710     | 9,369     |
| Sales load                 | 38,798,857 | -         |

#### Central Depository Company of Pakistan Limited - Trustee

|                                                |           |           |
|------------------------------------------------|-----------|-----------|
| Remuneration of the Trustee                    | 2,438,187 | 1,425,512 |
| Sindh sales tax on remuneration of the Trustee | 316,966   | 199,534   |
| Settlement charges                             | 191,934   | 89,820    |

**18.3 Other balances**

|                                                                       | 2017                 | 2016        |
|-----------------------------------------------------------------------|----------------------|-------------|
|                                                                       | ----- (Rupees) ----- |             |
| <b>Associated companies / undertakings</b>                            |                      |             |
| <b>Alfalsh GHP Investment Management Limited - Management Company</b> |                      |             |
| Management remuneration payable                                       | 3,958,467            | 1,414,823   |
| Sindh Sales tax payable on management remuneration                    | 1,130,724            | 814,719     |
| Payable against allocated expenses                                    | 979,956              | 255,088     |
| Payable against selling and marketing expenses                        | 964,461              | -           |
| Federal excise duty payable on management remuneration                | 5,888,310            | 5,888,310   |
| Sales load payable                                                    | 880,577              | 155,864     |
| <b>Bank Alfalah Limited</b>                                           |                      |             |
| Bank balance                                                          | 124,464,483          | 104,749,805 |
| Profit receivable                                                     | 4,985                | 611,503     |
| Sales load payable                                                    | 24,518,406           | 3,341,433   |
| <b>Other related parties</b>                                          |                      |             |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>       |                      |             |
| Trustee remuneration payable                                          | 360,592              | 368,020     |
| Sindh Sales tax payable on trustee remuneration                       | 36,515               | 40,362      |
| Security deposit                                                      | 100,000              | 100,000     |

18.4 This reflects the position of related party / connected party status as at June 30, 2017.

**18. FINANCIAL INSTRUMENTS BY CATEGORY**

As at June 30, 2017, all the financial assets carried on the statement of assets and liabilities are categorised either as loans and receivables or financial assets at fair value through profit or loss. All the financial liabilities carried on the statement of assets and liabilities are categorised as financial liabilities measured at amortised cost.

| Particulars                    | June 30, 2017         |                                                         |                    |                      |
|--------------------------------|-----------------------|---------------------------------------------------------|--------------------|----------------------|
|                                | Loans and receivables | Financial assets 'at fair value through profit or loss' | Available for sale | Total                |
| ----- (Rupees) -----           |                       |                                                         |                    |                      |
| <b>Financial assets</b>        |                       |                                                         |                    |                      |
| Bank balances                  | 124,504,277           | -                                                       | -                  | 124,504,277          |
| Investments                    | -                     | 2,036,181,378                                           | -                  | 2,036,181,378        |
| Security deposits              | 2,600,000             | -                                                       | -                  | 2,600,000            |
| Dividend and other receivables | 4,496,428             | -                                                       | -                  | 4,496,428            |
|                                | <u>131,600,705</u>    | <u>2,036,181,378</u>                                    | <u>-</u>           | <u>2,167,782,083</u> |

| Particulars                            | June 30, 2017                                      |                                                  |                   |
|----------------------------------------|----------------------------------------------------|--------------------------------------------------|-------------------|
|                                        | Liabilities 'at fair value through profit or loss' | Financial liabilities measured at amortised cost | Total             |
| ----- (Rupees) -----                   |                                                    |                                                  |                   |
| <b>Financial liabilities</b>           |                                                    |                                                  |                   |
| Payable to Management Company          | -                                                  | 6,783,461                                        | 6,783,461         |
| Payable to the Trustee                 | -                                                  | 360,592                                          | 360,592           |
| Accrued expenses and other liabilities | -                                                  | 25,837,217                                       | 25,837,217        |
|                                        | <u>-</u>                                           | <u>32,981,270</u>                                | <u>32,981,270</u> |

| Particulars                    | June 30, 2016         |                                                         |                    |                    |
|--------------------------------|-----------------------|---------------------------------------------------------|--------------------|--------------------|
|                                | Loans and receivables | Financial assets 'at fair value through profit or loss' | Available for sale | Total              |
| (Rupees)                       |                       |                                                         |                    |                    |
| <b>Financial assets</b>        |                       |                                                         |                    |                    |
| Bank balances                  | 104,769,769           | -                                                       | -                  | 104,769,769        |
| Investments                    | -                     | 577,373,149                                             | -                  | 577,373,149        |
| Security deposits              | 2,600,000             | -                                                       | -                  | 2,600,000          |
| Dividend and other receivables | 3,347,731             | -                                                       | -                  | 3,347,731          |
|                                | <u>110,717,500</u>    | <u>577,373,149</u>                                      | <u>-</u>           | <u>688,090,649</u> |

| Particulars                            | June 30, 2016                                      |                                                  |                   |
|----------------------------------------|----------------------------------------------------|--------------------------------------------------|-------------------|
|                                        | Liabilities 'at fair value through profit or loss' | Financial liabilities measured at amortised cost | Total             |
| (Rupees)                               |                                                    |                                                  |                   |
| <b>Financial liabilities</b>           |                                                    |                                                  |                   |
| Payable to Management Company          | -                                                  | 1,825,775                                        | 1,825,775         |
| Payable to the Trustee                 | -                                                  | 368,020                                          | 368,020           |
| Accrued expenses and other liabilities | -                                                  | 9,068,249                                        | 9,068,249         |
| Dividend payable                       | -                                                  | 14,377                                           | 14,377            |
|                                        | <u>-</u>                                           | <u>11,276,421</u>                                | <u>11,276,421</u> |

## 19. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

### 19.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and the regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

#### 19.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

#### 19.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The interest rate profile of the Fund's interest bearing financial instruments is as follows:

|                                                   | 2017             | 2016        |
|---------------------------------------------------|------------------|-------------|
|                                                   | -----Rupees----- |             |
| <b>Variable rate instrument (financial asset)</b> |                  |             |
| Bank balances                                     | 124,504,277      | 104,769,769 |
| <b>Fixed rate instruments (financial assets)</b>  |                  |             |
| Government securities - Market treasury bills     | 198,921,200      | 49,727,642  |

a) **Sensitivity analysis for variable rate instruments**

A reasonable possible change of 100 basis points in interest rates at the reporting date would have increased / decreased the income statement and statement of comprehensive income by Rs.1,137 (2016: Rs. Rs. 1,048,000) and consequently statement of movement in unit holder's fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

b) **Sensitivity analysis for fixed rate instruments**

In case of 100 basis points increase in PKRV rates published on MUFAP page as at June 30, 2017, with all other variables held constant, the net income for the year and net assets would be lower by Rs. 0.184 million (2016: Rs. 0.047 million). In case of 100 basis points decrease in PKRV rates published on MUFAP page as at June 30, 2017, with all other variables held constant, the net income for the year and net assets would be higher by Rs 0.184 million (2016: Rs 0.047 million).

The composition of the Fund's investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2017 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for the financial instruments recognised in the statement of assets and liabilities is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

| As at June 30, 2017                             |                                  |                                          |                    |                                           |                      |
|-------------------------------------------------|----------------------------------|------------------------------------------|--------------------|-------------------------------------------|----------------------|
| Effective yield / interest rate                 | Exposed to yield / interest risk |                                          |                    | Not exposed to yield / interest rate risk | Total                |
|                                                 | Upto three months                | More than three months and upto one year | More than one year |                                           |                      |
| %                                               | ----- (Rupees) -----             |                                          |                    |                                           |                      |
| <b>On-balance sheet financial instruments</b>   |                                  |                                          |                    |                                           |                      |
| <b>Financial assets</b>                         |                                  |                                          |                    |                                           |                      |
| Bank balances                                   | 5.30 - 6.60                      | 124,504,277                              | -                  | -                                         | 124,504,277          |
| Investments                                     | 6.13                             | 198,921,200                              | -                  | 1,837,260,178                             | 2,036,181,378        |
| Security deposits                               |                                  | -                                        | -                  | 2,600,000                                 | 2,600,000            |
| Dividend and other receivables                  |                                  | -                                        | -                  | 4,496,428                                 | 4,496,428            |
| <b>Sub total</b>                                |                                  | <b>323,607,605</b>                       | <b>-</b>           | <b>1,844,356,606</b>                      | <b>2,167,782,083</b> |
| <b>Financial liabilities</b>                    |                                  |                                          |                    |                                           |                      |
| Payable to Management Company                   |                                  | -                                        | -                  | 6,783,461                                 | 6,783,461            |
| Payable to the Trustee                          | -                                | -                                        | -                  | 360,592                                   | 360,592              |
| Accrued expenses and other liabilities          | -                                | -                                        | -                  | 25,837,217                                | 25,837,217           |
| <b>Sub total</b>                                |                                  | <b>-</b>                                 | <b>-</b>           | <b>32,981,270</b>                         | <b>32,981,270</b>    |
| <b>On-balance sheet gap (a)</b>                 |                                  | <b>323,425,477</b>                       | <b>-</b>           | <b>1,811,375,336</b>                      | <b>2,134,800,813</b> |
| <b>Total interest rate sensitivity gap</b>      |                                  | <b>323,425,477</b>                       | <b>-</b>           | <b>1,811,375,336</b>                      | <b>2,134,800,813</b> |
| <b>Cumulative interest rate sensitivity gap</b> |                                  | <b>323,425,477</b>                       | <b>323,425,477</b> | <b>323,425,477</b>                        |                      |

| As at June 30, 2016                           |                                  |                                          |                    |                                           |                    |
|-----------------------------------------------|----------------------------------|------------------------------------------|--------------------|-------------------------------------------|--------------------|
| Effective yield / interest rate               | Exposed to yield / interest risk |                                          |                    | Not exposed to yield / interest rate risk | Total              |
|                                               | Upto three months                | More than three months and upto one year | More than one year |                                           |                    |
| %                                             | ----- (Rupees) -----             |                                          |                    |                                           |                    |
| <b>On-balance sheet financial instruments</b> |                                  |                                          |                    |                                           |                    |
| <b>Financial assets</b>                       |                                  |                                          |                    |                                           |                    |
| Bank balances                                 | 5.50 - 7.00                      | 104,769,769                              | -                  | -                                         | 104,769,769        |
| Investments                                   | 6.96 - 12.00                     | 49,727,642                               | -                  | 527,645,507                               | 577,373,149        |
| Security deposits                             | -                                | -                                        | -                  | 2,600,000                                 | 2,600,000          |
| Dividend and other receivables                | -                                | -                                        | -                  | 3,347,731                                 | 3,347,731          |
| <b>Sub total</b>                              |                                  | <b>154,497,411</b>                       | <b>-</b>           | <b>533,593,238</b>                        | <b>688,090,649</b> |

| As at June 30, 2016             |                                  |                                          |                    |                                           |       |
|---------------------------------|----------------------------------|------------------------------------------|--------------------|-------------------------------------------|-------|
| Effective yield / interest rate | Exposed to yield / interest risk |                                          |                    | Not exposed to yield / interest rate risk | Total |
|                                 | Upto three months                | More than three months and upto one year | More than one year |                                           |       |
| %                               | (Rupees)                         |                                          |                    |                                           |       |

**On-balance sheet financial instruments**

**Financial liabilities**

|                                        |   |   |   |            |            |
|----------------------------------------|---|---|---|------------|------------|
| Payable to Management Company          | - | - | - | 1,825,775  | 1,825,775  |
| Payable to the Trustee                 | - | - | - | 368,020    | 368,020    |
| Accrued expenses and other liabilities | - | - | - | 9,068,249  | 9,068,249  |
| Dividend payable                       | - | - | - | 14,377     | 14,377     |
| <b>Sub total</b>                       | - | - | - | 11,276,421 | 11,276,421 |

**On-balance sheet gap (a)**

|             |   |   |             |             |
|-------------|---|---|-------------|-------------|
| 154,497,411 | - | - | 522,316,817 | 676,814,228 |
|-------------|---|---|-------------|-------------|

**Total interest rate sensitivity gap**

|             |   |   |             |             |
|-------------|---|---|-------------|-------------|
| 154,497,411 | - | - | 522,316,817 | 676,814,228 |
|-------------|---|---|-------------|-------------|

**Cumulative interest rate sensitivity gap**

|             |             |             |
|-------------|-------------|-------------|
| 154,497,411 | 154,497,411 | 154,497,411 |
|-------------|-------------|-------------|

**19.2 Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund has exposure to equity price risk arising from the Fund investments in equity securities. The Fund manages its price risk arising from investment in the equity securities by diversifying its portfolio within the eligible limits prescribed in the Fund's Constitutive Documents, the NBFC Regulations and circulars issued by SECP from time to time.

The table below summarizes the sensitivity of the Fund's net assets attributable to unit holders to the equity price movements as at June 30, 2017. The analysis is based on the assumption that PSX index increase and decreases by 5%, with all other variables held constant and that the fair value of the Fund's portfolio of equity securities moved according to their historical correlation with index this represents managements' best estimate of a reasonable possible shift in the PSX index, having regards to the historical volatility of index of past three years.

At June 30, 2017, the fair value of equity securities exposed to price risk is disclosed in note 5.1.

|                                                           | 2017             | 2016       |
|-----------------------------------------------------------|------------------|------------|
| <i>Effect due to increase / decrease in KSE 100 index</i> | -----Rupees----- |            |
| Investment and net assets                                 | 24,520,394       | 26,382,275 |
| Income statement                                          | 24,520,394       | 26,382,275 |

**19.3 Credit risk**

Credit risk represents the risk of a loss if counterparties fail to perform as contracted and arises principally from bank balances, investments, security deposits and prepayments, dividend and other receivable.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

**19.3.1 Exposure to credit risk**

The maximum exposure to credit risk as at June 30, 2017 was as follows:

|                                | 2017                                               |                    | 2016                                               |                    |
|--------------------------------|----------------------------------------------------|--------------------|----------------------------------------------------|--------------------|
|                                | Balance as per statement of assets and liabilities | Maximum exposure   | Balance as per statement of assets and liabilities | Maximum exposure   |
| Bank balances                  | 124,504,277                                        | 124,504,277        | 104,769,769                                        | 104,769,769        |
| Investments                    | 2,036,181,378                                      | -                  | 577,373,149                                        | -                  |
| Security deposits              | 2,600,000                                          | 2,600,000          | 2,600,000                                          | 2,600,000          |
| Dividend and other receivables | 4,496,428                                          | 4,496,428          | 3,347,731                                          | 3,347,731          |
|                                | <u>2,167,782,083</u>                               | <u>131,600,705</u> | <u>688,090,649</u>                                 | <u>110,717,500</u> |

Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investments in listed equity securities and government securities of Rs 2,036.18 million (2016: Rs 577.37 million) are not exposed to credit risk.

No financial assets were considered to be past due or impaired either at June 30, 2017 and June 30, 2016

### 19.3.2 Bank balances

The Fund held bank balances at June 30, 2017 with banks having following credit ratings:

| Rating | 2017        |         | 2016        |         |
|--------|-------------|---------|-------------|---------|
|        | Rupees      | %       | Rupees      | %       |
| A1+    | 124,504,277 | 100.00% | 104,769,769 | 100.00% |

Above rate is on the basis of available rating assigned by PACRA and JCR-VIS as of June 30, 2017.

### 19.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect the groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instrument is mainly held with various banks and securities issued by the State Bank of Pakistan on behalf of Government of Pakistan.

### 19.4 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to redemptions of its redeemable units on a regular basis. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is therefore to invest the majority of its assets in short term instruments in order to maintain liquidity.

The Fund can borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was required to be obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the \ remaining period at the end of the reporting period to the contractual maturity date. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month.

| 2017                           | Within 1 month       | 1 to 3 months      | 3 to 12 months | 1 to 5 years | Total                |
|--------------------------------|----------------------|--------------------|----------------|--------------|----------------------|
|                                | Rupees               |                    |                |              |                      |
| <b>Financial assets</b>        |                      |                    |                |              |                      |
| Bank balances                  | 124,504,277          | -                  | -              | -            | 124,504,277          |
| Investments                    | 1,837,260,178        | 198,921,200        | -              | -            | 2,036,181,378        |
| Security deposits              | 2,600,000            | -                  | -              | -            | 2,600,000            |
| Dividend and other receivables | 4,496,428            | -                  | -              | -            | 4,496,428            |
|                                | <u>1,968,860,883</u> | <u>198,921,200</u> | <u>-</u>       | <u>-</u>     | <u>2,167,782,083</u> |



| 2017                                   | Within               | 1 to 3             | 3 to 12  | 1 to 5   | Total                |
|----------------------------------------|----------------------|--------------------|----------|----------|----------------------|
|                                        | 1 month              | months             | months   | years    |                      |
| ----- Rupees -----                     |                      |                    |          |          |                      |
| <b>Financial liabilities</b>           |                      |                    |          |          |                      |
| Payable to Management Company          | 6,783,461            | -                  | -        | -        | 6,783,461            |
| Payable to the Trustee                 | 360,592              | -                  | -        | -        | 360,592              |
| Accrued expenses and other liabilities | 25,837,217           | -                  | -        | -        | 25,837,217           |
|                                        | 32,981,270           | -                  | -        | -        | 32,981,270           |
| <b>Net assets</b>                      | <b>1,935,879,613</b> | <b>198,921,200</b> | <b>-</b> | <b>-</b> | <b>2,134,800,813</b> |

| 2016                                   | Within             | 1 to 3            | 3 to 12  | 1 to 5   | Total              |
|----------------------------------------|--------------------|-------------------|----------|----------|--------------------|
|                                        | 1 month            | months            | months   | years    |                    |
| ----- Rupees -----                     |                    |                   |          |          |                    |
| <b>Financial assets</b>                |                    |                   |          |          |                    |
| Bank balances                          | 104,769,769        | -                 | -        | -        | 104,769,769        |
| Investments                            | 527,645,507        | 49,727,642        | -        | -        | 577,373,149        |
| Security deposits                      | 2,600,000          | -                 | -        | -        | 2,600,000          |
| Dividend and other receivables         | 3,347,731          | -                 | -        | -        | 3,347,731          |
|                                        | 638,363,007        | 49,727,642        | -        | -        | 688,090,649        |
| <b>Financial liabilities</b>           |                    |                   |          |          |                    |
| Payable to Management Company          | 1,825,775          | -                 | -        | -        | 1,825,775          |
| Payable to the Trustee                 | 368,020            | -                 | -        | -        | 368,020            |
| Accrued expenses and other liabilities | 9,068,249          | -                 | -        | -        | 9,068,249          |
| Dividend payable                       | 14,377             | -                 | -        | -        | 14,377             |
|                                        | 11,276,421         | -                 | -        | -        | 11,276,421         |
| <b>Net assets</b>                      | <b>627,086,586</b> | <b>49,727,642</b> | <b>-</b> | <b>-</b> | <b>676,814,228</b> |

## 20. FAIR VALUE MEASUREMENT

Fair value is the amount for which an asset could be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of investments is determined as per the policy disclosed in note 3.2 to these financial statements.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- **Level 1:** Quoted price (unadjusted) in an active market for identical assets or liabilities that the entity can access at the measurement date;
- **Level 2:** 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:** Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2017 and June 30, 2016, the Fund held the following assets measured at fair values:

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:

|                                                                                                 | <b>June 30, 2017</b> |                    |          |                      |
|-------------------------------------------------------------------------------------------------|----------------------|--------------------|----------|----------------------|
|                                                                                                 | Level 1              | Level 2            | Level 3  | Total                |
|                                                                                                 | ----- (Rupees) ----- |                    |          |                      |
| <b>Financial assets classified as 'at fair value through profit or loss' - held-for-trading</b> |                      |                    |          |                      |
| Listed equity securities                                                                        | 1,837,251,850        | -                  | -        | 1,837,251,850        |
| Listed Real Estate Investment Trust units                                                       | 8,328                | -                  | -        | 8,328                |
| Market Treasury Bills                                                                           | -                    | 198,921,200        | -        | 198,921,200          |
|                                                                                                 | <u>1,837,260,178</u> | <u>198,921,200</u> | <u>-</u> | <u>2,036,181,378</u> |

|                                                                                                 | <b>June 30, 2016</b> |                   |          |                    |
|-------------------------------------------------------------------------------------------------|----------------------|-------------------|----------|--------------------|
|                                                                                                 | Level 1              | Level 2           | Level 3  | Total              |
|                                                                                                 | ----- (Rupees) ----- |                   |          |                    |
| <b>Financial assets classified as 'at fair value through profit or loss' - held-for-trading</b> |                      |                   |          |                    |
| Listed equity securities                                                                        | 521,957,104          | -                 | -        | 521,957,104        |
| Listed Real Estate Investment Trust units                                                       | 5,688,403            | -                 | -        | 5,688,403          |
| Market Treasury Bills                                                                           | -                    | 49,727,642        | -        | 49,727,642         |
|                                                                                                 | <u>527,645,507</u>   | <u>49,727,642</u> | <u>-</u> | <u>577,373,149</u> |

## 21. UNIT HOLDERS' FUND RISK MANAGEMENT

The Fund's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders and to ensure reasonable safety of Unit Holders' Fund.

The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in market conditions. The capital structure depends on the issuance and redemption of units.

The Fund is an open-end collective investment scheme. The capital of the open end schemes is represented by the net assets attributable to unit holders.

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 whether realised or unrealised as reduced by such expenses as are chargeable to the Fund.

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

The objective of Management Company when managing capital of the Fund is to maintain the Fund's ability to continue as a going concern in order to provide returns to unit holders on their investments.

- Monitors the level of daily issuance and redemptions relative to liquid assets;
- Redeem and issue 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 / Investment Committee members and the Chief Executive of the company critically monitor capital of the Fund on the basis of the value of net assets attributable to the unit holders and track the movement of 'Assets under Management' as well returns earned on the net assets to maintain investors confidence and achieve future growth in business. Further the Board of Directors is updated about the Fund yield and movement of NAV and total fund size at the end of each quarter.

In accordance with the NBFC Regulations, the Fund is required to maintain minimum net assets of one hundred million rupees at all times during the life of the scheme.

## 22. 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.

**23. CORRESPONDING FIGURES**

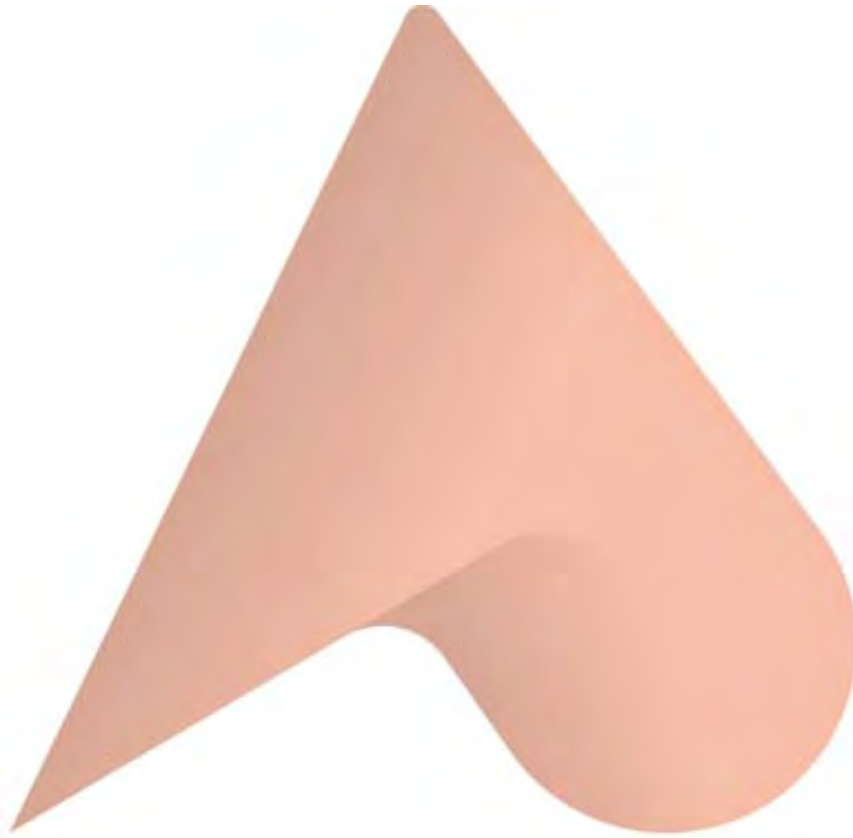
Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation. No significant rearrangements or reclassifications were made in these financial statements

**24. GENERAL**

Figures are rounded off to the nearest rupee.

**25. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorised for issue by Board of Directors of the Management Company on **August 23, 2017**.



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

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

\_\_\_\_\_  
Director

Annexure I

**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 2017     |                      |                      |             |
|--------------------------|------------------------|----------------------|----------------------|-------------|
|                          | Number of unit holders | Number of units held | Amount Rupees        | % of total  |
| Individuals              | 651                    | 20,044,094           | 1,412,415,792        | 68%         |
| Insurance Co.            | 1                      | 402,540              | 28,365,203           | 1%          |
| Retirement & Other Funds | 21                     | 6,254,092            | 440,697,727          | 21%         |
| Others                   | 14                     | 2,947,787            | 207,717,281          | 10%         |
|                          | <b>687</b>             | <b>29,648,513</b>    | <b>2,089,196,003</b> | <b>100%</b> |

| Category                  | As at 30 June 2016     |                      |                    |             |
|---------------------------|------------------------|----------------------|--------------------|-------------|
|                           | Number of unit holders | Number of units held | Amount Rupees      | % of total  |
| Individuals               | 231                    | 7,069,728            | 452,010,857        | 68%         |
| Associated Co./ Directors | 1                      | 1,348,870            | 86,241,487         | 13%         |
| Insurance Co.             | 1                      | 289,812              | 18,529,438         | 3%          |
| Retirement & Other Funds  | 4                      | 778,466              | 49,772,068         | 8%          |
| Others                    | 5                      | 864,045              | 49,396,552         | 8%          |
|                           | <b>242</b>             | <b>10,350,921</b>    | <b>655,950,403</b> | <b>100%</b> |

(ii) TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

|                                          | 30 June 2017 |
|------------------------------------------|--------------|
|                                          | %            |
| EFG Hermes Pakistan Limited              | 10           |
| Nael Capital Private Limited             | 8            |
| JS Global Capital Limited                | 8            |
| Insight Securities (Private) Limited     | 8            |
| Arif Habib Limited                       | 6            |
| Next Capital Limited                     | 6            |
| Inter Market Securities Limited          | 6            |
| AKD Securities Ltd.                      | 6            |
| Topline Securities (Pvt) Limited         | 5            |
| Alfalah Securities (Private) Limited     | 4            |
|                                          | 30 June 2016 |
|                                          | %            |
| Optimus Capital Management (Pvt) Limited | 9            |
| Global Securities Limited                | 9            |
| Taurus Securities Limited                | 8            |
| Arif Habib Limited                       | 8            |
| IGI Finex Securities Limited             | 8            |
| BMA Capital Management Limited           | 7            |
| AL Habib Capital Markets (Private) Ltd.  | 6            |
| Foundation Securities Limited            | 5            |
| Ismaail Iqbal Securities Pvt Limited     | 5            |
| Topline Securities (Pvt) Limited         | 5            |

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

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

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

**Maheen Rahman – CEO**

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

**Noman Soomro**

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

**Shariq Mukhtar Hashmi**

Mr. Hashmi holds a diversified experience of over 11 years with various private sector enterprises of repute. He joined IGI Funds Limited (which subsequently merged into Alfalah GHP Investment Management Limited in Oct. 2013) in 2010 to lead the back office function as Head of Operations & Settlements. His association has continued, post-merger, as Head of Compliance & Risk Management. He has previously served National Asset Management Company as Head of Internal Audit and Feroze Sharif Tariq & Co Chartered Accountants in various capacities. He has also headed the Internal Audit Department of the Company. Mr. Hashmi is a qualified Accountant from the Association of Chartered Certified Accountants, UK and holds MBA degree in Finance from SZABIST University. He is also enrolled for Financial Risk Manager Certification of Global Association of Risk Professionals; USA.

**Muddasir Ahmed Shaikh**

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

**Nabeel Malik**

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

**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 73rd, 74th, 75th, 76th, 77th and 78th Board Meetings were held on 26 Aug 2016, 22 Sep 2016, 31 Oct 2016, 07 Dec 2016, 14 Feb 2017 and 26 April 2017 respectively.

| Name of Director       | Number of Meetings |          |               | Meeting not attended |
|------------------------|--------------------|----------|---------------|----------------------|
|                        | Held               | Attended | Leave Granted |                      |
| HANSPETER BEIER        | 6                  | 4        | 2             | 2                    |
| SYED ALI SULTAN        | 6                  | 6        | -             | -                    |
| AMIN DAWOOD SALEH      | 6                  | 5        | 1             | 1                    |
| MS. MAHEEN RAHMAN      | 6                  | 6        | -             | -                    |
| MR. ABID NAQVI         | 6                  | 5        | 1             | 1                    |
| MR. MICHAEL BUCHEN     | 1                  | -        | 1             | 1                    |
| MR. Tufail Jawed Ahmad | 6                  | 5        | 1             | 1                    |
| MR. Adeel Bajwa        | 2                  | 1        | 1             | 1                    |



Annexure A

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

**PERFORMANCE TABLE - AGVF**

|                                         | <b>30 June<br/>2017</b> | 30 June<br>2016 | 30 June<br>2015 | 30 June<br>2014 | 30 June<br>2013 |
|-----------------------------------------|-------------------------|-----------------|-----------------|-----------------|-----------------|
|                                         | <b>(Rupees in '000)</b> |                 |                 |                 |                 |
| Net Assets                              | <b>2,089,196</b>        | 655,950         | 572,209         | 560,777         | 572,352         |
| NAV per unit                            | <b>70.4655</b>          | 63.3712         | 61.2579         | 55.0400         | 54.4300         |
| Selling price per unit                  | <b>72.8543</b>          | 65.8853         | 65.3438         | 58.7500         | 57.1500         |
| Redemption price per unit               | <b>70.4655</b>          | 63.3712         | 61.2579         | 55.0400         | 54.4300         |
| Highest selling price per unit          | <b>91.2799</b>          | 76.7872         | 74.7389         | 68.0700         | 66.4600         |
| Highest redemption price per unit       | <b>88.2870</b>          | 73.8571         | 70.0655         | 64.8300         | 63.3000         |
| Lowest selling price per unit           | <b>66.1035</b>          | 62.5807         | 55.6200         | 55.7200         | 52.4500         |
| Lowest redemption price per unit        | <b>63.9361</b>          | 60.1927         | 52.1100         | 53.0700         | 49.9500         |
| Total interim 1st distribution per unit | <b>8.46</b>             | 8.90            | 7.76            | 9.94            | 10.77           |
| Total interim 2nd distribution per unit | <b>1.04</b>             | N/A             | N/A             | N/A             | N/A             |
| Interim 1st distribution date           | <b>22-Jun-17</b>        | 29-Jun-16       | 26-Jun-15       | 30-Jun-13       | 27-Dec-12       |
| Interim 2nd distribution date           | <b>29-Jun-17</b>        | N/A             | N/A             | N/A             | N/A             |
| Final distribution per unit             | <b>Nil</b>              | Nil             | Nil             | Nil             | Nil             |
| Final distribution date                 | <b>N/A</b>              | N/A             | N/A             | N/A             | N/A             |
| Annualized returns                      | <b>26.18%</b>           | 18.30%          | 25.48%          | 19.52%          | 30.09%          |
| Income distribution                     | <b>14.98%</b>           | 14.53%          | 14.10%          | 18.26%          | 21.21%          |
| Weighted avg. portfolio duration        | <b>N/A</b>              | N/A             | N/A             | N/A             | N/A             |

**Return since inception is 12.68%**

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

**(v) Summary of Actual Proxy voted**

| Nature of Meeting                             | Meeting Date | Resolutions                                                                               | Holding | %age Holding | Favour | Against | Abstain |
|-----------------------------------------------|--------------|-------------------------------------------------------------------------------------------|---------|--------------|--------|---------|---------|
| <b>Engro Corporation Limited</b>              |              |                                                                                           |         |              |        |         |         |
| EOGM                                          | 5-Aug-16     | Approval of the sale / disposal of upto 51% of the company's share in Engro Foods Limited | 173,600 | 0.033%       | ✓      |         |         |
| <b>D.G.Khan Cement Company Limited</b>        |              |                                                                                           |         |              |        |         |         |
| AGM                                           | 31-Oct-16    | Election of Directors                                                                     | 201,400 | 0.046%       | ✓      |         |         |
| <b>Nishat Mills Limited</b>                   |              |                                                                                           |         |              |        |         |         |
| AGM                                           | 31-Oct-16    | Declaration of Dividend                                                                   | 438,200 | 0.125%       | ✓      |         |         |
| <b>Ghani Glass Limited</b>                    |              |                                                                                           |         |              |        |         |         |
| AGM                                           | 31-Oct-16    | Amendments in the article of association of the company                                   | 59,500  | 0.014%       | ✓      |         |         |
| <b>Thal Limited</b>                           |              |                                                                                           |         |              |        |         |         |
| AGM                                           | 29-Sep-16    | Declaration of Dividend                                                                   | 30,800  | 0.038%       | ✓      |         |         |
|                                               |              | Approval of Annual Accounts of the Company                                                |         |              |        |         |         |
|                                               |              | Appointment of Statutory Auditor                                                          |         |              |        |         |         |
| <b>Bank Alfalah Limited</b>                   |              |                                                                                           |         |              |        |         |         |
| AGM                                           | 28-Mar-17    | Confirm Minutes of previous AGM                                                           | 503,000 | 0.031%       | ✓      |         |         |
|                                               |              | Approval of Annual Accounts of the Company                                                |         |              |        |         |         |
|                                               |              | Appointment of Statutory Auditor                                                          |         |              |        |         |         |
| <b>Abbott Laboratories (Pakistan) Limited</b> |              |                                                                                           |         |              |        |         |         |
| AGM                                           | 18-Apr-17    | Approval of Annual Accounts of the Company                                                | 25,850  | 0.026%       | ✓      |         |         |
|                                               |              | Declaration of Dividend                                                                   |         |              |        |         |         |
|                                               |              | Appointment of Statutory Auditor                                                          |         |              |        |         |         |
|                                               |              | Election of Directors                                                                     |         |              |        |         |         |
| <b>ICI Pakistan Limited</b>                   |              |                                                                                           |         |              |        |         |         |
| EOGM                                          | 20-Apr-17    | Election of Directors                                                                     | 24,850  | 0.027%       | ✓      |         |         |
| <b>Pak Suzuki Motor Company Limited</b>       |              |                                                                                           |         |              |        |         |         |
| AGM                                           | 25-Apr-17    | Confirm Minutes of previous EOGM                                                          | 61,400  | 0.075%       | ✓      |         |         |
|                                               |              | Approval of Annual Accounts of the Company                                                |         |              |        |         |         |
|                                               |              | Declaration of Dividend                                                                   |         |              |        |         |         |
|                                               |              | Appointment of Statutory Auditor                                                          |         |              |        |         |         |
| <b>Packages Limited</b>                       |              |                                                                                           |         |              |        |         |         |
| AGM                                           | 25-Apr-17    | Confirm Minutes of previous AGM                                                           | 74,450  | 0.083%       | ✓      |         |         |
|                                               |              | Approval of Annual Accounts of the Company                                                |         |              |        |         |         |
|                                               |              | Declaration of Dividend                                                                   |         |              |        |         |         |
|                                               |              | Appointment of Statutory Auditor                                                          |         |              |        |         |         |
| <b>Pakistan Oilfields Limited</b>             |              |                                                                                           |         |              |        |         |         |
| EOGM                                          | 20-Jun-17    | Election of Directors                                                                     | 97,600  | 0.041%       | ✓      |         |         |
| <b>Shell Pakistan Limited</b>                 |              |                                                                                           |         |              |        |         |         |
| BOD                                           | 21-Jun-17    | Appointment of CEO & Chairman                                                             | 30,000  | 0.028%       | ✓      |         |         |
| <b>Sui Northern Gas Pipeline Limited</b>      |              |                                                                                           |         |              |        |         |         |
| EOGM                                          | 21-Jun-17    | Confirm Minutes of previous AGM                                                           | 491,500 | 0.077%       | ✓      |         |         |
|                                               |              | Election of Directors                                                                     |         |              |        |         |         |



**Alfalah GHP  
Prosperity Planning Fund**

## FUND INFORMATION

|                                                            |                                                                                                                                                              |
|------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Management Company:</b>                                 | <b>Alfalah GHP Investment Management Limited<br/>8-B, 8th Floor, Executive Tower, Dolmen City, Block-4,<br/>Clifton, Karachi.</b>                            |
| <b>Board of Directors of the<br/>Management Company:</b>   | <b>Ms.Maheen Rahman<br/>Syed Ali Sultan<br/>Mr.Hanspeter Beier<br/>Mr.Amin Dawood Saleh<br/>Mr.Abid Naqvi<br/>Mr. Tufail Jawed Ahmad<br/>Mr. Adeel Bajwa</b> |
| <b>Audit Committee:</b>                                    | <b>Mr. Abid Naqvi<br/>Syed Ali Sultan<br/>Mr. Amin Dawood Saleh</b>                                                                                          |
| <b>HR Committee:</b>                                       | <b>Syed Ali Sultan<br/>Mr. Tufail Jawed Ahmed<br/>Ms. Maheen Rahman</b>                                                                                      |
| <b>Chief Operating Officer<br/>and Company Secretary :</b> | <b>Mr. Noman Ahmed Soomro</b>                                                                                                                                |
| <b>Chief Financial Officer:</b>                            | <b>Mr. Muhammad Shehzad Dhedhi</b>                                                                                                                           |
| <b>Trustee:</b>                                            | <b>Central Depository Company of Pakistan Limited<br/>CDC House, 99-B, Block 'B',SMCHS,<br/>Main Share-e-Faisal,Karachi</b>                                  |
| <b>Bankers to the Fund:</b>                                | <b>Bank Alfalah Limited</b>                                                                                                                                  |
| <b>Auditors:</b>                                           | <b>A. F. Ferguson &amp; Co.<br/>Chartered Accountants<br/>State Life Building No. 1-C I.I. Chundrigar Road,<br/>P.O.Box 4716 Karachi,<br/>Pakistan</b>       |
| <b>Legal Advisor:</b>                                      | <b>Ahmed &amp; Qazi<br/>Advocates &amp; Legal Consultants<br/>402,403,404,417<br/>Clifton Centre,<br/>Clifton, Karachi</b>                                   |
| <b>Registrar:</b>                                          | <b>Alfalah GHP Investment Management Limited<br/>8-B, 8th Floor, Executive Tower, Dolmen City, Block-4,<br/>Clifton, Karachi.</b>                            |
| <b>Distributor:</b>                                        | <b>Bank Alfalah Limited</b>                                                                                                                                  |
| <b>Rating:</b>                                             | <b>Not Yet Rated</b>                                                                                                                                         |

# Alfalsh GHP Prosperity Planning Fund

## Annual Fund Manager`s Report

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

**Investment Objective**

Alfalsh GHP Prosperity Planning Fund is an Open-ended Fund of Funds Scheme that aims to generate returns on investment as per the respective Allocation Plan by investing in Collective Investment Scheme in line with the risk tolerance of the investor.

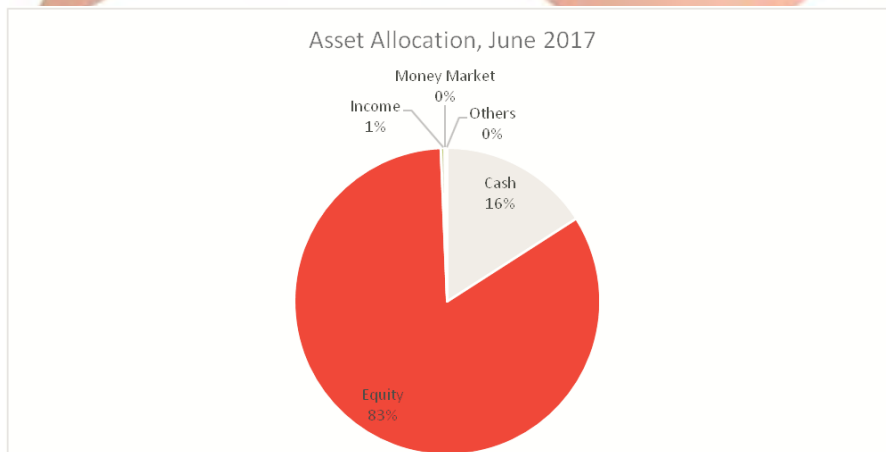
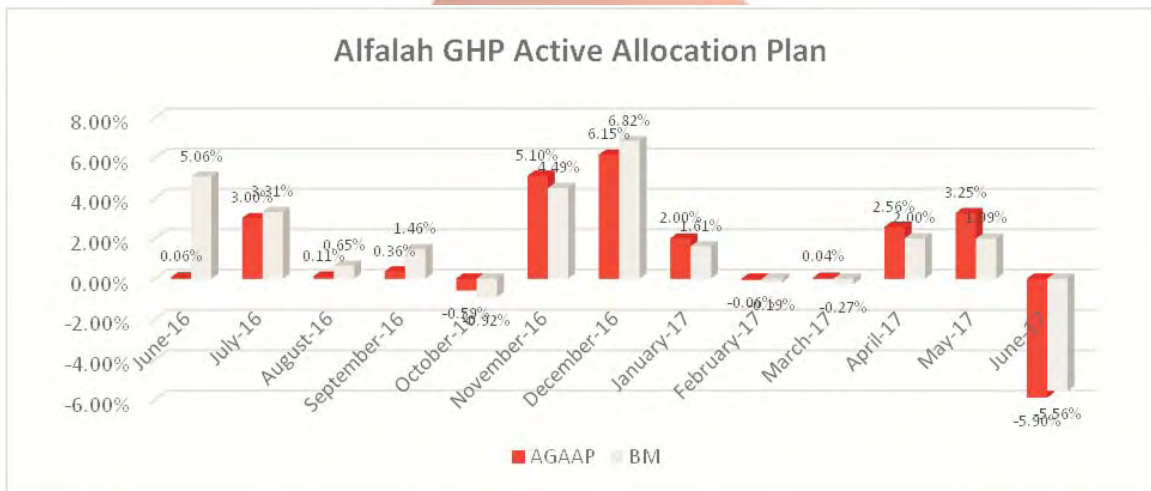
**Accomplishment of Objective**

The Fund has achieved its objective of generating higher return by investing in a mix of underlying fixed income and equity based mutual funds within the guidelines provided under NBFC rules.

**Active Allocation Plan**

The plan generated a return of 16.65% for the period ended June 30, 2017 against the benchmark of 15.93%. Being an active allocation plan the exposure towards equity funds remained on the higher side and remaining assets were invested in fixed income component. Net assets of the plan stood at PKR 323.59 million on June 30th, 2017.

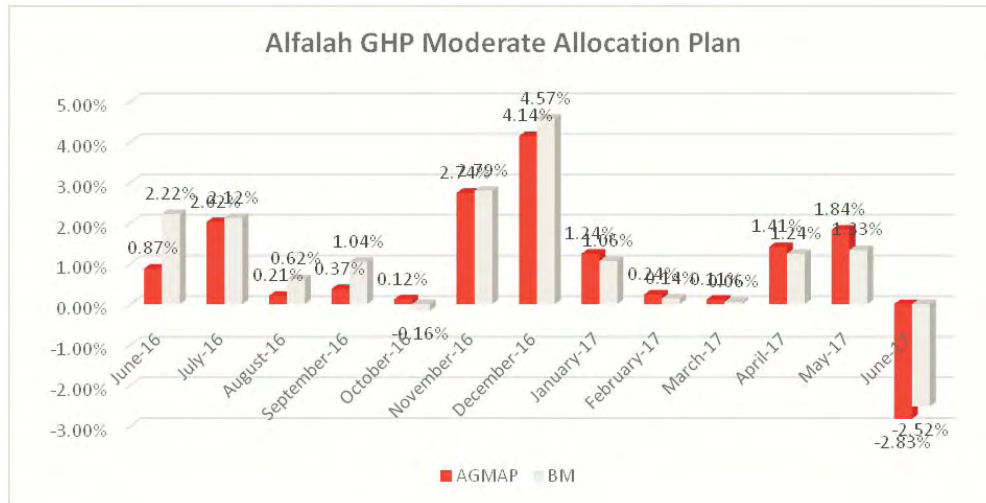
**AGPPF-Active Return Vs Benchmark:**



**Moderate Allocation Plan**

The plan generated a return of 12.07% for the period ended June 30, 2017 against the benchmark of 12.82%. The plan is aimed at investors with a medium risk profile. The exposure towards equity funds during the period remained relatively on the higher end of allowed allocation and remaining assets were invested in a combination of fixed income and money market component. Net assets of the plan stood at PKR 924.21 million on June 30th, 2017.

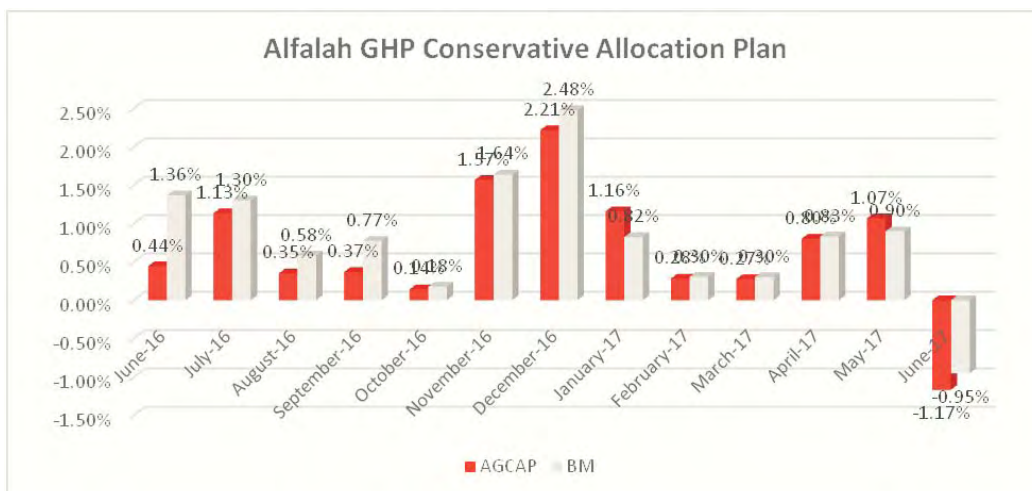
**AGPPF-ModerateReturnVs Benchmark:**



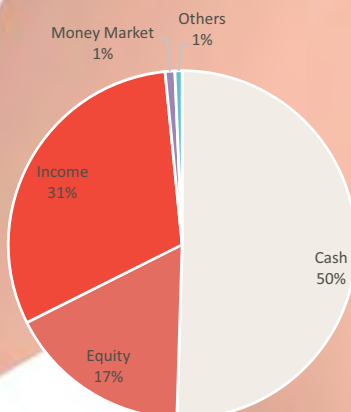
**Conservative Allocation Plan:**

The plan generated a return of 8.46% for the period ended June 30, 2017 against the benchmark of 9.49%. This plan is targeted at investors with a low risk profile and is structured to invest in equity based mutual funds up to a maximum of 20%. The structure provides stability of a fixed income based scheme with equity portion to provide a slight alpha. The average exposure towards equity funds during the period hovered between 15%-18% and remaining assets were invested in a combination of fixed income and money market component. Net assets of the plan stood at PKR 480.58 million on June 30th, 2017.





Asset Allocation, June 2017



**Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**

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

**Disclosure on unit split (if any), comprising:-**

There were no unit splits during the period.

**Disclosures of circumstances that materially affect any interests of unit holders**

Investments are subject to market risk.

**Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.**

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

**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



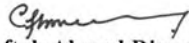
**TRUSTEE REPORT TO THE UNIT HOLDERS**

**ALFALAH GHP PROSPERITY PLANNING FUND**

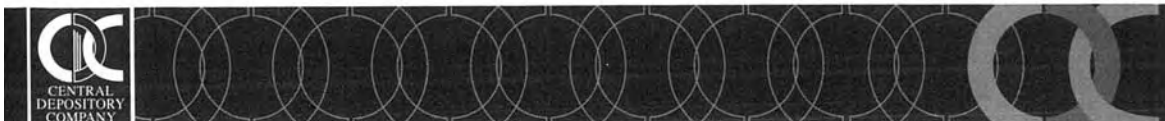
**Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of  
the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We Central Depository Company of Pakistan Limited, being the Trustee of Alfalah GHP Prosperity Planning 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, 2017 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.

  
**Aftab Ahmed Diwan**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: September 12, 2017



**STATEMENT OF COMPLIANCE BY ALFALAH GHP PROSPERITY PLANNING FUND  
WITH THE CODE OF CORPORATE GOVERNANCE  
FOR THE YEARENDED JUNE 30, 2017**

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No.5.19 of Chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Management Company encourages representation of independent, non-executive directors, and directors representing minority interests on its board of directors ("the Board"). At present the Board includes:

| Category                | Names                                                                                 |
|-------------------------|---------------------------------------------------------------------------------------|
| Executive Director      | Ms. Maheen Rahman– Chief Executive Officer (CEO)                                      |
| Independent Directors   | Mr. Abid Naqvi<br>Mr. Tufail Jawed Ahmad                                              |
| Non-Executive Directors | Mr. Syed Ali Sultan<br>Mr. Adeel Bajwa<br>Mr. HanspeterBeier<br>Mr. Amin Dawood Saleh |

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

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies (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 broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. According to regulation 5.19.3 of the Rule Book and section 155 (3) of the Companies Act, 2017, any casual vacancy occurring on the Board of Directors of a listed company shall be filled up by the directors at the earliest but not later than 90 days thereof. A casual vacancy occurred on the Board on September 22, 2016, due to resignation of Mr. Michael Buchen. However, the Board of Directors appointed Mr. Adeel Bajwa as a director on January 23, 2017 i.e. after 90 days after the date of resignation Mr. Michael Buchen. The appointment was approved in principle by the SECP with effect from February 7, 2017.
5. The Management Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before such meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged no training programs for its directors during the year. However, at present 6 directors of the Management Company have certification under the Directors' Training Program offered by institutions.
10. There was no change of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year. However, the remuneration and terms and conditions of Chief Financial Officer, Company Secretary and Head of Internal Audit were approved by the Board.

11. The Directors' Report for the year ended June 30, 2017 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by the CEO and CFO 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 that disclosed in the Directors' Report and pattern of unit holding.
14. The Management Company has 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, and the Chairman of the Committee 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 Committee have been formed and advised to the Committee for compliance.
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 Deloitte Yousuf Adil Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partner of the firm, their spouse and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'Book Closure' dates were duly determined and intimated to the stock exchange, however the 'closed period' prior to the announcement of interim / final results, and business decisions was not determined and intimated to directors, employees and the stock exchange, considering the fact that NAV of the Fund is announced on a daily basis.
22. Material/price sensitive information has been disseminated among all market participants at once through the stock exchange.
23. The Management Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the Code have been complied with.

**For and on behalf of the Board**

Maheen Rahman  
Chief Executive Officer

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Alfalah GHP Investment Management Limited, the Management Company of **Alfalah GHP Prosperity Planning Fund** (the Fund) for the year ended June 30, 2017 to comply with the requirements of regulation no. 5.19 of chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company (**Alfalah GHP Investment Management Limited**). Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund'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 Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As a part of our audit of the 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 of Directors' 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 of Directors for their review and approval of 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 of Directors 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 of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2017.

Further, we highlight below an instance of non-compliance with the requirement of the Code as reflected in paragraph reference where it is stated in the Statement of Compliance:

| S. No. | Paragraph reference | Description                                                                                                                                                                                                                                                                                                                                                                                  |
|--------|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | 4                   | According to regulation 5.19.3 of the Rule Book and section 155 (3) of the Companies Act, 2017, any casual vacancy occurring on the Board of Directors of a listed company shall be filled up by the directors at the earliest but not later than 90 days thereof. A casual vacancy occurred on the Board on September 22, 2016 which was filled after 90 days from the date of resignation. |

**A.F. Ferguson & Co.**  
**Chartered Accountants**

Dated: September 20, 2017  
Karachi



# INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Alfalah GHP Prosperity Planning Fund** (hereinafter referred to as the 'Fund'), which comprise the statement of assets and liabilities as at June 30, 2017, and the related income statement, statement of comprehensive income, distribution statement, cash flow statement and statement of movement in unit holders' funds for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

The Management Company (**Alfalah GHP Investment Management Limited**) of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with 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 the International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial position of the Fund as at June 30, 2017 and of its financial performance, its cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

### Other matter

The financial statements of the Fund for the year ended June 30, 2016 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion on those financial statements vide their report dated September 22, 2016.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

**A.F. Ferguson & Co.**  
**Chartered Accountants**  
**Engagement Partner: Shahbaz Akbar**

Dated: September 20, 2017  
Karachi



**ALFALAH GHP PROSPERITY PLANNING FUND**

**STATEMENT OF ASSETS AND LIABILITIES**

AS AT JUNE 30, 2017

|                                                                                 | Note | June 30, 2017          |                              |                          |                      | June 30, 2016          |                              |                          |                    |
|---------------------------------------------------------------------------------|------|------------------------|------------------------------|--------------------------|----------------------|------------------------|------------------------------|--------------------------|--------------------|
|                                                                                 |      | Active Allocation Plan | Conservative Allocation Plan | Moderate Allocation Plan | Total                | Active Allocation Plan | Conservative Allocation Plan | Moderate Allocation Plan | Total              |
| ----- (Rupees) -----                                                            |      |                        |                              |                          |                      |                        |                              |                          |                    |
| <b>Assets</b>                                                                   |      |                        |                              |                          |                      |                        |                              |                          |                    |
| Bank balances                                                                   | 4    | 52,148,815             | 245,570,323                  | 131,857,378              | 429,576,516          | 61,162,275             | 19,753,764                   | 28,945,509               | 109,861,548        |
| Investments                                                                     | 5    | 276,679,456            | 238,469,636                  | 808,009,537              | 1,323,158,629        | 160,000,000            | 98,000,009                   | 268,343,700              | 526,343,709        |
| Deferred formation cost                                                         | 6    | 77,157                 | 2,106,319                    | 660,578                  | 2,844,054            | 101,773                | 2,756,384                    | 866,803                  | 3,724,960          |
| Mark-up receivable on bank balances                                             |      | 869                    | 2,356                        | 1,012                    | 4,237                | 130,174                | 292,307                      | 225,278                  | 647,759            |
| Prepayment and other receivable                                                 |      | 90,609                 | 198,540                      | 114,446                  | 403,595              | -                      | -                            | -                        | -                  |
| <b>Total assets</b>                                                             |      | <u>328,996,906</u>     | <u>486,347,174</u>           | <u>940,642,951</u>       | <u>1,755,987,031</u> | <u>221,394,222</u>     | <u>120,802,464</u>           | <u>298,381,290</u>       | <u>640,577,976</u> |
| <b>Liabilities</b>                                                              |      |                        |                              |                          |                      |                        |                              |                          |                    |
| Payable to the Management Company                                               | 7    | 550,808                | 565,995                      | 576,382                  | 1,693,185            | 268,522                | 3,548,748                    | 1,712,216                | 5,529,486          |
| Payable to the Trustee                                                          | 8    | 44,878                 | 47,373                       | 85,762                   | 178,013              | 129,456                | 149,897                      | 131,084                  | 410,437            |
| Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP) | 9    | 229,036                | 287,128                      | 410,570                  | 926,734              | 142,839                | 190,549                      | 140,498                  | 473,886            |
| Accrued and other liabilities                                                   | 10   | 4,584,691              | 4,857,581                    | 15,355,334               | 24,797,606           | 837,344                | 2,361,311                    | 689,618                  | 3,888,273          |
| <b>Total liabilities</b>                                                        |      | <u>5,409,413</u>       | <u>5,758,077</u>             | <u>16,428,048</u>        | <u>27,595,538</u>    | <u>1,378,161</u>       | <u>6,250,505</u>             | <u>2,673,416</u>         | <u>10,302,082</u>  |
| <b>Net assets attributable to unit holders</b>                                  |      | <u>323,587,493</u>     | <u>480,589,097</u>           | <u>924,214,903</u>       | <u>1,728,391,493</u> | <u>220,016,061</u>     | <u>114,551,959</u>           | <u>295,707,874</u>       | <u>630,275,894</u> |
| <b>Unit holders' funds (as per statement attached)</b>                          |      | <u>323,587,493</u>     | <u>480,589,097</u>           | <u>924,214,903</u>       | <u>1,728,391,493</u> | <u>220,016,061</u>     | <u>114,551,959</u>           | <u>295,707,874</u>       | <u>630,275,894</u> |
| <b>Contingencies and commitments</b>                                            | 11   |                        |                              |                          |                      |                        |                              |                          |                    |
| <b>Number of units in issue</b>                                                 |      | <u>2,755,740</u>       | <u>4,371,415</u>             | <u>8,641,503</u>         |                      | <u>2,045,988</u>       | <u>1,085,476</u>             | <u>2,820,646</u>         |                    |
| ----- (Rupees) -----                                                            |      |                        |                              |                          |                      |                        |                              |                          |                    |
| <b>Net asset value per unit</b>                                                 |      | <u>117.4231</u>        | <u>109.9390</u>              | <u>106.9507</u>          |                      | <u>107.5354</u>        | <u>105.5315</u>              | <u>104.8369</u>          |                    |

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

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

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

\_\_\_\_\_  
Director

# ALFALAH GHP PROSPERITY PLANNING FUND

## INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2017

|                                                                                                                                                                              | June 30, 2017          |                              |                          |                    | For the period from September 12, 2015 to June 30, 2016 |                              |                          |                   |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------------|--------------------------|--------------------|---------------------------------------------------------|------------------------------|--------------------------|-------------------|
|                                                                                                                                                                              | Active Allocation Plan | Conservative Allocation Plan | Moderate Allocation Plan | Total              | Active Allocation Plan                                  | Conservative Allocation Plan | Moderate Allocation Plan | Total             |
|                                                                                                                                                                              | (Rupees)               |                              |                          |                    | (Rupees)                                                |                              |                          |                   |
| <b>Income</b>                                                                                                                                                                |                        |                              |                          |                    |                                                         |                              |                          |                   |
| Profit / mark-up income on bank balances                                                                                                                                     | 993,378                | 1,695,821                    | 2,184,389                | 4,873,588          | 134,583                                                 | 831,075                      | 470,677                  | 1,436,335         |
| At fair value through profit or loss' - held-for-trading                                                                                                                     |                        |                              |                          |                    |                                                         |                              |                          |                   |
| - Gain on sale of investments - net                                                                                                                                          | 12,726,287             | 13,286,936                   | 13,900,451               | 39,913,674         | 19,405,312                                              | 18,974,835                   | 13,232,224               | 51,612,371        |
| - Unrealised gain / (loss) on revaluation of investments - net                                                                                                               | 13,720,026             | 5,327,230                    | (1,894,436)              | 17,152,820         | -                                                       | (22)                         | 207,432                  | 207,410           |
| - Dividend income from open end mutual funds - quoted                                                                                                                        | 11,284,669             | 10,855,460                   | 35,462,406               | 57,602,535         | -                                                       | -                            | 5,604,650                | 5,604,650         |
| <b>Total income</b>                                                                                                                                                          | <b>38,724,360</b>      | <b>31,165,447</b>            | <b>49,652,810</b>        | <b>119,542,617</b> | <b>19,539,895</b>                                       | <b>19,805,888</b>            | <b>19,514,983</b>        | <b>58,860,766</b> |
| <b>Expenses</b>                                                                                                                                                              |                        |                              |                          |                    |                                                         |                              |                          |                   |
| Remuneration of the Management Company                                                                                                                                       | 7.1 150,790            | 255,235                      | 261,662                  | 667,687            | 27,724                                                  | 43,242                       | 67,875                   | 138,841           |
| Sindh sales tax on remuneration of the Management Company                                                                                                                    | 7.2 19,350             | 33,636                       | 34,030                   | 87,016             | 5,557                                                   | 7,029                        | 11,009                   | 23,595            |
| Federal excise duty on remuneration of the Management Company                                                                                                                | 7.4 -                  | -                            | -                        | -                  | 4,407                                                   | 6,924                        | 10,873                   | 22,204            |
| Remuneration of the Trustee                                                                                                                                                  | 8.1 302,848            | 382,840                      | 547,493                  | 1,233,181          | 201,137                                                 | 254,023                      | 187,313                  | 642,473           |
| Sindh sales tax on remuneration of the Trustee                                                                                                                               | 8.2 39,376             | 50,549                       | 71,187                   | 161,112            | 28,427                                                  | 35,555                       | 26,221                   | 90,203            |
| Annual fee to the Securities and Exchange Commission of Pakistan                                                                                                             | 9 229,036              | 287,128                      | 410,570                  | 926,734            | 142,839                                                 | 190,549                      | 140,498                  | 473,886           |
| Amortisation of deferred formation cost                                                                                                                                      | 6 24,616               | 650,065                      | 206,225                  | 880,906            | 22,123                                                  | 518,893                      | 166,253                  | 707,269           |
| Auditors' remuneration                                                                                                                                                       | 12 111,910             | 51,977                       | 134,623                  | 298,510            | 103,415                                                 | 53,844                       | 138,993                  | 296,252           |
| Annual listing fee                                                                                                                                                           | 14,315                 | 12,986                       | 27,699                   | 55,000             | 8,758                                                   | 4,554                        | 11,774                   | 25,086            |
| Annual rating fee                                                                                                                                                            | 97,740                 | 45,317                       | 117,228                  | 260,285            | 87,579                                                  | 45,542                       | 117,735                  | 250,856           |
| Printing charges                                                                                                                                                             | 57,787                 | 5,930                        | 36,283                   | 100,000            | 67,468                                                  | 34,925                       | 90,591                   | 192,984           |
| Allocated expenses                                                                                                                                                           | 7.3 301,502            | 377,221                      | 547,628                  | 1,226,351          | 108,138                                                 | 161,280                      | 80,234                   | 349,652           |
| Provision against Sindh Workers' Welfare Fund                                                                                                                                | 10.1 1,307,217         | 914,883                      | 2,508,540                | 4,730,640          | -                                                       | -                            | -                        | -                 |
| Bank charges                                                                                                                                                                 | 6,000                  | 6,000                        | 14,784                   | 26,784             | -                                                       | 6,523                        | 4,780                    | 11,303            |
| <b>Total expenses</b>                                                                                                                                                        | <b>2,662,487</b>       | <b>3,073,767</b>             | <b>4,917,952</b>         | <b>10,654,206</b>  | <b>807,572</b>                                          | <b>1,362,883</b>             | <b>1,054,149</b>         | <b>3,224,604</b>  |
| <b>Net income for the year / period before element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net</b> | <b>36,061,873</b>      | <b>28,091,680</b>            | <b>44,734,858</b>        | <b>108,888,411</b> | <b>18,732,323</b>                                       | <b>18,443,005</b>            | <b>18,460,834</b>        | <b>55,636,162</b> |
| Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net                                                | 12,079,647             | 10,661,538                   | 56,851,818               | 79,593,003         | (2,818,687)                                             | (12,367,013)                 | 2,870,702                | (12,314,998)      |
| <b>Net income for the year / period before taxation</b>                                                                                                                      | <b>48,141,520</b>      | <b>38,753,218</b>            | <b>101,586,676</b>       | <b>188,481,414</b> | <b>15,913,636</b>                                       | <b>6,075,992</b>             | <b>21,331,536</b>        | <b>43,321,164</b> |
| Taxation                                                                                                                                                                     | 14 -                   | -                            | -                        | -                  | -                                                       | -                            | -                        | -                 |
| <b>Net income for the year / period after taxation</b>                                                                                                                       | <b>48,141,520</b>      | <b>38,753,218</b>            | <b>101,586,676</b>       | <b>188,481,414</b> | <b>15,913,636</b>                                       | <b>6,075,992</b>             | <b>21,331,536</b>        | <b>43,321,164</b> |

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

For Alfalah GHP Investment Management Limited  
(Management Company)

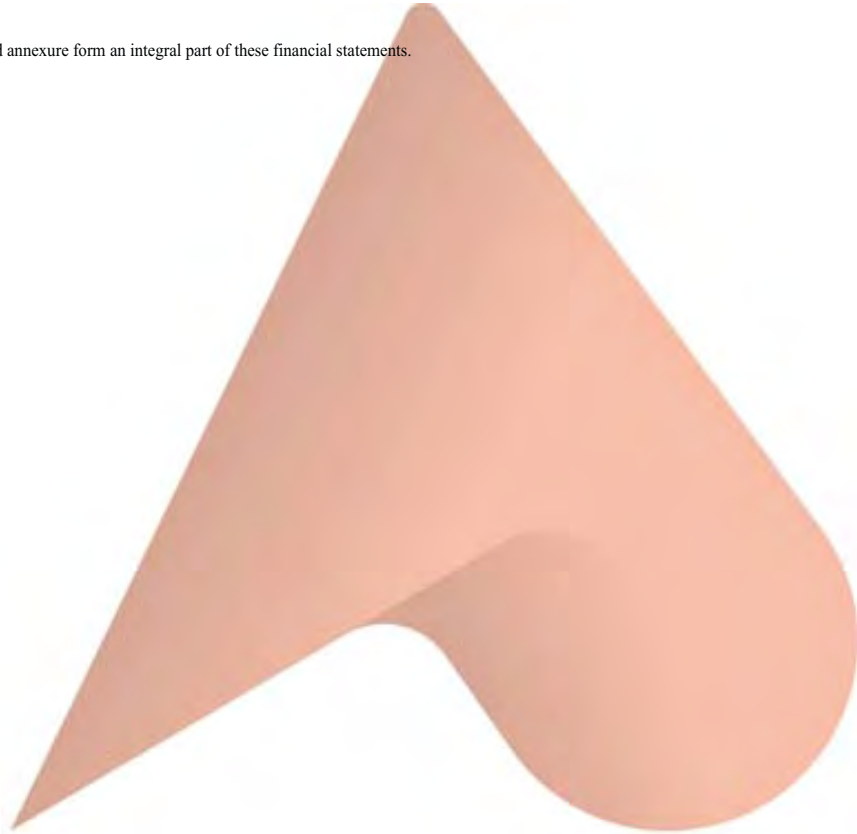
Chief Executive Officer

Director

**ALFALAH GHP PROSPERITY PLANNING FUND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED JUNE 30, 2017*

|                                                         | June 30, 2017          |                              |                          |                    | For the period from September 12, 2015 to June 30, 2016 |                              |                          |                   |
|---------------------------------------------------------|------------------------|------------------------------|--------------------------|--------------------|---------------------------------------------------------|------------------------------|--------------------------|-------------------|
|                                                         | Active Allocation Plan | Conservative Allocation Plan | Moderate Allocation Plan | Total              | Active Allocation Plan                                  | Conservative Allocation Plan | Moderate Allocation Plan | Total             |
|                                                         | ----- (Rupees) -----   |                              |                          |                    | ----- (Rupees) -----                                    |                              |                          |                   |
| Net income for the year / period after taxation         | 48,141,520             | 38,753,218                   | 101,586,676              | 188,481,414        | 15,913,636                                              | 6,075,992                    | 21,331,536               | 43,321,164        |
| Other comprehensive income for the year / period        |                        |                              |                          |                    | -                                                       | -                            | -                        | -                 |
| <b>Total comprehensive income for the year / period</b> | <u>48,141,520</u>      | <u>38,753,218</u>            | <u>101,586,676</u>       | <u>188,481,414</u> | <u>15,913,636</u>                                       | <u>6,075,992</u>             | <u>21,331,536</u>        | <u>43,321,164</u> |

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



For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

# ALFALAH GHP PROSPERITY PLANNING FUND

## CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2017

| Note                                                                                                                                 | June 30, 2017          |                              |                          |               | For the period from September 12, 2015 to June 30, 2016 |                              |                          |               |
|--------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------------|--------------------------|---------------|---------------------------------------------------------|------------------------------|--------------------------|---------------|
|                                                                                                                                      | Active Allocation Plan | Conservative Allocation Plan | Moderate Allocation Plan | Total         | Active Allocation Plan                                  | Conservative Allocation Plan | Moderate Allocation Plan | Total         |
|                                                                                                                                      | (Rupees)               |                              |                          |               | (Rupees)                                                |                              |                          |               |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                                                          |                        |                              |                          |               |                                                         |                              |                          |               |
| Net income for the year / period after taxation                                                                                      | 48,141,520             | 38,753,218                   | 101,586,676              | 188,481,414   | 15,913,636                                              | 6,075,992                    | 21,331,536               | 43,321,164    |
| <b>Adjustments for:</b>                                                                                                              |                        |                              |                          |               |                                                         |                              |                          |               |
| Amortisation of deferred formation cost                                                                                              | 24,616                 | 650,065                      | 206,225                  | 880,906       | 22,123                                                  | 518,893                      | 166,253                  | 707,269       |
| Unrealised (gain) / loss on revaluation of investments classified as 'at fair value through profit or loss' - held-for-trading - net | (13,720,026)           | (5,327,230)                  | 1,894,436                | (17,152,820)  | -                                                       | 22                           | (207,432)                | (207,410)     |
| Provision against Sindh Workers' Welfare Fund                                                                                        | 1,307,217              | 914,883                      | 2,508,540                | 4,730,640     | -                                                       | -                            | -                        | -             |
| Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net        | (12,079,647)           | (10,661,538)                 | (56,851,818)             | (79,593,003)  | 2,818,687                                               | 12,367,013                   | (2,870,702)              | 12,314,998    |
|                                                                                                                                      | 23,673,680             | 24,329,398                   | 49,344,059               | 97,347,137    | 18,754,446                                              | 18,961,920                   | 18,419,655               | 56,136,021    |
| <b>(Increase) / decrease in assets</b>                                                                                               |                        |                              |                          |               |                                                         |                              |                          |               |
| Investments - net                                                                                                                    | (102,959,430)          | (135,142,397)                | (541,560,273)            | (779,662,100) | (160,000,000)                                           | (98,000,031)                 | (268,136,268)            | (526,136,299) |
| Deferred formation cost                                                                                                              | -                      | -                            | -                        | -             | (123,896)                                               | (3,275,277)                  | (1,033,056)              | (4,432,229)   |
| Mark-up receivable on bank balances                                                                                                  | 129,305                | 289,951                      | 224,266                  | 643,522       | (130,174)                                               | (292,307)                    | (225,278)                | (647,759)     |
| Prepayment and other receivable                                                                                                      | (90,609)               | (198,540)                    | (114,446)                | (403,595)     | -                                                       | -                            | -                        | -             |
|                                                                                                                                      | (102,920,734)          | (135,050,986)                | (541,450,453)            | (779,422,173) | (160,254,070)                                           | (101,567,615)                | (269,394,602)            | (531,216,287) |
| <b>(Decrease) / increase in liabilities</b>                                                                                          |                        |                              |                          |               |                                                         |                              |                          |               |
| Payable to the Management Company                                                                                                    | 282,286                | (2,982,753)                  | (1,135,834)              | (3,836,301)   | 268,522                                                 | 3,548,748                    | 1,712,216                | 5,529,486     |
| Payable to the Trustee                                                                                                               | (84,578)               | (102,524)                    | (45,322)                 | (232,424)     | 129,456                                                 | 149,897                      | 131,084                  | 410,437       |
| Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)                                                      | 86,197                 | 96,579                       | 270,072                  | 452,848       | 142,839                                                 | 190,549                      | 140,498                  | 473,886       |
| Accrued and other liabilities                                                                                                        | 2,440,130              | 1,581,387                    | 12,157,176               | 16,408,301    | 837,344                                                 | 1,172,820                    | 538,711                  | 2,548,875     |
|                                                                                                                                      | 2,724,035              | (1,407,311)                  | 11,246,092               | 12,792,424    | 1,378,161                                               | 5,062,014                    | 2,522,509                | 8,962,684     |
| <b>Net cash flows used in operating activities</b>                                                                                   | (76,523,019)           | (112,128,899)                | (480,860,302)            | (669,282,612) | (140,121,463)                                           | (77,543,681)                 | (248,452,438)            | (466,117,582) |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                                                          |                        |                              |                          |               |                                                         |                              |                          |               |
| Amount received against issuance of units                                                                                            | 202,844,417            | 457,376,098                  | 998,947,128              | 1,659,167,643 | 248,950,532                                             | 509,740,209                  | 351,361,081              | 1,110,051,822 |
| Amount paid against redemption of units                                                                                              | (114,441,306)          | (99,944,486)                 | (331,854,708)            | (546,240,500) | (47,166,864)                                            | (412,442,764)                | (66,398,643)             | (526,008,271) |
| Dividend paid                                                                                                                        | (20,893,552)           | (19,486,154)                 | (83,320,249)             | (123,699,955) | (499,930)                                               | -                            | (7,564,491)              | (8,064,421)   |
| <b>Net cash flows generated from financing activities</b>                                                                            | 67,509,559             | 337,945,458                  | 583,772,171              | 989,227,188   | 201,283,738                                             | 97,297,445                   | 277,397,947              | 575,979,130   |
| <b>Net (decrease) / increase in cash and cash equivalents during the year / period</b>                                               | (9,013,460)            | 225,816,559                  | 102,911,869              | 319,944,576   | 61,162,275                                              | 19,753,764                   | 28,945,509               | 109,861,548   |
| Cash and cash equivalents at beginning of the year / period                                                                          | 61,162,275             | 19,753,764                   | 28,945,509               | 109,861,548   | -                                                       | -                            | -                        | -             |
| <b>Cash and cash equivalents at end of the year / period</b>                                                                         | 52,148,815             | 245,570,323                  | 131,857,378              | 429,806,124   | 61,162,275                                              | 19,753,764                   | 28,945,509               | 109,861,548   |

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

For Alfalah GHP Investment Management Limited  
(Management Company)

Chief Executive Officer

Director

## ALFALAH GHP PROSPERITY PLANNING FUND

### DISTRIBUTION STATEMENT

FOR THE YEAR ENDED JUNE 30, 2017

|                                                                                                                                                                                                                                                                                    | June 30, 2017          |                              |                          |                    | For the period from September 12, 2015 to June 30, 2016 |                              |                          |                   |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------------|--------------------------|--------------------|---------------------------------------------------------|------------------------------|--------------------------|-------------------|
|                                                                                                                                                                                                                                                                                    | Active Allocation Plan | Conservative Allocation Plan | Moderate Allocation Plan | Total              | Active Allocation Plan                                  | Conservative Allocation Plan | Moderate Allocation Plan | Total             |
|                                                                                                                                                                                                                                                                                    | (Rupees)               |                              |                          |                    | (Rupees)                                                |                              |                          |                   |
| <b>Undistributed income brought forward comprises of:</b>                                                                                                                                                                                                                          |                        |                              |                          |                    |                                                         |                              |                          |                   |
| - Realised gain                                                                                                                                                                                                                                                                    | 15,413,706             | 6,076,014                    | 13,559,613               | 35,049,333         | -                                                       | -                            | -                        | -                 |
| - Unrealised (loss) / gain                                                                                                                                                                                                                                                         | -                      | (22)                         | 207,432                  | 207,410            | -                                                       | -                            | -                        | -                 |
| <b>Total undistributed income brought forward</b>                                                                                                                                                                                                                                  | <b>15,413,706</b>      | <b>6,075,992</b>             | <b>13,767,045</b>        | <b>35,256,743</b>  | <b>-</b>                                                | <b>-</b>                     | <b>-</b>                 | <b>-</b>          |
| Element of income and capital gains included in prices of units issued less those in units redeemed - net                                                                                                                                                                          | 5,346,988              | 18,393,044                   | 28,410,439               | 52,150,471         | -                                                       | -                            | -                        | -                 |
| Net income for the year / period after taxation                                                                                                                                                                                                                                    | 48,141,520             | 38,753,218                   | 101,586,676              | 188,481,414        | 15,913,636                                              | 6,075,992                    | 21,331,536               | 43,321,164        |
| Distribution of cash dividend approved on June 22, 2017 (2016: June 29, 2016) of Active allocation plan @ Rs 7.1554 (2016: Re 0.2449) per unit, Conservative allocation plan @ Rs 4.5144 (2016: Nil) per unit and Moderate allocation plan @ Rs 10.5442 (2016: Rs 2.7502) per unit | (18,519,859)           | (19,486,154)                 | (83,320,249)             | (121,326,262)      | (499,930)                                               | -                            | (7,564,491)              | (8,064,421)       |
| Distribution of cash dividend approved on June 29, 2017 (2016: Nil) of Active allocation plan @ Re 0.8673 (2016: Nil) per unit                                                                                                                                                     | (2,373,693)            | -                            | -                        | (2,373,693)        | -                                                       | -                            | -                        | -                 |
|                                                                                                                                                                                                                                                                                    | 27,247,968             | 19,267,064                   | 18,266,427               | 64,781,459         | 15,413,706                                              | 6,075,992                    | 13,767,045               | 35,256,743        |
| <b>Undistributed income carried forward</b>                                                                                                                                                                                                                                        | <b>48,008,662</b>      | <b>43,736,100</b>            | <b>60,443,911</b>        | <b>152,188,673</b> | <b>15,413,706</b>                                       | <b>6,075,992</b>             | <b>13,767,045</b>        | <b>35,256,743</b> |
| <b>Undistributed income carried forward comprises of:</b>                                                                                                                                                                                                                          |                        |                              |                          |                    |                                                         |                              |                          |                   |
| - Realised gain                                                                                                                                                                                                                                                                    | 34,288,636             | 38,408,870                   | 62,338,347               | 135,035,853        | 15,413,706                                              | 6,076,014                    | 13,559,613               | 35,049,333        |
| - Unrealised gain / (loss)                                                                                                                                                                                                                                                         | 13,720,026             | 5,327,230                    | (1,894,436)              | 17,152,820         | -                                                       | (22)                         | 207,432                  | 207,410           |
|                                                                                                                                                                                                                                                                                    | 48,008,662             | 43,736,100                   | 60,443,911               | 152,188,673        | 15,413,706                                              | 6,075,992                    | 13,767,045               | 35,256,743        |

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

For Alfalah GHP Investment Management Limited  
(Management Company)

Chief Executive Officer

Director

**ALFALAH GHP PROSPERITY PLANNING FUND**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

| Note                                                                                                                                                                                                                                                                               | June 30, 2017          |                              |                          |               | For the period from September 12, 2015 to June 30, 2016 |                              |                          |               |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------------|--------------------------|---------------|---------------------------------------------------------|------------------------------|--------------------------|---------------|
|                                                                                                                                                                                                                                                                                    | Active Allocation Plan | Conservative Allocation Plan | Moderate Allocation Plan | Total         | Active Allocation Plan                                  | Conservative Allocation Plan | Moderate Allocation Plan | Total         |
|                                                                                                                                                                                                                                                                                    | (Rupees)               |                              |                          |               | (Rupees)                                                |                              |                          |               |
| <b>Net assets at beginning of the year / period</b>                                                                                                                                                                                                                                | 220,016,061            | 114,551,959                  | 295,707,874              | 630,275,894   | -                                                       | -                            | -                        | -             |
| Issuance of units                                                                                                                                                                                                                                                                  | 202,844,417            | 457,376,098                  | 998,947,128              | 1,659,167,643 | 248,950,532                                             | 509,740,209                  | 351,361,081              | 1,110,051,822 |
| Redemption of units                                                                                                                                                                                                                                                                | (114,441,306)          | (99,944,486)                 | (331,854,708)            | (546,240,500) | (47,166,864)                                            | (413,631,255)                | (66,549,550)             | (527,347,669) |
|                                                                                                                                                                                                                                                                                    | 88,403,111             | 357,431,612                  | 667,092,420              | 1,112,927,143 | 201,783,668                                             | 96,108,954                   | 284,811,531              | 582,704,153   |
| Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net                                                                                                                                                      |                        |                              |                          |               |                                                         |                              |                          |               |
| - transferred to income statement                                                                                                                                                                                                                                                  | (12,079,647)           | (10,661,538)                 | (56,851,818)             | (79,593,003)  | 2,818,687                                               | 12,367,013                   | (2,870,702)              | 12,314,998    |
| - transferred to distribution statement                                                                                                                                                                                                                                            | (5,346,988)            | (18,393,044)                 | (28,410,439)             | (52,150,471)  | -                                                       | -                            | -                        | -             |
|                                                                                                                                                                                                                                                                                    | (17,426,635)           | (29,054,582)                 | (85,262,257)             | (131,743,474) | 2,818,687                                               | 12,367,013                   | (2,870,702)              | 12,314,998    |
| Element of income and capital gains included in prices of units issued less those in units redeemed - transferred to distribution statement - net                                                                                                                                  | 5,346,988              | 18,393,044                   | 28,410,439               | 52,150,471    | -                                                       | -                            | -                        | -             |
| Gain on sale of investments classified as 'at fair value through profit or loss' - held-for-trading - net                                                                                                                                                                          | 12,726,287             | 13,286,936                   | 13,900,451               | 39,913,674    | 19,405,312                                              | 18,974,835                   | 13,232,224               | 51,612,371    |
| Unrealised gain / (loss) on revaluation of investments classified as 'at fair value through profit or loss' - held-for-trading - net                                                                                                                                               | 13,720,026             | 5,327,230                    | (1,894,436)              | 17,152,820    | -                                                       | (22)                         | 207,432                  | 207,410       |
| Other income (net of expenses)                                                                                                                                                                                                                                                     | 21,695,207             | 20,139,052                   | 89,580,661               | 131,414,920   | (3,491,676)                                             | (12,898,821)                 | 7,891,880                | (8,498,617)   |
| Distribution of cash dividend approved on June 22, 2017 (2016: June 29, 2016) of Active allocation plan @ Rs 7.1554 (2016: Re 0.2449) per unit, Conservative allocation plan @ Rs 4.5144 (2016: Nil) per unit and Moderate allocation plan @ Rs 10.5442 (2016: Rs 2.7502) per unit | (18,519,859)           | (19,486,154)                 | (83,320,249)             | (121,326,262) | (499,930)                                               | -                            | (7,564,491)              | (8,064,421)   |
| Distribution of cash dividend approved on June 29, 2017 (2016: Nil) of Active allocation plan @ Re 0.8673 (2016: Nil) per unit                                                                                                                                                     | (2,373,693)            | -                            | -                        | (2,373,693)   | -                                                       | -                            | -                        | -             |
| <b>Net income for the year / period less distribution</b>                                                                                                                                                                                                                          | 27,247,968             | 19,267,064                   | 18,266,427               | 64,781,459    | 15,413,706                                              | 6,075,992                    | 13,767,045               | 35,256,743    |
| <b>Net assets at end of the year / period</b>                                                                                                                                                                                                                                      | 323,587,493            | 480,589,097                  | 924,214,903              | 1,728,391,493 | 220,016,061                                             | 114,551,959                  | 295,707,874              | 630,275,894   |
| Net asset value per unit at the beginning of the year / period                                                                                                                                                                                                                     | 107.5354               | 105.5315                     | 104.8369                 | -             | -                                                       | -                            | -                        | -             |
| Net asset value per unit at the end of the year / period                                                                                                                                                                                                                           | 117.4231               | 109.9390                     | 106.9507                 | -             | 107.5354                                                | 105.5315                     | 104.8369                 | -             |

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

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

Chief Executive Officer

Director



**ALFALAH GHP PROSPERITY PLANNING FUND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT**  
*FOR THE YEAR ENDED JUNE 30, 2017*

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

Alfalaha GHP Prosperity Planning Fund (the Fund) is an open-ended Fund constituted under a trust deed entered into on July 07, 2015 between Alfalah GHP Investment Management Limited, (the 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. The Fund was registered by the Securities and Exchange Commission of Pakistan (SECP) as a Notified Entity under Regulation 44 of the Non Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) vide its letter No. SCD/SMCW/AGPPF/30/2015 dated July 30, 2015 and Offering Document was approved by SECP under Regulation 54 of the NBFC Regulations, vide its letter No. SCD/AMCW/AGPPF/29/2015 dated July 30, 2015.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate issued by the SECP on March 09, 2017. The registered office of the Management Company is situated at 8-B, 8th floor, Executive tower, Dolmen City, Block 4, Clifton, Karachi.

The Fund is categorised as a 'Fund of Fund' pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund are being offered for public subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.

According to the trust deed, the objective of the Fund is to generate returns on investment as per the respective Allocation Plan by investing in collective investment schemes in line with the risk tolerance of the investor. The investment objectives and policy are explained in the Fund's offering document. Presently, the following allocation plans are offered:

- a. **Alfalaha GHP Active Allocation Plan**
- b. **Alfalaha GHP Conservative Allocation Plan**
- c. **Alfalaha GHP Moderate Allocation Plan**

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of AM2+ (stable outlook) to the Management Company on May 16, 2017.

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

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the 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 the IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The Directors of the asset management company declare that these financial statements give a true and fair view of the state of affairs of the Fund.

**2.2 Standards, Interpretations and amendments to published approved accounting standards that are effective in the current year**

There are certain new and amended standards and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2016 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

**2.3 Standards, Interpretations and amendments to published approved accounting standards that are not yet effective**

**2.3.1** There are certain new and amended standards and interpretations that are mandatory for the accounting period beginning on or after July 1, 2017 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

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

| <b>Standards, Interpretations or Amendments</b> | <b>Effective date (accounting period beginning on or after)</b> |
|-------------------------------------------------|-----------------------------------------------------------------|
| - IFRS-9 Financial Instruments                  | January 1, 2018                                                 |
| - IFRS-15 Revenue from contracts with customers | January 1, 2018                                                 |
| - IFRS-16 Leases                                | January 1, 2019                                                 |

2.3.3 The SECP vide its SRO 756(1) / 2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations, 2008 which will be applicable on the financial statements of the Fund from the accounting year ending on June 30, 2018. The notification includes a definition and explanation relating to “element of income” and excludes the element of income from the expression “accounting income” as described in Regulation 63 (Amount distributable to unit holders) of the NBFC Regulations, 2008. In addition there are certain changes in the disclosure requirements relating to the Income Statement and the Statement of Movement in Unit Holders’ Fund. The management is currently in the process of assessing the impact of these changes on the financial statements.

#### 2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- Classification and valuation of investments (note 3.2 and 5)
- Impairment of financial assets (note 3.2.6)
- Taxation (note 3.6 and 14)
- Provision against Federal Excise Duty and Sindh Workers’ Welfare Fund (note 7.4 and 10.1 respectively)

#### 2.5 Accounting convention

These financial statements have been prepared under the historical cost convention, except for certain investments which are stated at fair value.

#### 2.6 Functional and presentational currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund’s functional and presentational currency.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

#### 3.1 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

#### 3.2 Financial assets

##### 3.2.1 Classification

The Fund classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. The management determines the appropriate classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

**Investments are categorised as follows:**

##### a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profits from short-term fluctuations in prices are classified as financial assets at fair value through profit or loss category. These include held for trading investments and such other investments that, upon initial recognition, are designated under this category.

##### b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

##### c) Available-for-sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as

(a) financial assets at fair value through profit or loss or

(b) loans and receivables. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

### 3.2.2 Derivatives

These are measured at fair value. Derivatives with positive fair values (unrealised gains) are included in fair value of derivative asset and derivatives with negative fair values (unrealised losses) are included in fair value of derivative liability in the statement of assets and liabilities. The resultant gains and losses are included in the income statement.

### 3.2.3 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

### 3.2.4 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed out in the income statement.

### 3.2.5 Subsequent measurement

#### a) Financial assets 'at fair value through profit or loss' and 'available for sale'

Subsequent to initial recognition, financial instruments classified as 'at fair value through profit or loss' and 'available-for-sale' are measured at fair value.

Gains or losses arising, from changes in the fair value and on sale of the financial assets 'at fair value through profit or loss' are recognised in the Income Statement.

Changes in the fair value of financial instruments classified as 'available-for-sale' are recognised in other comprehensive income until derecognised or impaired, when the accumulated fair value adjustments recognised in other comprehensive income are included in the Income Statement.

#### Basis of valuation

- The fair value of investments in open end mutual funds is determined by reference to the quotations obtained from the NAV report on the MUFAP website at the close of period end.

#### b) Loans and receivables

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortised cost using the effective yield method.

Gains or losses are recognised in the income statement when the financial assets carried at amortised cost are derecognised or impaired.

### 3.2.6 Impairment

The Fund assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets are impaired. The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

A provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The provision against these amounts is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company in accordance with the requirements of the Securities and Exchange Commission of Pakistan. Impairment losses are recognised in the income statement.

### 3.2.7 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

### 3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

### 3.4 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### **3.5 Provisions**

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

### **3.6 Taxation**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

### **3.7 Dividend distribution and appropriations**

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

### **3.8 Issue and redemption of units**

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, and charges on redemption, if applicable.

### **3.9 Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed**

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

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

### **3.10 Net asset value per unit**

The Net Asset Value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

### **3.11 Revenue recognition**

- Gain or loss on sale of investments is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss arising on revaluation of investments classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Dividend income is recognised when the right to receive the dividend is established.
- Profit / mark-up income on bank balances is recognised on an accrual basis using the effective yield method.

### **3.12 Expenses**

All expenses including management fee and trustee fee are recognised in the Income Statement on an accrual basis.

### **3.13 Earnings per unit**

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

### **3.14 Preliminary expenses and floatation costs**

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

4 BANK BALANCES

| Note | June 30, 2017          |                              |                          |             | June 30, 2016          |                              |                          |             |
|------|------------------------|------------------------------|--------------------------|-------------|------------------------|------------------------------|--------------------------|-------------|
|      | Active Allocation Plan | Conservative Allocation Plan | Moderate Allocation Plan | Total       | Active Allocation Plan | Conservative Allocation Plan | Moderate Allocation Plan | Total       |
|      | (Rupees)               |                              |                          |             | (Rupees)               |                              |                          |             |
| 4.1  | 52,148,815             | 245,570,323                  | 131,857,378              | 429,576,516 | 61,162,275             | 19,753,764                   | 28,945,509               | 109,861,548 |

- 4.1 These represent balances in saving accounts maintained with banks carrying profit rates ranging from 4% to 6.6% (2016: 6.25% to 7%) per annum. This includes Rs 27.75 million (2016: Rs 109.86 million) placed with Bank Alfalah Limited (a related party).

5 INVESTMENTS

| Note | June 30, 2016          |                              |                          |               | June 30, 2016          |                              |                          |             |
|------|------------------------|------------------------------|--------------------------|---------------|------------------------|------------------------------|--------------------------|-------------|
|      | Active Allocation Plan | Conservative Allocation Plan | Moderate Allocation Plan | Total         | Active Allocation Plan | Conservative Allocation Plan | Moderate Allocation Plan | Total       |
|      | (Rupees)               |                              |                          |               | (Rupees)               |                              |                          |             |
| 5.1  | 276,679,456            | 238,469,636                  | 808,009,537              | 1,323,158,629 | 160,000,000            | 98,000,009                   | 268,343,700              | 526,343,709 |

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

5.1 Open End Mutual Funds - Quoted - 'At fair value through profit or loss' - held-for-trading

Active Allocation Plan

| Particulars                         | As at July 1, 2016 | Purchased during the year | Sold during the year | As at June 30, 2017 | Carrying cost as at June 30, 2017 | Market value as at June 30, 2017 | Unrealised gain / (loss) | Market value as a percentage of: |                   |
|-------------------------------------|--------------------|---------------------------|----------------------|---------------------|-----------------------------------|----------------------------------|--------------------------|----------------------------------|-------------------|
|                                     |                    |                           |                      |                     |                                   |                                  |                          | Net assets                       | Total investments |
|                                     | (No. of Units)     |                           |                      | (Rupees)            |                                   |                                  | (%)                      |                                  |                   |
| Alfalah GHP Alpha Fund*             | 737,572            | 947,315                   | 412,640              | 1,272,247           | 101,911,198                       | 107,504,806                      | 5,593,608                | 33.22%                           | 38.86%            |
| Alfalah GHP Stock Fund*             | 396,590            | 725,055                   | 286,216              | 835,429             | 126,600,119                       | 131,064,136                      | 4,464,017                | 40.50%                           | 47.36%            |
| Alfalah GHP Sovereign Fund*         | 189,055            | 265,651                   | 452,854              | 1,852               | 203,261                           | 195,937                          | (7,324)                  | 0.06%                            | 0.07%             |
| Alfalah GHP Money Market Fund*      | -                  | 1,554,107                 | 1,552,121            | 1,986               | 204,296                           | 193,502                          | (10,794)                 | 0.06%                            | 0.07%             |
| Alfalah GHP Income Fund*            | 180,640            | 602,796                   | 778,500              | 4,936               | 568,034                           | 552,699                          | (15,335)                 | 0.17%                            | 0.20%             |
| Alfalah GHP Income Multiplier Fund* | 377,297            | 1,236,094                 | 1,602,585            | 10,806              | 596,526                           | 575,370                          | (21,156)                 | 0.18%                            | 0.21%             |
| Alfalah GHP Islamic Stock Fund*     | -                  | 848,426                   | 345,934              | 502,492             | 32,875,996                        | 36,593,006                       | 3,717,010                | 11.31%                           | 13.23%            |
| <b>As at June 30, 2017</b>          | <b>1,881,154</b>   | <b>6,179,444</b>          | <b>5,430,850</b>     | <b>2,629,748</b>    | <b>262,959,430</b>                | <b>276,679,456</b>               | <b>13,720,026</b>        | <b>85.50%</b>                    | <b>100.00%</b>    |
| <b>As at June 30, 2016</b>          | <b>-</b>           | <b>7,077,370</b>          | <b>5,196,216</b>     | <b>1,881,154</b>    | <b>160,000,000</b>                | <b>160,000,000</b>               | <b>-</b>                 | <b>72.72%</b>                    | <b>100.00%</b>    |

\* These represent investments held in related parties i.e. funds under common management.

Conservative Allocation Plan

| Particulars                         | As at July 1, 2016 | Purchased during the year | Sold during the year | As at June 30, 2017 | Carrying cost as at June 30, 2017 | Market value as at June 30, 2017 | Unrealised gain / (loss) | Market value as a percentage of: |                   |
|-------------------------------------|--------------------|---------------------------|----------------------|---------------------|-----------------------------------|----------------------------------|--------------------------|----------------------------------|-------------------|
|                                     |                    |                           |                      |                     |                                   |                                  |                          | Net assets                       | Total investments |
|                                     | (No. of Units)     |                           |                      | (Rupees)            |                                   |                                  | (%)                      |                                  |                   |
| Alfalah GHP Alpha Fund*             | 103,260            | 398,306                   | 96,306               | 405,260             | 31,372,159                        | 34,244,498                       | 2,872,339                | 7.13%                            | 14.36%            |
| Alfalah GHP Stock Fund*             | 55,523             | 214,355                   | 51,806               | 218,072             | 31,366,696                        | 34,211,620                       | 2,844,924                | 7.12%                            | 14.34%            |
| Alfalah GHP Sovereign Fund*         | 122,886            | 264,562                   | 173,227              | 214,221             | 22,781,849                        | 22,655,781                       | (126,068)                | 4.71%                            | 9.50%             |
| Alfalah GHP Money Market Fund*      | 458,157            | 2,545,294                 | 2,958,196            | 45,255              | 4,555,331                         | 4,408,530                        | (146,801)                | 0.92%                            | 1.85%             |
| Alfalah GHP Income Fund*            | 117,415            | 676,367                   | 233,090              | 560,692             | 63,213,931                        | 62,781,706                       | (432,225)                | 13.06%                           | 26.33%            |
| Alfalah GHP Income Multiplier Fund* | 245,243            | 1,610,127                 | 633,840              | 1,221,530           | 66,179,388                        | 65,046,472                       | (1,132,916)              | 13.53%                           | 27.28%            |
| Alfalah GHP Islamic Stock Fund*     | -                  | 263,865                   | 56,223               | 207,642             | 13,673,052                        | 15,121,029                       | 1,447,977                | 3.15%                            | 6.34%             |
| <b>As at June 30, 2017</b>          | <b>1,102,484</b>   | <b>5,972,876</b>          | <b>4,202,688</b>     | <b>2,872,672</b>    | <b>233,142,406</b>                | <b>238,469,636</b>               | <b>5,327,230</b>         | <b>49.62%</b>                    | <b>100.00%</b>    |
| <b>As at June 30, 2016</b>          | <b>-</b>           | <b>7,909,517</b>          | <b>6,807,033</b>     | <b>1,102,484</b>    | <b>98,000,031</b>                 | <b>98,000,009</b>                | <b>(22)</b>              | <b>85.55%</b>                    | <b>100.00%</b>    |

\* These represent investments held in related parties i.e. funds under common management.



## Moderate Allocation Plan

| Particulars                         | As at July 1, 2016         | Purchased during the year | Sold during the year | As at June 30, 2017  | Carrying cost as at June 30, 2017 | Market value as at June 30, 2017 | Unrealised gain / (loss) | Market value as a percentage of: |                   |
|-------------------------------------|----------------------------|---------------------------|----------------------|----------------------|-----------------------------------|----------------------------------|--------------------------|----------------------------------|-------------------|
|                                     |                            |                           |                      |                      |                                   |                                  |                          | Net assets                       | Total investments |
|                                     | ----- (No. of Units) ----- |                           |                      | ----- (Rupees) ----- |                                   |                                  | ----- (%) -----          |                                  |                   |
| Alfalah GHP Alpha Fund*             | 560,284                    | 1,453,680                 | 455,468              | 1,558,496            | 127,698,382                       | 131,692,939                      | 3,994,557                | 14.25%                           | 16.30%            |
| Alfalah GHP Stock Fund*             | 312,481                    | 957,367                   | 245,193              | 1,024,655            | 157,927,318                       | 160,750,257                      | 2,822,939                | 17.39%                           | 19.89%            |
| Alfalah GHP Sovereign Fund*         | 425,375                    | 1,642,482                 | 596,971              | 1,470,886            | 160,117,059                       | 155,558,865                      | (4,558,194)              | 16.83%                           | 19.25%            |
| Alfalah GHP Money Market Fund*      | 356,344                    | 2,394,218                 | 2,735,602            | 14,960               | 1,538,918                         | 1,457,261                        | (81,657)                 | 0.16%                            | 0.18%             |
| Alfalah GHP Income Fund*            | 406,438                    | 1,731,062                 | 405,241              | 1,732,259            | 196,234,192                       | 193,964,390                      | (2,269,802)              | 20.99%                           | 24.01%            |
| Alfalah GHP Income Multiplier Fund* | 848,917                    | 2,468,364                 | 954,948              | 2,362,333            | 128,270,495                       | 125,794,224                      | (2,476,271)              | 13.61%                           | 15.57%            |
| Alfalah GHP Islamic Stock Fund*     | 328,368                    | 718,859                   | 514,544              | 532,683              | 38,117,609                        | 38,791,601                       | 673,992                  | 4.20%                            | 4.80%             |
| <b>As at June 30, 2017</b>          | <b>3,238,207</b>           | <b>11,366,032</b>         | <b>5,907,967</b>     | <b>8,696,272</b>     | <b>809,903,973</b>                | <b>808,009,537</b>               | <b>(1,894,436)</b>       | <b>87.43%</b>                    | <b>100.00%</b>    |
| <b>As at June 30, 2016</b>          | <b>-</b>                   | <b>7,647,108</b>          | <b>4,408,901</b>     | <b>3,238,207</b>     | <b>268,136,268</b>                | <b>268,343,700</b>               | <b>207,432</b>           | <b>90.75%</b>                    | <b>100.00%</b>    |

\* These represent investments held in related parties i.e. funds under common management.

## 5.2 Unrealised gain on revaluation of investments classified as financial assets 'at fair value through profit or loss - held for trading' - net

|                                                   | 2017                   | 2016                 |
|---------------------------------------------------|------------------------|----------------------|
|                                                   | ----- (Rupees) -----   |                      |
| Market value of investments as at June 30         | 1,323,158,629          | 526,343,709          |
| Less: Carrying value of investments as at June 30 | <u>(1,306,005,809)</u> | <u>(526,136,299)</u> |
|                                                   | <u>17,152,820</u>      | <u>207,410</u>       |

## 6 DEFERRED FORMATION COST

|                                    | June 30, 2017          |                              |                          |                  | June 30, 2016          |                              |                          |                  |
|------------------------------------|------------------------|------------------------------|--------------------------|------------------|------------------------|------------------------------|--------------------------|------------------|
|                                    | Active Allocation Plan | Conservative Allocation Plan | Moderate Allocation Plan | Total            | Active Allocation Plan | Conservative Allocation Plan | Moderate Allocation Plan | Total            |
|                                    | ----- (Rupees) -----   |                              |                          |                  | ----- (Rupees) -----   |                              |                          |                  |
| As at July 1                       | 101,773                | 2,756,384                    | 866,803                  | 3,724,960        | -                      | -                            | -                        | -                |
| Formation cost incurred            | -                      | -                            | -                        | -                | 123,896                | 3,275,277                    | 1,033,056                | 4,432,229        |
| Amortised during the year / period | <u>(24,616)</u>        | <u>(650,065)</u>             | <u>(206,225)</u>         | <u>(880,906)</u> | <u>(22,123)</u>        | <u>(518,893)</u>             | <u>(166,253)</u>         | <u>(707,269)</u> |
| As at June 30                      | <u>77,157</u>          | <u>2,106,319</u>             | <u>660,578</u>           | <u>2,844,054</u> | <u>101,773</u>         | <u>2,756,384</u>             | <u>866,803</u>           | <u>3,724,960</u> |

This represents expenses incurred on the formation of the Fund. The offering document of the Fund, approved by the SECP, permits the deferral of the cost over a period not exceeding five years. Accordingly the said expenses are being amortised over a period of five years effective from September 12, 2015, i.e. after the end of initial period of the Fund. Formation cost is divided amongst the Active Allocation plan, Moderate Allocation plan and Conservative Allocation Plan according to the ratios of their Pre IPO investments.

## 7 PAYABLE TO THE MANAGEMENT COMPANY

|                                                        | Note | June 30, 2017          |                              |                          |                  | June 30, 2016          |                              |                          |                  |
|--------------------------------------------------------|------|------------------------|------------------------------|--------------------------|------------------|------------------------|------------------------------|--------------------------|------------------|
|                                                        |      | Active Allocation Plan | Conservative Allocation Plan | Moderate Allocation Plan | Total            | Active Allocation Plan | Conservative Allocation Plan | Moderate Allocation Plan | Total            |
|                                                        |      | ----- (Rupees) -----   |                              |                          |                  | ----- (Rupees) -----   |                              |                          |                  |
| Management remuneration payable                        | 7.1  | 39,832                 | 114,624                      | 56,972                   | 211,428          | 24,411                 | 10,091                       | 42,086                   | 76,588           |
| Sindh sales tax payable on management remuneration     | 7.2  | 5,419                  | 16,328                       | 8,930                    | 30,677           | 3,943                  | 4,963                        | 7,399                    | 16,305           |
| Payable against allocated expenses                     | 7.3  | 187,425                | 230,801                      | 378,141                  | 796,367          | 108,138                | 161,280                      | 80,234                   | 349,652          |
| Federal excise duty payable on management remuneration | 7.4  | 5,557                  | 6,924                        | 10,873                   | 23,354           | 5,557                  | 6,924                        | 10,873                   | 23,354           |
| Formation cost payable                                 |      | -                      | -                            | -                        | -                | 123,896                | 3,275,277                    | 1,033,056                | 4,432,229        |
| Sales load payable                                     |      | 312,575                | 197,318                      | 121,466                  | 631,359          | 2,577                  | 90,213                       | 538,568                  | 631,358          |
|                                                        |      | <u>550,808</u>         | <u>565,995</u>               | <u>576,382</u>           | <u>1,693,185</u> | <u>268,522</u>         | <u>3,548,748</u>             | <u>1,712,216</u>         | <u>5,529,486</u> |

7.1 The Management Company has charged remuneration at a rate of 1% of average annual net assets of the Fund during the year. However, no remuneration is charged on that part of the net assets which has been invested in the mutual funds managed by the Management Company. The remuneration is paid to the Management Company on a monthly basis in arrears.

7.2 During the year, Sindh Sales Tax on management remuneration has been charged at the rate of 13% (2016: 14%).

7.3 In accordance with the provisions of the NBFC Regulations, 2008 (as amended vide S.R.O 1160(I) / 2015 dated November 25, 2015), the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund upto a maximum of 0.1% of the average annual net assets of the Scheme or actual, whichever is less. Accordingly, the Management Company has charged expenses at the rate of 0.1% per annum of the average annual net assets of the Fund being lower than actual expenses chargeable to the Fund for the year.



- 7.4 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On September 4, 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made till June 30, 2016 amounting to Rs 0.01 million (2016: Rs 0.01 million), Rs 0.01 million (2016: Rs 0.01 million) and Rs 0.01 million (2016: Rs 0.01 million) for Active Allocation Plan, Conservative Allocation Plan and Moderate Allocation Plan is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2017 would have been higher by Re 0.002 (2016: Re 0.003) per unit, Re 0.002 (2016: Re 0.006) per unit and Re 0.001 (2016: Re 0.004) per unit for Active Allocation Plan, Conservative Allocation Plan and Moderate Allocation Plan respectively.

|                                                 | Note | June 30, 2017          |                              |                          |                | June 30, 2016          |                              |                          |                |
|-------------------------------------------------|------|------------------------|------------------------------|--------------------------|----------------|------------------------|------------------------------|--------------------------|----------------|
|                                                 |      | Active Allocation Plan | Conservative Allocation Plan | Moderate Allocation Plan | Total          | Active Allocation Plan | Conservative Allocation Plan | Moderate Allocation Plan | Total          |
| <b>8 PAYABLE TO THE TRUSTEE</b>                 |      | (Rupees)               |                              |                          |                | (Rupees)               |                              |                          |                |
| Trustee remuneration payable                    | 8.1  | 39,365                 | 41,233                       | 75,894                   | 156,492        | 113,324                | 131,495                      | 114,989                  | 359,808        |
| Sindh sales tax payable on Trustee remuneration | 8.2  | 5,513                  | 6,140                        | 9,868                    | 21,521         | 16,132                 | 18,402                       | 16,095                   | 50,629         |
|                                                 |      | <u>44,878</u>          | <u>47,373</u>                | <u>85,762</u>            | <u>178,013</u> | <u>129,456</u>         | <u>149,897</u>               | <u>131,084</u>           | <u>410,437</u> |

- 8.1 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 NAV 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      | 0.10% per annum of Net Assets                                           |
| Over Rs 1 billion       | Rs 1 million plus 0.075% per annum of Net Assets exceeding Rs 1 billion |

- 8.2 During the year, Sindh Sales Tax on trustee remuneration has been charged at the rate of 13% (2016: 14%).

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

Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.075 percent of the average annual net assets of the Fund.

|                                               | Note | June 30, 2017          |                              |                          |                   | June 30, 2016          |                              |                          |                  |
|-----------------------------------------------|------|------------------------|------------------------------|--------------------------|-------------------|------------------------|------------------------------|--------------------------|------------------|
|                                               |      | Active Allocation Plan | Conservative Allocation Plan | Moderate Allocation Plan | Total             | Active Allocation Plan | Conservative Allocation Plan | Moderate Allocation Plan | Total            |
| <b>10 ACCRUED AND OTHER LIABILITIES</b>       |      | (Rupees)               |                              |                          |                   | (Rupees)               |                              |                          |                  |
| Provision against Sindh Workers' Welfare Fund |      | 1,307,217              | 914,883                      | 2,508,540                | 4,730,640         | -                      | -                            | -                        | -                |
| Rating fee payable                            |      | 185,319                | 90,859                       | 234,963                  | 511,141           | 87,579                 | 45,542                       | 117,735                  | 250,856          |
| Printing charges payable                      |      | 93,718                 | -                            | 61,813                   | 155,531           | 60,069                 | 21,780                       | 85,947                   | 167,796          |
| Auditors' remuneration payable                |      | 94,346                 | -                            | 76,960                   | 171,306           | 103,415                | 53,844                       | 138,993                  | 296,252          |
| Withholding tax payable                       |      | 1,334,571              | 3,007,066                    | 8,063,722                | 12,405,359        | 234,235                | 1,188,491                    | 150,907                  | 1,573,633        |
| Capital gain tax payable                      |      | 5,572                  | 43,381                       | 177,379                  | 226,332           | -                      | -                            | -                        | -                |
| Others                                        |      | 13,067                 | -                            | 6,759                    | 19,826            | 352,046                | 296,624                      | 196,036                  | 844,706          |
| Sales load payable                            |      | 1,550,881              | 801,392                      | 4,225,198                | 6,577,471         | -                      | 755,030                      | -                        | 755,030          |
|                                               |      | <u>4,584,691</u>       | <u>4,857,581</u>             | <u>15,355,334</u>        | <u>24,797,606</u> | <u>837,344</u>         | <u>2,361,311</u>             | <u>689,618</u>           | <u>3,888,273</u> |

- 10.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISOs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were,

hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. However, as a matter of abundant caution provision in respect of SWWF is being made on a prudent basis.

Had the provision for SWWF not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2017 would have been higher by Re 0.47 per unit, Re 0.21 per unit and Re 0.29 per unit for Active Allocation Plan, Conservative Allocation Plan and Moderate Allocation Plan respectively.

#### 11. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2017.

|                                  | June 30, 2017          |                              |                          |                | From September 12, 2015 to June 30, 2016 |                              |                          |                |
|----------------------------------|------------------------|------------------------------|--------------------------|----------------|------------------------------------------|------------------------------|--------------------------|----------------|
|                                  | Active Allocation Plan | Conservative Allocation Plan | Moderate Allocation Plan | Total          | Active Allocation Plan                   | Conservative Allocation Plan | Moderate Allocation Plan | Total          |
|                                  | (Rupees)               |                              |                          |                | (Rupees)                                 |                              |                          |                |
| <b>12 AUDITORS' REMUNERATION</b> |                        |                              |                          |                |                                          |                              |                          |                |
| Audit fee                        | 52,013                 | 27,081                       | 69,907                   | 149,001        | 52,013                                   | 27,081                       | 69,907                   | 149,001        |
| Review and other certifications  | 35,257                 | 18,357                       | 47,386                   | 101,000        | 35,257                                   | 18,357                       | 47,386                   | 101,000        |
| Sindh sales tax                  | 5,236                  | 2,726                        | 7,038                    | 15,000         | 5,236                                    | 2,726                        | 7,038                    | 15,000         |
| Out of pocket expenses           | 19,404                 | 3,813                        | 10,292                   | 33,509         | 10,909                                   | 5,680                        | 14,662                   | 31,251         |
|                                  | <u>111,910</u>         | <u>51,977</u>                | <u>134,623</u>           | <u>298,510</u> | <u>103,415</u>                           | <u>53,844</u>                | <u>138,993</u>           | <u>296,252</u> |

#### 13. TOTAL EXPENSE RATIO

The total expense ratios of the Fund for the year ended June 30, 2017 are 0.76%, 0.77% and 0.82% which includes 0.42%, 0.30% and 0.47% representing Government levy, Workers' Welfare Fund and SECP fee in Active Allocation Plan, Conservative Allocation Plan and Moderate Allocation Plan respectively.

#### 14. TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations, requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Management Company has distributed the income earned by the Fund during the year to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements.

|                                                    | June 30, 2017          |                              |                          |                   | From September 12, 2015 to June 30, 2016 |                              |                          |                  |
|----------------------------------------------------|------------------------|------------------------------|--------------------------|-------------------|------------------------------------------|------------------------------|--------------------------|------------------|
|                                                    | Active Allocation Plan | Conservative Allocation Plan | Moderate Allocation Plan | Total             | Active Allocation Plan                   | Conservative Allocation Plan | Moderate Allocation Plan | Total            |
|                                                    | (Number of units)      |                              |                          |                   | (Number of units)                        |                              |                          |                  |
| <b>15 UNITS OUTSTANDING</b>                        |                        |                              |                          |                   |                                          |                              |                          |                  |
| As at July 1                                       | 2,045,988              | 1,085,476                    | 2,820,646                | 5,952,110         | -                                        | -                            | -                        | -                |
| Add: issuance of units during the year / period    | 1,616,720              | 4,172,059                    | 8,727,589                | 14,516,368        | 2,484,783                                | 5,068,665                    | 3,407,355                | 10,960,803       |
| Less: redemption of units during the year / period | (906,968)              | (886,120)                    | (2,906,732)              | (4,699,820)       | (438,795)                                | (3,983,189)                  | (586,709)                | (5,008,693)      |
| As at June 30                                      | <u>2,755,740</u>       | <u>4,371,415</u>             | <u>8,641,503</u>         | <u>15,768,658</u> | <u>2,045,988</u>                         | <u>1,085,476</u>             | <u>2,820,646</u>         | <u>5,952,110</u> |

#### 16. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include Alfalah GHP Investment Management Limited being the Management Company, Funds under management of the Management Company, GHP Beteiligungen Holding Limited, Bank Alfalah Limited and MAB Investment Incorporated being associated companies of Management Company, Bank Alfalah Limited - Employees' Provident Fund, Bank Alfalah Limited - Employees' Gratuity Fund, Alfalah GHP Investment Management Limited - Staff Provident Fund, directors and key management personnel of Alfalah GHP Investment Management Limited and Central Depository Company of Pakistan Limited (CDCPL) being the Trustee of the Fund, and other associated companies and connected persons. Connected persons also includes any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund. The transactions with connected persons are in the normal course of business and at contractual rates.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investment and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

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

16.1 Unit Holders' Fund

Note

June 30, 2017

|                                            |                                                             | As at July 01, 2016 | Issued for cash / conversion in / transfer in | Dividend reinvestment | Redeemed / conversion out / transfer out | As at June 30, 2017 | As at July 01, 2016  | Issued for cash / conversion in / transfer in | Dividend reinvestment | Redeemed / conversion out / transfer out | Net asset value as at June 30, 2017 |             |
|--------------------------------------------|-------------------------------------------------------------|---------------------|-----------------------------------------------|-----------------------|------------------------------------------|---------------------|----------------------|-----------------------------------------------|-----------------------|------------------------------------------|-------------------------------------|-------------|
|                                            |                                                             | ----- (Units) ----- |                                               |                       |                                          |                     | ----- (Rupees) ----- |                                               |                       |                                          |                                     |             |
| <b>Active Allocation Plan</b>              |                                                             |                     |                                               |                       |                                          |                     |                      |                                               |                       |                                          |                                     |             |
| <b>Associated companies / undertakings</b> |                                                             |                     |                                               |                       |                                          |                     |                      |                                               |                       |                                          |                                     |             |
|                                            | Bank Alfalah Limited - Employees Provident Fund             | 16.1.1              | 494,682                                       | -                     | 33,755                                   | -                   | 528,437              | 53,195,841                                    | -                     | 3,994,613                                | -                                   | 62,050,711  |
|                                            | Bank Alfalah Limited - Employees Gratuity Fund Trust        | 16.1.1              | 989,365                                       | -                     | 67,510                                   | -                   | 1,056,875            | 106,391,681                                   | -                     | 7,989,227                                | -                                   | 124,101,539 |
| <b>Other Related Parties</b>               |                                                             |                     |                                               |                       |                                          |                     |                      |                                               |                       |                                          |                                     |             |
|                                            | Jinnah Medical & Dental College (SMST)                      | 16.1.1              | -                                             | 443,698               | 30,227                                   | 7,557               | 466,368              | -                                             | 57,101,302            | 3,577,096                                | 894,274                             | 54,762,376  |
| <b>Conservative Allocation Plan</b>        |                                                             |                     |                                               |                       |                                          |                     |                      |                                               |                       |                                          |                                     |             |
| <b>Other Related Parties</b>               |                                                             |                     |                                               |                       |                                          |                     |                      |                                               |                       |                                          |                                     |             |
|                                            | Jinnah Medical & Dental College (SMST)                      | 16.1.1              | -                                             | 474,690               | 19,501                                   | 4,875               | 489,316              | -                                             | 54,075,696            | 2,142,943                                | 535,736                             | 53,794,912  |
|                                            | Additional Registrar (Judicial) / Deputy Registrar Judicial | 16.1.1              | -                                             | 1,404,625             | 57,703                                   | 5,770               | 1,456,558            | -                                             | 150,000,000           | 6,341,037                                | 634,104                             | 160,132,530 |
|                                            | Medicare Pakistan (Private) Limited                         | 16.1.1              | 437,289                                       | -                     | 17,964                                   | 4,491               | 450,762              | 46,147,756                                    | -                     | 1,974,097                                | 493,524                             | 49,556,324  |

For the period from September 12, 2015 to June 30, 2016

|                                              |                                                                    | Issued for cash / conversion in / transfer in | Dividend reinvestment | Redeemed / conversion out / transfer out | As at June 30, 2016 | Issued for cash / conversion in / transfer in | Dividend reinvestment | Redeemed / conversion out / transfer out | Net asset value as at June 30, 2016 |  |
|----------------------------------------------|--------------------------------------------------------------------|-----------------------------------------------|-----------------------|------------------------------------------|---------------------|-----------------------------------------------|-----------------------|------------------------------------------|-------------------------------------|--|
|                                              |                                                                    | ----- (Units) -----                           |                       |                                          |                     |                                               | ----- (Rupees) -----  |                                          |                                     |  |
| <b>Active Allocation Plan</b>                |                                                                    |                                               |                       |                                          |                     |                                               |                       |                                          |                                     |  |
| <b>Associated companies / undertakings</b>   |                                                                    |                                               |                       |                                          |                     |                                               |                       |                                          |                                     |  |
|                                              | Bank Alfalah Limited - Employees Provident Fund                    | 493,558                                       | 1,124                 | -                                        | 494,682             | 50,000,000                                    | -                     | -                                        | 53,195,841                          |  |
|                                              | Bank Alfalah Limited - Employees Gratuity Fund Trust               | 987,117                                       | 2,248                 | -                                        | 989,365             | 100,000,000                                   | -                     | -                                        | 106,391,681                         |  |
| <b>Unit holder holding 10% or more units</b> |                                                                    |                                               |                       |                                          |                     |                                               |                       |                                          |                                     |  |
|                                              | The Pakistan State Oil Company Limited Employees Gratuity Fund     | 248,515                                       | 566                   | -                                        | 249,081             | 25,644,162                                    | -                     | -                                        | 26,784,993                          |  |
| <b>Conservative Allocation Plan</b>          |                                                                    |                                               |                       |                                          |                     |                                               |                       |                                          |                                     |  |
| <b>Unit holder holding 10% or more units</b> |                                                                    |                                               |                       |                                          |                     |                                               |                       |                                          |                                     |  |
|                                              | Medicare Pakistan (Private) Limited                                | 437,289                                       | -                     | -                                        | 437,289             | 44,016,129                                    | -                     | -                                        | 46,147,756                          |  |
|                                              | Jinnah Medical & Dental College (SMST)                             | 350,079                                       | -                     | -                                        | 350,079             | 35,237,820                                    | -                     | -                                        | 36,944,329                          |  |
| <b>Moderate Allocation Plan</b>              |                                                                    |                                               |                       |                                          |                     |                                               |                       |                                          |                                     |  |
| <b>Unit holder holding 10% or more units</b> |                                                                    |                                               |                       |                                          |                     |                                               |                       |                                          |                                     |  |
|                                              | Lahore University of Management Sciences (LUMS)                    | 379,565                                       | 10,003                | -                                        | 389,568             | 37,878,622                                    | -                     | -                                        | 40,841,074                          |  |
|                                              | Muller & Philips Pakistan (Private) Limited - Staff Provident Fund | 310,704                                       | 8,189                 | -                                        | 318,893             | 31,741,069                                    | -                     | -                                        | 33,431,662                          |  |
|                                              | Archroma Pakistan Limited - Employees Gratuity Fund                | 395,292                                       | 10,417                | -                                        | 405,709             | 40,000,000                                    | -                     | -                                        | 42,533,396                          |  |
|                                              | Pakistan Services Limited - Staff Provident Fund                   | 283,591                                       | 7,474                 | -                                        | 291,065             | 31,399,057                                    | -                     | -                                        | 30,514,314                          |  |

\* This unit holder also holds more than 10% of the units in the Fund as at June 30, 2017.

16.1.1 This reflects the position of related party / conneced persons status as at June 30, 2017.

16.2 Other transactions

|                                                                       | June 30, 2017                                                 |                              |                          |           | For the period from September 12, 2015 to June 30, 2016 |                              |                          |         |           |
|-----------------------------------------------------------------------|---------------------------------------------------------------|------------------------------|--------------------------|-----------|---------------------------------------------------------|------------------------------|--------------------------|---------|-----------|
|                                                                       | Active Allocation Plan                                        | Conservative Allocation Plan | Moderate Allocation Plan | Total     | Active Allocation Plan                                  | Conservative Allocation Plan | Moderate Allocation Plan | Total   |           |
|                                                                       | ----- (Rupees) -----                                          |                              |                          |           |                                                         |                              |                          |         |           |
| <b>Associated companies / undertakings</b>                            |                                                               |                              |                          |           |                                                         |                              |                          |         |           |
| <b>Alfalah GHP Investment Management Limited - Management Company</b> |                                                               |                              |                          |           |                                                         |                              |                          |         |           |
|                                                                       | Remuneration of the Management Company                        | 150,790                      | 255,235                  | 261,662   | 667,687                                                 | 27,724                       | 43,242                   | 67,875  | 138,841   |
|                                                                       | Sindh sales tax on remuneration of the Management Company     | 19,350                       | 33,636                   | 34,030    | 87,016                                                  | 5,557                        | 7,029                    | 11,009  | 23,595    |
|                                                                       | Federal excise duty on remuneration of the Management Company | -                            | -                        | -         | -                                                       | 4,407                        | 6,924                    | 10,873  | 22,204    |
|                                                                       | Allocated expenses                                            | 301,502                      | 377,221                  | 547,628   | 1,226,351                                               | 108,138                      | 161,280                  | 80,234  | 349,652   |
|                                                                       | Sales Load                                                    | 276,256                      | -                        | 1,927,894 | 2,204,150                                               | -                            | -                        | -       | -         |
| <b>Bank Alfalah Limited</b>                                           |                                                               |                              |                          |           |                                                         |                              |                          |         |           |
|                                                                       | Profit / mark-up income on bank balances                      | 720,938                      | 866,489                  | 1,255,957 | 2,843,384                                               | 134,583                      | 831,075                  | 470,677 | 1,436,335 |
|                                                                       | Bank charges                                                  | 6,000                        | 6,000                    | 14,784    | 26,784                                                  | -                            | 6,523                    | 4,780   | 11,303    |
|                                                                       | Sales Load                                                    | 1,711,370                    | 1,647,484                | 5,772,715 | 9,131,569                                               | -                            | -                        | -       | -         |
| <b>Other related parties</b>                                          |                                                               |                              |                          |           |                                                         |                              |                          |         |           |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>       |                                                               |                              |                          |           |                                                         |                              |                          |         |           |
|                                                                       | Remuneration of the Trustee                                   | 302,848                      | 382,840                  | 547,493   | 1,233,181                                               | 201,137                      | 254,023                  | 187,313 | 642,473   |
|                                                                       | Sales tax on Trustee fee                                      | 39,376                       | 50,549                   | 71,187    | 161,112                                                 | 28,427                       | 35,555                   | 26,221  | 90,203    |

### 16.3 Other balances

|                                                                       | June 30, 2017          |                              |                          |             | June 30, 2016          |                              |                          |             |
|-----------------------------------------------------------------------|------------------------|------------------------------|--------------------------|-------------|------------------------|------------------------------|--------------------------|-------------|
|                                                                       | Active Allocation Plan | Conservative Allocation Plan | Moderate Allocation Plan | Total       | Active Allocation Plan | Conservative Allocation Plan | Moderate Allocation Plan | Total       |
| (Rupees)                                                              |                        |                              |                          |             |                        |                              |                          |             |
| <b>Associated companies / undertakings</b>                            |                        |                              |                          |             |                        |                              |                          |             |
| <b>Alfalah GHP Investment Management Limited - Management Company</b> |                        |                              |                          |             |                        |                              |                          |             |
| Management remuneration payable                                       | 39,832                 | 114,624                      | 56,972                   | 211,428     | 24,411                 | 10,091                       | 42,086                   | 76,588      |
| Sindh sales tax payable on management remuneration                    | 5,419                  | 16,328                       | 8,930                    | 30,677      | 3,943                  | 4,963                        | 7,399                    | 16,305      |
| Payable against allocated expenses                                    | 187,425                | 230,801                      | 378,141                  | 796,367     | 108,138                | 161,280                      | 80,234                   | 349,652     |
| Federal excise duty payable on management remuneration                | 5,557                  | 6,924                        | 10,873                   | 23,354      | 5,557                  | 6,924                        | 10,873                   | 23,354      |
| Formation cost payable                                                | -                      | -                            | -                        | -           | 123,896                | 3,275,277                    | 1,033,056                | 4,432,229   |
| Sales load payable                                                    | 312,375                | 197,318                      | 121,466                  | 631,359     | 2,577                  | 90,213                       | 538,568                  | 631,358     |
| <b>Bank Alfalah Limited</b>                                           |                        |                              |                          |             |                        |                              |                          |             |
| Bank balances                                                         | 4,290,284              | 4,223,347                    | 132,086,986              | 140,600,617 | 61,162,275             | 19,753,764                   | 28,945,509               | 109,861,548 |
| Mark-up receivable on bank balances                                   | -                      | -                            | 19,464,663               | 19,464,663  | 130,174                | 292,307                      | 225,278                  | 647,759     |
| Sales Load Payable                                                    | 1,550,881              | 801,392                      | 4,225,198                | 6,577,471   | -                      | -                            | -                        | -           |
| <b>Other related parties</b>                                          |                        |                              |                          |             |                        |                              |                          |             |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>       |                        |                              |                          |             |                        |                              |                          |             |
| Remuneration payable to the Trustee                                   | 39,365                 | 41,233                       | 75,894                   | 156,492     | 113,324                | 131,495                      | 114,989                  | 359,808     |
| Sales tax on Trustee fee                                              | 5,513                  | 6,140                        | 9,868                    | 21,521      | 16,132                 | 18,402                       | 16,095                   | 50,629      |

### 17. FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2017, all the financial assets carried on the statement of assets and liabilities are categorised either as loans and receivables or financial assets at fair value through profit or loss. All the financial liabilities carried on the statement of assets and liabilities are categorised as financial liabilities measured at amortised cost.

| Particulars                         | June 30, 2017         |                                                         |                    |                      | June 30, 2016         |                                                         |                    |                    |
|-------------------------------------|-----------------------|---------------------------------------------------------|--------------------|----------------------|-----------------------|---------------------------------------------------------|--------------------|--------------------|
|                                     | Loans and receivables | Financial assets 'at fair value through profit or loss' | Available for sale | Total                | Loans and receivables | Financial assets 'at fair value through profit or loss' | Available for sale | Total              |
| (Rupees)                            |                       |                                                         |                    |                      |                       |                                                         |                    |                    |
| <b>Financial assets</b>             |                       |                                                         |                    |                      |                       |                                                         |                    |                    |
| Bank balances                       | 429,576,516           | -                                                       | -                  | 429,576,516          | 109,861,548           | -                                                       | -                  | 109,861,548        |
| Investments                         | -                     | 1,323,158,629                                           | -                  | 1,323,158,629        | -                     | 526,343,709                                             | -                  | 526,343,709        |
| Mark-up receivable on bank balances | 4,237                 | -                                                       | -                  | 4,237                | 647,759               | -                                                       | -                  | 647,759            |
|                                     | <u>429,580,753</u>    | <u>1,323,158,629</u>                                    | <u>-</u>           | <u>1,752,739,382</u> | <u>110,509,307</u>    | <u>526,343,709</u>                                      | <u>-</u>           | <u>636,853,016</u> |

| Particulars                       | June 30, 2017                                      |                                                  |                  | June 30, 2016                                      |                                                  |                  |
|-----------------------------------|----------------------------------------------------|--------------------------------------------------|------------------|----------------------------------------------------|--------------------------------------------------|------------------|
|                                   | Liabilities 'at fair value through profit or loss' | Financial liabilities measured at amortised cost | Total            | Liabilities 'at fair value through profit or loss' | Financial liabilities measured at amortised cost | Total            |
| (Rupees)                          |                                                    |                                                  |                  |                                                    |                                                  |                  |
| <b>Financial liabilities</b>      |                                                    |                                                  |                  |                                                    |                                                  |                  |
| Payable to the Management Company | -                                                  | 1,639,154                                        | 1,639,154        | -                                                  | 5,489,827                                        | 5,489,827        |
| Payable to the Trustee            | -                                                  | 156,492                                          | 156,492          | -                                                  | 359,808                                          | 359,808          |
| Accrued and other liabilities     | -                                                  | 7,664,883                                        | 7,664,883        | -                                                  | 2,314,640                                        | 2,314,640        |
|                                   | <u>-</u>                                           | <u>9,460,529</u>                                 | <u>9,460,529</u> | <u>-</u>                                           | <u>8,164,275</u>                                 | <u>8,164,275</u> |

### 18. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

#### 18.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and the regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

##### 18.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

### 18.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The interest rate profile of the Fund's interest bearing financial instruments is as follows:

|                                                     | Note | 2017               | 2016               |
|-----------------------------------------------------|------|--------------------|--------------------|
| -----Rupees-----                                    |      |                    |                    |
| <b>Variable rate instruments (financial assets)</b> |      |                    |                    |
| Bank balances                                       | 4    | <u>429,576,516</u> | <u>109,861,548</u> |

#### a) Sensitivity analysis for variable rate instrument

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased the income statement and statement of comprehensive income by Rs 4.30 million (2016: Rs 1.10 million) and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

#### b) Sensitivity analysis for fixed rate instrument

**As at reporting date, the Fund does not hold any fixed rate instruments.**

The composition of the Fund's investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2017 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet financial instruments is based on settlement date.

| Particulars                                     | As at June 30, 2017             |                                  |                                           |                    |                                           | As at June 30, 2016  |                                 |                                  |                                          |                    |                                           |                    |
|-------------------------------------------------|---------------------------------|----------------------------------|-------------------------------------------|--------------------|-------------------------------------------|----------------------|---------------------------------|----------------------------------|------------------------------------------|--------------------|-------------------------------------------|--------------------|
|                                                 | Effective yield / interest rate | Exposed to yield / interest risk |                                           |                    | Not exposed to yield / interest rate risk | Total                | Effective yield / interest rate | Exposed to yield / interest risk |                                          |                    | Not exposed to yield / interest rate risk | Total              |
|                                                 |                                 | Upto three months                | More than three months and up to one year | More than one year |                                           |                      |                                 | Upto three months                | More than three months and upto one year | More than one year |                                           |                    |
|                                                 | %                               | (Rupees)                         |                                           |                    |                                           | %                    | (Rupees)                        |                                  |                                          |                    |                                           |                    |
| <b>On-balance sheet financial instruments</b>   |                                 |                                  |                                           |                    |                                           |                      |                                 |                                  |                                          |                    |                                           |                    |
| <b>Financial assets</b>                         |                                 |                                  |                                           |                    |                                           |                      |                                 |                                  |                                          |                    |                                           |                    |
| Bank balances                                   | 4%-6.6%                         | 429,576,516                      | -                                         | -                  | -                                         | 429,576,516          | 6.25%-7%                        | 109,861,548                      | -                                        | -                  | -                                         | 109,861,548        |
| Investments                                     | -                               | -                                | -                                         | -                  | 1,323,158,629                             | 1,323,158,629        | -                               | -                                | -                                        | 526,343,709        | 526,343,709                               | -                  |
| Mark-up receivable on bank balances             | -                               | -                                | -                                         | -                  | 4,237                                     | 4,237                | -                               | -                                | -                                        | 647,759            | 647,759                                   | -                  |
| <b>Sub total</b>                                |                                 | <u>429,576,516</u>               | -                                         | -                  | <u>1,323,162,866</u>                      | <u>1,752,739,382</u> |                                 | <u>109,861,548</u>               | -                                        | -                  | <u>526,991,468</u>                        | <u>636,853,016</u> |
| <b>Financial liabilities</b>                    |                                 |                                  |                                           |                    |                                           |                      |                                 |                                  |                                          |                    |                                           |                    |
| Payable to the Management Company               | -                               | -                                | -                                         | -                  | 1,639,154                                 | 1,639,154            | -                               | -                                | -                                        | 5,489,827          | 5,489,827                                 | -                  |
| Payable to the Trustee                          | -                               | -                                | -                                         | -                  | 156,492                                   | 156,492              | -                               | -                                | -                                        | 359,808            | 359,808                                   | -                  |
| Accrued and other liabilities                   | -                               | -                                | -                                         | -                  | 7,435,275                                 | 7,435,275            | -                               | -                                | -                                        | 2,314,640          | 2,314,640                                 | -                  |
| <b>Sub total</b>                                |                                 | -                                | -                                         | -                  | <u>9,230,921</u>                          | <u>9,230,921</u>     |                                 | -                                | -                                        | <u>8,164,275</u>   | <u>8,164,275</u>                          | -                  |
| <b>On-balance sheet gap</b>                     |                                 | <u>429,576,516</u>               | -                                         | -                  | <u>1,313,931,945</u>                      | <u>1,743,508,461</u> |                                 | <u>109,861,548</u>               | -                                        | -                  | <u>518,827,193</u>                        | <u>628,688,741</u> |
| <b>Total interest rate sensitivity gap</b>      |                                 | <u>429,576,516</u>               | -                                         | -                  | <u>1,313,931,945</u>                      | <u>1,743,508,461</u> |                                 | <u>109,861,548</u>               | -                                        | -                  | <u>518,827,193</u>                        | <u>628,688,741</u> |
| <b>Cumulative interest rate sensitivity gap</b> |                                 | <u>429,576,516</u>               | <u>429,576,516</u>                        | <u>429,576,516</u> |                                           |                      |                                 | <u>109,861,548</u>               | <u>109,861,548</u>                       | <u>109,861,548</u> |                                           |                    |

### 18.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund has exposure to equity price risk arising from the Fund investments in open end mutual funds which are categorized as equity schemes. The Fund manages its price risk arising from investments by diversifying its portfolio within the eligible limits prescribed in the Fund's Constitutive Documents, the NBFC Regulations and circulars issued by SECP from time to time.

The table below summarizes the sensitivity of the Fund's net assets attributable to unit holders to the equity price movements as at June 30, 2017. The analysis is based on the assumption that PSX index increase and decrease by 5%, with all other variables held constant and that the fair value of the Fund's portfolio of open end mutual funds categorized as equity schemes moved according to their historical correlation with index. This represents managements' best estimate of a reasonable possible shift in the PSX index, having regards to the historical volatility of index of past three years.

At June 30, 2017, the fair value of open end mutual funds categorized as equity securities exposed to price risk was disclosed in note 5.1.



|                                                           | 2017              | 2016              |
|-----------------------------------------------------------|-------------------|-------------------|
|                                                           | -----Rupees-----  |                   |
| <i>Effect due to increase / decrease in KSE 100 index</i> |                   |                   |
| Investment and net assets                                 | 34,498,695        | 10,617,185        |
| Income statement                                          | <u>34,498,695</u> | <u>10,617,185</u> |

## 18.2 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted and arises principally from bank balances, investments, profit and other receivable.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

### 18.2.1 Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2017 was as follows:

|                                     | 2017                                                        |                      | 2016                                                        |                     |
|-------------------------------------|-------------------------------------------------------------|----------------------|-------------------------------------------------------------|---------------------|
|                                     | Balance as per<br>statement of<br>assets and<br>liabilities | Maximum<br>exposure  | Balance as per<br>statement of<br>assets and<br>liabilities | Maximum<br>exposure |
|                                     | ----- (Rupees) -----                                        |                      |                                                             |                     |
| Bank balances                       | 429,576,516                                                 | 429,576,516          | 109,861,548                                                 | 109,861,548         |
| Investments                         | 1,323,158,629                                               | 1,323,158,629        | 526,343,709                                                 | 526,343,709         |
| Mark-up receivable on bank balances | 4,237                                                       | 4,237                | 647,759                                                     | 647,759             |
|                                     | <u>1,752,739,382</u>                                        | <u>1,752,739,382</u> | <u>636,853,016</u>                                          | <u>636,853,016</u>  |

The risk of default is considered minimal due to inherent systematic measures taken therein.

No financial assets were considered to be past due or impaired either at June 30, 2017 and June 30, 2016.

### 18.2.2 Bank balances

The Fund held bank balances at June 30, 2017 with banks having following credit ratings:

| Rating | 2017               |                | 2016               |                |
|--------|--------------------|----------------|--------------------|----------------|
|        | Rupees             | %              | Rupees             | %              |
| A-1+   | 427,167,813        | 99.44%         | 109,861,548        | 100.00%        |
| A+     | 2,408,703          | 0.56%          | -                  | -              |
|        | <u>429,576,516</u> | <u>100.00%</u> | <u>109,861,548</u> | <u>100.00%</u> |

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS as of June 30, 2017.

### 18.2.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund has majority of its net assets invested in funds managed by the Management Company. Details of Fund's concentration of credit risk of financial instruments by economic sectors are as follows:

|                                                | 2017                 |                | 2016               |                |
|------------------------------------------------|----------------------|----------------|--------------------|----------------|
|                                                | Rupees               | %              | Rupees             | %              |
| Commercial banks (including profit receivable) | 429,580,753          | 24.52%         | 110,509,307        | 17.35%         |
| Open end mutual funds - Quoted                 | 1,323,158,629        | 75.48%         | 526,343,709        | 82.65%         |
|                                                | <u>1,752,739,382</u> | <u>100.00%</u> | <u>636,853,016</u> | <u>100.00%</u> |



### 18.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to redemptions of its redeemable units on a regular basis. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is therefore to invest the majority of its assets in short term instruments in order to maintain liquidity.

The Fund can borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was required to be obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month.

|                                     | 2017              |                  |                   |                 |               | 2016              |                  |                   |                 |             |
|-------------------------------------|-------------------|------------------|-------------------|-----------------|---------------|-------------------|------------------|-------------------|-----------------|-------------|
|                                     | Within<br>1 month | 1 to 3<br>months | 3 to 12<br>months | 1 to 5<br>years | Total         | Within<br>1 month | 1 to 3<br>months | 3 to 12<br>months | 1 to 5<br>years | Total       |
|                                     | Rupees            |                  |                   |                 |               | Rupees            |                  |                   |                 |             |
| <b>Financial assets</b>             |                   |                  |                   |                 |               |                   |                  |                   |                 |             |
| Bank balances                       | 429,576,516       | -                | -                 | -               | 429,576,516   | 109,861,548       | -                | -                 | -               | 109,861,548 |
| Investments                         | 1,323,158,629     | -                | -                 | -               | 1,323,158,629 | 526,343,709       | -                | -                 | -               | 526,343,709 |
| Mark-up receivable on bank balances | 4,237             | -                | -                 | -               | 4,237         | 647,759           | -                | -                 | -               | 647,759     |
|                                     | 1,752,739,382     | -                | -                 | -               | 1,752,739,382 | 636,853,016       | -                | -                 | -               | 636,853,016 |
| <b>Financial liabilities</b>        |                   |                  |                   |                 |               |                   |                  |                   |                 |             |
| Payable to the Management Company   | 1,639,154         | -                | -                 | -               | 1,639,154     | 5,489,827         | -                | -                 | -               | 5,489,827   |
| Payable to the Trustee              | 156,492           | -                | -                 | -               | 156,492       | 359,808           | -                | -                 | -               | 359,808     |
| Accrued and other liabilities       | 7,435,275         | -                | -                 | -               | 7,435,275     | 2,314,640         | -                | -                 | -               | 2,314,640   |
|                                     | 9,230,921         | -                | -                 | -               | 9,230,921     | 8,164,275         | -                | -                 | -               | 8,164,275   |
| <b>Net assets</b>                   | 1,743,508,461     | -                | -                 | -               | 1,743,508,461 | 628,688,741       | -                | -                 | -               | 628,688,741 |

### 18.4 Fair value measurement

Fair value is the amount for which an asset could be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of investments is determined as per the policy disclosed in note 3.2 to these financial statements.

#### Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- **Level 1:** Quoted price (unadjusted) in an active market for identical assets or liabilities that the entity can access at the measurement date;
- **Level 2:** 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:** Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2017 and June 30, 2016, the Fund held the following assets measured at fair values:

|                                                                | As at June 30, 2017 |         |         |               | As at June 30, 2016 |         |         |             |
|----------------------------------------------------------------|---------------------|---------|---------|---------------|---------------------|---------|---------|-------------|
|                                                                | Level 1             | Level 2 | Level 3 | Total         | Level 1             | Level 2 | Level 3 | Total       |
|                                                                | Rupees              |         |         |               | Rupees              |         |         |             |
| <b>At fair value through profit or loss - held for trading</b> |                     |         |         |               |                     |         |         |             |
| Open end mutual funds - Quoted                                 | 1,323,158,629       | -       | -       | 1,323,158,629 | 526,343,709         | -       | -       | 526,343,709 |

During the year ended June 30, 2017, 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.

#### **18.5 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
- Monitors portfolio allocations and return on net assets and where required make necessary adjustments in portfolio allocations in light of changes in market conditions.

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

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

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

#### **19. 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.

#### **20. CORRESPONDING FIGURES**

Corresponding figures have been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications were made in these financial statements.

#### **21. GENERAL**

Figures are rounded off to the nearest rupee.

#### **22. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on **August 23, 2017** by the Board of Directors of the Management Company.

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

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

\_\_\_\_\_  
Director

## Annexure I

**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

*Active Allocation Plan*

| Category                  | As at 30 June 2017     |                      |                    |             |
|---------------------------|------------------------|----------------------|--------------------|-------------|
|                           | Number of unit holders | Number of units held | Amount Rupees      | % of total  |
| Individuals               | 17                     | 491,199              | 56,739,685         | 18%         |
| Associated Co./ Directors | -                      | -                    | -                  | 0%          |
| Retirement & Other Funds  | 4                      | 1,798,173            | 211,892,187        | 65%         |
| Others                    | 1                      | 466,368              | 54,955,621         | 17%         |
|                           | <b>22</b>              | <b>2,755,740</b>     | <b>323,587,493</b> | <b>100%</b> |

*Conservative Allocation Plan*

| Category                 | As at 30 June 2017     |                      |                    |             |
|--------------------------|------------------------|----------------------|--------------------|-------------|
|                          | Number of unit holders | Number of units held | Amount Rupees      | % of total  |
| Individuals              | 52                     | 1,613,914            | 177,432,282        | 37%         |
| Retirement & Other Funds | 0                      | -                    | -                  | 0%          |
| Others                   | 4                      | 2,757,500            | 303,156,815        | 63%         |
|                          | <b>56</b>              | <b>4,371,415</b>     | <b>480,589,097</b> | <b>100%</b> |

*Moderate Allocation Plan*

| Category                 | As at 30 June 2017     |                      |                    |             |
|--------------------------|------------------------|----------------------|--------------------|-------------|
|                          | Number of unit holders | Number of units held | Amount Rupees      | % of total  |
| Individuals              | 87                     | 4,645,769            | 496,868,304        | 54%         |
| Retirement & Other Funds | 13                     | 3,184,251            | 340,557,875        | 37%         |
| Others                   | 2                      | 811,483              | 86,788,724         | 9%          |
|                          | <b>102</b>             | <b>8,641,503</b>     | <b>924,214,903</b> | <b>100%</b> |

*Active Allocation Plan*

| Category                  | As at 30 June 2016     |                      |                    |             |
|---------------------------|------------------------|----------------------|--------------------|-------------|
|                           | Number of unit holders | Number of units held | Amount Rupees      | % of total  |
| Individuals               | 7                      | 113,596              | 12,215,605         | 6%          |
| Associated Co./ Directors | 2                      | 1,484,046            | 159,587,522        | 73%         |
| Retirement & Other Funds  | 3                      | 448,345              | 48,212,934         | 22%         |
|                           | <b>12</b>              | <b>2,045,988</b>     | <b>220,016,061</b> | <b>100%</b> |

*Conservative Allocation Plan*

| Category                 | As at 30 June 2016     |                      |                    |             |
|--------------------------|------------------------|----------------------|--------------------|-------------|
|                          | Number of unit holders | Number of units held | Amount Rupees      | % of total  |
| Individuals              | 12                     | 150,066              | 15,836,702         | 14%         |
| Retirement & Other Funds | 2                      | 148,042              | 15,623,125         | 14%         |
| Others                   | 2                      | 787,368              | 83,092,132         | 73%         |
|                          | <b>16</b>              | <b>1,085,476</b>     | <b>114,551,959</b> | <b>100%</b> |

### **Moderate Allocation Plan**

| <b>Category</b>          | <b>As at 30 June 2016</b>     |                             |                      |                   |
|--------------------------|-------------------------------|-----------------------------|----------------------|-------------------|
|                          | <b>Number of unit holders</b> | <b>Number of units held</b> | <b>Amount Rupees</b> | <b>% of total</b> |
| Individuals              | 26                            | 919,231                     | 96,369,287           | 33%               |
| Retirement & Other Funds | 7                             | 969,941                     | 101,685,635          | 34%               |
| Others                   | 4                             | 931,474                     | 97,652,952           | 33%               |
|                          | <b>37</b>                     | <b>2,820,646</b>            | <b>295,707,874</b>   | <b>100%</b>       |

### **(ii) PARTICULARS OF MEMBERS OF THE INVESTMENT COMMITTEE**

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

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

#### **Maheen Rahman – CEO**

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

#### **Noman Soomro**

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

#### **Shariq Mukhtar Hashmi**

Mr. Hashmi holds a diversified experience of over 11 years with various private sector enterprises of repute. He joined IGI Funds Limited (which subsequently merged into Alfalah GHP Investment Management Limited in Oct. 2013) in 2010 to lead the back office function as Head of Operations & Settlements. His association has continued, post-merger, as Head of Compliance & Risk Management. He has previously served National Asset Management Company as Head of Internal Audit and Feroze Sharif Tariq & Co Chartered Accountants in various capacities. He has also headed the Internal Audit Department of the Company. Mr. Hashmi is a qualified Accountant from the Association of Chartered Certified Accountants, UK and holds MBA degree in Finance from SZABIST University. He is also enrolled for Financial Risk Manager Certification of Global Association of Risk Professionals; USA.

#### **Muddasir Ahmed Shaikh**

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

**Nabeel Malik**

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

**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."

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

The 73rd, 74th, 75th, 76th, 77th and 78th Board Meetings were held on 26 Aug 2016, 22 Sep 2016, 31 Oct 2016, 07 Dec 2016, 14 Feb 2017 and 26 April 2017 respectively.

| Name of Director       | Number of Meetings |          |               | Meeting not attended |
|------------------------|--------------------|----------|---------------|----------------------|
|                        | Held               | Attended | Leave Granted |                      |
| Syed Ali Sultan        | 6                  | 6        | -             | -                    |
| Ms. Maheen Rahman      | 6                  | 6        | -             | -                    |
| Mr. Amin Dawood Saleh  | 6                  | 6        | -             | -                    |
| Mr. Abid Naqvi         | 6                  | 5        | 1             | 1                    |
| Mr. Hanspeter Beier    | 6                  | 4        | 2             | 2                    |
| Mr. Michael Buchen     | 1                  | -        | 1             | 1                    |
| Mr. Tufail Jawed Ahmad | 6                  | 5        | 1             | 1                    |
| Mr. Adeel Bajwa        | 2                  | 1        | 1             | 1                    |
| Syed Tariq Husain      | -                  | -        | -             | -                    |

Annexure I

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

**PERFORMANCE TABLE - AGPPF**

|                                     | 30 June<br>2017        |                              |                          | 30 June<br>2016        |                              |                          |
|-------------------------------------|------------------------|------------------------------|--------------------------|------------------------|------------------------------|--------------------------|
|                                     | Active Allocation Plan | Conservative Allocation Plan | Moderate Allocation Plan | Active Allocation Plan | Conservative Allocation Plan | Moderate Allocation Plan |
| Net Assets                          | 323,587,493            | 480,589,097                  | 924,214,903              | 220,016,061            | 114,551,959                  | 295,707,874              |
| NAV per unit                        | 117.4231               | 109.9390                     | 106.9507                 | 107.5354               | 105.5315                     | 104.8369                 |
| Selling price per unit              | 120.0769               | 111.1813                     | 108.7635                 | 110.3795               | 106.9270                     | 106.9164                 |
| Redemption price per unit           | 117.4231               | 109.9390                     | 106.9507                 | 107.5354               | 105.5315                     | 104.8369                 |
| Highest selling price per unit      | 139.3001               | 117.6691                     | 124.2805                 | 113.8973               | 107.5269                     | 110.8630                 |
| Highest redemption price per unit   | 136.2215               | 116.3543                     | 122.2091                 | 110.9626               | 106.1235                     | 108.7067                 |
| Lowest selling price per unit       | 110.5399               | 106.9105                     | 107.0119                 | 100.2170               | 103.2610                     | 100.8021                 |
| Lowest redemption price per unit    | 108.0969               | 105.7159                     | 105.2283                 | 97.6348                | 100.0358                     | 98.8415                  |
| Total interim distribution per unit | 8.5388                 | 4.5144                       | 10.5442                  | 0.2449                 | -                            | 2.7502                   |
| Interim distribution date           | 29-Jun-16              | 29-Jun-16                    | 29-Jun-16                | 29-Jun-16              | -                            | 29-Jun-16                |
| Final distribution per unit         | Nil                    | Nil                          | Nil                      | Nil                    | Nil                          | Nil                      |
| Final distribution date             | N/A                    | N/A                          | N/A                      | N/A                    | N/A                          | N/A                      |
| Annualized returns                  | 16.65%                 | 8.46%                        | 12.07%                   | 7.78%                  | 5.53%                        | 7.60%                    |
| Income distribution                 | 7.94%                  | 4.28%                        | 10.06%                   | 0.28%                  | -                            | 3.27%                    |
| Weighted avg. portfolio duration    | N/A                    | N/A                          | N/A                      | N/A                    | N/A                          | N/A                      |

AAP - Return since inception is **30.13%**

CAP - Return since inception is **16.86%**

MAP - Return since inception is **22.02%**

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





**Alfalah GHP**  
**Islamic Prosperity Planning Fund**

## FUND INFORMATION

|                                                            |                                                                                                                                                              |
|------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Management Company:</b>                                 | <b>Alfalah GHP Investment Management Limited<br/>8-B, 8th Floor, Executive Tower, Dolmen City, Block-4,<br/>Clifton, Karachi.</b>                            |
| <b>Board of Directors of the<br/>Management Company:</b>   | <b>Ms.Maheen Rahman<br/>Syed Ali Sultan<br/>Mr.Hanspeter Beier<br/>Mr.Amin Dawood Saleh<br/>Mr.Abid Naqvi<br/>Mr. Tufail Jawed Ahmad<br/>Mr. Adeel Bajwa</b> |
| <b>Audit Committee:</b>                                    | <b>Mr. Abid Naqvi<br/>Syed Ali Sultan<br/>Mr. Amin Dawood Saleh</b>                                                                                          |
| <b>HR Committee:</b>                                       | <b>Syed Ali Sultan<br/>Mr. Tufail Jawed Ahmed<br/>Ms. Maheen Rahman</b>                                                                                      |
| <b>Chief Operating Officer<br/>and Company Secretary :</b> | <b>Mr. Noman Ahmed Soomro</b>                                                                                                                                |
| <b>Chief Financial Officer:</b>                            | <b>Mr. Muhammad Shehzad Dhedhi</b>                                                                                                                           |
| <b>Trustee:</b>                                            | <b>Central Depository Company of Pakistan Limited<br/>CDC House, 99-B, Block 'B',SMCHS,<br/>Main Share-e-Faisal,Karachi</b>                                  |
| <b>Bankers to the Fund:</b>                                | <b>Bank Alfalah Limited</b>                                                                                                                                  |
| <b>Auditors:</b>                                           | <b>A. F. Ferguson &amp; Co.<br/>Chartered Accountants<br/>State Life Building No. 1-C I.I. Chundrigar Road,<br/>P.O.Box 4716 Karachi,<br/>Pakistan</b>       |
| <b>Legal Advisor:</b>                                      | <b>Ahmed &amp; Qazi<br/>Advocates &amp; Legal Consultants<br/>402,403,404,417<br/>Clifton Centre,<br/>Clifton, Karachi</b>                                   |
| <b>Shariah Advisor:</b>                                    | <b>Bank Islami Pakistan Limited 11th Floor,<br/>Dolmen Executive Towers, Marine Drive,<br/>Clifton, Block-4, Karachi</b>                                     |
| <b>Registrar:</b>                                          | <b>Alfalah GHP Investment Management Limited<br/>8-B, 8th Floor, Executive Tower, Dolmen City, Block-4,<br/>Clifton, Karachi.</b>                            |
| <b>Distributor:</b>                                        | <b>Bank Alfalah Limited</b>                                                                                                                                  |
| <b>Rating:</b>                                             | <b>Not Yet Rated</b>                                                                                                                                         |

# Alfalah GHP Islamic Prosperity Planning Fund

## Annual Fund Manager`s Report

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

**Category of Fund:** Shariah Compliant Fund of Fund Scheme

**Investment Objective**

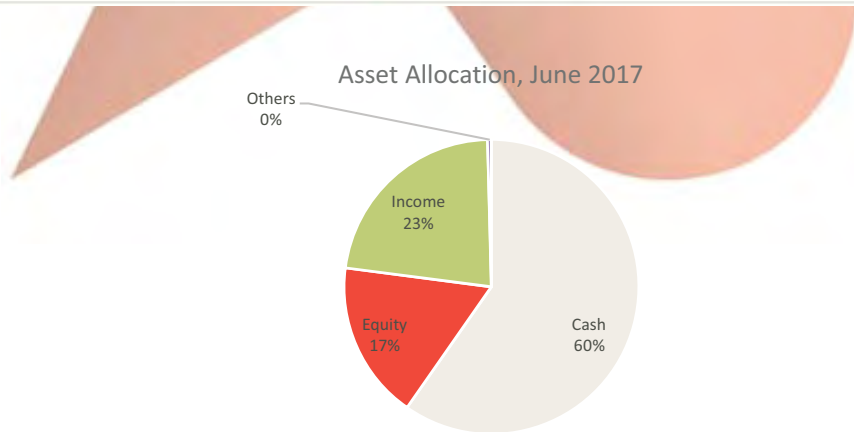
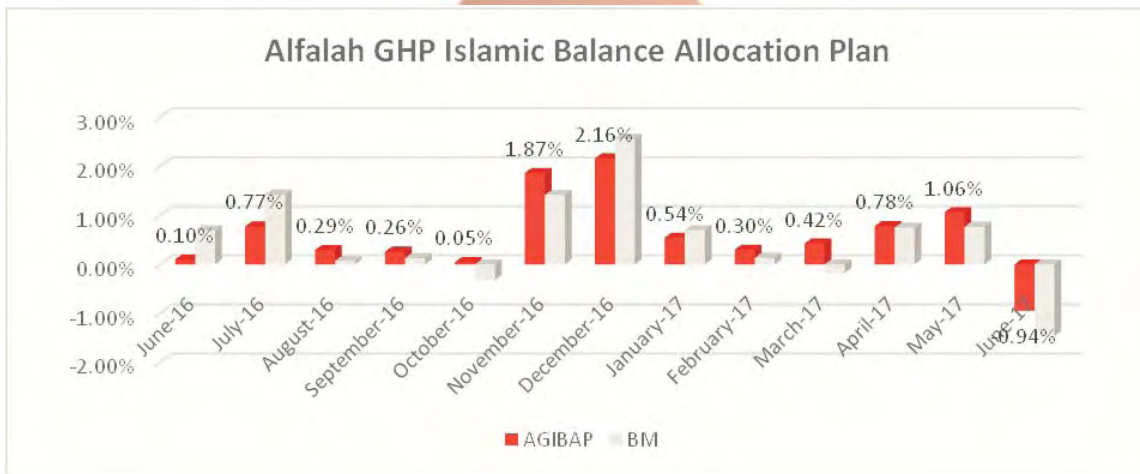
Alfalah GHP Islamic Prosperity Planning Fund is an Open-ended Shariah Compliant Fund of Funds Scheme that aims to generate returns on investment as per the respective Allocation Plan by investing in Shariah compliant Mutual funds in line with the risk tolerance of the investor.

**Accomplishment of Objective**

The Fund has achieved its objective of generating higher return by investing in a mix of underlying fixed income and equity based mutual funds within the guidelines provided under NBFC rules.

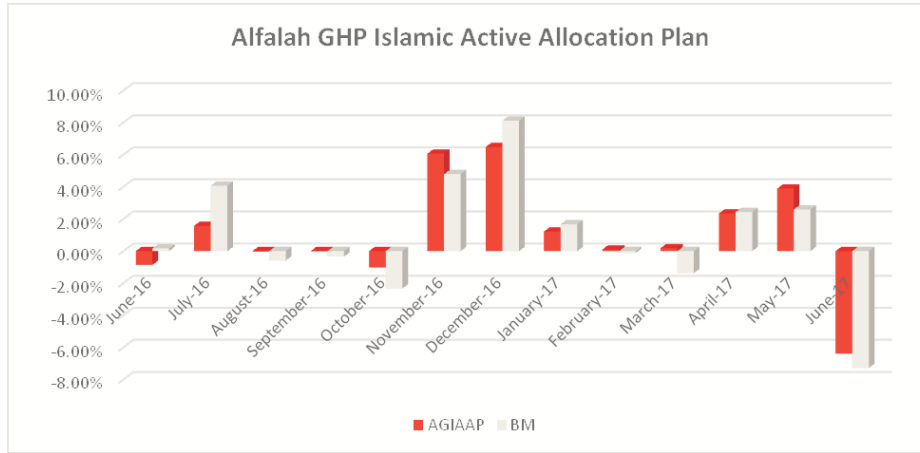
**Islamic Balance Allocation Plan:**

The plan generated a return of 7.80% for the period ended June 30, 2017 against the benchmark of 6.09%. Being a balance allocation plan the exposure towards equity funds was limited. Net assets of the plan stood at PKR 3523.33 million on June 30th, 2017.

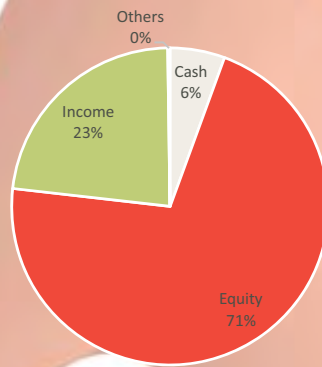


**Islamic Active Allocation Plan:**

The plan generated a return of 7.43% for the period ended June 30, 2017 against the benchmark of 11.37%. Being an active allocation plan the exposure towards equity funds remained on the higher side and remaining assets were invested in fixed income component. Net assets of the plan stood at PKR 1778.22 million on June 30th, 2017.

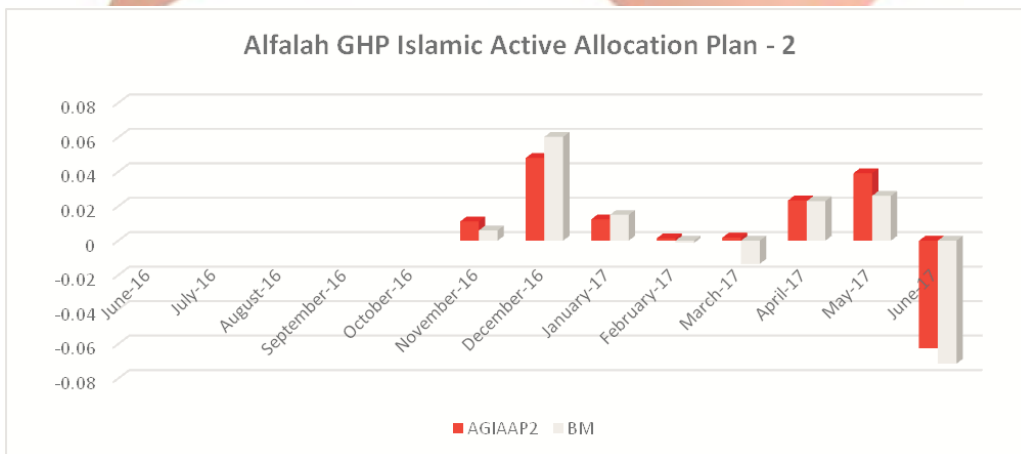


Asset Allocation, June 2017

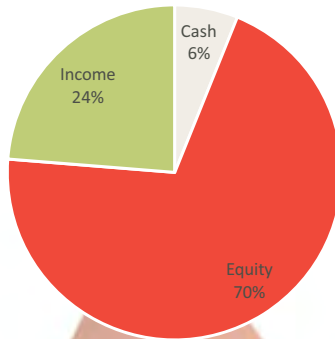


**Islamic Active Allocation Plan - II:**

The plan was launched on 1st Nov, 2016. The plan generated a return of 0.84% for the period ended June 30, 2017 against the benchmark of 3.95%. Being an active allocation plan the exposure towards equity funds remained on the higher side and remaining assets were invested in fixed income component. Equity exposure during the year hovered around 59.14%. Net assets of the plan stood at PKR 2,098.76 million on June 30th, 2017.

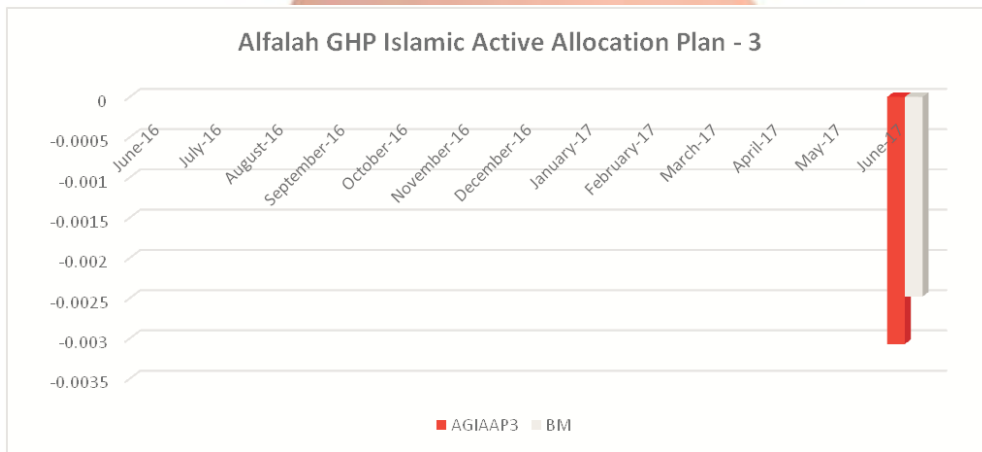


Asset Allocation, June 2017

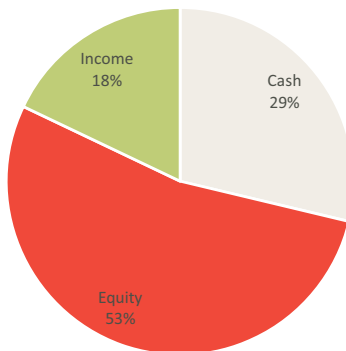


**Islamic Active Allocation Plan - III:**

The plan was launched on 21st Jun, 2017. The plan generated a return of -0.31% for the period ended June 30, 2017 against the benchmark of -0.25%. Being an active allocation plan the exposure towards equity funds remained on the higher side and remaining assets were invested in fixed income component. Equity exposure during the year hovered around 42.96%. Net assets of the plan stood at PKR 1,098.56 million on June 30th, 2017.



Asset Allocation, June 2017



**Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**

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

**Disclosure on unit split (if any), comprising:-**

There were no unit splits during the period.

**Disclosures of circumstances that materially affect any interests of unit holders**

Investments are subject to market risk.

**Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.**

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.





**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](http://www.cdcPakistan.com)  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**ALFALAH GHP ISLAMIC PROSPERITY PLANNING FUND**

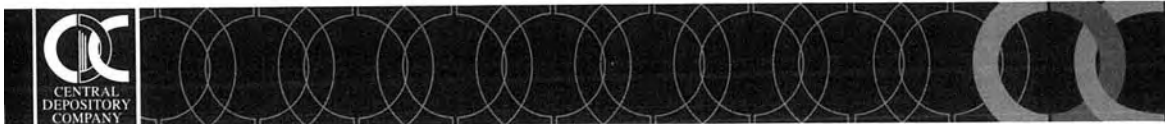
**Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of  
the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We Central Depository Company of Pakistan Limited, being the Trustee of Alfalah GHP Islamic Prosperity Planning 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, 2017 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.

**Aftab Ahmed Diwan**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: September 12, 2017





## REPORT OF THE SHARIAH ADVISORY BOARD ALFALAH GHP ISLAMIC PROSPERITY PLANNING FUND

We, the Shariah Advisers of the Alfalah GHP Islamic Prosperity Planning Fund ('AGIPPF) 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.

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 AGIPPF made investment during the period from July 01, 2016 to June 30, 2017.

| Investment Head                | Investment Avenue                                                                                             |
|--------------------------------|---------------------------------------------------------------------------------------------------------------|
| <i>Shariah Compliant Funds</i> | Alfalah GHP Islamic Stock Fund, Alfalah GHP Islamic Dedicated Equity Fund and Alfalah GHP Islamic Income Fund |

We hereby certify that 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 whereby a portion of income of such investment has been derived from prohibited sources, such proportion of income of the Fund should be donated to charitable purposes. However, during the year ended June 30, 2017, 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

Shariah Advisor

## **INDEPENDENT REASONABLE ASSURANCE REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES**

### **Introduction**

We were engaged by the Board of Directors of Alfalah GHP Investment Management Limited (the Management Company) to report on the Management Company's assessment of compliance with the Shariah Principles of **Alfalah GHP Islamic Prosperity Planning Fund** (the Fund), as set out in the annexed Statement of Compliance with the Shariah Principles (the Statement) prepared by the Management Company for the year ended June 30, 2017, in the form of an independent reasonable assurance conclusion about whether the annexed statement reflects, in all material respects the status of compliance of the Fund with the Shariah Principles as specified in the Trust Deed and the guidelines issued by the Shariah Advisor. Our engagement was conducted by a team of assurance practitioners.

### **Applicable Criteria**

The criteria for the assurance engagement against which the annexed statement has been assessed comprises of the Shariah Principles as specified in the Trust Deed and the guidelines issued by the Shariah Advisor (the Shariah Principles).

### **Management's Responsibility of Shariah Compliance**

The Management Company of the Fund is responsible for preparation of the annexed statement that is free from material misstatement. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. It also includes ensuring the overall compliance of the Fund with the Shariah Principles.

### **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control (ISQC) 1 (Redrafted), "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Our responsibility and summary of work performed**

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement reflects the status of compliance of the Fund with the Shariah Principles as specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliance with the Shariah Principles, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Fund's compliance with the Shariah Principles, in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion as to the effectiveness of the Management Company's internal control over the Fund's compliance with the Shariah Principles. A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Shariah Principles, and consequently cannot provide absolute assurance that the objective of compliance with the Shariah Principles, will be met. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

The procedures primarily performed comprised the following:

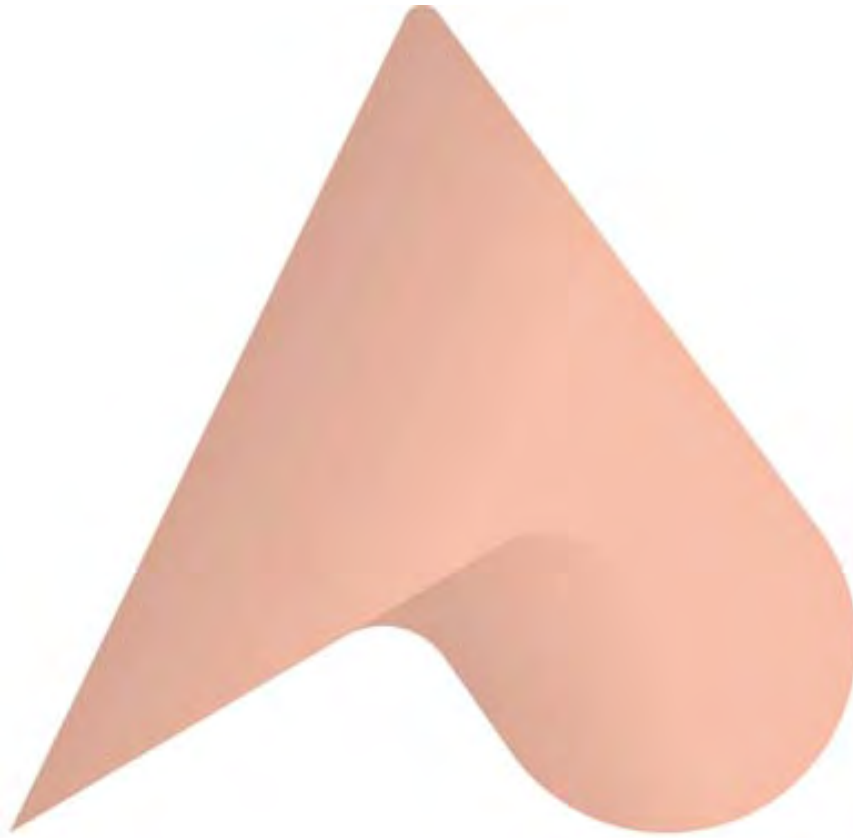
- checking compliance of specific guidelines relating to charity, maintaining bank accounts and for making investments of the Fund.
- checking that the Shariah Advisor has certified that the operations of the Fund, its investments and placements made during the year ended June 30, 2017 are in compliance with the Shariah Principles.

We believe that the evidences we have obtained through performing our procedures were sufficient and appropriate to provide a basis for our conclusion.

**Conclusion**

Based on the procedures performed during our reasonable assurance engagement, we report that in our opinion, the annexed statement, in all material respects, presents fairly the status of the Fund's compliance with the Shariah Principles specified in the Trust Deed and in the guidelines issued by the Shariah Advisor for the year ended June 30, 2017.

A.F Ferguson & Co.  
Chartered Accountants  
Dated: September 20, 2017  
Karachi



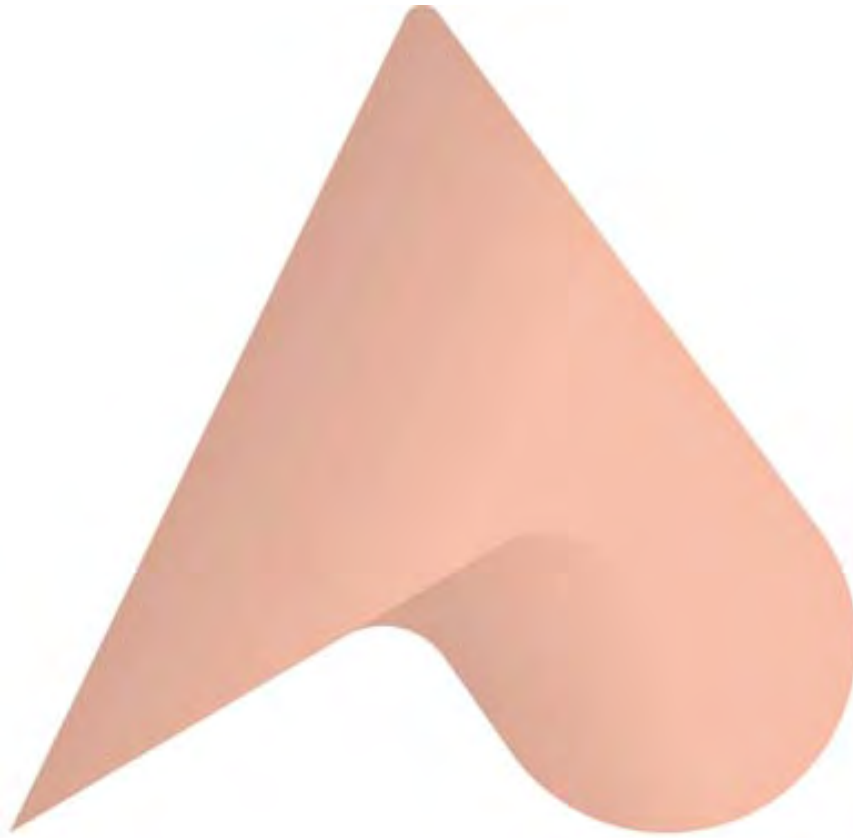
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## STATEMENT OF COMPLIANCE WITH SHARIAH PRINCIPLES

**Alfalah GHP Islamic Prosperity Planning Fund** has fully complied with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor for its operations, investments and placements made during the year ended June 30, 2017. This has been duly confirmed by the Shariah Advisor of the Fund.

Dated: September 20, 2017

**Ms. Maheen Rahman**  
Chief Executive Officer





**STATEMENT OF COMPLIANCE BY ALFALAH GHP ISLAMIC PROSPERITY PLANNING FUND  
WITH THE CODE OF CORPORATE GOVERNANCE  
FOR THE YEARENDED JUNE 30, 2017**

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No.5.19 of Chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Management Company encourages representation of independent, non-executive directors, and directors representing minority interests on its board of directors ("the Board"). At present the Board includes:

| Category                | Names                                                                                 |
|-------------------------|---------------------------------------------------------------------------------------|
| Executive Director      | Ms. Maheen Rahman– Chief Executive Officer (CEO)                                      |
| Independent Directors   | Mr. Abid Naqvi<br>Mr. Tufail Jawed Ahmad                                              |
| Non-Executive Directors | Mr. Syed Ali Sultan<br>Mr. Adeel Bajwa<br>Mr. HanspeterBeier<br>Mr. Amin Dawood Saleh |

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

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies (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 broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. According to regulation 5.19.3 of the Rule Book and section 155 (3) of the Companies Act, 2017, any casual vacancy occurring on the Board of Directors of a listed company shall be filled up by the directors at the earliest but not later than 90 days thereof. A casual vacancy occurred on the Board on September 22, 2016, due to resignation of Mr. Michael Buchen. However, the Board of Directors appointed Mr. Adeel Bajwa as a director on January 23, 2017 i.e. after 90 days after the date of resignation Mr. Michael Buchen. The appointment was approved in principle by the SECP with effect from February 7, 2017.
5. The Management Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before such meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged no training programs for its directors during the year. However, at present 6 directors of the Management Company have certification under the Directors' Training Program offered by institutions.
10. There was no change of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year. However, the remuneration and terms and conditions of Chief Financial Officer, Company Secretary and Head of Internal Audit were approved by the Board.



11. The Directors' Report for the year ended June 30, 2017 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by the CEO and CFO 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 that disclosed in the Directors' Report and pattern of unit holding.
14. The Management Company has 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, and the Chairman of the Committee 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 Committee have been formed and advised to the Committee for compliance.
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 Deloitte Yousuf Adil Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partner of the firm, their spouse and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'Book Closure' dates were duly determined and intimated to the stock exchange, however the 'closed period' prior to the announcement of interim / final results, and business decisions was not determined and intimated to directors, employees and the stock exchange, considering the fact that NAV of the Fund is announced on a daily basis.
22. Material/price sensitive information has been disseminated among all market participants at once through the stock exchange.
23. The Management Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the Code have been complied with.

**For and on behalf of the Board**

Maheen Rahman  
Chief Executive Officer

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Alfalah GHP Investment Management Limited, the Management Company of **Alfalah GHP Islamic Prosperity Planning Fund** (the Fund) for the year ended June 30, 2017 to comply with the requirements of regulation no. 5.19 of chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company (**Alfalah GHP Investment Management Limited**). Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund'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 Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As a part of our audit of the 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 of Directors' 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 of Directors for their review and approval of 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 of Directors 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 of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2017.

Further, we highlight below an instance of non-compliance with the requirement of the Code as reflected in paragraph reference where it is stated in the Statement of Compliance:

| S. No. | Paragraph reference | Description                                                                                                                                                                                                                                                                                                                                                                                  |
|--------|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | 4                   | According to regulation 5.19.3 of the Rule Book and section 155 (3) of the Companies Act, 2017, any casual vacancy occurring on the Board of Directors of a listed company shall be filled up by the directors at the earliest but not later than 90 days thereof. A casual vacancy occurred on the Board on September 22, 2016 which was filled after 90 days from the date of resignation. |

**A.F. Ferguson & Co.**  
**Chartered Accountants**

Dated: September 20, 2017  
Karachi

# INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Alfalah GHP Islamic Prosperity Planning Fund** (hereinafter referred to as the 'Fund'), which comprise the statement of assets and liabilities as at June 30, 2017, and the related income statement, statement of comprehensive income, distribution statement, cash flow statement and statement of movement in unit holders' funds for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

The Management Company (**Alfalah GHP Investment Management Limited**) of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with 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 the International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial position of the Fund as at June 30, 2017 and of its financial performance, its cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

### Other matter

The financial statements of the Fund for the year ended June 30, 2016 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion on those financial statements vide their report dated September 22, 2016.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

**A.F. Ferguson & Co.**  
**Chartered Accountants**  
**Engagement Partner: Shahbaz Akbar**

Dated: September 20, 2017  
Karachi

**ALFALAH GHP ISLAMIC PROSPERITY PLANNING FUND**

**STATEMENT OF ASSETS AND LIABILITIES**

AS AT JUNE 30, 2017

|                                                                                 | Note | June 30, 2017          |                          |                           |                            | June 30, 2016        |                        |                          |                      |
|---------------------------------------------------------------------------------|------|------------------------|--------------------------|---------------------------|----------------------------|----------------------|------------------------|--------------------------|----------------------|
|                                                                                 |      | Active Allocation Plan | Balanced Allocation Plan | Active Allocation Plan II | Active Allocation Plan III | Total                | Active Allocation Plan | Balanced Allocation Plan | Total                |
|                                                                                 |      | (Rupees)               |                          |                           |                            | (Rupees)             |                        |                          |                      |
| <b>Assets</b>                                                                   |      |                        |                          |                           |                            |                      |                        |                          |                      |
| Bank balances                                                                   | 4    | 98,071,822             | 2,133,709,150            | 120,649,191               | 320,849,902                | 2,673,275,065        | 1,494,594,358          | 2,050,961,761            | 3,545,556,119        |
| Investments                                                                     | 5    | 1,648,821,364          | 1,417,136,264            | 1,999,348,351             | 796,531,904                | 5,861,837,883        | 70,000,000             | 70,000,000               | 140,000,000          |
| Deferred formation cost                                                         | 6    | 2,225,748              | 229,017                  | -                         | -                          | 2,454,765            | 4,580,728              | 287,052                  | 4,867,780            |
| Profit receivable on bank balances                                              |      | 1,855,022              | 5,260,562                | 1,090,805                 | 1,093,869                  | 9,300,258            | 1,643,728              | 149,918                  | 1,793,646            |
| Other receivable                                                                |      | -                      | 207,550                  | -                         | -                          | 207,550              | -                      | -                        | -                    |
| <b>Total assets</b>                                                             |      | <b>1,750,973,956</b>   | <b>3,556,542,543</b>     | <b>2,121,088,347</b>      | <b>1,118,470,675</b>       | <b>8,547,075,521</b> | <b>1,570,818,814</b>   | <b>2,121,398,731</b>     | <b>3,692,217,545</b> |
| <b>Liabilities</b>                                                              |      |                        |                          |                           |                            |                      |                        |                          |                      |
| Payable to the Management Company                                               | 7    | 1,399,583              | 3,116,468                | 1,241,592                 | 300,659                    | 6,058,302            | 6,258,134              | 1,995,555                | 8,253,689            |
| Remuneration payable to the Trustee                                             | 8    | 356,832                | 687,438                  | 200,544                   | 30,698                     | 1,275,512            | 86,828                 | 62,763                   | 149,591              |
| Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP) | 9    | 1,277,588              | 2,167,309                | 1,055,877                 | 20,375                     | 4,521,149            | 62,497                 | 41,292                   | 103,789              |
| Accrued and other liabilities                                                   | 10   | 19,724,629             | 27,241,204               | 19,832,945                | 19,555,787                 | 86,354,565           | 21,371,393             | 269,536                  | 21,640,929           |
| <b>Total liabilities</b>                                                        |      | <b>22,758,632</b>      | <b>33,212,419</b>        | <b>22,330,958</b>         | <b>19,907,519</b>          | <b>98,209,528</b>    | <b>27,778,852</b>      | <b>2,369,146</b>         | <b>30,147,998</b>    |
| <b>Net assets attributable to unit holders</b>                                  |      | <b>1,728,215,324</b>   | <b>3,523,330,124</b>     | <b>2,098,757,389</b>      | <b>1,098,563,156</b>       | <b>8,448,865,993</b> | <b>1,543,039,962</b>   | <b>2,119,029,585</b>     | <b>3,662,069,547</b> |
| <b>Unit holders' funds (as per the statement attached)</b>                      |      | <b>1,728,215,324</b>   | <b>3,523,330,124</b>     | <b>2,098,757,389</b>      | <b>1,098,563,156</b>       | <b>8,448,865,993</b> | <b>1,543,039,962</b>   | <b>2,119,029,585</b>     | <b>3,662,069,547</b> |
| <b>Contingencies and commitments</b>                                            |      |                        |                          |                           |                            |                      |                        |                          |                      |
| Number of units in issue                                                        | 11   | 16,225,041             | 33,588,257               | 20,813,100                | 11,019,467                 |                      | 15,563,545             | 21,184,005               |                      |
|                                                                                 |      | (Rupees)               |                          |                           |                            | (Rupees)             |                        |                          |                      |
| <b>Net asset value per unit</b>                                                 |      | <b>106.5153</b>        | <b>104.8977</b>          | <b>100.8383</b>           | <b>99.6929</b>             |                      | <b>99.1445</b>         | <b>100.0297</b>          |                      |

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

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

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

\_\_\_\_\_  
Director

**ALFALAH GHP ISLAMIC PROSPERITY PLANNING FUND**

**INCOME STATEMENT**

FOR THE YEAR ENDED JUNE 30, 2017

|                                                                                                                                                                                       | For the year ended June 30, 2017 |                          | For the period from November 1, 2016 to June 30, 2017 | For the period from June 22, 2017 to June 30, 2017 | Total              | For the period from June 11, 2016 to June 30, 2016 |                          |                     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------------|-------------------------------------------------------|----------------------------------------------------|--------------------|----------------------------------------------------|--------------------------|---------------------|
|                                                                                                                                                                                       | Active Allocation Plan           | Balanced Allocation Plan | Active Allocation Plan II                             | Active Allocation Plan III                         |                    | Active Allocation Plan                             | Balanced Allocation Plan | Total               |
| <b>Note</b>                                                                                                                                                                           | (Rupees)                         |                          |                                                       |                                                    |                    | (Rupees)                                           |                          |                     |
| <b>Income</b>                                                                                                                                                                         |                                  |                          |                                                       |                                                    |                    |                                                    |                          |                     |
| Profit on bank balances                                                                                                                                                               | 2,823,476                        | 19,221,437               | 8,036,194                                             | 1,093,869                                          | 31,174,976         | 1,643,728                                          | 149,918                  | 1,793,646           |
| At fair value through profit or loss - held-for-trading                                                                                                                               |                                  |                          |                                                       |                                                    |                    |                                                    |                          |                     |
| - Unrealised gain / (loss) on revaluation of investments - net                                                                                                                        | 5.2 76,977,212                   | 28,047,910               | (17,216,092)                                          | (3,468,096)                                        | 84,340,934         | -                                                  | -                        | -                   |
| - Gain on sale of investments - net                                                                                                                                                   | 37,683,333                       | 132,444,229              | 20,883,365                                            | -                                                  | 191,010,927        | (13,725,963)                                       | 830,204                  | (12,895,759)        |
| - Dividend income from open end mutual funds - quoted                                                                                                                                 | 125,160,819                      | 52,114,219               | 150,681,078                                           | -                                                  | 327,956,116        | -                                                  | -                        | -                   |
| Other income                                                                                                                                                                          | 2,155,696                        | -                        | 3,018,615                                             | -                                                  | 5,174,311          | -                                                  | -                        | -                   |
| <b>Total income</b>                                                                                                                                                                   | <b>244,800,536</b>               | <b>231,827,795</b>       | <b>165,403,160</b>                                    | <b>(2,374,227)</b>                                 | <b>639,657,264</b> | <b>(12,082,235)</b>                                | <b>980,122</b>           | <b>(11,102,113)</b> |
| <b>Expenses</b>                                                                                                                                                                       |                                  |                          |                                                       |                                                    |                    |                                                    |                          |                     |
| Remuneration of the Management Company                                                                                                                                                | 7.1 608,771                      | 2,919,827                | 1,294,333                                             | 120,537                                            | 4,943,468          | 523,884                                            | 520,224                  | 1,044,108           |
| Sindh sales tax on remuneration of the Management Company                                                                                                                             | 7.2 79,142                       | 379,577                  | 168,264                                               | 15,670                                             | 642,653            | 85,078                                             | 84,489                   | 169,567             |
| Federal excise duty on remuneration of the Management Company                                                                                                                         | 7.4 -                            | -                        | -                                                     | -                                                  | -                  | 83,821                                             | 83,234                   | 167,055             |
| Remuneration of the Trustee                                                                                                                                                           | 8.1 1,690,685                    | 2,887,336                | 1,461,647                                             | 27,167                                             | 6,066,835          | 76,164                                             | 55,055                   | 131,219             |
| Sindh sales tax on remuneration of the Trustee                                                                                                                                        | 8.2 219,789                      | 377,051                  | 190,016                                               | 3,531                                              | 790,387            | 10,664                                             | 7,708                    | 18,372              |
| Annual fee to the Securities and Exchange Commission of Pakistan                                                                                                                      | 9 1,277,588                      | 2,167,309                | 1,055,877                                             | 20,375                                             | 4,521,149          | 62,497                                             | 41,292                   | 103,789             |
| Amortisation of deferred formation cost                                                                                                                                               | 6 2,354,980                      | 58,035                   | -                                                     | -                                                  | 2,413,015          | 129,040                                            | 3,180                    | 132,220             |
| Shariah advisor fee                                                                                                                                                                   | 81,910                           | 143,848                  | 110,088                                               | 2,034                                              | 337,880            | -                                                  | -                        | -                   |
| Auditors' remuneration                                                                                                                                                                | 12 124,122                       | 229,851                  | 99,964                                                | 1,848                                              | 455,785            | 49,872                                             | 68,628                   | 118,500             |
| Annual listing fee                                                                                                                                                                    | 17,375                           | 23,998                   | 18,374                                                | 340                                                | 60,087             | 21,043                                             | 28,957                   | 50,000              |
| Annual rating fee                                                                                                                                                                     | 37,210                           | 65,428                   | 66,572                                                | 1,233                                              | 170,443            | -                                                  | -                        | -                   |
| Printing charges                                                                                                                                                                      | 50,175                           | 70,260                   | 50,072                                                | 925                                                | 171,432            | 13,257                                             | 18,243                   | 31,500              |
| Bank charges                                                                                                                                                                          | 5,463                            | 33,772                   | 17,189                                                | -                                                  | 56,424             | 6,480                                              | -                        | 6,480               |
| Allocated expenses                                                                                                                                                                    | 7.3 1,707,740                    | 2,892,414                | 1,403,124                                             | 27,166                                             | 6,030,444          | -                                                  | -                        | -                   |
| Provision against Sindh Workers' Welfare Fund                                                                                                                                         | 10.1 4,736,953                   | 5,128,632                | 3,002,126                                             | -                                                  | 12,867,711         | -                                                  | -                        | -                   |
| <b>Total expenses</b>                                                                                                                                                                 | <b>12,991,903</b>                | <b>17,377,338</b>        | <b>8,937,646</b>                                      | <b>220,826</b>                                     | <b>39,527,713</b>  | <b>1,061,800</b>                                   | <b>911,010</b>           | <b>1,972,810</b>    |
| <b>Net income / (loss) for the year / period before element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net</b> | <b>231,808,633</b>               | <b>214,450,457</b>       | <b>156,465,514</b>                                    | <b>(2,595,053)</b>                                 | <b>600,129,551</b> | <b>(13,144,035)</b>                                | <b>69,112</b>            | <b>(13,074,923)</b> |
| Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net                                                         | (197,911)                        | 35,715,919               | (10,245,910)                                          | (788,491)                                          | 24,483,607         | (314,790)                                          | 1,928,665                | 1,613,875           |
| <b>Net income / (loss) for the year / period before taxation</b>                                                                                                                      | <b>231,610,722</b>               | <b>250,166,376</b>       | <b>146,219,604</b>                                    | <b>(3,383,544)</b>                                 | <b>624,613,158</b> | <b>(13,458,825)</b>                                | <b>1,997,777</b>         | <b>(11,461,048)</b> |
| Taxation                                                                                                                                                                              | 14 -                             | -                        | -                                                     | -                                                  | -                  | -                                                  | -                        | -                   |
| <b>Net income / (loss) for the period after taxation</b>                                                                                                                              | <b>231,610,722</b>               | <b>250,166,376</b>       | <b>146,219,604</b>                                    | <b>(3,383,544)</b>                                 | <b>624,613,158</b> | <b>(13,458,825)</b>                                | <b>1,997,777</b>         | <b>(11,461,048)</b> |

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

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

Chief Executive Officer

Director

**ALFALAH GHP ISLAMIC PROSPERITY PLANNING FUND**

**STATEMENT OF COMPREHENSIVE INCOME**

*FOR THE YEAR ENDED JUNE 30, 2017*

|                                                                  | For the year ended June 30, 2017 |                          | For the period from November 1, 2016 to June 30, 2017 | For the period from June 22, 2017 to June 30, 2017 | Total              | For the period from June 11, 2016 to June 30, 2016 |                          |                     |
|------------------------------------------------------------------|----------------------------------|--------------------------|-------------------------------------------------------|----------------------------------------------------|--------------------|----------------------------------------------------|--------------------------|---------------------|
|                                                                  | Active Allocation Plan           | Balanced Allocation Plan | Active Allocation Plan II                             | Active Allocation Plan III                         |                    | Active Allocation Plan                             | Balanced Allocation Plan | Total               |
|                                                                  |                                  |                          |                                                       |                                                    |                    |                                                    |                          |                     |
|                                                                  | (Rupees)                         |                          |                                                       |                                                    |                    |                                                    |                          |                     |
| <b>Net income / (loss) for the year / period before taxation</b> | 231,610,722                      | 250,166,376              | 146,219,604                                           | (3,383,544)                                        | 624,613,158        | (13,458,825)                                       | 1,997,777                | (11,461,048)        |
| Other comprehensive income for the year / period                 | -                                | -                        | -                                                     | -                                                  | -                  | -                                                  | -                        | -                   |
| <b>Total comprehensive income for the year / period</b>          | <u>231,610,722</u>               | <u>250,166,376</u>       | <u>146,219,604</u>                                    | <u>(3,383,544)</u>                                 | <u>624,613,158</u> | <u>(13,458,825)</u>                                | <u>1,997,777</u>         | <u>(11,461,048)</u> |

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

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

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

\_\_\_\_\_  
Director



# ALFALAH GHP ISLAMIC PROSPERITY PLANNING FUND

## CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2017

|                                                                                                                                      | For the year ended June 30, 2017 |                          | For the period from November 1, 2016 to June 30, 2017 | For the period from June 22, 2017 to June 30, 2017 | Total           | For the period from June 11, 2016 to June 30, 2016 |                          |               |
|--------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------------|-------------------------------------------------------|----------------------------------------------------|-----------------|----------------------------------------------------|--------------------------|---------------|
|                                                                                                                                      | Active Allocation Plan           | Balanced Allocation Plan | Active Allocation Plan II                             | Active Allocation Plan III                         |                 | Active Allocation Plan                             | Balanced Allocation Plan | Total         |
| Note ----- (Rupees) -----                                                                                                            |                                  |                          |                                                       |                                                    |                 |                                                    |                          |               |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                                                          |                                  |                          |                                                       |                                                    |                 |                                                    |                          |               |
| Net income / (loss) for the period after taxation                                                                                    | 231,610,722                      | 250,166,376              | 146,219,604                                           | (3,383,544)                                        | 624,613,158     | (13,458,825)                                       | 1,997,777                | (11,461,048)  |
| <b>Adjustments for:</b>                                                                                                              |                                  |                          |                                                       |                                                    |                 |                                                    |                          |               |
| Amortisation of deferred formation cost                                                                                              | 2,354,980                        | 58,035                   | -                                                     | -                                                  | 2,413,015       | 129,040                                            | 3,180                    | 132,220       |
| Unrealised (gain) / loss on revaluation of investments classified as 'at fair value through profit or loss' - held-for-trading - net | (76,977,212)                     | (28,047,910)             | 17,216,092                                            | 3,468,096                                          | (84,340,934)    | -                                                  | -                        | -             |
| Provision against Sindh Workers' Welfare Fund                                                                                        | 4,736,953                        | 5,128,632                | 3,002,126                                             | -                                                  | 12,867,711      | -                                                  | -                        | -             |
| Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net        | 197,911                          | (35,715,919)             | 10,245,910                                            | 788,491                                            | (24,483,607)    | 314,790                                            | (1,928,665)              | (1,613,875)   |
|                                                                                                                                      | 161,923,354                      | 191,589,214              | 176,683,732                                           | 873,043                                            | 531,069,343     | (13,014,995)                                       | 72,292                   | (12,942,703)  |
| <b>(Increase) / decrease in assets</b>                                                                                               |                                  |                          |                                                       |                                                    |                 |                                                    |                          |               |
| Investments - net                                                                                                                    | (1,501,844,152)                  | (1,319,088,354)          | (2,016,564,443)                                       | (800,000,000)                                      | (5,637,496,949) | (70,000,000)                                       | (70,000,000)             | (140,000,000) |
| Deferred formation cost                                                                                                              | -                                | -                        | -                                                     | -                                                  | -               | (4,709,768)                                        | (290,232)                | (5,000,000)   |
| Profit receivable on bank balances                                                                                                   | (211,294)                        | (5,110,644)              | (1,090,805)                                           | (1,093,869)                                        | (7,506,612)     | -                                                  | -                        | -             |
| Other receivable                                                                                                                     | -                                | (207,550)                | -                                                     | -                                                  | (207,550)       | (1,643,728)                                        | (149,918)                | (1,793,646)   |
|                                                                                                                                      | (1,502,055,446)                  | (1,324,406,548)          | (2,017,655,248)                                       | (801,093,869)                                      | (5,645,211,111) | (76,353,496)                                       | (70,440,150)             | (146,793,646) |
| <b>(Decrease) / increase in liabilities</b>                                                                                          |                                  |                          |                                                       |                                                    |                 |                                                    |                          |               |
| Payable to the Management Company                                                                                                    | (4,858,551)                      | 1,120,913                | 1,241,592                                             | 300,659                                            | (2,195,387)     | 6,258,134                                          | 1,995,555                | 8,253,689     |
| Remuneration payable to the Trustee                                                                                                  | 270,004                          | 624,675                  | 200,544                                               | 30,698                                             | 1,125,921       | 86,828                                             | 62,763                   | 149,591       |
| Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP)                                                      | 1,215,091                        | 2,126,017                | 1,055,877                                             | 20,375                                             | 4,417,360       | 62,497                                             | 41,292                   | 103,789       |
| Accrued and other liabilities                                                                                                        | (6,383,717)                      | 21,843,036               | 16,830,819                                            | 19,555,787                                         | 51,845,925      | 21,371,393                                         | 115,828                  | 21,487,221    |
|                                                                                                                                      | (9,757,173)                      | 25,714,641               | 19,328,832                                            | 19,907,519                                         | 55,193,819      | 27,778,852                                         | 2,215,438                | 29,994,290    |
| <b>Net cash flows used in operating activities</b>                                                                                   | (1,349,889,265)                  | (1,107,102,693)          | (1,821,642,684)                                       | (780,313,307)                                      | (5,058,947,949) | (61,589,639)                                       | (68,152,420)             | (129,742,059) |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                                                          |                                  |                          |                                                       |                                                    |                 |                                                    |                          |               |
| Amount received on issuance of units                                                                                                 | 164,062,987                      | 5,149,546,921            | 2,191,808,974                                         | 1,101,946,721                                      | 8,607,365,603   | 1,556,183,997                                      | 2,137,786,845            | 3,693,970,842 |
| Amount paid on redemption of units                                                                                                   | (98,677,209)                     | (3,873,037,396)          | (120,744,885)                                         | -                                                  | (4,092,459,490) | -                                                  | (17,350,048)             | (17,350,048)  |
| Dividend paid                                                                                                                        | (112,019,049)                    | (86,659,443)             | (128,772,214)                                         | (788,512)                                          | (328,239,218)   | -                                                  | (1,322,616)              | (1,322,616)   |
| <b>Net cash flows generated from financing activities</b>                                                                            | (46,633,271)                     | 1,189,850,082            | 1,942,291,875                                         | 1,101,158,209                                      | 4,186,666,895   | 1,556,183,997                                      | 2,119,114,181            | 3,675,298,178 |
| <b>Net (decrease) / increase in cash and cash equivalents during the year / period</b>                                               | (1,396,522,536)                  | 82,747,389               | 120,649,191                                           | 320,844,902                                        | (872,281,054)   | 1,494,594,358                                      | 2,050,961,761            | 3,545,556,119 |
| Cash and cash equivalents at beginning of the year / period                                                                          | 1,494,594,358                    | 2,050,961,761            | -                                                     | -                                                  | 3,545,556,119   | -                                                  | -                        | -             |
| <b>Cash and cash equivalents at end of the period</b>                                                                                | 4 98,071,822                     | 2,133,709,150            | 120,649,191                                           | 320,844,902                                        | 2,673,275,065   | 1,494,594,358                                      | 2,050,961,761            | 3,545,556,119 |

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

For Alfalah GHP Investment Management Limited  
(Management Company)

Chief Executive Officer

Director

**ALFALAH GHP ISLAMIC PROSPERITY PLANNING FUND**

**DISTRIBUTION STATEMENT**

FOR THE YEAR ENDED JUNE 30, 2017

|                                                                                                                                                                                                                                                                                                                       | For the year ended June 30, 2017 |                          | For the period from November 1, 2016 to June 30, 2017 | For the period from June 22, 2017 to June 30, 2017 | Total              | For the period from June 11, 2016 to June 30, 2016 |                          |                     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------------|-------------------------------------------------------|----------------------------------------------------|--------------------|----------------------------------------------------|--------------------------|---------------------|
|                                                                                                                                                                                                                                                                                                                       | Active Allocation Plan           | Balanced Allocation Plan | Active Allocation Plan II                             | Active Allocation Plan III                         |                    | Active Allocation Plan                             | Balanced Allocation Plan | Total               |
|                                                                                                                                                                                                                                                                                                                       | (Rupees)                         |                          |                                                       |                                                    |                    | (Rupees)                                           |                          |                     |
| <b>Undistributed (loss) / income brought forward comprises of:</b>                                                                                                                                                                                                                                                    |                                  |                          |                                                       |                                                    |                    |                                                    |                          |                     |
| - Realised (loss) / gain                                                                                                                                                                                                                                                                                              | (13,458,825)                     | 521,453                  | -                                                     | -                                                  | (12,937,372)       | -                                                  | -                        | -                   |
| - Unrealised (loss) / gain                                                                                                                                                                                                                                                                                            | -                                | -                        | -                                                     | -                                                  | -                  | -                                                  | -                        | -                   |
| <b>Total undistributed (loss) / income brought forward</b>                                                                                                                                                                                                                                                            | (13,458,825)                     | 521,453                  | -                                                     | -                                                  | (12,937,372)       | -                                                  | -                        | -                   |
| Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net                                                                                                                                                                                         | (572,039)                        | 305,336                  | -                                                     | -                                                  | (266,703)          | -                                                  | -                        | -                   |
| Net income for the year / period after taxation                                                                                                                                                                                                                                                                       | 231,610,722                      | 250,166,376              | 146,219,604                                           | (3,383,544)                                        | 624,613,158        | (13,458,825)                                       | 1,997,777                | (11,461,048)        |
| Distribution of cash dividend approved on June 22, 2017 (2016: June 29, 2016) of Active allocation plan @ Rs 5.9883 (2016: Nil) per unit, Balanced allocation plan @ Rs 2.6865 (2016: Re 0.0696) per unit and Active allocation plan II @ Rs 6.1617 (2016: Nil) per unit                                              | (91,615,232)                     | (78,677,856)             | (122,029,403)                                         | -                                                  | (292,322,491)      | -                                                  | (1,476,324)              | (1,476,324)         |
| Distribution of cash dividend approved on June 29, 2017 (2016: Nil) of Active allocation plan @ Re 1.2709 (2016: Nil) per unit, Balanced allocation plan @ Re 0.2386 (2016: Nil) per unit, Active allocation plan II @ Re 0.3248 (2016: Nil) per unit and Active allocation plan III @ Re 0.0716 (2016: Nil) per unit | (20,403,817)                     | (7,981,587)              | (6,742,811)                                           | (788,512)                                          | (35,916,727)       | -                                                  | -                        | -                   |
|                                                                                                                                                                                                                                                                                                                       | 119,591,673                      | 163,506,933              | 17,447,390                                            | (4,172,056)                                        | 296,373,940        | (13,458,825)                                       | 521,453                  | (12,937,372)        |
| <b>Undistributed income / (loss) carried forward</b>                                                                                                                                                                                                                                                                  | <b>105,560,809</b>               | <b>164,333,722</b>       | <b>17,447,390</b>                                     | <b>(4,172,056)</b>                                 | <b>283,169,865</b> | <b>(13,458,825)</b>                                | <b>521,453</b>           | <b>(12,937,372)</b> |
| <b>Undistributed income / (loss) carried forward comprises of:</b>                                                                                                                                                                                                                                                    |                                  |                          |                                                       |                                                    |                    |                                                    |                          |                     |
| - Realised gain / (loss)                                                                                                                                                                                                                                                                                              | 28,583,597                       | 136,285,812              | 34,663,482                                            | (703,960)                                          | 198,828,931        | (13,458,825)                                       | 521,453                  | (12,937,372)        |
| - Unrealised (loss) / gain                                                                                                                                                                                                                                                                                            | 76,977,212                       | 28,047,910               | (17,216,092)                                          | (3,468,096)                                        | 84,340,934         | -                                                  | -                        | -                   |
| <b>Total undistributed income / (loss) carried forward</b>                                                                                                                                                                                                                                                            | <b>105,560,809</b>               | <b>164,333,722</b>       | <b>17,447,390</b>                                     | <b>(4,172,056)</b>                                 | <b>283,169,865</b> | <b>(13,458,825)</b>                                | <b>521,453</b>           | <b>(12,937,372)</b> |

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

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

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

\_\_\_\_\_  
Director

**ALFALAH GHP ISLAMIC PROSPERITY PLANNING FUND**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

|                                                                                                                                                                                                                                                                                                                       | For the year ended June 30, 2017 |                          | For the period from November 1, 2016 to June 30, 2017 | For the period from June 22, 2017 to June 30, 2017 | Total                | For the period from June 11, 2016 to June 30, 2016 |                          |                      |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------------|-------------------------------------------------------|----------------------------------------------------|----------------------|----------------------------------------------------|--------------------------|----------------------|
|                                                                                                                                                                                                                                                                                                                       | Active Allocation Plan           | Balanced Allocation Plan | Active Allocation Plan II                             | Active Allocation Plan III                         |                      | Active Allocation Plan                             | Balanced Allocation Plan | Total                |
|                                                                                                                                                                                                                                                                                                                       | ----- (Rupees) -----             |                          |                                                       |                                                    |                      | ----- (Rupees) -----                               |                          |                      |
| <b>Net assets at beginning of the year / period</b>                                                                                                                                                                                                                                                                   | 1,543,039,962                    | 2,119,029,585            | -                                                     | -                                                  | 3,662,069,547        | -                                                  | -                        | -                    |
| Issuance of units                                                                                                                                                                                                                                                                                                     | 164,062,987                      | 5,149,546,921            | 2,191,808,974                                         | 1,101,946,721                                      | 8,607,365,603        | 1,556,183,997                                      | 2,137,786,845            | 3,693,970,842        |
| Redemption of units                                                                                                                                                                                                                                                                                                   | (98,677,209)                     | (3,873,037,396)          | (120,744,885)                                         | -                                                  | (4,092,459,490)      | -                                                  | (17,350,048)             | (17,350,048)         |
|                                                                                                                                                                                                                                                                                                                       | 65,385,778                       | 1,276,509,525            | 2,071,064,089                                         | 1,101,946,721                                      | 4,514,906,113        | 1,556,183,997                                      | 2,120,436,797            | 3,676,620,794        |
| Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net                                                                                                                                                                                         |                                  |                          |                                                       |                                                    |                      |                                                    |                          |                      |
| - transferred to income statement                                                                                                                                                                                                                                                                                     | 197,911                          | (35,715,919)             | 10,245,910                                            | 788,491                                            | (24,483,607)         | 314,790                                            | (1,928,665)              | (1,613,875)          |
| - transferred to distribution statement                                                                                                                                                                                                                                                                               | 572,039                          | (305,336)                | -                                                     | -                                                  | 266,703              | -                                                  | -                        | -                    |
|                                                                                                                                                                                                                                                                                                                       | 769,950                          | (36,021,255)             | 10,245,910                                            | 788,491                                            | (24,216,904)         | 314,790                                            | (1,928,665)              | (1,613,875)          |
| Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net                                                                                                                                                                                         | (572,039)                        | 305,336                  | -                                                     | -                                                  | (266,703)            | -                                                  | -                        | -                    |
| Gain on sale of investments classified as 'at fair value through profit or loss' - held-for-trading - net                                                                                                                                                                                                             | 37,683,333                       | 132,444,229              | 20,883,365                                            | -                                                  | 191,010,927          | (13,725,963)                                       | 830,204                  | (12,895,759)         |
| Unrealised gain / (loss) on revaluation of investments classified as 'at fair value through profit or loss' - held-for-trading - net                                                                                                                                                                                  | 76,977,212                       | 28,047,910               | (17,216,092)                                          | (3,468,096)                                        | 84,340,934           | -                                                  | -                        | -                    |
| Other income (net of expenses)                                                                                                                                                                                                                                                                                        | 116,950,177                      | 89,674,237               | 142,552,331                                           | 84,552                                             | 349,261,297          | 267,138                                            | 1,167,573                | 1,434,711            |
| Distribution of cash dividend approved on June 22, 2017 (2016: June 29, 2016) of Active allocation plan @ Rs 5.9883 (2016: Nil) per unit, Balanced allocation plan @ Rs 2.6865 (2016: Re 0.0696) per unit and Active allocation plan II @ Rs 6.1617 (2016: Nil) per unit                                              | (91,615,232)                     | (78,677,856)             | (122,029,403)                                         | -                                                  | (292,322,491)        | -                                                  | (1,476,324)              | (1,476,324)          |
| Distribution of cash dividend approved on June 29, 2017 (2016: Nil) of Active allocation plan @ Re 1.2709 (2016: Nil) per unit, Balanced allocation plan @ Re 0.2386 (2016: Nil) per unit, Active allocation plan II @ Re 0.3248 (2016: Nil) per unit and Active allocation plan III @ Re 0.0716 (2016: Nil) per unit | (20,403,817)                     | (7,981,587)              | (6,742,811)                                           | (788,512)                                          | (35,916,727)         | -                                                  | -                        | -                    |
|                                                                                                                                                                                                                                                                                                                       | 119,591,673                      | 163,506,933              | 17,447,390                                            | (4,172,056)                                        | 296,373,940          | (13,458,825)                                       | 521,453                  | (12,937,372)         |
| <b>Net assets at end of the year / period</b>                                                                                                                                                                                                                                                                         | <b>1,728,215,324</b>             | <b>3,523,330,124</b>     | <b>2,098,757,389</b>                                  | <b>1,098,563,156</b>                               | <b>8,448,865,993</b> | <b>1,543,039,962</b>                               | <b>2,119,029,585</b>     | <b>3,662,069,547</b> |
| Net assets value per unit as at beginning of the year                                                                                                                                                                                                                                                                 | 99.1445                          | 100.0297                 | -                                                     | -                                                  | -                    | -                                                  | -                        | -                    |
| Net assets value per unit as at end of the year                                                                                                                                                                                                                                                                       | 106.5153                         | 104.8977                 | 100.8383                                              | 99.6929                                            | -                    | 99.1445                                            | 100.0297                 | -                    |

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

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

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

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

**ALFALAH GHP ISLAMIC PROSPERITY PLANNING FUND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT**  
*FOR THE YEAR ENDED JUNE 30, 2017*

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

Alfalaha GHP Islamic Prosperity Planning Fund (the Fund) is an open-ended Fund constituted under a trust deed entered into on March 15, 2016 between Alfalah GHP Investment Management Limited (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. The Fund was registered by the Securities and Exchange Commission of Pakistan (SECP) as a Notified Entity under Regulation 44 of the Non Banking finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) vide its letter No. SCD/AMCW/AGIML/437/2016 dated April 25, 2016 and the Offering Document of the Fund was approved by SECP under Regulation 54 of the NBFC Regulations, vide its letter No. SCD/AMCW/AGIPPF/449/2016 dated May 02, 2016.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate issued by the SECP on March 09, 2017. The registered office of the Management Company is situated at 8-B, 8th floor, Executive tower, Dolmen city, Block 4, Clifton, Karachi.

The Fund is categorised as a 'Fund of Fund scheme' pursuant to the provisions contained in Circular 7 of 2009. The units of the Fund are being offered for public subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.

According to the trust deed, the objective of the Fund is to generate returns on investment as per the respective Allocation Plan by investing in collective investment schemes in line with the risk tolerance of the investor. The duration of the fund is perpetual, however, allocation plans may have a set time frame. The Fund invests in units of other mutual funds and bank balances. The investment objectives and policy are explained in the Fund's offering document. Presently, the Fund offers following allocation plans:

- a. Alfalah GHP Active Allocation Plan (AAP) : The initial maturity of plan is two (2) years from the close of subscription period.
- b. Alfalah GHP Balanced Allocation Plan (BAP) is perpetual.
- c. Alfalah GHP Active Allocation Plan II (AAP II) : The initial maturity of plan is two (2) years from the close of subscription period.
- d. Alfalah GHP Active Allocation Plan III (AAP III) : The initial maturity of plan is two (2) years from the close of subscription period.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of AM2+ (stable outlook) to the Management Company on May 16, 2017.

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

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the 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 the IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The Directors of the asset management company declare that these financial statements give a true and fair view of the state of affairs of the Fund.

**2.2 Standards, Interpretations and amendments to published approved accounting standards that are effective in the current year**

There are certain new and amended standards and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2016 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

**2.3 Standards, Interpretations and amendments to published approved accounting standards that are not yet effective**

**2.3.1** There are certain new and amended standards and interpretations that are mandatory for the accounting period beginning on or after July 1, 2017 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

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

| <b>Standards, Interpretations or Amendments</b> | <b>Effective date (accounting period beginning on or after)</b> |
|-------------------------------------------------|-----------------------------------------------------------------|
| - IFRS-9 Financial Instruments                  | January 1, 2018                                                 |
| - IFRS-15 Revenue from contracts with customers | January 1, 2018                                                 |
| - IFRS-16 Leases                                | January 1, 2019                                                 |

2.3.3 The SECP vide its SRO 756(1) / 2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations, 2008 which will be applicable on the financial statements of the Fund from the accounting year ending on June 30, 2018. The notification includes a definition and explanation relating to “element of income” and excludes the element of income from the expression “accounting income” as described in Regulation 63 (Amount distributable to unit holders) of the NBFC Regulations, 2008. In addition there are certain changes in the disclosure requirements relating to the Income Statement and the Statement of Movement in Unit Holders’ Fund. The management is currently in the process of assessing the impact of these changes on the financial statements.

#### 2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- Classification and valuation of investments (note 3.2 and 5)
- Impairment of financial assets (note 3.2.6)
- Taxation (note 3.6 and 13)
- Provision against Federal Excise Duty and Sindh Workers' Welfare Fund (note 7.4 and 10.1 respectively)

#### 2.5 Accounting convention

These financial statements have been prepared under the historical cost convention, except for certain investments which are stated at fair value.

#### 2.6 Functional and presentational currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentational currency.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

#### 3.1 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

#### 3.2 Financial assets

##### 3.2.1 Classification

The Fund classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. The management determines the appropriate classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

**Investments are categorised as follows:**

##### a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profits from short-term fluctuations in prices are classified as financial assets at fair value through profit or loss category. These include held for trading investments and such other investments that, upon initial recognition, are designated under this category.

##### b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

##### c) Available-for-sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as

(a) financial assets at fair value through profit or loss or

(b) loans and receivables. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

### 3.2.2 Derivatives

These are measured at fair value. Derivatives with positive fair values (unrealised gains) are included in fair value of derivative asset and derivatives with negative fair values (unrealised losses) are included in fair value of derivative liability in the statement of assets and liabilities. The resultant gains and losses are included in the income statement.

### 3.2.3 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

### 3.2.4 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed out in the income statement.

### 3.2.5 Subsequent measurement

#### a) Financial assets 'at fair value through profit or loss' and 'available for sale'

Subsequent to initial recognition, financial instruments classified as 'at fair value through profit or loss' and 'available-for-sale' are measured at fair value.

Gains or losses arising, from changes in the fair value and on sale of the financial assets 'at fair value through profit or loss' are recognised in the Income Statement.

Changes in the fair value of financial instruments classified as 'available-for-sale' are recognised in other comprehensive income until derecognised or impaired, when the accumulated fair value adjustments recognised in other comprehensive income are included in the Income Statement.

#### Basis of valuation

- The fair value of investments in open end mutual funds is determined by reference to the quotations obtained from the NAV report on the MUFAP website at the close of period end.

#### b) Loans and receivables

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortised cost using the effective yield method.

Gains or losses are recognised in the income statement when the financial assets carried at amortised cost are derecognised or impaired.

### 3.2.6 Impairment

The Fund assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets are impaired. The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

A provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The provision against these amounts is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company in accordance with the requirements of the Securities and Exchange Commission of Pakistan. Impairment losses are recognised in the income statement. Impairment losses are recognised in the income statement.

### 3.2.7 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

### 3.3 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

### 3.4 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.



### 3.5 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

### 3.6 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

### 3.7 Dividend distribution and appropriations

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

### 3.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, and charges on redemption, if applicable.

### 3.9 Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed

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

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

### 3.10 Net asset value per unit

The Net Asset Value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

### 3.11 Revenue recognition

- Gain or loss on sale of investments is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss arising on revaluation of investments classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Dividend income is recognised when the right to receive the dividend is established.
- Profit on bank balances is recognised on an accrual basis using the effective yield method.

### 3.12 Expenses

All expenses including management fee and trustee fee are recognised in the Income Statement on an accrual basis.

### 3.13 Earnings per unit

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

### 3.14 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non- Banking Finance Companies and Notified Entities Regulations, 2008.

| 4. BANK BALANCES | Note | June 30, 2017          |                          |                           |                            |               | June 30, 2016          |               |               |
|------------------|------|------------------------|--------------------------|---------------------------|----------------------------|---------------|------------------------|---------------|---------------|
|                  |      | Active Allocation Plan | Balanced Allocation Plan | Active Allocation Plan II | Active Allocation Plan III | Total         | Active Allocation Plan | Total         | Total         |
|                  |      | ----- (Rupees) -----   |                          |                           |                            |               | ----- (Rupees) -----   |               |               |
| Deposit accounts | 4.1  | 98,071,822             | 2,133,709,150            | 120,649,191               | 320,844,902                | 2,673,275,065 | 1,494,594,358          | 2,050,961,761 | 3,545,556,119 |

4.1 These represent balances in saving accounts maintained with banks carrying profit rates ranging from 4% to 6.6% (2016: 5.5% to 7%) per annum. This includes Rs 591.02 million (2016: Rs 2,140.76 million) placed with Bank Alfalah Limited - Islamic Division (a related party).

| 5. INVESTMENTS                                            | Note | June 30, 2017          |                          |                           |                            |               | June 30, 2016          |            |             |
|-----------------------------------------------------------|------|------------------------|--------------------------|---------------------------|----------------------------|---------------|------------------------|------------|-------------|
|                                                           |      | Active Allocation Plan | Balanced Allocation Plan | Active Allocation Plan II | Active Allocation Plan III | Total         | Active Allocation Plan | Total      | Total       |
|                                                           |      | ----- (Rupees) -----   |                          |                           |                            |               | ----- (Rupees) -----   |            |             |
| 'At fair value through profit or loss' - held-for-trading |      |                        |                          |                           |                            |               |                        |            |             |
| Open end mutual funds - Quoted                            | 5.1  | 1,648,821,364          | 1,417,136,264            | 1,999,348,351             | 796,531,904                | 5,861,837,883 | 70,000,000             | 70,000,000 | 140,000,000 |

#### 5.1 Open End Mutual Funds - Quoted - 'At fair value through profit or loss' - held-for-trading

##### Active Allocation Plan

| Particulars                          | As at July 01, 2016 | Purchased during the year  | Sold during the year | As at June 30, 2017  | Carrying cost as at June 30, 2017 | Market value as at June 30, 2017 | Unrealised gain / (loss) | Market value as a percentage of: |                   |
|--------------------------------------|---------------------|----------------------------|----------------------|----------------------|-----------------------------------|----------------------------------|--------------------------|----------------------------------|-------------------|
|                                      |                     |                            |                      |                      |                                   |                                  |                          | Net assets                       | Total investments |
|                                      |                     | ----- (No. of Units) ----- |                      | ----- (Rupees) ----- |                                   | ----- (%) -----                  |                          |                                  |                   |
| Alfalah GHP Islamic Income Fund *    | -                   | 8,895,921                  | 4,924,913            | 3,971,008            | 403,251,585                       | 402,006,217                      | (1,245,368)              | 23.26%                           | 24.38%            |
| Alfalah GHP Islamic Stock Fund *     | 1,096,276           | 22,432,926                 | 6,807,059            | 16,722,143           | 1,138,595,488                     | 1,217,754,967                    | 79,159,479               | 70.46%                           | 73.87%            |
| Alfalah GHP Islamic Dedicated Fund * | -                   | 299,971                    | -                    | 299,971              | 29,997,079                        | 29,060,180                       | (936,899)                | 1.68%                            | 1.76%             |
| <b>Total as at June 30, 2017</b>     | <b>1,096,276</b>    | <b>31,628,818</b>          | <b>11,731,972</b>    | <b>20,993,122</b>    | <b>1,571,844,152</b>              | <b>1,648,821,364</b>             | <b>76,977,212</b>        | <b>95.40%</b>                    | <b>100.01%</b>    |
| <b>Total as at June 30, 2016</b>     | <b>-</b>            | <b>18,829,214</b>          | <b>17,732,938</b>    | <b>1,096,276</b>     | <b>70,000,000</b>                 | <b>70,000,000</b>                | <b>-</b>                 | <b>4.54%</b>                     | <b>100.00%</b>    |

\* These represent investments held in related parties i.e. funds under common management.

##### Balanced Allocation Plan

| Particulars                          | As at July 01, 2016 | Purchased during the year  | Sold during the year | As at June 30, 2017  | Carrying cost as at June 30, 2017 | Market value as at June 30, 2017 | Unrealised gain / (loss) | Market value as a percentage of: |                   |
|--------------------------------------|---------------------|----------------------------|----------------------|----------------------|-----------------------------------|----------------------------------|--------------------------|----------------------------------|-------------------|
|                                      |                     |                            |                      |                      |                                   |                                  |                          | Net assets                       | Total investments |
|                                      |                     | ----- (No. of Units) ----- |                      | ----- (Rupees) ----- |                                   | ----- (%) -----                  |                          |                                  |                   |
| Alfalah GHP Islamic Income Fund *    | -                   | 45,312,862                 | 37,404,270           | 7,908,592            | 800,000,000                       | 800,628,733                      | 628,733                  | 22.72%                           | 56.50%            |
| Alfalah GHP Islamic Stock Fund *     | 1,096,277           | 10,728,643                 | 3,691,610            | 8,133,310            | 573,671,964                       | 592,291,186                      | 18,619,222               | 16.81%                           | 41.79%            |
| Alfalah GHP Islamic Dedicated Fund * | -                   | 350,000                    | 100,029              | 249,971              | 24,997,079                        | 24,216,345                       | (780,734)                | 0.69%                            | 1.71%             |
| <b>Total as at June 30, 2017</b>     | <b>1,096,277</b>    | <b>56,391,505</b>          | <b>41,195,909</b>    | <b>16,291,873</b>    | <b>1,398,669,043</b>              | <b>1,417,136,264</b>             | <b>18,467,221</b>        | <b>40.22%</b>                    | <b>100.00%</b>    |
| <b>Total as at June 30, 2016</b>     | <b>-</b>            | <b>11,066,546</b>          | <b>9,970,269</b>     | <b>1,096,277</b>     | <b>70,000,000</b>                 | <b>70,000,000</b>                | <b>-</b>                 | <b>3.30%</b>                     | <b>100.00%</b>    |

\* These represent investments held in related parties i.e. funds under common management.

##### Active Allocation Plan II

| Particulars                          | As at July 01, 2016 | Purchased during the year  | Sold during the year | As at June 30, 2017  | Carrying cost as at June 30, 2017 | Market value as at June 30, 2017 | Unrealised gain / (loss) | Market value as a percentage of: |                   |
|--------------------------------------|---------------------|----------------------------|----------------------|----------------------|-----------------------------------|----------------------------------|--------------------------|----------------------------------|-------------------|
|                                      |                     |                            |                      |                      |                                   |                                  |                          | Net assets                       | Total investments |
|                                      |                     | ----- (No. of Units) ----- |                      | ----- (Rupees) ----- |                                   | ----- (%) -----                  |                          |                                  |                   |
| Alfalah GHP Islamic Income Fund *    | -                   | 14,319,877                 | 9,326,465            | 4,993,412            | 511,865,131                       | 505,509,520                      | (6,355,611)              | 24.09%                           | 25.28%            |
| Alfalah GHP Islamic Stock Fund *     | -                   | 22,775,459                 | 2,794,271            | 19,981,188           | 1,464,699,312                     | 1,455,088,151                    | (9,611,161)              | 69.33%                           | 72.78%            |
| Alfalah GHP Islamic Dedicated Fund * | -                   | 400,000                    | -                    | 400,000              | 40,000,000                        | 38,750,680                       | (1,249,320)              | 1.85%                            | 1.94%             |
| <b>Total as at June 30, 2017</b>     | <b>-</b>            | <b>37,495,336</b>          | <b>12,120,736</b>    | <b>25,374,600</b>    | <b>2,016,564,443</b>              | <b>1,999,348,351</b>             | <b>(17,216,092)</b>      | <b>95.27%</b>                    | <b>100.00%</b>    |
| <b>Total as at June 30, 2016</b>     | <b>-</b>            | <b>-</b>                   | <b>-</b>             | <b>-</b>             | <b>-</b>                          | <b>-</b>                         | <b>-</b>                 | <b>-</b>                         | <b>-</b>          |

\* These represent investments held in related parties i.e. funds under common management.

Active Allocation Plan III

| Particulars                                 | As at July 01, 2016        | Purchased during the year | Sold during the year | As at June 30, 2017  | Carrying cost as at June 30, 2017 | Market value as at June 30, 2017 | Unrealised gain / (loss) | Market value as a percentage of: |                   |
|---------------------------------------------|----------------------------|---------------------------|----------------------|----------------------|-----------------------------------|----------------------------------|--------------------------|----------------------------------|-------------------|
|                                             |                            |                           |                      |                      |                                   |                                  |                          | Net assets                       | Total investments |
|                                             | ----- (No. of Units) ----- |                           |                      | ----- (Rupees) ----- |                                   |                                  | ----- (%) -----          |                                  |                   |
| Alfalah GHP Islamic Income Fund *           | -                          | 1,977,148                 | -                    | 1,977,148            | 200,000,000                       | 200,157,183                      | 157,183                  | 18.22%                           | 25.13%            |
| Alfalah GHP Islamic Dedicated Equity Fund * | -                          | 6,156,018                 | -                    | 6,156,018            | 600,000,000                       | 596,374,721                      | (3,625,279)              | 54.29%                           | 74.87%            |
| <b>Total as at June 30, 2017</b>            | <b>-</b>                   | <b>8,133,166</b>          | <b>-</b>             | <b>8,133,166</b>     | <b>800,000,000</b>                | <b>796,531,904</b>               | <b>(3,468,096)</b>       | <b>72.51%</b>                    | <b>100.00%</b>    |
| <b>Total as at June 30, 2016</b>            | <b>-</b>                   | <b>-</b>                  | <b>-</b>             | <b>-</b>             | <b>-</b>                          | <b>-</b>                         | <b>-</b>                 | <b>-</b>                         | <b>-</b>          |

\* These represent investments held in related parties i.e. funds under common management.

| 5.2 Unrealised gain on revaluation of investments classified as financial assets 'at fair value through profit or loss - held for trading' - net | 2017                 |                   | 2016          |  |
|--------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------|---------------|--|
|                                                                                                                                                  | ----- (Rupees) ----- |                   |               |  |
| Market value of investments as at June 30                                                                                                        | 5.1                  | 5,861,837,883     | 140,000,000   |  |
| Less: Carrying value of investments as at June 30                                                                                                | 5.1                  | (5,787,077,638)   | (140,000,000) |  |
|                                                                                                                                                  |                      | <u>74,760,245</u> | <u>-</u>      |  |

| 6. DEFERRED FORMATION COST         | Note | June 30, 2017          |                          |                           |                            |                  | June 30, 2016          |                          |                  |
|------------------------------------|------|------------------------|--------------------------|---------------------------|----------------------------|------------------|------------------------|--------------------------|------------------|
|                                    |      | Active Allocation Plan | Balanced Allocation Plan | Active Allocation Plan II | Active Allocation Plan III | Total            | Active Allocation Plan | Balanced Allocation Plan | Total            |
| ----- (Rupees) -----               |      |                        |                          |                           |                            |                  |                        |                          |                  |
| As at July 1                       |      | 4,580,728              | 287,052                  | -                         | -                          | 4,867,780        | -                      | -                        | -                |
| Formation cost incurred            |      | -                      | -                        | -                         | -                          | -                | 4,709,768              | 290,232                  | 5,000,000        |
| Amortised during the year / period |      | (2,354,980)            | (62,867)                 | -                         | -                          | (2,417,847)      | (129,040)              | (3,180)                  | (132,220)        |
| As at June 30                      |      | <u>2,225,748</u>       | <u>224,185</u>           | <u>-</u>                  | <u>-</u>                   | <u>2,449,933</u> | <u>4,580,728</u>       | <u>287,052</u>           | <u>4,867,780</u> |

This represents expenses incurred on the formation of the Fund. The offering document of the Fund, approved by the SECP, permits the deferral of the cost over a period not exceeding five years. Accordingly the said expenses are being amortised over a period of five years or within maturity of fund whichever is lower, effective from June 11, 2016, i.e. after the end of initial period of the Fund. Formation cost is divided amongst the Active Allocation Plan and Balanced Allocation Plan according to the ratios of their Pre IPO investments.

| 7. PAYABLE TO THE MANAGEMENT COMPANY                   | Note | June 30, 2017          |                          |                           |                            |                  | June 30, 2016          |                          |                  |
|--------------------------------------------------------|------|------------------------|--------------------------|---------------------------|----------------------------|------------------|------------------------|--------------------------|------------------|
|                                                        |      | Active Allocation Plan | Balanced Allocation Plan | Active Allocation Plan II | Active Allocation Plan III | Total            | Active Allocation Plan | Balanced Allocation Plan | Total            |
| ----- (Rupees) -----                                   |      |                        |                          |                           |                            |                  |                        |                          |                  |
| Management remuneration payable                        | 7.1  | 201,208                | 1,080,235                | 121,348                   | 120,537                    | 1,523,328        | 523,884                | 520,224                  | 1,044,108        |
| Sindh sales tax payable on management remuneration     | 7.2  | 37,891                 | 152,088                  | 15,776                    | 15,670                     | 221,425          | 85,078                 | 84,489                   | 169,567          |
| Payable against allocated expenses                     | 7.3  | 891,208                | 1,765,691                | 1,104,468                 | 27,166                     | 3,788,533        | -                      | -                        | -                |
| Federal excise duty payable on management remuneration | 7.4  | 83,821                 | 83,234                   | -                         | -                          | 167,055          | 83,821                 | 83,234                   | 167,055          |
| Formation cost payable                                 |      | -                      | -                        | -                         | -                          | -                | 4,709,768              | 290,232                  | 5,000,000        |
| Sales load payable                                     |      | 185,455                | 35,220                   | -                         | 137,286                    | 357,961          | 815,583                | 977,376                  | 1,792,959        |
| Others                                                 |      | -                      | -                        | -                         | -                          | -                | 40,000                 | 40,000                   | 80,000           |
|                                                        |      | <u>1,399,583</u>       | <u>3,116,468</u>         | <u>1,241,592</u>          | <u>300,659</u>             | <u>6,058,302</u> | <u>6,258,134</u>       | <u>1,995,555</u>         | <u>8,253,689</u> |

7.1 The Management Company has charged remuneration at a rate of 1.25% of average annual net assets of the Fund during the year. However, no remuneration is charged on that part of the net assets which has been invested in the mutual funds managed by the Management Company. The remuneration is paid to the Management Company on a monthly basis in arrears.

7.2 During the year, Sindh Sales Tax on management remuneration has been charged at the rate of 13% (2016: 14%).

7.3 In accordance with the provisions of the NBFC Regulations, 2008 (as amended vide S.R.O 1160(I) / 2015 dated November 25, 2015), the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund upto a maximum of 0.1% of the average annual net assets of the Scheme or actual, whichever is less. Accordingly, the Management Company has charged expenses at the rate of 0.1% per annum of the average annual net assets of the Fund being lower than actual expenses chargeable to the Fund for the year.

7.4 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On September 4, 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made till June 30, 2016 amounting to Rs 0.08 million (2016: Rs 0.08 million) and Rs 0.08 million (2016: Rs 0.08 million) for Active Allocation Plan and Balanced Allocation Plan is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2017 would have been higher by Re 0.01 (2016: Re 0.01) per unit and Re 0.002 (2016: Re 0.004) per unit for Active Allocation Plan and Balanced Allocation Plan respectively.

|                                                 | June 30, 2017          |                          |                           |                            |               | June 30, 2016          |                          |               |                |
|-------------------------------------------------|------------------------|--------------------------|---------------------------|----------------------------|---------------|------------------------|--------------------------|---------------|----------------|
|                                                 | Active Allocation Plan | Balanced Allocation Plan | Active Allocation Plan II | Active Allocation Plan III | Total         | Active Allocation Plan | Balanced Allocation Plan | Total         |                |
| <b>8. REMUNERATION PAYABLE TO THE TRUSTEE</b>   | (Rupees)               |                          |                           |                            |               | (Rupees)               |                          |               |                |
| Trustee remuneration payable                    | 8.1                    | 315,777                  | 606,850                   | 177,471                    | 27,167        | 1,127,265              | 76,164                   | 55,055        | 131,219        |
| Sindh sales tax payable on Trustee remuneration | 8.2                    | 41,055                   | 80,588                    | 23,073                     | 3,531         | 148,247                | 10,664                   | 7,708         | 18,372         |
|                                                 |                        | <u>356,832</u>           | <u>687,438</u>            | <u>200,544</u>             | <u>30,698</u> | <u>1,275,512</u>       | <u>86,828</u>            | <u>62,763</u> | <u>149,591</u> |

- 8.1 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 NAV 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      | 0.10% per annum of Net Assets                                           |
| Over Rs 1 billion       | Rs 1 million plus 0.075% per annum of Net Assets exceeding Rs 1 billion |

- 8.2 During the year, Sindh Sales Tax on trustee remuneration has been charged at the rate of 13% (2016: 14%).

#### 9. ANNUAL FEE PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.075 percent of the average annual net assets of the Fund.

|                                               | June 30, 2017          |                          |                           |                            |                   | June 30, 2016          |                          |                   |
|-----------------------------------------------|------------------------|--------------------------|---------------------------|----------------------------|-------------------|------------------------|--------------------------|-------------------|
|                                               | Active Allocation Plan | Balanced Allocation Plan | Active Allocation Plan II | Active Allocation Plan III | Total             | Active Allocation Plan | Balanced Allocation Plan | Total             |
| <b>10. ACCRUED AND OTHER LIABILITIES</b>      | (Rupees)               |                          |                           |                            |                   | (Rupees)               |                          |                   |
| Provision against Sindh Workers' Welfare Fund | 4,736,953              | 5,128,632                | 3,002,126                 | -                          | 12,867,711        | -                      | -                        | -                 |
| Printing charges payable                      | 71,218                 | 94,385                   | 44,453                    | 925                        | 210,981           | 13,257                 | 18,243                   | 31,500            |
| Auditors' remuneration payable                | 71,553                 | 140,688                  | 44,543                    | 1,848                      | 258,632           | 49,872                 | 68,628                   | 118,500           |
| Withholding and capital gain tax payable      | 14,687,367             | 14,153,568               | 16,593,849                | 73,717                     | 45,508,501        | -                      | 153,708                  | 153,708           |
| Listing fee payable                           | 38,418                 | 52,955                   | 18,374                    | 340                        | 110,087           | 21,043                 | 28,957                   | 50,000            |
| Rating fee payable                            | 37,210                 | 65,428                   | 66,572                    | 1,233                      | 170,443           | -                      | -                        | -                 |
| Shariah advisor fee payable                   | 81,910                 | 143,848                  | 63,028                    | 2,034                      | 290,820           | -                      | -                        | -                 |
| Sales load payable                            | -                      | 7,461,700                | -                         | 19,475,690                 | 26,937,390        | 21,287,221             | -                        | 21,287,221        |
|                                               | <u>19,724,629</u>      | <u>27,241,204</u>        | <u>19,832,945</u>         | <u>19,555,787</u>          | <u>86,354,565</u> | <u>21,371,393</u>      | <u>269,536</u>           | <u>21,640,929</u> |

- 10.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. However, as a matter of abundant caution provision in respect of SWWF is being made on a prudent basis.

Had the provision for SWWF not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2017 would have been higher by Re 0.29 per unit, Re 0.15 per unit and Re 0.14 per unit for Active Allocation Plan, Balanced Allocation Plan and Active Allocation Plan II respectively.

## 11. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2017.

|                                  | For the year ended June 30, 2017 |                          | For the period from November 1, 2016 to June 30, 2017 | For the period from June 22, 2017 to June 30, 2017 | Total          | For the period from June 11, 2016 to June 30, 2016 |                          |                |
|----------------------------------|----------------------------------|--------------------------|-------------------------------------------------------|----------------------------------------------------|----------------|----------------------------------------------------|--------------------------|----------------|
|                                  | Active Allocation Plan           | Balanced Allocation Plan | Active Allocation Plan II                             | Active Allocation Plan III                         |                | Active Allocation Plan                             | Balanced Allocation Plan | Total          |
| <b>12 AUDITORS' REMUNERATION</b> | ----- (Rupees) -----             |                          |                                                       |                                                    |                |                                                    |                          |                |
| Audit fee                        | 100,494                          | 197,979                  | 72,518                                                | 1,525                                              | 372,516        | 42,086                                             | 57,914                   | 100,000        |
| Review and other certifications  | 15,000                           | 20,000                   | 10,000                                                | -                                                  | 45,000         | -                                                  | -                        | -              |
| Sindh sales tax                  | 5,261                            | 4,633                    | 4,951                                                 | 92                                                 | 14,937         | 2,525                                              | 3,475                    | 6,000          |
| Out of pocket expenses           | 3,367                            | 7,239                    | 12,495                                                | 231                                                | 23,332         | 5,261                                              | 7,239                    | 12,500         |
|                                  | <u>124,122</u>                   | <u>229,851</u>           | <u>99,964</u>                                         | <u>1,848</u>                                       | <u>455,785</u> | <u>49,872</u>                                      | <u>68,628</u>            | <u>118,500</u> |

## 13. TOTAL EXPENSE RATIO

The total expense ratios of the Fund for the year ended June 30, 2017 are 0.39%, 0.32%, 0.21% and 0.01% which include 0.36%, 0.28%, 0.20% and 0.01% representing Government levy, Workers' Welfare Fund and SECP fee in Active Allocation Plan, Balanced Allocation Plan, Active Allocation Plan II, and Active Allocation Plan III respectively.

## 14. TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations, requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Management Company has distributed the income earned by the Fund during the year to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements.

|                                                    | For the year ended June 30, 2017 |                          | For the period from November 1, 2016 to June 30, 2017 | For the period from June 22, 2017 to June 30, 2017 | Total             | For the period from June 11, 2016 to June 30, 2016 |                          |                   |
|----------------------------------------------------|----------------------------------|--------------------------|-------------------------------------------------------|----------------------------------------------------|-------------------|----------------------------------------------------|--------------------------|-------------------|
|                                                    | Active Allocation Plan           | Balanced Allocation Plan | Active Allocation Plan II                             | Active Allocation Plan III                         |                   | Active Allocation Plan                             | Balanced Allocation Plan | Total             |
| <b>15. UNITS OUTSTANDING</b>                       | ----- (Number of units) -----    |                          |                                                       |                                                    |                   |                                                    |                          |                   |
| As at July 1                                       | 15,563,545                       | 21,184,005               | -                                                     | -                                                  | 36,747,550        | -                                                  | -                        | -                 |
| Add: issuance of units during the year / period    | 4,190,501                        | 49,396,082               | 21,901,722                                            | 11,026,615                                         | 86,514,920        | 15,563,545                                         | 21,357,339               | 36,920,884        |
| Less: redemption of units during the year / period | (3,529,005)                      | (36,991,830)             | (1,088,622)                                           | (7,148)                                            | (41,616,605)      | -                                                  | (173,334)                | (173,334)         |
| As at June 30                                      | <u>16,225,041</u>                | <u>33,588,257</u>        | <u>20,813,100</u>                                     | <u>11,019,467</u>                                  | <u>81,645,865</u> | <u>15,563,545</u>                                  | <u>21,184,005</u>        | <u>36,747,550</u> |

## 16. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include Alfalah GHP Investment Management Limited being the Management Company, Funds under management of the Management Company, GHP Beteiligungen Holding Limited, Bank Alfalah Limited and MAB Investment Incorporated being associated companies of Management Company, Bank Alfalah Limited - Employees' Provident Fund, Bank Alfalah Limited - Employees' Gratuity Fund, Alfalah GHP Investment Management Limited - Staff Provident Fund, directors and key management personnel of Alfalah GHP Investment Management Limited and Central Depository Company of Pakistan Limited (CDCPL) being the Trustee of the Fund, and other associated companies and connected persons. Connected persons also includes any person beneficially owing directly or indirectly 10% or more of the units in the issue

/ net assets of the Fund. The transactions with connected persons are in the normal course of business and at contractual rates.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investment and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

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



16.1 Unit Holders' Fund

Note

|                                              |                                                      | June 30, 2017       |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |             |
|----------------------------------------------|------------------------------------------------------|---------------------|-----------------------------------------------|-----------------------|------------------------------------------|---------------------|---------------------|-----------------------------------------------|-----------------------|------------------------------------------|-------------------------------------|-------------|
|                                              |                                                      | As at July 01, 2016 | Issued for cash / conversion in / transfer in | Dividend reinvestment | Redeemed / conversion out / transfer out | As at June 30, 2017 | As at July 01, 2016 | Issued for cash / conversion in / transfer in | Dividend reinvestment | Redeemed / conversion out / transfer out | Net asset value as at June 30, 2017 |             |
|                                              |                                                      | (Units)             |                                               |                       |                                          |                     | (Rupees)            |                                               |                       |                                          |                                     |             |
| <b>Active Allocation Plan</b>                |                                                      |                     |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |             |
| <b>Unit holder holding 10% or more units</b> |                                                      |                     |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |             |
|                                              | Naseer Ahmad Awan                                    | 16.1.1              | 2,194,480                                     | -                     | 148,696                                  | 14,870              | 2,328,306           | 217,570,601                                   | -                     | 16,068,946                               | 1,606,895                           | 248,000,212 |
| <b>Active Allocation Plan II</b>             |                                                      |                     |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |             |
| <b>Associated companies / undertakings</b>   |                                                      |                     |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |             |
|                                              | Bank Alfalah Limited Employees Gratuity Fund         | 16.1.1              | -                                             | 1,500,000             | 95,743                                   | 95,743              | 1,500,000           | -                                             | 150,000,000           | 9,729,750                                | 9,729,750                           | 151,257,450 |
| <b>Unit holder holding 10% or more units</b> |                                                      |                     |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |             |
|                                              | SSG Executive Staff Provident Fund                   | 16.1.1              | -                                             | 2,876,098             | 183,997                                  | 45,999              | 3,014,096           | -                                             | 290,000,000           | 18,698,280                               | 4,674,570                           | 303,936,317 |
| <b>Active Allocation Plan III</b>            |                                                      |                     |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |             |
| <b>Associated companies / undertakings</b>   |                                                      |                     |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |             |
|                                              | Bank Alfalah Limited Employees Gratuity Fund         | 16.1.1              | -                                             | 500,000               | 358                                      | 358                 | 500,000             | -                                             | 50,000,000            | 35,800                                   | 35,800                              | 49,846,450  |
| <b>Unit holder holding 10% or more units</b> |                                                      |                     |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |             |
|                                              | Punjab Rangers (Punjab) Private Fund                 | 16.1.1              | -                                             | 1,106,880             | 793                                      | -                   | 1,107,673           | -                                             | 113,171,645           | 79,253                                   | -                                   | 110,427,134 |
|                                              | Balochistan University of Engineering and Technology | 16.1.1              | -                                             | 1,118,922             | 801                                      | -                   | 1,119,723           | -                                             | 115,052,231           | 80,115                                   | -                                   | 111,628,433 |
| <b>Balanced Allocation Plan</b>              |                                                      |                     |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |             |
| <b>Key management personnel (Employees)</b>  |                                                      |                     |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |             |
|                                              | Head of human resource                               | 16.1.1              | -                                             | 3,700                 | 103                                      | 10                  | 3,793               | -                                             | 400,000               | 10,844                                   | 1,084                               | 397,877     |
|                                              | Head of operations                                   | 16.1.1              | 100                                           | -                     | 3                                        | -                   | 103                 | 10,000                                        | -                     | 293                                      | 30                                  | 10,804      |
| <b>Unit holder holding 10% or more units</b> |                                                      |                     |                                               |                       |                                          |                     |                     |                                               |                       |                                          |                                     |             |
|                                              | Century Engineering Industries (Private) Limited     | 16.1.1              | -                                             | 11,086,660            | 7,674                                    | 7,720,468           | 3,373,866           | -                                             | 1,177,524,275         | 803,631                                  | 828,659,202                         | 353,910,784 |

For the period from June 11, 2016 to June 30, 2016

|                                              |                    | Issued for cash / conversion in / transfer in | Dividend reinvestment | Redeemed / conversion out / transfer out | As at June 30, 2016 | Issued for cash / conversion in / transfer in | Dividend reinvestment | Redeemed / conversion out / transfer out | Net asset value as at June 30, 2016 |
|----------------------------------------------|--------------------|-----------------------------------------------|-----------------------|------------------------------------------|---------------------|-----------------------------------------------|-----------------------|------------------------------------------|-------------------------------------|
|                                              |                    | (Units)                                       |                       |                                          |                     | (Rupees)                                      |                       |                                          |                                     |
| <b>Active Allocation Plan</b>                |                    |                                               |                       |                                          |                     |                                               |                       |                                          |                                     |
| <b>Unit holder holding 10% or more Units</b> |                    |                                               |                       |                                          |                     |                                               |                       |                                          |                                     |
|                                              | Naseer Ahmad Awan  | 2,194,480                                     | -                     | -                                        | 2,194,480           | 226,505,083                                   | -                     | -                                        | 217,570,600                         |
| <b>Balanced Allocation Plan</b>              |                    |                                               |                       |                                          |                     |                                               |                       |                                          |                                     |
| <b>Key management personnel (Employees)</b>  |                    |                                               |                       |                                          |                     |                                               |                       |                                          |                                     |
|                                              | Head of Operations | 100                                           | -                     | -                                        | 100                 | 10,163                                        | -                     | -                                        | 10,000                              |

\* This unit holder also holds more than 10% of the units in the Fund as at June 30, 2017.

16.1.1 This reflects the position of related party / conneced persons status as at June 30, 2017.

16.2 Other transactions

|                                                                       | For the year ended June 30, 2017                              |                          | For the period from November 1, 2016 to June 30, 2017 | For the period from June 22, 2017 to June 30, 2017 | Total      | For the period from June 11, 2016 to June 30, 2016 |                          |         |           |
|-----------------------------------------------------------------------|---------------------------------------------------------------|--------------------------|-------------------------------------------------------|----------------------------------------------------|------------|----------------------------------------------------|--------------------------|---------|-----------|
|                                                                       | Active Allocation Plan                                        | Balanced Allocation Plan | Active Allocation Plan II                             | Active Allocation Plan III                         |            | Active Allocation Plan                             | Balanced Allocation Plan | Total   |           |
| (Rupees)                                                              |                                                               |                          |                                                       |                                                    |            |                                                    |                          |         |           |
| <b>Associated companies / undertakings</b>                            |                                                               |                          |                                                       |                                                    |            |                                                    |                          |         |           |
| <b>Alfalah GHP Investment Management Limited - Management Company</b> |                                                               |                          |                                                       |                                                    |            |                                                    |                          |         |           |
|                                                                       | Remuneration of the Management Company                        | 608,771                  | 2,919,827                                             | 1,294,333                                          | 120,537    | 4,943,468                                          | 523,884                  | 520,224 | 1,044,108 |
|                                                                       | Sindh sales tax on remuneration of the Management Company     | 79,142                   | 379,577                                               | 168,264                                            | 15,670     | 642,653                                            | 85,078                   | 84,489  | 169,567   |
|                                                                       | Federal excise duty on remuneration of the Management Company | -                        | -                                                     | -                                                  | -          | -                                                  | 83,821                   | 83,234  | 167,055   |
|                                                                       | Allocated expenses                                            | 1,690,685                | 2,887,336                                             | 1,461,647                                          | 27,167     | 6,066,835                                          | 76,164                   | 55,055  | 131,219   |
|                                                                       | Sales Load                                                    | 53,041                   | 301,211                                               | 651,465                                            | 137,286    | 1,143,003                                          | -                        | -       | -         |
| <b>Bank Alfalah Limited</b>                                           |                                                               |                          |                                                       |                                                    |            |                                                    |                          |         |           |
|                                                                       | Profit on bank balances                                       | -                        | 3,122,636                                             | 1,311,943                                          | 1,093,869  | 5,528,448                                          | 1,643,728                | 149,918 | 1,793,646 |
|                                                                       | Bank charges                                                  | 2,763                    | 10,055                                                | 12,763                                             | -          | 25,581                                             | 5,580                    | -       | 5,580     |
|                                                                       | Sales Load                                                    | 2,904,769                | 25,613,806                                            | 29,496,113                                         | 19,475,690 | 77,490,378                                         | -                        | -       | -         |
| <b>Other related parties</b>                                          |                                                               |                          |                                                       |                                                    |            |                                                    |                          |         |           |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>       |                                                               |                          |                                                       |                                                    |            |                                                    |                          |         |           |
|                                                                       | Remuneration of the Trustee                                   | 1,690,685                | 2,887,336                                             | 1,461,647                                          | 27,167     | 6,066,835                                          | 76,164                   | 55,055  | 131,219   |
|                                                                       | Sindh sales tax on remuneration of the Trustee                | 219,789                  | 377,051                                               | 190,016                                            | 3,531      | 790,387                                            | 10,664                   | 7,708   | 18,372    |



### 16.3 Other balances

|                                                                       | June 30, 2017          |                          |                           |                            |                  | June 30, 2016          |                          |                  |
|-----------------------------------------------------------------------|------------------------|--------------------------|---------------------------|----------------------------|------------------|------------------------|--------------------------|------------------|
|                                                                       | Active Allocation Plan | Balanced Allocation Plan | Active Allocation Plan II | Active Allocation Plan III | Total            | Active Allocation Plan | Balanced Allocation Plan | Total            |
|                                                                       | (Rupees)               |                          |                           |                            |                  | (Rupees)               |                          |                  |
| <b>Associated companies / undertakings</b>                            |                        |                          |                           |                            |                  |                        |                          |                  |
| <b>Alfalah GHP Investment Management Limited - Management Company</b> |                        |                          |                           |                            |                  |                        |                          |                  |
| Management remuneration payable                                       | 201,208                | 1,080,235                | 121,348                   | 120,537                    | 1,523,328        | 523,884                | 520,224                  | 1,044,108        |
| Sindh sales tax payable on management remuneration                    | 37,891                 | 152,088                  | 15,776                    | 15,670                     | 221,425          | 85,078                 | 84,489                   | 169,567          |
| Payable against allocated expenses                                    | 891,208                | 1,765,691                | 1,104,468                 | 27,166                     | 3,788,533        | -                      | -                        | -                |
| Federal excise duty payable on management remuneration                | 83,821                 | 83,234                   | -                         | -                          | 167,055          | 83,821                 | 83,234                   | 167,055          |
| Formation cost payable                                                | -                      | -                        | -                         | -                          | -                | 4,709,768              | 290,232                  | 5,000,000        |
| Sales load payable                                                    | 185,455                | 35,220                   | -                         | 137,286                    | 357,961          | 815,583                | 977,376                  | 1,792,959        |
| Others                                                                | -                      | -                        | -                         | -                          | -                | 40,000                 | 40,000                   | 80,000           |
| <b>Bank Alfalah Limited</b>                                           |                        |                          |                           |                            |                  |                        |                          |                  |
| Bank balances                                                         | 10,257,829             | 233,763,020              | 26,112,455                | 320,886,990                | 591,020,294      | 245,526,254            | 1,895,232,557            | 2,140,758,811    |
| <b>Profit receivable</b>                                              | <b>28,614</b>          | <b>410,143</b>           | <b>408,489</b>            | <b>1,093,869</b>           | <b>1,941,115</b> | <b>1,643,728</b>       | <b>149,918</b>           | <b>1,793,646</b> |
| Sales Load Payable                                                    | -                      | 7,461,700                | -                         | 19,475,690                 | 26,937,390       | -                      | -                        | -                |
| <b>Other related parties</b>                                          |                        |                          |                           |                            |                  |                        |                          |                  |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>       |                        |                          |                           |                            |                  |                        |                          |                  |
| Trustee remuneration payable                                          | 315,777                | 606,850                  | 177,471                   | 27,167                     | 1,127,265        | 76,164                 | 55,055                   | 131,219          |
| Sindh sales tax payable on Trustee remuneration                       | 41,055                 | 80,588                   | 23,073                    | 3,531                      | 148,247          | 10,664                 | 7,708                    | 18,372           |

### 17. FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2017, all the financial assets carried on the statement of assets and liabilities are categorised either as loans and receivables or financial assets at fair value through profit or loss. All the financial liabilities carried on the statement of assets and liabilities are categorised as financial liabilities measured at amortised cost.

| Particulars                        | June 30, 2017         |                                                         |                    |                      | June 30, 2016         |                                                         |                    |                      |
|------------------------------------|-----------------------|---------------------------------------------------------|--------------------|----------------------|-----------------------|---------------------------------------------------------|--------------------|----------------------|
|                                    | Loans and receivables | Financial assets 'at fair value through profit or loss' | Available for sale | Total                | Loans and receivables | Financial assets 'at fair value through profit or loss' | Available for sale | Total                |
|                                    | (Rupees)              |                                                         |                    |                      |                       |                                                         |                    |                      |
| <b>Financial assets</b>            |                       |                                                         |                    |                      |                       |                                                         |                    |                      |
| Bank balances                      | 2,673,275,065         | -                                                       | -                  | 2,673,275,065        | 3,545,556,119         | -                                                       | -                  | 3,545,556,119        |
| Investments                        | -                     | 5,861,837,883                                           | -                  | 5,861,837,883        | -                     | 140,000,000                                             | -                  | 140,000,000          |
| Profit receivable on bank balances | 9,300,258             | -                                                       | -                  | 9,300,258            | 1,793,646             | -                                                       | -                  | 1,793,646            |
| Other receivable                   | 207,550               | -                                                       | -                  | 207,550              | -                     | -                                                       | -                  | -                    |
|                                    | <u>2,682,782,873</u>  | <u>5,861,837,883</u>                                    | <u>-</u>           | <u>8,544,620,756</u> | <u>3,547,349,765</u>  | <u>140,000,000</u>                                      | <u>-</u>           | <u>3,687,349,765</u> |

| Particulars                       | June 30, 2017                                      |                                                  |                   | June 30, 2016                                      |                                                  |                   |
|-----------------------------------|----------------------------------------------------|--------------------------------------------------|-------------------|----------------------------------------------------|--------------------------------------------------|-------------------|
|                                   | Liabilities 'at fair value through profit or loss' | Financial liabilities measured at amortised cost | Total             | Liabilities 'at fair value through profit or loss' | Financial liabilities measured at amortised cost | Total             |
|                                   | (Rupees)                                           |                                                  |                   |                                                    |                                                  |                   |
| <b>Financial liabilities</b>      |                                                    |                                                  |                   |                                                    |                                                  |                   |
| Payable to the Management Company | -                                                  | 5,669,822                                        | 5,669,822         | -                                                  | 7,917,067                                        | 7,917,067         |
| Payable to the Trustee            | -                                                  | 1,127,265                                        | 1,127,265         | -                                                  | 131,219                                          | 131,219           |
| Accrued and other liabilities     | -                                                  | 27,978,353                                       | 27,978,353        | -                                                  | 21,487,221                                       | 21,487,221        |
|                                   | <u>-</u>                                           | <u>34,775,440</u>                                | <u>34,775,440</u> | <u>-</u>                                           | <u>29,535,507</u>                                | <u>29,535,507</u> |

### 18. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

#### 18.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and the regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises three types of risk: currency risk, profit rate risk and price risk.

##### 18.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

### 18.1.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. The profit rate profile of the Fund's profit bearing financial instruments is as follows:

| Variable rate instruments (financial assets) | Note | 2017                 | 2016                 |
|----------------------------------------------|------|----------------------|----------------------|
|                                              |      | -----Rupees-----     |                      |
| Bank balances                                | 4    | <u>2,673,275,065</u> | <u>3,545,556,119</u> |

#### a) Sensitivity analysis for variable rate instrument

A reasonably possible change of 100 basis points in profit rates at the reporting date would have increased / decreased the income statement and statement of comprehensive income by Rs 26.73 million (2016: Rs 35.46 million) and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

#### b) Sensitivity analysis for fixed rate instrument

**As at reporting date, the Fund does not hold any fixed rate instruments.**

The composition of the Fund's investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2017 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

Yield / profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet financial instruments is based on settlement date.

| Particulars                                   | As at June 30, 2017        |                                |                                           |                      |                                           | As at June 30, 2016  |                                 |                                |                                           |                      |                                           |                      |
|-----------------------------------------------|----------------------------|--------------------------------|-------------------------------------------|----------------------|-------------------------------------------|----------------------|---------------------------------|--------------------------------|-------------------------------------------|----------------------|-------------------------------------------|----------------------|
|                                               | Profit yield / profit rate | Exposed to yield / profit risk |                                           |                      | Not exposed to yield / interest rate risk | Total                | Effective yield / interest rate | Exposed to yield / profit risk |                                           |                      | Not exposed to yield / interest rate risk | Total                |
|                                               |                            | Upto three months              | More than three months and up to one year | More than one year   |                                           |                      |                                 | Upto three months              | More than three months and up to one year | More than one year   |                                           |                      |
|                                               | %                          | (Rupees)                       |                                           |                      |                                           | %                    | (Rupees)                        |                                |                                           |                      |                                           |                      |
| <b>On-balance sheet financial instruments</b> |                            |                                |                                           |                      |                                           |                      |                                 |                                |                                           |                      |                                           |                      |
| <b>Financial assets</b>                       |                            |                                |                                           |                      |                                           |                      |                                 |                                |                                           |                      |                                           |                      |
| Bank balances                                 | 4%-6.6%                    | 2,673,275,065                  | -                                         | -                    | -                                         | 2,673,275,065        | 5.5%-7%                         | 3,545,556,119                  | -                                         | -                    | -                                         | 3,545,556,119        |
| Investments                                   | -                          | -                              | -                                         | -                    | 5,861,837,883                             | 5,861,837,883        | -                               | -                              | -                                         | 140,000,000          | 140,000,000                               | 140,000,000          |
| Profit receivable on bank balances            | -                          | -                              | -                                         | -                    | 9,300,258                                 | 9,300,258            | -                               | -                              | -                                         | 1,793,646            | 1,793,646                                 | 1,793,646            |
| Other receivable                              | -                          | -                              | -                                         | -                    | 207,550                                   | 207,550              | -                               | -                              | -                                         | -                    | -                                         | -                    |
| <b>Sub total</b>                              |                            | <u>2,673,275,065</u>           | -                                         | -                    | <u>5,871,345,691</u>                      | <u>8,544,620,756</u> |                                 | <u>3,545,556,119</u>           | -                                         | -                    | <u>141,793,646</u>                        | <u>3,687,349,765</u> |
| <b>Financial liabilities</b>                  |                            |                                |                                           |                      |                                           |                      |                                 |                                |                                           |                      |                                           |                      |
| Payable to the Management Company             | -                          | -                              | -                                         | -                    | 5,669,822                                 | 5,669,822            | -                               | -                              | -                                         | 7,917,067            | 7,917,067                                 | 7,917,067            |
| Payable to the Trustee                        | -                          | -                              | -                                         | -                    | 1,127,265                                 | 1,127,265            | -                               | -                              | -                                         | 131,219              | 131,219                                   | 131,219              |
| Accrued and other liabilities                 | -                          | -                              | -                                         | -                    | 27,978,353                                | 27,978,353           | -                               | -                              | -                                         | 21,487,221           | 21,487,221                                | 21,487,221           |
| <b>Sub total</b>                              |                            | -                              | -                                         | -                    | <u>34,775,440</u>                         | <u>34,775,440</u>    |                                 | -                              | -                                         | <u>29,535,507</u>    | <u>29,535,507</u>                         | <u>29,535,507</u>    |
| <b>On-balance sheet gap</b>                   |                            | <u>2,673,275,065</u>           | -                                         | -                    | <u>5,836,570,251</u>                      | <u>8,509,845,316</u> |                                 | <u>3,545,556,119</u>           | -                                         | -                    | <u>112,258,139</u>                        | <u>3,657,814,258</u> |
| <b>Total profit rate sensitivity gap</b>      |                            | <u>2,673,275,065</u>           | -                                         | -                    | <u>5,836,570,251</u>                      | <u>8,509,845,316</u> |                                 | <u>3,545,556,119</u>           | -                                         | -                    | <u>112,258,139</u>                        | <u>3,657,814,258</u> |
| <b>Cumulative profit rate sensitivity gap</b> |                            | <u>2,673,275,065</u>           | <u>2,673,275,065</u>                      | <u>2,673,275,065</u> |                                           |                      |                                 | <u>3,545,556,119</u>           | <u>3,545,556,119</u>                      | <u>3,545,556,119</u> |                                           |                      |

### 18.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund has exposure to equity price risk arising from the Fund investments in open end mutual funds which are categorized as equity schemes. The Fund manages its price risk arising from investments by diversifying its portfolio within the eligible limits prescribed in the Fund's Constitutive Documents, the NBFC Regulations and circulars issued by SECP from time to time.

The table below summarizes the sensitivity of the Fund's net assets attributable to unit holders to the equity price movements as at June 30, 2017. The analysis is based on the assumption that PSX index increase and decrease by 5%, with all other variables held constant and that the fair value of the Fund's portfolio of open end mutual funds categorized as equity schemes moved according to their historical correlation with index. This represents managements' best estimate of a reasonable possible shift in the PSX index, having regards to the historical volatility of index of past three years.

At June 30, 2017, the fair value of open end mutual funds categorized as equity securities exposed to price risk was disclosed in note 5.1.

| Effect due to increase / decrease in KSE 100 index | 2017               | 2016             |
|----------------------------------------------------|--------------------|------------------|
|                                                    | -----Rupees-----   |                  |
| Investment and net assets                          | <u>197,676,812</u> | <u>7,000,000</u> |
| Income statement                                   | <u>197,676,812</u> | <u>7,000,000</u> |

## 18.2 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted and arises principally from bank balances, investments, profit and other receivable.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

### 18.2.1 Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2017 was as follows:

|                                    | 2017                                               |                      | 2016                                               |                      |
|------------------------------------|----------------------------------------------------|----------------------|----------------------------------------------------|----------------------|
|                                    | Balance as per statement of assets and liabilities | Maximum exposure     | Balance as per statement of assets and liabilities | Maximum exposure     |
|                                    | ----- (Rupees) -----                               |                      |                                                    |                      |
| Bank balances                      | 2,673,275,065                                      | 2,673,275,065        | 3,545,556,119                                      | 3,545,556,119        |
| Investments                        | 5,861,837,883                                      | 5,861,837,883        | 140,000,000                                        | 140,000,000          |
| Profit receivable on bank balances | 9,300,258                                          | 9,300,258            | 1,793,646                                          | 1,793,646            |
| Other receivable                   | 207,550                                            | 207,550              | -                                                  | -                    |
|                                    | <u>8,544,620,756</u>                               | <u>8,544,620,756</u> | <u>3,687,349,765</u>                               | <u>3,687,349,765</u> |

The risk of default is considered minimal due to inherent systematic measures taken therein.

No financial assets were considered to be past due or impaired either at June 30, 2017 and June 30, 2016.

### 18.2.2 Bank balances

The Fund held bank balances at June 30, 2017 with banks having following credit ratings:

| Rating | 2017                 |                | 2016                 |                |
|--------|----------------------|----------------|----------------------|----------------|
|        | Rupees               | %              | Rupees               | %              |
| A1+    | 591,020,294          | 22.11%         | 2,140,758,811        | 60.38%         |
| A-1    | 2,082,612,124        | 77.89%         | 1,404,797,308        | 39.62%         |
|        | <u>2,673,632,418</u> | <u>100.00%</u> | <u>3,545,556,119</u> | <u>100.00%</u> |

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS as of June 30, 2017.

### 18.2.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund has majority of its net assets invested in funds managed by the Management Company. Details of Fund's concentration of credit risk of financial instruments by economic sectors are as follows:

|                                                | 2017                 |                | 2016                 |                |
|------------------------------------------------|----------------------|----------------|----------------------|----------------|
|                                                | Rupees               | %              | Rupees               | %              |
| Commercial banks (including profit receivable) | 2,682,575,323        | 31.47%         | 3,547,349,765        | 96.20%         |
| Open end mutual funds - Quoted                 | 5,862,045,433        | 68.53%         | 140,000,000          | 3.80%          |
|                                                | <u>8,544,620,756</u> | <u>100.00%</u> | <u>3,687,349,765</u> | <u>100.00%</u> |

## 18.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to redemptions of its redeemable units on a regular basis. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is therefore to invest the majority of its assets in short term instruments in order to maintain liquidity.

The Fund can borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear profit at commercial rates. However, no borrowing was required to be obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month.

|                                    | 2017              |                  |                   |                 |               | 2016              |                  |                   |                 |               |
|------------------------------------|-------------------|------------------|-------------------|-----------------|---------------|-------------------|------------------|-------------------|-----------------|---------------|
|                                    | Within<br>1 month | 1 to 3<br>months | 3 to 12<br>months | 1 to 5<br>years | Total         | Within<br>1 month | 1 to 3<br>months | 3 to 12<br>months | 1 to 5<br>years | Total         |
|                                    | Rupees            |                  |                   |                 |               | Rupees            |                  |                   |                 |               |
| <b>Financial assets</b>            |                   |                  |                   |                 |               |                   |                  |                   |                 |               |
| Bank balances                      | 2,673,275,065     | -                | -                 | -               | 2,673,275,065 | 3,545,556,119     | -                | -                 | -               | 3,545,556,119 |
| Investments                        | 5,861,837,883     | -                | -                 | -               | 5,861,837,883 | 140,000,000       | -                | -                 | -               | 140,000,000   |
| Profit receivable on bank balances | 9,300,258         | -                | -                 | -               | 9,300,258     | 1,793,646         | -                | -                 | -               | 1,793,646     |
| Other receivable                   | 207,550           | -                | -                 | -               | 207,550       | -                 | -                | -                 | -               | -             |
|                                    | 8,544,620,756     | -                | -                 | -               | 8,544,620,756 | 3,687,349,765     | -                | -                 | -               | 3,687,349,765 |
| <b>Financial liabilities</b>       |                   |                  |                   |                 |               |                   |                  |                   |                 |               |
| Payable to the Management Company  | 5,669,822         | -                | -                 | -               | 5,669,822     | 7,917,067         | -                | -                 | -               | 7,917,067     |
| Payable to the Trustee             | 1,127,265         | -                | -                 | -               | 1,127,265     | 131,219           | -                | -                 | -               | 131,219       |
| Accrued and other liabilities      | 27,978,353        | -                | -                 | -               | 27,978,353    | 21,487,221        | -                | -                 | -               | 21,487,221    |
|                                    | 34,775,440        | -                | -                 | -               | 34,775,440    | 29,535,507        | -                | -                 | -               | 29,535,507    |
| <b>Net assets</b>                  | 8,509,845,316     | -                | -                 | -               | 8,509,845,316 | 3,657,814,258     | -                | -                 | -               | 3,657,814,258 |

#### 18.4 Fair value measurement

Fair value is the amount for which an asset could be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of investments is determined as per the policy disclosed in note 3.2 to these financial statements.

##### Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- **Level 1:** Quoted price (unadjusted) in an active market for identical assets or liabilities that the entity can access at the measurement date;
- **Level 2:** 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:** Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2017 and June 30, 2016, the Fund held the following assets measured at fair values:

|                                                                | As at June 30, 2017 |               |         |               | As at June 30, 2016 |             |         |             |
|----------------------------------------------------------------|---------------------|---------------|---------|---------------|---------------------|-------------|---------|-------------|
|                                                                | Level 1             | Level 2       | Level 3 | Total         | Level 1             | Level 2     | Level 3 | Total       |
|                                                                | Rupees              |               |         |               | Rupees              |             |         |             |
| <b>At fair value through profit or loss - held for trading</b> |                     |               |         |               |                     |             |         |             |
| Open end mutual funds - Quoted                                 | -                   | 5,861,837,883 | -       | 5,861,837,883 | -                   | 140,000,000 | -       | 140,000,000 |

During the year ended June 30, 2017, 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.

#### 18.5 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
- Monitors portfolio allocations and return on net assets and where required make necessary adjustments in portfolio allocations in light of changes in market conditions.

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

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

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

#### **19. 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.

#### **20. CORRESPONDING FIGURES**

Corresponding figures have been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications were made in these financial statements.

#### **21. GENERAL**

Figures are rounded off to the nearest rupee.

#### **22. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on August 23rd, 2017 by the Board of Directors of the Management Company.

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

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

\_\_\_\_\_  
Director

## Annexure I

**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

## Active Allocation Plan-1

| Category                 | As at 30 June 2017     |                      |                      |             |
|--------------------------|------------------------|----------------------|----------------------|-------------|
|                          | Number of unit holders | Number of units held | Amount Rupees        | % of total  |
| Individuals              | 142                    | 10,554,588           | 1,124,225,088        | 65%         |
| Banks/Dfis               | 1                      | 82,015               | 8,735,891            | 1%          |
| Insurance Co.            | -                      | -                    | -                    | 0%          |
| Retirement & Other Funds | 15                     | 2,808,287            | 299,125,503          | 17%         |
| Others                   | 8                      | 2,780,151            | 296,128,642          | 17%         |
|                          | <b>166</b>             | <b>16,225,041</b>    | <b>1,728,215,123</b> | <b>100%</b> |

## Balance Allocation Plan

| Category                 | As at 30 June 2017     |                      |                      |             |
|--------------------------|------------------------|----------------------|----------------------|-------------|
|                          | Number of unit holders | Number of units held | Amount Rupees        | % of total  |
| Individuals              | 816                    | 22,009,365           | 2,308,731,783        | 66%         |
| Banks/Dfis               | -                      | -                    | -                    | 0%          |
| Insurance Co.            | -                      | -                    | -                    | 0%          |
| Retirement & Other Funds | 5                      | 979,888              | 102,788,033          | 3%          |
| Others                   | 15                     | 10,599,004           | 1,111,811,111        | 32%         |
|                          | <b>836</b>             | <b>33,588,257</b>    | <b>3,523,330,926</b> | <b>100%</b> |

## Active Allocation Plan-2

| Category                 | As at 30 June 2017     |                      |                      |             |
|--------------------------|------------------------|----------------------|----------------------|-------------|
|                          | Number of unit holders | Number of units held | Amount Rupees        | % of total  |
| Individuals              | 187                    | 9,791,746            | 987,383,025          | 47%         |
| Banks/Dfis               | -                      | -                    | -                    | 0%          |
| Insurance Co.            | -                      | -                    | -                    | 0%          |
| Retirement & Other Funds | 13                     | 8,241,446            | 831,053,381          | 40%         |
| Others                   | 10                     | 2,779,908            | 280,321,237          | 13%         |
|                          | <b>210</b>             | <b>20,813,100</b>    | <b>2,098,757,643</b> | <b>100%</b> |

## Active Allocation Plan-3

| Category                 | As at 30 June 2017     |                      |                      |             |
|--------------------------|------------------------|----------------------|----------------------|-------------|
|                          | Number of unit holders | Number of units held | Amount Rupees        | % of total  |
| Individuals              | 131                    | 6,862,428            | 686,243,455          | 62%         |
| Banks/Dfis               | -                      | -                    | -                    | 0%          |
| Insurance Co.            | -                      | -                    | -                    | 0%          |
| Retirement & Other Funds | 4                      | 852,539              | 85,253,991           | 8%          |
| Others                   | 7                      | 3,304,500            | 330,450,378          | 30%         |
|                          | <b>142</b>             | <b>11,019,467</b>    | <b>1,101,947,824</b> | <b>100%</b> |



**Active Allocation Plan**

| Category                 | As at 30 June 2016     |                      |                      |             |
|--------------------------|------------------------|----------------------|----------------------|-------------|
|                          | Number of unit holders | Number of units held | Amount Rupees        | % of total  |
| Individuals              | 149                    | 10,082,139           | 999,588,587          | 65%         |
| Banks/Dfis               | 1                      | 78,054               | 7,738,670            | 1%          |
| Insurance Co.            | 2                      | 127,467              | 12,637,629           | 1%          |
| Retirement & Other Funds | 12                     | 2,576,183            | 255,414,394          | 17%         |
| Others                   | 11                     | 2,699,702            | 267,660,682          | 17%         |
|                          | <b>175</b>             | <b>15,563,545</b>    | <b>1,543,039,962</b> | <b>100%</b> |

**Balance Allocation Plan**

| Category                 | As at 30 June 2016     |                      |                      |             |
|--------------------------|------------------------|----------------------|----------------------|-------------|
|                          | Number of unit holders | Number of units held | Amount Rupees        | % of total  |
| Individuals              | 516                    | 18,610,728           | 1,861,625,554        | 88%         |
| Retirement & Other Funds | 11                     | 1,758,797            | 175,931,954          | 8%          |
| Others                   | 4                      | 814,480              | 81,472,077           | 4%          |
|                          | <b>531</b>             | <b>21,184,005</b>    | <b>2,119,029,585</b> | <b>100%</b> |

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

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

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

**Maheen Rahman – CEO**

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

**Noman Soomro**

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

**Shariq Mukhtar Hashmi**

Mr. Hashmi holds a diversified experience of over 11 years with various private sector enterprises of repute. He joined IGI Funds Limited (which subsequently merged into Alfalah GHP Investment Management Limited in Oct. 2013) in 2010 to lead the back office function as Head of Operations & Settlements. His association has continued, post-merger, as Head of Compliance & Risk Management. He has previously served National Asset Management Company as Head of Internal Audit and Feroze Sharif Tariq & Co Chartered Accountants in various capacities. He has also headed the Internal Audit Department of the Company. Mr. Hashmi is a qualified Accountant from the Association of Chartered Certified Accountants, UK and holds MBA degree in Finance from SZABIST University. He is also enrolled for Financial Risk Manager Certification of Global Association of Risk Professionals; USA.

**Muddasir Ahmed Shaikh**

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

**Nabeel Malik**

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

**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 73rd, 74th, 75th, 76th, 77th and 78th Board Meetings were held on 26 Aug 2016, 22 Sep 2016, 31 Oct 2016, 07 Dec 2016, 14 Feb 2017 and 26 April 2017 respectively.

| Name of Director       | Number of Meetings |          |               | Meeting not attended |
|------------------------|--------------------|----------|---------------|----------------------|
|                        | Held               | Attended | Leave Granted |                      |
| HANSPETER BEIER        | 6                  | 4        | 2             | 2                    |
| SYED ALI SULTAN        | 6                  | 6        | -             | -                    |
| AMIN DAWOOD SALEH      | 6                  | 5        | 1             | 1                    |
| MS. MAHEEN RAHMAN      | 6                  | 6        | -             | -                    |
| MR. ABID NAQVI         | 6                  | 4        | 2             | 2                    |
| MR. MICHAEL BUCHEN     | 1                  | -        | 1             | 1                    |
| MR. Tufail Jawed Ahmad | 6                  | 5        | 1             | 1                    |
| MR. Adeel Bajwa        | 2                  | 1        | 1             | 1                    |

Annexure I

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

**PERFORMANCE TABLE - AGIPFF**

|                                     | 30 June<br>2016        |                         |                           |                            |                        |                         |
|-------------------------------------|------------------------|-------------------------|---------------------------|----------------------------|------------------------|-------------------------|
|                                     | Active Allocation Plan | Balance Allocation Plan | Active Allocation Plan II | Active Allocation Plan III | Active Allocation Plan | Balance Allocation Plan |
| Net Assets (Rs in '000)             | 1,728,215              | 3,523,330               | 2,098,757                 | 1,098,563                  | 1,543,040              | 2,119,030               |
| NAV per unit                        | 106.5153               | 104.8977                | 100.8383                  | 99.6929                    | 99.1445                | 100.0297                |
| Selling price per unit              | 109.5244               | 106.3794                | 103.6870                  | 102.5092                   | 102.4222               | 101.6832                |
| Redemption price per unit           | 103.8524               | 104.8977                | 98.3173                   | 97.2006                    | 99.1445                | 100.0297                |
| Highest selling price per unit      | 127.1176               | 110.8360                | 119.6837                  | 102.8987                   | 103.3624               | 101.7741                |
| Highest redemption price per unit   | 120.4553               | 109.2920                | 114.3877                  | 97.5699                    | 100.0546               | 100.1191                |
| Lowest selling price per unit       | 97.1686                | 101.5260                | 102.9460                  | 102.5092                   | 102.3917               | 101.6832                |
| Lowest redemption price per unit    | 96.5503                | 100.1120                | 97.6147                   | 97.2006                    | 99.1150                | 100.0297                |
| Total interim distribution per unit | 7.2592                 | 2.9251                  | 6.4865                    | 0.0716                     | -                      | 0.0696                  |
| Interim distribution date           | 6/22/2017              | 6/22/2017               | 6/22/2017                 | 6/22/2017                  | -                      | 29-Jun-16               |
|                                     | 9/29/2017              | 9/29/2017               | 9/29/2017                 | 9/29/2017                  |                        |                         |
| Final distribution per unit         | Nil                    | Nil                     | Nil                       | Nil                        | Nil                    | Nil                     |
| Final distribution date             | N/A                    | N/A                     | N/A                       | N/A                        | N/A                    | N/A                     |
| Annualized returns                  | 14.72%                 | 7.80%                   | 7.29%                     | -0.31%                     | -0.86%                 | 0.10%                   |
| Income distribution                 | 7.26%                  | 2.93%                   | 6.49%                     | 0.07%                      | -                      | 1.25%                   |
| Weighted avg. portfolio duration    | N/A                    | N/A                     | N/A                       | N/A                        | N/A                    | N/A                     |

**AAP** - Return since inception is **13.74%**

**BAP** - Return since inception is **7.90%**

**AAP II** - Return since inception is **7.29%**

**AAP III** - Return since inception is -

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



**Alfalah  
GHP Islamic Dedicated  
Equity Fund**

## FUND INFORMATION

|                                                            |                                                                                                                                                              |
|------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Management Company:</b>                                 | <b>Alfalah GHP Investment Management Limited<br/>8-B, 8th Floor, Executive Tower, Dolmen City, Block-4,<br/>Clifton, Karachi.</b>                            |
| <b>Board of Directors of the<br/>Management Company:</b>   | <b>Ms.Maheen Rahman<br/>Syed Ali Sultan<br/>Mr.Hanspeter Beier<br/>Mr.Amin Dawood Saleh<br/>Mr.Abid Naqvi<br/>Mr. Tufail Jawed Ahmad<br/>Mr. Adeel Bajwa</b> |
| <b>Audit Committee:</b>                                    | <b>Mr. Abid Naqvi<br/>Syed Ali Sultan<br/>Mr. Amin Dawood Saleh</b>                                                                                          |
| <b>HR Committee:</b>                                       | <b>Syed Ali Sultan<br/>Mr. Tufail Jawed Ahmed<br/>Ms. Maheen Rahman</b>                                                                                      |
| <b>Chief Operating Officer<br/>and Company Secretary :</b> | <b>Mr. Noman Ahmed Soomro</b>                                                                                                                                |
| <b>Chief Financial Officer:</b>                            | <b>Mr. Muhammad Shehzad Dhedhi</b>                                                                                                                           |
| <b>Trustee:</b>                                            | <b>Central Depository Company of Pakistan Limited<br/>CDC House, 99-B, Block 'B',SMCHS,<br/>Main Share-e-Faisal,Karachi</b>                                  |
| <b>Bankers to the Fund:</b>                                | <b>Bank Alfalah Limited</b>                                                                                                                                  |
| <b>Auditors:</b>                                           | <b>A.F. Ferguson &amp; Co.<br/>Chartered Accountants<br/>State Life Building No. 1-C I.I. Chundrigar Road,<br/>P.O.Box 4716 Karachi,<br/>Pakistan</b>        |
| <b>Legal Advisor:</b>                                      | <b>Ahmed &amp; Qazi<br/>Advocates &amp; Legal Consultants<br/>402,403,404,417<br/>Clifton Centre,<br/>Clifton, Karachi</b>                                   |
| <b>Shariah Advisor:</b>                                    | <b>Bank Islami Pakistan Limited 11th Floor,<br/>Dolmen Executive Towers, Marine Drive,<br/>Clifton, Block-4, Karachi</b>                                     |
| <b>Registrar:</b>                                          | <b>Alfalah GHP Investment Management Limited<br/>8-B, 8th Floor, Executive Tower, Dolmen City, Block-4,<br/>Clifton, Karachi.</b>                            |
| <b>Distributor:</b>                                        | <b>Bank Alfalah Limited</b>                                                                                                                                  |
| <b>Rating:</b>                                             | <b>Not Yet Rated</b>                                                                                                                                         |

# Alfalah GHP Islamic Dedicated Equity Fund

## Annual Fund Manager`s Report

### Type of Fund

Open-end Scheme

### Category of Fund

Shariah compliant Islamic Equity Scheme

### Investment Objective

The investment objective of Alfalah GHP Islamic Dedicated Equity Fund is seeking long term capital appreciation and income from a diversified portfolio developed in consistence with the principles of Shariah.

### Accomplishment of Objective

The Fund has strived to achieve its objective as it provided the unit holders a competitive and attractive return as compared to peer funds via investments in Shariah Compliant avenues.

### Review of the Market

KSE-100 gave a return of 23.24% in FY17 as compared to 9.84% return in FY16. The major excitement created during the fiscal year in the PSX was of Pakistan's reclassification into an MSCI Emerging market, from a Frontier Market. On May 25' 2017, the benchmark KSE-100 index hit an intra-day all-time high at 53,124 points providing an upside of 11% from Jan 1' 2017. Six companies had qualified for the main MSCI EM index: Engro Corporation, Habib Bank, Lucky Cement, MCB Bank, Oil and Gas Development Company and United Bank. The inclusion of Pakistan in the MSCI EM Index was not as welcoming and Pakistan performed the worst in MTD return charts and was an underperformer in the MSCI Asian EM by 7.7% in Jun'17. Concurrently, to the peak from which the index came crashing down, in just 16 trading sessions until 20 June' 17, the Index has lost 6,265 points, representing an incredibly steep fall of 12%.

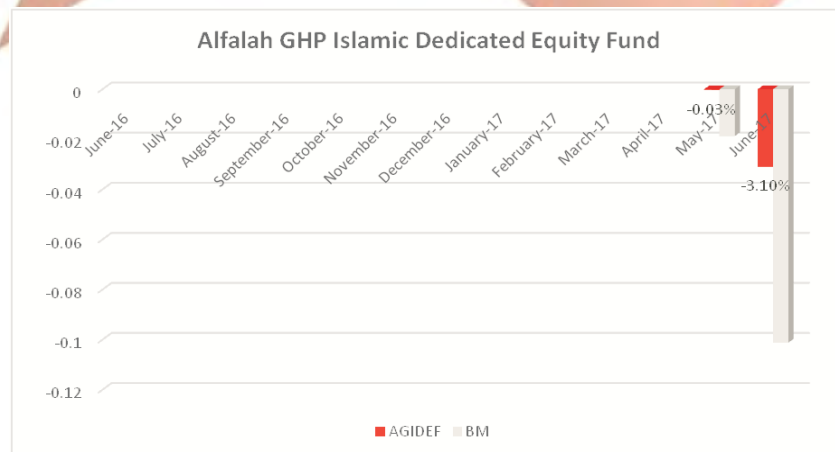
The KSE-100 now trades at an approximate forward P/E of 9.5x, at an approx. 19%-21% discount to MSCI EM. Given that the market corrected sharply in June and with foreign investors turning net buyers again over last few weeks, the market should lift gradually in the coming months. Additionally on the positive side SECP made major amendments in margin financing system, in light with longstanding demands of brokers.

### Fund Performance

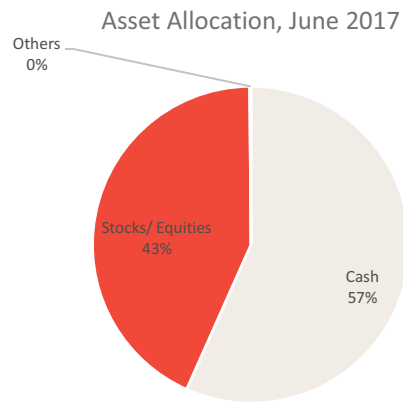
The fund was launched on May 23rd, 2017. During the period under review, the Fund generated a return of -3.1% against a benchmark (KMI - 30 Index) of -11.80% YTD translating into an outperformance of 870bps.

Performance of the fund remained strong throughout the year as the benchmark KMI-30 index during the year touched a new high of 91,145 points on the back of inclusion of Pakistan in MSCI Emerging market and increase in CPEC related investments. Major portion of the fund remained invested in index heavy sectors, mainly Oil & Gas exploration, to get the benefit of the inclusion in EM index and surge in international oil prices. Additionally, the fund was invested in construction & material sector on the back of strong cement and steel demand and expected growth in construction activities. Select picks in Oil Marketing sector remained some of the best performers for the fund as turnaround in that specific company fundamentals and expansion of distribution network contributed positively in the financial results of the company. The fund continued to maintain its basic philosophy of investing in fundamentally strong shariah complaint companies.

### Performance comparison with Benchmark







**Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**

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

**Disclosure on unit split (if any), comprising:-**

There were no unit splits during the period.

**Disclosures of circumstances that materially affect any interests of unit holders**

Investments are subject to market risk.

**Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.**

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

**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 DEDICATED EQUITY FUND**

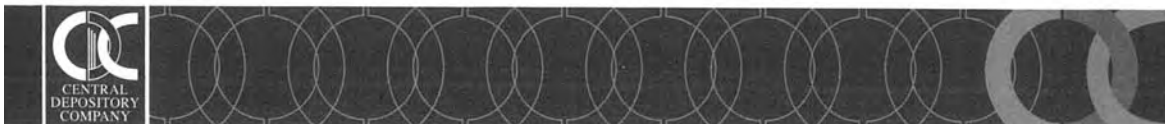
**Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of  
the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

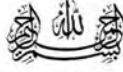
We Central Depository Company of Pakistan Limited, being the Trustee of Alfalah GHP Islamic Dedicated Equity Fund (the Fund) are of the opinion that Alfalah GHP Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund for the period from May 25, 2017 to June 30, 2017 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.

**Aftab Ahmed Diwan**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: September 12, 2017





## **REPORT OF THE SHARIAH ADVISORY BOARD ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND**

We, the Shariah Advisers of the Alfalah GHP Islamic Dedicated Equity Fund (AGIDEF) 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.

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 of the Fund, we provide consent for Investment in Equity securities based on the Shariah Guidelines during the period from May 25, 2017 to June 30, 2017.

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

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



Shariah Advisor

## INDEPENDENT REASONABLE ASSURANCE REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

### **Introduction**

We were engaged by the Board of Directors of Alfalah GHP Investment Management Limited (the Management Company) to report on the Management Company's assessment of compliance with the Shariah Principles of Alfalah GHP Islamic Dedicated Equity Fund (the Fund), as set out in the annexed Statement of Compliance with the Shariah Principles (the Statement) prepared by the Management Company for the year ended June 30, 2017, in the form of an independent reasonable assurance conclusion about whether the annexed statement reflects, in all material respects the status of compliance of the Fund with the Shariah Principles as specified in the Trust Deed and the guidelines issued by the Shariah Advisor. Our engagement was conducted by a team of assurance practitioners.

### **Applicable Criteria**

The criteria for the assurance engagement against which the annexed statement has been assessed comprises of the Shariah Principles as specified in the Trust Deed and the guidelines issued by the Shariah Advisor (the Shariah Principles).

### **Management's Responsibility of Shariah Compliance**

The Management Company of the Fund is responsible for preparation of the annexed statement that is free from material misstatement. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. It also includes ensuring the overall compliance of the Fund with the Shariah Principles.

### **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control (ISQC) 1 (Redrafted), "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Our responsibility and summary of work performed**

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement reflects the status of compliance of the Fund with the Shariah Principles as specified in the Trust Deed and the guidelines issued by the Shariah Advisor, in all material respects.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliance with the Shariah Principles, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Fund's compliance with the Shariah Principles, in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion as to the effectiveness of the Management Company's internal control over the Fund's compliance with the Shariah Principles. A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Shariah Principles, and consequently cannot provide absolute assurance that the objective of compliance with the Shariah Principles, will be met. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

The procedures primarily performed comprised the following:

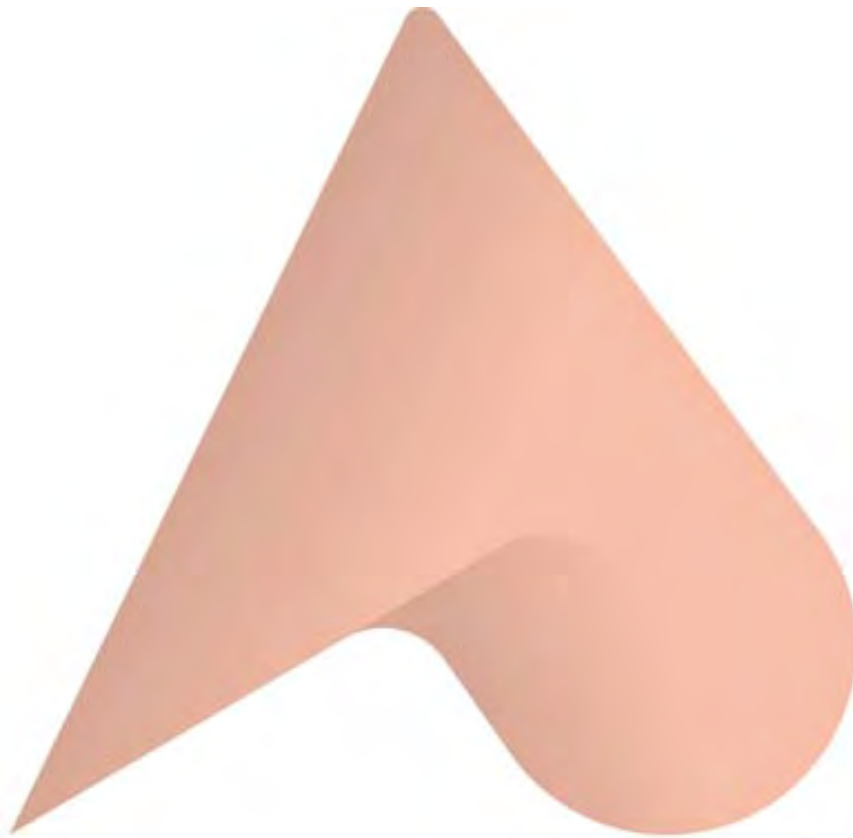
- checking compliance of specific guidelines relating to charity, maintaining bank accounts and for making investments of the Fund.
- checking that the Shariah Advisor has certified that the operations of the Fund, its investments and placements made during the year ended June 30, 2017 are in compliance with the Shariah Principles.

We believe that the evidences we have obtained through performing our procedures were sufficient and appropriate to provide a basis for our conclusion.

**Conclusion**

Based on the procedures performed during our reasonable assurance engagement, we report that in our opinion, the annexed statement, in all material respects, presents fairly the status of the Fund's compliance with the Shariah Principles specified in the Trust Deed and in the guidelines issued by the Shariah Advisor for the year ended June 30, 2017.

A.F.Ferguson & Co.  
Chartered Accountants  
Dated: September 20, 2017  
Karachi

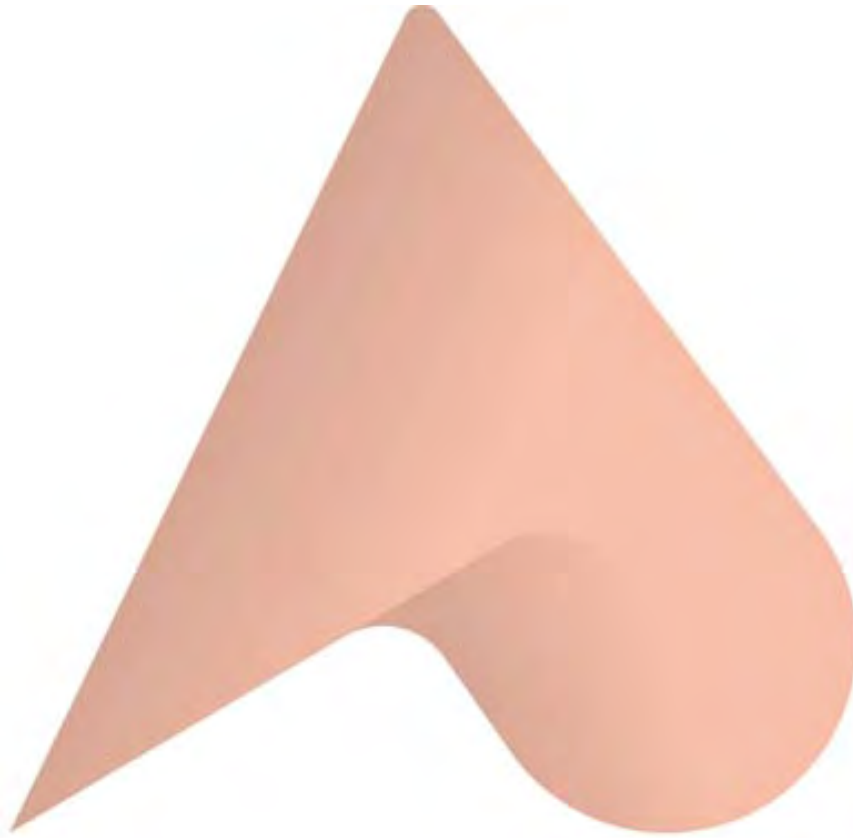


**STATEMENT OF COMPLIANCE WITH SHARIAH PRINCIPLES**

**Alfalah GHP Islamic Dedicated Equity Fund** has fully complied with the Shariah principles specified in the Trust Deed and the guidelines issued by the Shariah Advisor for its operations, investments and placements made during the year ended June 30, 2017. This has been duly confirmed by the Shariah Advisor of the Fund.

Dated: September 20, 2017

**Ms. Maheen Rahman**  
Chief Executive Officer



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**STATEMENT OF COMPLIANCE BY ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND  
WITH THE CODE OF CORPORATE GOVERNANCE  
FOR THE YEARENDED JUNE 30, 2017**

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No.5.19 of Chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Management Company encourages representation of independent, non-executive directors, and directors representing minority interests on its board of directors ("the Board"). At present the Board includes:

| Category                | Names                                                                                 |
|-------------------------|---------------------------------------------------------------------------------------|
| Executive Director      | Ms. Maheen Rahman– Chief Executive Officer (CEO)                                      |
| Independent Directors   | Mr. Abid Naqvi<br>Mr. Tufail Jawed Ahmad                                              |
| Non-Executive Directors | Mr. Syed Ali Sultan<br>Mr. Adeel Bajwa<br>Mr. HanspeterBeier<br>Mr. Amin Dawood Saleh |

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

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies (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 broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. According to regulation 5.19.3 of the Rule Book and section 155 (3) of the Companies Act, 2017, any casual vacancy occurring on the Board of Directors of a listed company shall be filled up by the directors at the earliest but not later than 90 days thereof. A casual vacancy occurred on the Board on September 22, 2016, due to resignation of Mr. Michael Buchen. However, the Board of Directors appointed Mr. Adeel Bajwa as a director on January 23, 2017 i.e. after 90 days after the date of resignation Mr. Michael Buchen. The appointment was approved in principle by the SECP with effect from February 7, 2017.
5. The Management Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before such meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged no training programs for its directors during the year. However, at present 6 directors of the Management Company have certification under the Directors' Training Program offered by institutions.
10. There was no change of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year. However, the remuneration and terms and conditions of Chief Financial Officer, Company Secretary and Head of Internal Audit were approved by the Board.

11. The Directors' Report for the year ended June 30, 2017 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by the CEO and CFO 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 that disclosed in the Directors' Report and pattern of unit holding.
14. The Management Company has 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, and the Chairman of the Committee 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 Committee have been formed and advised to the Committee for compliance.
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 Deloitte Yousuf Adil Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partner of the firm, their spouse and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'Book Closure' dates were duly determined and intimated to the stock exchange, however the 'closed period' prior to the announcement of interim / final results, and business decisions was not determined and intimated to directors, employees and the stock exchange, considering the fact that NAV of the Fund is announced on a daily basis.
22. Material/price sensitive information has been disseminated among all market participants at once through the stock exchange.
23. The Management Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the Code have been complied with.

**For and on behalf of the Board**

Maheen Rahman  
Chief Executive Officer

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Alfalah GHP Investment Management Limited, the Management Company of **Alfalah GHP Islamic Dedicated Equity Fund** (the Fund) for the year ended June 30, 2017 to comply with the requirements of regulation no. 5.19 of chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company (**Alfalah GHP Investment Management Limited**). Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund'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 Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As a part of our audit of the 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 of Directors' 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 of Directors for their review and approval of 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 of Directors 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 of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2017.

Further, we highlight below an instance of non-compliance with the requirement of the Code as reflected in paragraph reference where it is stated in the Statement of Compliance:

| S. No. | Paragraph reference | Description                                                                                                                                                                                                                                                                                                                                                                                  |
|--------|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | 4                   | According to regulation 5.19.3 of the Rule Book and section 155 (3) of the Companies Act, 2017, any casual vacancy occurring on the Board of Directors of a listed company shall be filled up by the directors at the earliest but not later than 90 days thereof. A casual vacancy occurred on the Board on September 22, 2016 which was filled after 90 days from the date of resignation. |

**A.F. Ferguson & Co.**  
**Chartered Accountants**

Dated: September 20, 2017  
Karachi

# INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Alfalah GHIslamic Dedicated Equity Fund** (hereinafter referred to as the 'Fund'), which comprise the statement of assets and liabilities as at June 30, 2017, and the related income statement, statement of comprehensive income, distribution statement, cash flow statement and statement of movement in unit holders' funds for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

The Management Company (**Alfalah GHP Investment Management Limited**) of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with 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 the International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 financial position of the Fund as at June 30, 2017 and of its financial performance, its cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

**A.F. Ferguson & Co.**  
**Chartered Accountants**  
**Engagement Partner: Shahbaz Akbar**

Dated: September 20, 2017  
Karachi

**ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND**

**STATEMENT OF ASSETS AND LIABILITIES**

AS AT JUNE 30, 2017

|                                                                                 | Note | June 30,<br>2017<br>(Rupees) |
|---------------------------------------------------------------------------------|------|------------------------------|
| <b>Assets</b>                                                                   |      |                              |
| Bank balances                                                                   | 4    | 692,418,751                  |
| Investments                                                                     | 5    | 530,068,654                  |
| Security deposits                                                               | 6    | 2,600,000                    |
| Profit receivable                                                               |      | 371,717                      |
| Formation cost                                                                  |      | 1,114,463                    |
| <b>Total assets</b>                                                             |      | <u>1,226,573,585</u>         |
| <b>Liabilities</b>                                                              |      |                              |
| Payable to the Management Company                                               | 7    | 1,298,336                    |
| Payable to the Trustee                                                          | 8    | 67,109                       |
| Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP) | 9    | 11,429                       |
| Accrued and other liabilities                                                   | 10   | 712,816                      |
| Payable against purchase of investments                                         | 11   | 536,081,691                  |
| <b>Total liabilities</b>                                                        |      | <u>538,171,381</u>           |
| <b>Net assets attributable to unit holders</b>                                  |      | <u>688,402,204</u>           |
| <b>Unit Holders' Fund (as per statement attached)</b>                           |      | <u>688,402,204</u>           |
| <b>Contingencies and commitments</b>                                            | 13   | <b>(Number of units)</b>     |
| <b>Number of units In issue</b>                                                 |      | <u>7,105,960</u>             |
|                                                                                 |      | <b>(Rupees)</b>              |
| <b>Net asset value per unit</b>                                                 |      | <u>96.8767</u>               |

The annexed notes from 1 to 23 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND**  
**INCOME STATEMENT**

FOR THE PERIOD FROM MAY 25, 2017 JUNE 30, 2017

|                                                                                                                                                                        | Note | For the period<br>from May 25,<br>2017 to June 30,<br>2017<br>(Rupees) |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------------------------------------------------------------------------|
| <b>INCOME</b>                                                                                                                                                          |      |                                                                        |
| Profit on bank balances                                                                                                                                                |      | 425,269                                                                |
| Unrealised gain / (loss) on revaluation of investments<br>classified as at fair value through profit or loss - held for trading - net                                  | 5.2  | (6,013,037)                                                            |
| <b>Total income</b>                                                                                                                                                    |      | <u>(5,587,768)</u>                                                     |
| <b>EXPENSES</b>                                                                                                                                                        |      |                                                                        |
| Remuneration of the Management Company                                                                                                                                 | 7.1  | 150,383                                                                |
| Sindh sales tax on remuneration of the Management Company                                                                                                              | 7.2  | 19,550                                                                 |
| Allocated expenses                                                                                                                                                     | 7.3  | 12,030                                                                 |
| Remuneration of the Trustee                                                                                                                                            | 8.1  | 72,813                                                                 |
| Sindh sales tax on remuneration of the Trustee                                                                                                                         |      | 9,466                                                                  |
| Annual fee to the Securities and Exchange Commission of Pakistan                                                                                                       | 9    | 11,429                                                                 |
| Bank and settlement charges                                                                                                                                            |      | 17,112                                                                 |
| Auditors' remuneration                                                                                                                                                 | 14   | 100,000                                                                |
| Brokerage and securities transaction costs                                                                                                                             |      | 524,183                                                                |
| Amortization of formation cost                                                                                                                                         |      | 23,062                                                                 |
| Printing and related costs                                                                                                                                             |      | 20,000                                                                 |
| Shariah advisory fee                                                                                                                                                   |      | 50,000                                                                 |
| <b>Total expenses</b>                                                                                                                                                  |      | <u>1,010,028</u>                                                       |
| <b>Net loss for the period before element of income / (loss) and capital gains / (losses) included in the price of units issued less those in units redeemed - net</b> |      | <u>(6,597,796)</u>                                                     |
| Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net                                          |      | (15,595,971)                                                           |
| <b>Net loss for the period before taxation</b>                                                                                                                         |      | <u>(22,193,767)</u>                                                    |
| Taxation                                                                                                                                                               | 16   | -                                                                      |
| <b>Net loss for the period after taxation</b>                                                                                                                          |      | <u><u>(22,193,767)</u></u>                                             |

The annexed notes from 1 to 23 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

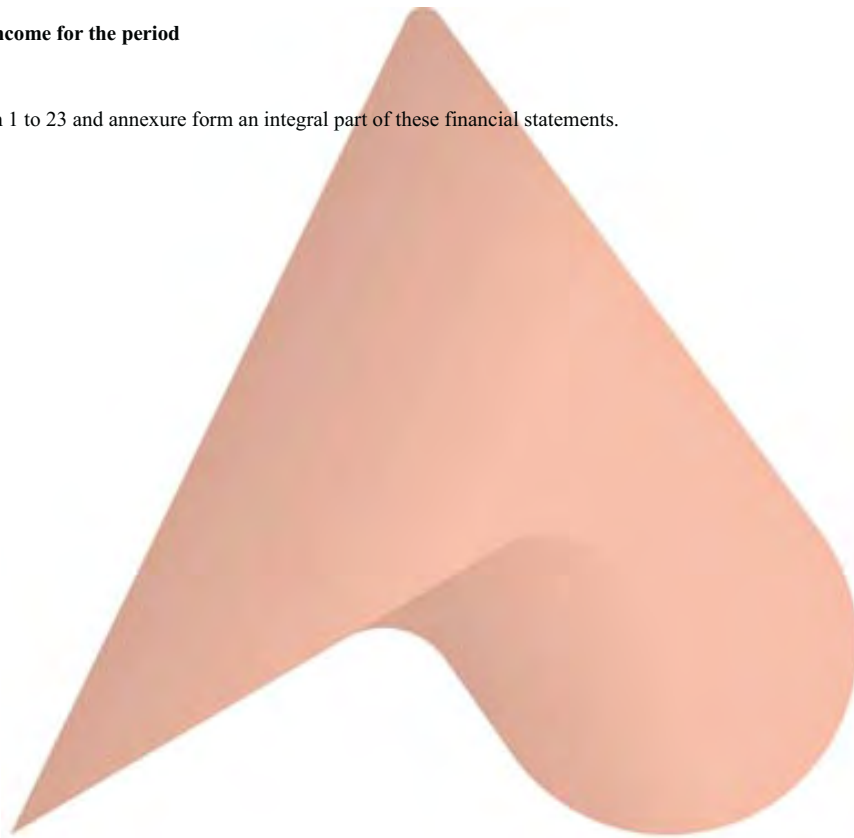
\_\_\_\_\_  
Director



**ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*FOR THE PERIOD FROM MAY 25, 2017 JUNE 30, 2017*

|                                                  | <b>For the period<br/>from May 25,<br/>2017 to June 30,<br/>2017<br/>(Rupees)</b> |
|--------------------------------------------------|-----------------------------------------------------------------------------------|
| <b>Net loss for the period after taxation</b>    | (22,193,767)                                                                      |
| Other comprehensive income for the period        | -                                                                                 |
| <b>Total comprehensive income for the period</b> | <u><u>(22,193,767)</u></u>                                                        |

The annexed notes from 1 to 23 and annexure form an integral part of these financial statements.



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

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

\_\_\_\_\_  
Director

**ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND**  
**CASH FLOW STATEMENT**  
 FOR THE PERIOD FROM MAY 25, 2017 TO JUNE 30, 2017

|                                                                                                                                       | Note | For the period<br>from May 25,<br>2017 to June 30,<br>2017<br>(Rupees) |
|---------------------------------------------------------------------------------------------------------------------------------------|------|------------------------------------------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                                                           |      |                                                                        |
| Net loss for the period before taxation                                                                                               |      | (22,193,767)                                                           |
| <b>Adjustments for:</b>                                                                                                               |      |                                                                        |
| Unrealised (gain) / loss on revaluation of investments<br>classified as at fair value through profit or loss - held for trading - net |      | 6,013,037                                                              |
| Amortization of formation cost                                                                                                        |      | 23,062                                                                 |
| Element of loss / (income) and capital (gains) / losses included in prices of<br>units issued less those in units redeemed - net      |      | 15,595,971                                                             |
|                                                                                                                                       |      | (561,697)                                                              |
| <b>Increase in assets</b>                                                                                                             |      |                                                                        |
| Investments - net                                                                                                                     |      | (536,081,691)                                                          |
| Profit receivable                                                                                                                     |      | (371,717)                                                              |
| Security deposits                                                                                                                     |      | (2,600,000)                                                            |
| Formation cost                                                                                                                        |      | (1,137,525)                                                            |
|                                                                                                                                       |      | (540,190,933)                                                          |
| <b>Increase in liabilities</b>                                                                                                        |      |                                                                        |
| Payable to the Management Company                                                                                                     |      | 1,298,336                                                              |
| Payable to the Trustee                                                                                                                |      | 67,109                                                                 |
| Payable to the Securities and Exchange Commission of Pakistan                                                                         |      | 11,429                                                                 |
| Payable against purchase of investments                                                                                               |      | 536,081,691                                                            |
| Accrued and other liabilities                                                                                                         |      | 712,816                                                                |
|                                                                                                                                       |      | 538,171,381                                                            |
| <b>Net cash flows used in operating activities</b>                                                                                    |      | (2,581,249)                                                            |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                                                           |      |                                                                        |
| Amount received against issuance of units                                                                                             |      | 715,000,000                                                            |
| Amount paid against redemption of units                                                                                               |      | (20,000,000)                                                           |
| <b>Net cash flows generated from financing activities</b>                                                                             |      | 695,000,000                                                            |
| <b>Cash and cash equivalents at end of the period</b>                                                                                 | 15   | 692,418,751                                                            |

The annexed notes from 1 to 23 and annexure form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
 (Management Company)

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

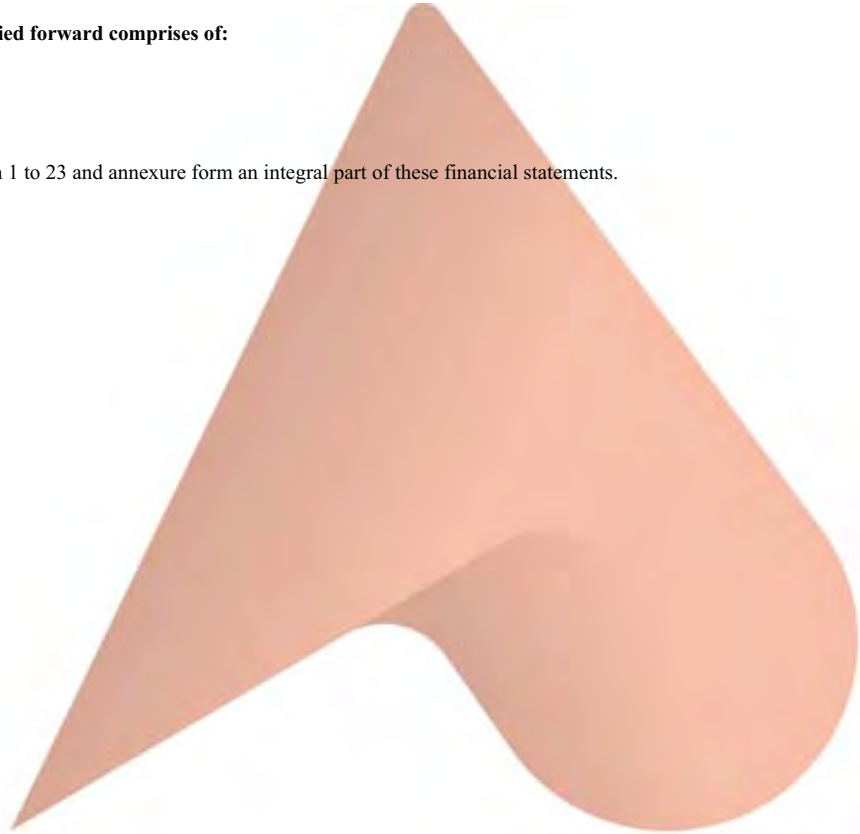
\_\_\_\_\_  
 Director

**ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND**  
**DISTRIBUTION STATEMENT**  
*FOR THE PERIOD FROM MAY 25, 2017 TO JUNE 30, 2017*

**For the period  
from May 25,  
2017 to June 30,  
2017  
(Rupees)**

|                                                       |                     |
|-------------------------------------------------------|---------------------|
| Net loss for the period after taxation                | (22,193,767)        |
| <b>Accumulated loss carried forward</b>               | <u>(22,193,767)</u> |
| <b>Accumulated loss carried forward comprises of:</b> |                     |
| - Realised loss                                       | (16,180,730)        |
| - Unrealised loss                                     | <u>(6,013,037)</u>  |
|                                                       | <u>(22,193,767)</u> |

The annexed notes from 1 to 23 and annexure form an integral part of these financial statements.



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

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

\_\_\_\_\_  
Director

**ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS**  
*FOR THE PERIOD FROM MAY 25, 2017 TO JUNE 30, 2017*

|                                                                                                                                                  | <b>Note</b> | <b>For the period<br/>from May 25,<br/>2017 to June 30,<br/>2017<br/>(Rupees)</b> |
|--------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-----------------------------------------------------------------------------------|
| Issuance of 7,306,018 units                                                                                                                      |             | 715,000,000                                                                       |
| Redemption of 200,058 units                                                                                                                      |             | (20,000,000)                                                                      |
|                                                                                                                                                  |             | 695,000,000                                                                       |
| Element of loss and capital losses included<br>in prices of units issued less those in units redeemed - net<br>- transferred to income statement |             | 15,595,971                                                                        |
| Unrealised loss on revaluation of investments<br>classified as financial assets at fair value through profit or loss - held for trading - net    |             | (6,013,037)                                                                       |
| Other income (net of expenses)                                                                                                                   |             | (16,180,730)                                                                      |
| Total comprehensive income for the period                                                                                                        |             | (22,193,767)                                                                      |
| <b>Net assets at the end of the period</b>                                                                                                       |             | <b>688,402,204</b>                                                                |
| Net assets value per unit as at beginning of the period                                                                                          |             | 100.0000                                                                          |
| Net assets value per unit as at end of the period                                                                                                |             | 96.8767                                                                           |

The annexed notes from 1 to 23 and annexure form an integral part of these financial statements.

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

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

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

**ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*FOR THE PERIOD FROM MAY 25, 2017 TO JUNE 30, 2017*

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

Alfalah GHP Islamic Dedicated Equity Fund (the Fund) is an open-end collective investment scheme established through a Trust Deed under the Trust Act, 1882, executed between Alfalah GHP Investment Management Limited, (the Management Company) and Central Depository Company of Pakistan Limited, (the Trustee). The Trust Deed was executed on April 06, 2017, and was approved by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the NBFC (Establishment and Regulation) Rules, 2003 (NBFC Rules), on March 28, 2017.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate \ issued by the SECP on March 09, 2017. The registered office of the Management Company is situated at 8-B, 8th floor, Executive tower, Dolmen city, Block 4, Clifton, Karachi.

The Fund is categorised as a 'Islamic Equity Scheme' pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. Units are offered for subscription on a continuous basis to other islamic mutual funds. The Units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holders.

According to the trust deed, the objective of the Fund is to provide good total return through a combination of current income and long-term capital appreciation, consistent with reasonable investment risk in shariah compliant equity securities. The Fund invests in shariah compliant securities and profit bearing accounts. The investment objectives and policy are explained in the Fund's offering document.

The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM2+ (stable outlook) dated May 16, 2017 to the Management Company.

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

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance and Notified Entities Regulation, 2008 ( the NBFC Regulations) and the 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 the IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The Directors of the asset management company declare that these financial statements give a true and fair view of the state of affairs of the Fund.

**2.2 Standards, Interpretations and amendments to published approved accounting standards that are effective in current year**

There are certain new and amended standards and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2016 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

**2.3 Standards, Interpretations and amendments to published approved accounting standards that are not yet effective**

**2.3.1** There are certain new and amended standards and interpretations that are mandatory for the accounting period beginning on or after July 1, 2017 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

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

| <b>Standards, Interpretations or Amendments</b> | <b>Effective date (accounting period beginning on or after)</b> |
|-------------------------------------------------|-----------------------------------------------------------------|
| - IFRS-9 Financial Instruments                  | January 1, 2018                                                 |
| - IFRS-15 Revenue from contracts with customers | January 1, 2018                                                 |
| - IFRS-16 Leases                                | January 1, 2019                                                 |

2.3.3 The SECP vide its SRO 756(1) / 2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations, 2008 which will be applicable on the financial statements of the Fund from the accounting year ending on June 30, 2018. The notification includes a definition and explanation relating to “element of income” and excludes the element of income from the expression “accounting income” as described in Regulation 63 (Amount distributable to unit holders) of the NBFC Regulations, 2008. In addition there are certain changes in the disclosure requirements relating to the Income Statement and the Statement of Movement in Unit Holders’ Fund. The management is currently in the process of assessing the impact of these changes on the financial statements.

#### 2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a higher degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- i. Classification and valuation of financial assets (notes 3.2.1 & 5)
- ii. Impairment of financial assets (note 3.2.5)
- iii. Taxation (notes 3.8 & 15)

#### 2.5 Accounting Convention

These financial statements have been prepared under the historical cost convention, except for certain investments which are stated at fair value.

#### 2.6 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below.

#### 3.1 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

#### 3.2 Financial assets

##### 3.2.1 Classification

The Fund classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. The management determines the appropriate classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

Investments are categorised as follows:

##### a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profits from short-term fluctuations in prices are classified as financial assets at fair value through profit or loss category. These include held for trading investments and such other investments that, upon initial recognition, are designated under this category.

##### b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

##### c) Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) financial assets at fair value through profit or loss. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or changes in prices.



### 3.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

### 3.2.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed out in the income statement

### 3.2.4 Subsequent measurement

#### a) Financial assets at "fair value through profit or loss" and "available for sale"

Subsequent to initial recognition, financial instruments classified as 'at fair value through profit or loss' and 'available-for-sale' are measured at fair value.

Gains or losses arising, from changes in the fair value and on sale of the financial assets 'at fair value through profit or loss' are recognised in the Income Statement.

Changes in the fair value of financial instruments classified as 'available-for-sale' are recognised in other comprehensive income until derecognised or impaired, then the accumulated fair value adjustments recognised in other comprehensive income are included in the Income Statement.

#### Basis of valuation

- The fair value of investments in listed equity securities is determined by reference to Stock Exchange quoted market prices at the close of period end.
- The fair value of investments in Government securities is determined by reference to the quotations obtained from the PKRV rate sheet on the MUFAP website.

#### b) Loans and receivables

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortised cost using the effective yield method.

### 3.2.5 Impairment

The Fund assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets are impaired. The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

In the case of equity securities classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered as an objective evidence of impairment. In case of impairment of available for sale securities, the cumulative loss previously recognised in other comprehensive income is removed therefrom and included in the Income Statement. Impairment losses recognised in the income statement on equity securities are only reversed when the equity securities are derecognised.

For certain other financial assets, a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The provision against these amounts is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company in accordance with the requirements of the Securities and Exchange Commission of Pakistan. Impairment losses are recognised in the income statement.

### 3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership.

### 3.3 Derivatives

These are measured at fair value. Derivatives with positive fair values (unrealised gains) are included in fair value of derivative asset and derivatives with negative fair values (unrealised losses) are included in fair value of derivative liability in the statement of assets and liabilities. The resultant gains and losses are included in the income statement.

### 3.4 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

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

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### **3.6 Preliminary expenses and floatation costs**

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

### **3.7 Provisions**

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

### **3.8 Taxation**

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

### **3.9 Dividend distribution and appropriations**

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

### **3.10 Issue and redemption of units**

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to the investment facilitators, distributors, and the Management Company.

Units redeemed are recorded at the redemption price applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, duties, taxes, and charges on redemption, if applicable.

### **3.11 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed**

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

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

### **3.12 Net asset value per unit**

The Net Asset Value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

### **3.13 Revenue recognition**

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Dividend income is recognised when the Fund's right to receive the dividend is established.
- Unrealised gain / (loss) in the value of investments classified as at fair value through profit or loss' are included in the income statement in the year in which they arise.
- Income on bank balance is recognised on accrual basis.

### **3.14 Expenses**

All expenses including management fee and trustee fee are recognised in the Income Statement on an accrual basis.

### 3.15 Earnings per unit

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

| 4 BANK BALANCES       | Note | June 30, 2017<br>(Rupees) |
|-----------------------|------|---------------------------|
| Bank balances         |      |                           |
| - in savings accounts | 4.1  | 408,751                   |
| - in current accounts | 4.2  | 692,010,000               |
|                       |      | <u>692,418,751</u>        |

4.1 The rate of return on these accounts is 3.37% per annum. It represents bank balance maintained with Bank Alfalah Limited - Islamic Banking Division (a related party).

4.2 This represents bank balance maintained with Bank Alfalah Limited - Islamic Banking Division (a related party).

| 5 INVESTMENTS                                                    | Note | June 30, 2017<br>(Rupees) |
|------------------------------------------------------------------|------|---------------------------|
| <b>'At fair value through profit or loss' - held for trading</b> |      |                           |
| Listed equity securities                                         | 5.1  | <u>530,068,654</u>        |
|                                                                  |      | <u>530,068,654</u>        |

### 5.1 Investment in listed equity securities - 'at fair value through profit or loss'

Ordinary shares have a face value of Rs. 10 each unless stated otherwise

| Name of the investee company                            | Purchased during the period | Bonus / Right shares received during the period | Sold during the period | As at June 30, 2017 | Cost as at June 30, 2017 | Market value as at June 30, 2017 | Appreciation / (diminution) | Market value as a percentage of: |                  | Holding as a percentage of paid up capital of the investee company |
|---------------------------------------------------------|-----------------------------|-------------------------------------------------|------------------------|---------------------|--------------------------|----------------------------------|-----------------------------|----------------------------------|------------------|--------------------------------------------------------------------|
|                                                         |                             |                                                 |                        |                     |                          |                                  |                             | Net assets                       | Total investment |                                                                    |
| ----- (Number of shares) ----- (Rupees) -----           |                             |                                                 |                        |                     |                          |                                  |                             |                                  |                  |                                                                    |
| <b>Fertilizer</b>                                       |                             |                                                 |                        |                     |                          |                                  |                             |                                  |                  |                                                                    |
| Engro Fertilizer Limited                                | 184,000                     | -                                               | -                      | 184,000             | 10,297,220               | 10,164,160                       | (133,060)                   | 1.48%                            | 1.92%            | 0.01%                                                              |
| Dawood Hercules Corporation Limited                     | 66,300                      | -                                               | -                      | 66,300              | 9,236,890                | 9,040,668                        | (196,222)                   | 1.31%                            | 1.71%            | 0.01%                                                              |
| Engro Corporation Limited                               | 83,000                      | -                                               | -                      | 83,000              | 27,894,713               | 27,050,530                       | (844,183)                   | 3.93%                            | 5.10%            | 0.02%                                                              |
|                                                         |                             |                                                 |                        |                     | 47,428,823               | 46,255,358                       | (1,173,465)                 | 6.72%                            | 8.73%            | 0.04%                                                              |
| <b>Cement</b>                                           |                             |                                                 |                        |                     |                          |                                  |                             |                                  |                  |                                                                    |
| D.G Khan Cement Company Limited                         | 98,000                      | -                                               | -                      | 98,000              | 20,839,740               | 20,889,680                       | 49,940                      | 3.03%                            | 3.94%            | 0.02%                                                              |
| Maple Leaf Cement Company Limited                       | 150,000                     | -                                               | -                      | 150,000             | 16,852,340               | 16,704,000                       | (148,340)                   | 2.43%                            | 3.15%            | 0.03%                                                              |
| Pioneer Cement Limited                                  | 60,000                      | -                                               | -                      | 60,000              | 7,973,299                | 7,800,000                        | (173,299)                   | 1.13%                            | 1.47%            | 0.03%                                                              |
| Cherat Cement Company Limited                           | 66,000                      | -                                               | -                      | 66,000              | 11,653,173               | 11,799,480                       | 146,307                     | 1.71%                            | 2.23%            | 0.04%                                                              |
| Lucky Cement Limited                                    | 49,000                      | -                                               | -                      | 49,000              | 41,648,155               | 40,976,740                       | (671,415)                   | 5.95%                            | 7.73%            | 0.02%                                                              |
|                                                         |                             |                                                 |                        |                     | 98,966,707               | 98,169,900                       | (796,807)                   | 14.26%                           | 18.52%           | 0.13%                                                              |
| <b>Power generation and distribution</b>                |                             |                                                 |                        |                     |                          |                                  |                             |                                  |                  |                                                                    |
| Hub Power Company Limited                               | 216,000                     | -                                               | -                      | 216,000             | 26,368,807               | 25,364,880                       | (1,003,927)                 | 3.68%                            | 4.79%            | 0.02%                                                              |
|                                                         |                             |                                                 |                        |                     | 26,368,807               | 25,364,880                       | (1,003,927)                 | 3.68%                            | 4.79%            | 0.02%                                                              |
| <b>Oil and gas marketing companies</b>                  |                             |                                                 |                        |                     |                          |                                  |                             |                                  |                  |                                                                    |
| Hascol Petroleum Limited                                | 15,000                      | -                                               | -                      | 15,000              | 5,110,573                | 5,116,500                        | 5,927                       | 0.74%                            | 0.97%            | 0.01%                                                              |
| Pakistan State Oil Company Limited                      | 28,000                      | -                                               | -                      | 28,000              | 11,049,830               | 10,845,800                       | (204,030)                   | 1.58%                            | 2.05%            | 0.01%                                                              |
| Shell Pakistan Limited                                  | 10,100                      | -                                               | -                      | 10,100              | 5,690,921                | 5,811,237                        | 120,316                     | 0.84%                            | 1.10%            | 0.01%                                                              |
| Sui Northern Gas Pipelines Limited                      | 208,000                     | -                                               | -                      | 208,000             | 31,734,420               | 30,975,360                       | (759,060)                   | 4.50%                            | 5.84%            | 0.03%                                                              |
|                                                         |                             |                                                 |                        |                     | 53,585,744               | 52,748,897                       | (836,847)                   | 7.66%                            | 9.95%            | 0.06%                                                              |
| <b>Automobile parts and accessories</b>                 |                             |                                                 |                        |                     |                          |                                  |                             |                                  |                  |                                                                    |
| Thal Limited (Face value Rs 5 each)                     | 31,000                      | -                                               | -                      | 31,000              | 18,839,692               | 18,786,930                       | (52,762)                    | 2.73%                            | 3.54%            | 0.04%                                                              |
| The General Tyre and Rubber Company of Pakistan Limited | 38,500                      | -                                               | -                      | 38,500              | 11,631,261               | 11,684,750                       | 53,489                      | 1.70%                            | 2.20%            | 0.06%                                                              |
|                                                         |                             |                                                 |                        |                     | 30,470,953               | 30,471,680                       | 727                         | 4.43%                            | 5.75%            | 0.10%                                                              |
| <b>Oil and gas exploration companies</b>                |                             |                                                 |                        |                     |                          |                                  |                             |                                  |                  |                                                                    |
| Oil and Gas Development Company Limited                 | 239,000                     | -                                               | -                      | 239,000             | 34,530,488               | 33,624,910                       | (905,578)                   | 4.88%                            | 6.34%            | 0.01%                                                              |
| Pakistan Oilfields Limited                              | 39,000                      | -                                               | -                      | 39,000              | 17,824,248               | 17,867,850                       | 43,602                      | 2.60%                            | 3.37%            | 0.02%                                                              |
| Pakistan Petroleum Limited                              | 176,000                     | -                                               | -                      | 176,000             | 26,456,327               | 26,072,640                       | (383,687)                   | 3.79%                            | 4.92%            | 0.01%                                                              |
| Mari Petroleum Company Limited                          | 14,780                      | -                                               | -                      | 14,780              | 23,233,160               | 23,287,959                       | 54,799                      | 3.38%                            | 4.39%            | 0.01%                                                              |
|                                                         |                             |                                                 |                        |                     | 102,044,223              | 100,853,359                      | (1,190,864)                 | 14.65%                           | 19.03%           | 0.04%                                                              |

| Name of the investee company               | Purchased during the period | Bonus / rights Issue during the period | Sold during the period | As at June 30, 2017  | Cost as at June 30, 2017 | Market value as at June 30, 2017 | Appreciation / (diminution) | Market value as a percentage of: |                  | Holding as a percentage of paid up capital of the investee company |
|--------------------------------------------|-----------------------------|----------------------------------------|------------------------|----------------------|--------------------------|----------------------------------|-----------------------------|----------------------------------|------------------|--------------------------------------------------------------------|
|                                            |                             |                                        |                        |                      |                          |                                  |                             | Net assets                       | Total investment |                                                                    |
| ----- (Number of shares) -----             |                             |                                        |                        | ----- (Rupees) ----- |                          |                                  |                             |                                  |                  |                                                                    |
| <b>Automobile assembler</b>                |                             |                                        |                        |                      |                          |                                  |                             |                                  |                  |                                                                    |
| Honda Atlas Cars (Pakistan) Limited        | 14,850                      | -                                      | -                      | 14,850               | 12,250,389               | 12,885,197                       | 634,808                     | 1.87%                            | 2.43%            | 0.01%                                                              |
| Pak Suzuki Motor Company Limited           | 22,300                      | -                                      | -                      | 22,300               | 17,611,170               | 17,402,028                       | (209,142)                   | 2.53%                            | 3.28%            | 0.03%                                                              |
|                                            |                             |                                        |                        |                      | 29,861,559               | 30,287,225                       | 425,666                     | 4.40%                            | 5.71%            | 0.04%                                                              |
| <b>Textile composite</b>                   |                             |                                        |                        |                      |                          |                                  |                             |                                  |                  |                                                                    |
| Nishat Mills Limited                       | 143,000                     | -                                      | -                      | 143,000              | 22,814,652               | 22,691,240                       | (123,412)                   | 3.30%                            | 4.28%            | 0.04%                                                              |
|                                            |                             |                                        |                        |                      | 22,814,652               | 22,691,240                       | (123,412)                   | 3.30%                            | 4.28%            | 0.04%                                                              |
| <b>Engineering</b>                         |                             |                                        |                        |                      |                          |                                  |                             |                                  |                  |                                                                    |
| Crescent Steel and Allied Products Limited | 30,000                      | -                                      | -                      | 30,000               | 6,929,678                | 7,157,100                        | 227,422                     | 1.04%                            | 1.35%            | 0.04%                                                              |
| International Industries limited           | 49,700                      | -                                      | -                      | 49,700               | 18,327,376               | 18,317,929                       | (9,447)                     | 2.66%                            | 3.46%            | 0.04%                                                              |
| International Steels Limited               | 138,000                     | -                                      | -                      | 138,000              | 18,044,160               | 17,648,820                       | (395,340)                   | 2.56%                            | 3.33%            | 0.03%                                                              |
| Amreli Steel Limited                       | 71,000                      | -                                      | -                      | 71,000               | 8,822,710                | 8,729,450                        | (93,260)                    | 1.27%                            | 1.65%            | 0.02%                                                              |
|                                            |                             |                                        |                        |                      | 52,123,924               | 51,853,299                       | (270,625)                   | 7.53%                            | 9.78%            | 0.14%                                                              |
| <b>Pharmaceuticals</b>                     |                             |                                        |                        |                      |                          |                                  |                             |                                  |                  |                                                                    |
| The Searle Company Limited                 | 27,000                      | -                                      | -                      | 27,000               | 14,134,207               | 13,823,460                       | (310,747)                   | 2.01%                            | 2.61%            | 0.02%                                                              |
|                                            |                             |                                        |                        |                      | 14,134,207               | 13,823,460                       | (310,747)                   | 2.01%                            | 2.61%            | 0.02%                                                              |
| <b>Food and personal care products</b>     |                             |                                        |                        |                      |                          |                                  |                             |                                  |                  |                                                                    |
| Treet Corporation Limited                  | 124,000                     | -                                      | -                      | 124,000              | 6,833,885                | 7,053,120                        | 219,235                     | 1.02%                            | 1.33%            | 0.09%                                                              |
|                                            |                             |                                        |                        |                      | 6,833,885                | 7,053,120                        | 219,235                     | 1.02%                            | 1.33%            | 0.09%                                                              |
| <b>Commercial Banks</b>                    |                             |                                        |                        |                      |                          |                                  |                             |                                  |                  |                                                                    |
| Meezan Bank Limited                        | 109,500                     | -                                      | -                      | 109,500              | 8,782,490                | 8,650,500                        | (131,990)                   | 1.26%                            | 1.63%            | 0.01%                                                              |
| <b>Chemical</b>                            |                             |                                        |                        |                      |                          |                                  |                             |                                  |                  |                                                                    |
| Engro Polymer and Chemicals Limited        | 437,000                     | -                                      | -                      | 437,000              | 16,488,010               | 15,950,500                       | (537,510)                   | 2.32%                            | 3.01%            | 0.07%                                                              |
| ICI Pakistan Limited                       | 6,500                       | -                                      | -                      | 6,500                | 7,043,149                | 7,114,575                        | 71,426                      | 1.03%                            | 1.34%            | 0.01%                                                              |
|                                            |                             |                                        |                        |                      | 23,531,159               | 23,065,075                       | (466,084)                   | 3.35%                            | 4.35%            | 0.07%                                                              |
| <b>Paper and board</b>                     |                             |                                        |                        |                      |                          |                                  |                             |                                  |                  |                                                                    |
| Packages Limited                           | 27,000                      | -                                      | -                      | 27,000               | 19,134,558               | 18,780,661                       | (353,897)                   | 2.73%                            | 3.54%            | 0.03%                                                              |
| <b>As at June 30, 2017</b>                 | <b>2,971,530</b>            | <b>-</b>                               | <b>-</b>               | <b>2,971,530</b>     | <b>536,081,691</b>       | <b>530,068,654</b>               | <b>(6,013,037)</b>          |                                  |                  |                                                                    |

**5.2 Unrealised gain / (loss) on revaluation of investments classified as at fair value through profit or loss - held for trading - net**

**Note**

**June 30, 2017  
(Rupees)**

Market value of investments

530,068,654

Less: carrying value of investments

(536,081,691)

(6,013,037)

**6 SECURITY DEPOSITS**

Central Depository Company of Pakistan Limited (CDC)  
National Clearing Company of Pakistan Limited (NCCPL)

100,000

2,500,000

2,600,000

**7 PAYABLE TO THE MANAGEMENT COMPANY**

Management remuneration payable

7.1

122,815

Sindh sales tax payable on management remuneration

7.2

15,966

Formation cost payable

1,137,525

Other payable to management company

10,000

Payable against allocated expenses

7.3

12,030

1,298,336

7.1 The Management Company has charged remuneration at a rate of 1.25% of daily average net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.

7.2 During the period, Sindh Sales Tax on management remuneration has been charged at the rate of 13% by the Government of Sindh.

7.3 In accordance with the provisions of the NBFC Regulations, 2008 (as amended vide S.R.O 1160(I) / 2015 dated November 25, 2015), the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund up to a maximum of 0.1% of the average annual net assets of the Scheme or actual, whichever is less. Accordingly, with effect from May 25, 2017, the Management Company has charged expenses at the rate of 0.1% per annum of the average annual net assets of the Fund being lower than actual expenses chargeable to the Fund for the period.

| <b>8 PAYABLE TO THE TRUSTEE</b>                 | <b>Note</b> | <b>June 30, 2017<br/>(Rupees)</b> |
|-------------------------------------------------|-------------|-----------------------------------|
| Trustee remuneration payable                    | 8.1         | 59,388                            |
| Sindh Sales Tax payable on trustee remuneration | 8.2         | 7,721                             |
|                                                 |             | <u>67,109</u>                     |

**8.1** 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 NAV of the Fund. The remuneration is payable to the Trustee according to the following tariff structure:

The tariff structure applicable to the Fund as at June 30, 2017 was as follows:

|                         |                                                                      |
|-------------------------|----------------------------------------------------------------------|
| Average net asset value | Tariff per annum                                                     |
| Up to Rs.1 billion      | Rs.0.7 million or 0.20% p.a. of net assets whichever is higher.      |
| Over Rs.1 billion       | Rs.2.0 million plus 0.10% p.a. of net assets exceeding Rs.1 billion. |

**8.2** During the period, Sindh Sales Tax on trustee remuneration has been charged at the rate of 13% by the Government of Sindh.

| <b>9 ANNUAL FEE PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)</b> | <b>June 30, 2017<br/>(Rupees)</b> |
|------------------------------------------------------------------------------------------|-----------------------------------|
|------------------------------------------------------------------------------------------|-----------------------------------|

|                                |               |
|--------------------------------|---------------|
| Annual fee payable to the SECP | <u>11,429</u> |
|--------------------------------|---------------|

**9.1** Under the provisions of the Non Banking Finance Companies and Notified Entities Regulations, 2008, a collective investment scheme is required to pay as annual fee to the SECP, an amount equal to 0.095 percent of the average annual net assets of the Fund.

| <b>10 ACCRUED EXPENSES AND OTHER LIABILITIES</b> | <b>June 30, 2017<br/>(Rupees)</b> |
|--------------------------------------------------|-----------------------------------|
|--------------------------------------------------|-----------------------------------|

|                         |                |
|-------------------------|----------------|
| Auditors' remuneration  | 100,000        |
| Brokerage payable       | 524,183        |
| Settlement charges      | 14,578         |
| Printing charges        | 20,000         |
| Withholding tax Payable | 4,055          |
| Shariah advisory fee    | 50,000         |
|                         | <u>712,816</u> |

**10.1** According to the instructions of the Shariah Advisor, any income earned by the Fund from investments, a portion of which has been made in non-shariah compliant avenues, such portion of the income of the Fund from that investee should be donated for charitable purposes directly by the Fund.

**11. PAYABLE AGAINST PURCHASE OF INVESTMENTS**

This represents payable against purchase of investments which requires delivery and settlement / payment of securities within two days after transaction date as required by stock exchange regulations. These amounts have been paid subsequent to the year ended June 30, 2017.

**12. TOTAL EXPENSE RATIO (TER)**

The total expense ratio of the Fund for the period ended June 30, 2017 is 0.73% which includes 0.12% representing Government levy, Workers' Welfare Fund and SECP fee.

**13. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at June 30, 2017.

| <b>14 AUDITORS' REMUNERATION</b> | <b>June 30, 2017<br/>(Rupees)</b> |
|----------------------------------|-----------------------------------|
|----------------------------------|-----------------------------------|

|                                |                |
|--------------------------------|----------------|
| Audit fee                      | 82,044         |
| Review and other certification | 2,344          |
|                                | 84,388         |
| Sindh sales tax                | 5,063          |
| Out of pocket expenses         | 10,549         |
|                                | <u>100,000</u> |

| <b>15 CASH AND CASH EQUIVALENTS</b> | <b>June 30, 2017<br/>(Rupees)</b> |
|-------------------------------------|-----------------------------------|
|-------------------------------------|-----------------------------------|

|               |                    |
|---------------|--------------------|
| Bank balances | <u>692,418,751</u> |
|---------------|--------------------|



## 16. TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the period, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations, requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Fund has incurred a loss during the period, no provision for taxation has been in these financial statements.

## 17. TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include Alfalah GHP Investment Management Limited being the Management Company, Funds under management of the Management Company, GHP Beteiligungen Holding Limited, Bank Alfalah Limited and MAB Investment Incorporated being associated companies of Management Company, Bank Alfalah Limited - Employees' Provident Fund, Bank Alfalah Limited - Employees' Gratuity Fund, Alfalah GHP Investment Management Limited - Staff Provident Fund, directors and key management personnel of Alfalah GHP Investment Management Limited and Central Depository Company of Pakistan Limited (CDC) being the trustee of the Fund, and other associated companies and connected persons. Connected persons also includes any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund. The transactions with connected persons are in the normal course of business and at contractual rates.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges, sale and purchase of investment and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

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

### 17.1 Unit Holders' Fund

| Note                                         | Issued for cash / conversion in / transfer in | Dividend Reinvested | Redeemed / conversion out / transfer out | As at June 30, 2017 | Issued for cash / conversion in / transfer in | Bonus / Dividend | Redeemed / conversion out / transfer out | Net asset value as at June 30, 2017 |             |
|----------------------------------------------|-----------------------------------------------|---------------------|------------------------------------------|---------------------|-----------------------------------------------|------------------|------------------------------------------|-------------------------------------|-------------|
|                                              | (Units)                                       |                     |                                          |                     | (Rupees)                                      |                  |                                          |                                     |             |
| <b>Other Related Parties</b>                 |                                               |                     |                                          |                     |                                               |                  |                                          |                                     |             |
| Alfalah GHP Islamic Prosperity Planning Fund | 17.1.1                                        | 7,306,018           | -                                        | 200,058             | 7,105,960                                     | 715,000,000      | -                                        | 20,000,000                          | 688,402,204 |

17.1.1 This reflects the position of related party / connected persons status as at June 30, 2017.

### 17.2 Detail of transactions with related parties / connected persons during the year:

#### Associated companies / undertakings

##### Alfalah GHP Investment Management Limited - Management Company

|                                                           |         |
|-----------------------------------------------------------|---------|
| Remuneration of the Management Company                    | 150,383 |
| Sindh sales tax on remuneration of the Management Company | 19,550  |
| Payable against allocated expenses                        | 12,030  |

##### Bank Alfalah Limited - Islamic Banking Division

|                         |         |
|-------------------------|---------|
| Profit on bank balances | 425,269 |
|-------------------------|---------|

#### Other related parties

##### Central Depository Company of Pakistan Limited - Trustee

|                                                |        |
|------------------------------------------------|--------|
| Remuneration of the Trustee                    | 72,813 |
| Sindh sales tax on remuneration of the Trustee | 9,466  |

**For the period  
from May 25,  
2017 to June 30,  
2017  
(Rupees)**



17.3 Other balances

June 30, 2017  
(Rupees)

Associated companies / undertakings

**Alfalah GHP Investment Management Limited - Management Company**

|                                                    |           |
|----------------------------------------------------|-----------|
| Management remuneration payable                    | 122,815   |
| Sindh sales tax payable on management remuneration | 15,966    |
| Formation cost payable                             | 1,137,525 |
| Other payable to management company                | 10,000    |
| Payable against allocated expenses                 | 12,030    |

**Bank Alfalah Limited - Islamic Banking Division**

|                   |             |
|-------------------|-------------|
| Bank balances     | 692,418,751 |
| Profit receivable | 371,717     |

Other related parties

**Central Depository Company of Pakistan Limited - Trustee**

|                                                 |         |
|-------------------------------------------------|---------|
| Trustee remuneration payable                    | 59,388  |
| Sindh Sales Tax payable on trustee remuneration | 7,721   |
| Security deposit                                | 100,000 |

18. FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2017, all the financial assets carried on the statement of assets and liabilities are categorised either as loans and receivables or financial assets at fair value through profit or loss. All the financial liabilities carried on the statement of assets and liabilities are categorised as financial liabilities measured at amortised cost.

|                   | As at June 30, 2017   |                                                       |                      |
|-------------------|-----------------------|-------------------------------------------------------|----------------------|
|                   | Loans and receivables | Financial assets at fair value through profit or loss | Total                |
|                   | ----- (Rupees) -----  |                                                       |                      |
| Bank balances     | 692,418,751           | -                                                     | 692,418,751          |
| Investments       | -                     | 530,068,654                                           | 530,068,654          |
| Security deposits | 2,600,000             | -                                                     | 2,600,000            |
| Profit receivable | 371,717               | -                                                     | 371,717              |
|                   | <u>695,390,468</u>    | <u>530,068,654</u>                                    | <u>1,225,459,122</u> |

Financial assets

|                                         | As at June 30, 2017                              |                    |                    |
|-----------------------------------------|--------------------------------------------------|--------------------|--------------------|
|                                         | Liabilities at fair value through profit or loss | Amortised Cost     | Total              |
|                                         | ----- (Rupees) -----                             |                    |                    |
| Payable to the Management Company       | -                                                | 1,282,370          | 1,282,370          |
| Payable to the Trustee                  | -                                                | 59,388             | 59,388             |
| Accrued and other liabilities           | -                                                | 708,761            | 708,761            |
| Payable against purchase of investments | -                                                | 536,081,691        | 536,081,691        |
|                                         | <u>-</u>                                         | <u>538,132,210</u> | <u>538,132,210</u> |

Financial liabilities

|                                         | As at June 30, 2017                              |                    |                    |
|-----------------------------------------|--------------------------------------------------|--------------------|--------------------|
|                                         | Liabilities at fair value through profit or loss | Amortised Cost     | Total              |
|                                         | ----- (Rupees) -----                             |                    |                    |
| Payable to the Management Company       | -                                                | 1,282,370          | 1,282,370          |
| Payable to the Trustee                  | -                                                | 59,388             | 59,388             |
| Accrued and other liabilities           | -                                                | 708,761            | 708,761            |
| Payable against purchase of investments | -                                                | 536,081,691        | 536,081,691        |
|                                         | <u>-</u>                                         | <u>538,132,210</u> | <u>538,132,210</u> |

19 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

## 19.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: currency risk, profit rate risk and other price risk.

### 19.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

### 19.1.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The profit rate profile of the Fund's interest bearing financial instruments is as follows:

| BANK BALANCES                                     | Note | June 30, 2017<br>(Rupees) |
|---------------------------------------------------|------|---------------------------|
| <b>Variable rate instrument (financial asset)</b> |      |                           |
| Bank Balance                                      | 4.1  | <u>408,751</u>            |

#### a) Sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in profit rates at the reporting date would have increased / decreased the income statement and statement of comprehensive income by Rs 0.093 million and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

#### b) Sensitivity analysis for fixed rate instruments

As at reporting date, the Fund does not hold any fixed rate instruments.

The composition of the Fund's investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2017 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

Yield / profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet financial instruments is based on settlement date.

| Particulars | As at June 30, 2017           |                                |                                           |                    |                                         | Total |
|-------------|-------------------------------|--------------------------------|-------------------------------------------|--------------------|-----------------------------------------|-------|
|             | Effective yield / profit rate | Exposed to yield / profit risk |                                           |                    | Not exposed to yield / profit rate risk |       |
|             |                               | Upto three months              | More than three months and up to one year | More than one year |                                         |       |
|             | %                             | ----- (Rupees) -----           |                                           |                    |                                         |       |

#### On-balance sheet financial instruments

##### Financial assets

|                   |      |             |   |   |             |               |
|-------------------|------|-------------|---|---|-------------|---------------|
| Bank balances     | 3.37 | 692,418,751 | - | - | -           | 692,418,751   |
| Investments       |      | -           | - | - | 530,068,654 | 530,068,654   |
| Security deposits |      | -           | - | - | 2,600,000   | 2,600,000     |
| Profit receivable |      | -           | - | - | 371,717     | 371,717       |
| <b>Sub total</b>  |      | 692,418,751 | - | - | 533,040,371 | 1,225,459,122 |

##### Financial liabilities

|                                         |  |   |   |   |             |             |
|-----------------------------------------|--|---|---|---|-------------|-------------|
| Payable to the Management Company       |  | - | - | - | 1,282,370   | 1,282,370   |
| Payable to the Trustee                  |  | - | - | - | 59,388      | 59,388      |
| Accrued and other liabilities           |  | - | - | - | 708,761     | 708,761     |
| Payable against purchase of investments |  | - | - | - | 536,081,691 | 536,081,691 |
| <b>Sub total</b>                        |  | - | - | - | 538,132,210 | 538,132,210 |

| Particulars                                        | As at June 30, 2017           |                                |                                           |                    |                                         |             |
|----------------------------------------------------|-------------------------------|--------------------------------|-------------------------------------------|--------------------|-----------------------------------------|-------------|
|                                                    | Effective yield / profit rate | Exposed to yield / profit risk |                                           |                    | Not exposed to yield / profit rate risk | Total       |
|                                                    |                               | Upto three months              | More than three months and up to one year | More than one year |                                         |             |
|                                                    | %                             | ----- (Rupees) -----           |                                           |                    |                                         |             |
| <b>On-balance sheet gap (a)</b>                    |                               | 692,418,751                    | -                                         | -                  | (5,091,839)                             | 687,326,912 |
| <b>Off-balance sheet financial instruments (b)</b> |                               | -                              | -                                         | -                  | -                                       | -           |
| <b>Total profit rate sensitivity gap</b>           |                               | 692,418,751                    | -                                         | -                  | (5,091,839)                             | 687,326,912 |
| <b>Cumulative profit rate sensitivity gap</b>      |                               | 692,418,751                    | 692,418,751                               | 692,418,751        |                                         |             |

### 19.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund has exposure to equity price risk arising from the Fund investments in equity securities. The Fund manages its price risk arising from investment in the equity securities by diversifying its portfolio within the eligible limits prescribed in the Fund's Constitutive Documents, the NBFC Regulations and circulars issued by SECP from time to time.

The table below summarizes the sensitivity of the Fund's net assets attributable to unit holders to the equity price movements as at June 30, 2017. This analysis is based on the assumption that PSX index increase and decreases by 5%, with all other variables held constant and that the fair value of the Fund's portfolio of equity securities moved according to their historical correlation with index. This represents managements' best estimate of a reasonable possible shift in the PSX index, having regards to the historical volatility of index of past three years.

At June 30, 2017, the fair value of equity securities exposed to price risk is disclosed in note 5.1.

| <i>Effect due to increase / decrease in KSE 100 index</i> | <b>June 30, 2017</b><br><b>(Rupees)</b> |
|-----------------------------------------------------------|-----------------------------------------|
| Investment and net assets                                 | 7,646,989                               |
| Income statement                                          | 7,646,989                               |

### 19.2 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted and arises principally from bank balances, investments, profit receivable and deposit and other receivable.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

#### 19.2.1 Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2017 was as follows:

|                   | <b>2017</b>                                               |                         |
|-------------------|-----------------------------------------------------------|-------------------------|
|                   | <b>Balance as per statement of assets and liabilities</b> | <b>Maximum exposure</b> |
| Bank balances     | 692,418,751                                               | 692,418,751             |
| Investments       | 530,068,654                                               | -                       |
| Security deposits | 2,600,000                                                 | 2,600,000               |
| Profit receivable | 371,717                                                   | 371,717                 |
|                   | <u>1,225,459,122</u>                                      | <u>695,390,468</u>      |

Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investments in listed equity securities of Rs 530.068 million is not exposed to credit risk.

No financial assets were considered to be past due or impaired as at June 30, 2017.

### 19.2.2 Bank Balances

The Fund held bank balances at June 30, 2017 with banks having following credit ratings:

| Rating | 2017               |             |
|--------|--------------------|-------------|
|        | Rupees             |             |
| AA+    | 692,418,751        | 100%        |
|        | <u>692,418,751</u> | <u>100%</u> |

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS as of June 30, 2017.

### 19.2.3 Concentration of 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. The Fund's portfolio of financial instruments is mainly held with banks.

### 19.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to redemptions of its redeemable units on a regular basis. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is therefore to invest the majority of its assets in short term instruments in order to maintain liquidity.

The Fund can borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was required to be obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month.

| Particulars                             | As at June 30, 2017          |                    |                |              |                    |
|-----------------------------------------|------------------------------|--------------------|----------------|--------------|--------------------|
|                                         | Within 1 month               | 1 to 3 months      | 3 to 12 months | 1 to 5 years | Total              |
|                                         | ----- (Rupees in '000) ----- |                    |                |              |                    |
| <b>Financial assets</b>                 |                              |                    |                |              |                    |
| Bank balances                           | -                            | 692,418,751        | -              | -            | 692,418,751        |
| Investments                             | -                            | 530,068,654        | -              | -            | 530,068,654        |
| Security deposits                       | -                            | 2,600,000          | -              | -            | 2,600,000          |
| Profit receivable                       | -                            | 371,717            | -              | -            | 371,717            |
|                                         | -                            | 1,225,459,122      | -              | -            | 1,225,459,122      |
| <b>Liabilities</b>                      |                              |                    |                |              |                    |
| Payable to the Management Company       | -                            | 1,282,370          | -              | -            | 1,282,370          |
| Payable to the Trustee                  | -                            | 59,388             | -              | -            | 59,388             |
| Accrued and other liabilities           | -                            | 708,761            | -              | -            | 708,761            |
| Payable against purchase of investments | -                            | 536,081,691        | -              | -            | 536,081,691        |
|                                         | -                            | 538,132,210        | -              | -            | 538,132,210        |
| <b>Net assets</b>                       | -                            | <u>687,326,912</u> | -              | -            | <u>687,326,912</u> |

#### 19.4 Fair Value Of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of investments is determined as per the policy disclosed in note 3.2 to these financial statements.

##### Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- **Level 1:** Quoted price (unadjusted) in an active market for identical assets or liabilities that the entity can access at the measurement date;
- **Level 2:** 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:** Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2017, the Fund held the following assets measured at fair values:

|                                                                  | <b>June 30, 2017</b> |                |                |                    |
|------------------------------------------------------------------|----------------------|----------------|----------------|--------------------|
|                                                                  | <b>Level 1</b>       | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>       |
|                                                                  | ----- (Rupees) ----- |                |                |                    |
| <b>'At fair value through profit or loss' - held for trading</b> |                      |                |                |                    |
| -Listed equity securities                                        | 530,068,654          | -              | -              | 530,068,654        |
|                                                                  | <u>530,068,654</u>   | <u>-</u>       | <u>-</u>       | <u>530,068,654</u> |

During the period ended June 30, 2017, 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.

#### 19.5 Unit Holders' Fund Risk Management

The Fund's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders and to ensure reasonable safety of Unit Holders' Fund.

The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in market conditions. The capital structure depends on the issuance and redemption of units.

The Fund is an open-end collective investment scheme. The capital of the open end schemes is represented by the net assets attributable to unit holders.

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 whether realised or unrealised as reduced by such expenses as are chargeable to the Fund.

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

The objective of Management Company when managing capital of the Fund is to maintain the Fund's ability to continue as a going concern in order to provide returns to unit holders on their investments.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- Monitors the level of daily issuance and redemptions relative to liquid assets;
- Redeem and issue 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 / Investment Committee members and the Chief Executive of the company critically monitor capital of the Fund on the basis of the value of net assets attributable to the unit holders and track the movement of 'Assets under Management' as well returns earned on the net assets to maintain investors confidence and achieve future growth in business. Further the Board of Directors is updated about the Fund yield and movement of NAV and total fund size at the end of each quarter.

In accordance with the NBFC Regulations, the Fund is required to maintain minimum net assets of one hundred million rupees at all times during the life of the scheme.

**20. 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.

**21. CORRESPONDING FIGURES**

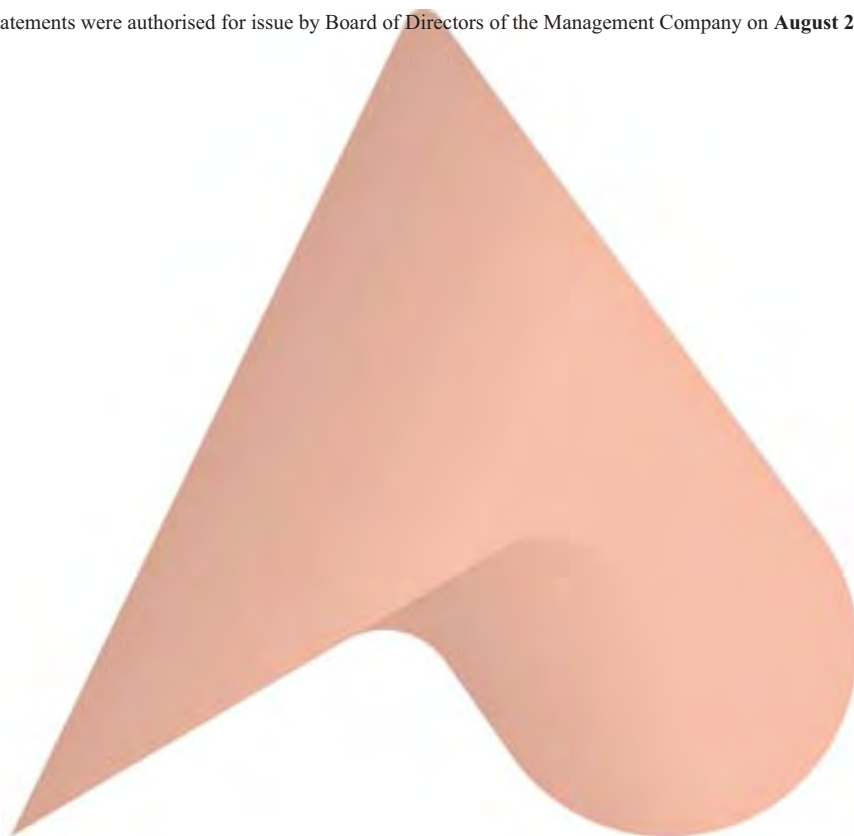
These financial statement are the first financial statements of the Fund, hence no corresponding figures have been presented.

**22. GENERAL**

Figures are rounded off to the nearest rupee.

**23. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by Board of Directors of the Management Company on **August 23, 2017**.



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

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

\_\_\_\_\_  
Director



**Annexure I**

**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 2017     |                      |                    |             |
|---------------------------|------------------------|----------------------|--------------------|-------------|
|                           | Number of unit holders | Number of units held | Amount Rupees      | % of total  |
| Individuals               | 0                      | -                    | -                  | 0%          |
| Associated Co./ Directors | 0                      | -                    | -                  | 0%          |
| Retirement & Other Funds  | 0                      | -                    | -                  | 0%          |
| Others                    | 4                      | 7,105,960            | 688,402,204        | 100%        |
|                           | <b>4</b>               | <b>7,105,960</b>     | <b>688,402,204</b> | <b>100%</b> |

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

**30 June**

|                                                 | 2017<br>%  |
|-------------------------------------------------|------------|
| <b>Foundation Securities Limited</b>            | <b>39%</b> |
| <b>Optimus Capital Management (Pvt) Limited</b> | <b>20%</b> |
| <b>JS Global Capital Limited</b>                | <b>17%</b> |
| <b>Next Capital Limited</b>                     | <b>10%</b> |
| <b>Inter Market Securities Limited</b>          | <b>7%</b>  |
| <b>BMA Capital Management Limited</b>           | <b>5%</b>  |
| <b>Nael Capital Private Limited</b>             | <b>2%</b>  |

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

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

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

**Maheen Rahman – CEO**

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

**Noman Soomro**

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

### Shariq Mukhtar Hashmi

Mr. Hashmi holds a diversified experience of over 11 years with various private sector enterprises of repute. He joined IGI Funds Limited (which subsequently merged into Alfalah GHP Investment Management Limited in Oct. 2013) in 2010 to lead the back office function as Head of Operations & Settlements. His association has continued, post-merger, as Head of Compliance & Risk Management. He has previously served National Asset Management Company as Head of Internal Audit and Feroze Sharif Tariq & Co Chartered Accountants in various capacities. He has also headed the Internal Audit Department of the Company. Mr. Hashmi is a qualified Accountant from the Association of Chartered Certified Accountants, UK and holds MBA degree in Finance from SZABIST University. He is also enrolled for Financial Risk Manager Certification of Global Association of Risk Professionals; USA.

### Muddasir Ahmed Shaikh

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

### Nabeel Malik

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

### 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 73rd, 74th, 75th, 76th, 77th and 78th Board Meetings were held on 26 Aug 2016, 22 Sep 2016, 31 Oct 2016, 07 Dec 2016, 14 Feb 2017 and 26 April 2017 respectively.

| Name of Director       | Number of Meetings |          |               | Meeting not attended |
|------------------------|--------------------|----------|---------------|----------------------|
|                        | Held               | Attended | Leave Granted |                      |
| Syed Ali Sultan        | 6                  | 6        | -             | -                    |
| Ms. Maheen Rahman      | 6                  | 6        | -             | -                    |
| Mr. Amin Dawood Saleh  | 6                  | 5        | 1             | 1                    |
| Mr. Abid Naqvi         | 6                  | 5        | 1             | 1                    |
| Mr. Hanspeter Beier    | 6                  | 4        | 2             | 2                    |
| Mr. Michael Buchen     | 1                  | -        | 1             | 1                    |
| Mr. Tufail Jawed Ahmad | 6                  | 5        | 1             | 1                    |
| Mr. Adeel Bajwa        | 2                  | 1        | 1             | 1                    |

Annexure A

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

**PERFORMANCE TABLE - AGIDEF**

|                                     | <b>30 June<br/>2017<br/>(Rupees in '000)</b> |
|-------------------------------------|----------------------------------------------|
| Net Assets                          | <b>688,402,204</b>                           |
| NAV per unit                        | <b>96.8767</b>                               |
| Selling price per unit              | <b>98.5188</b>                               |
| Redemption price per unit           | <b>96.8767</b>                               |
| Highest selling price per unit      | <b>101.7107</b>                              |
| Highest redemption price per unit   | <b>100.0154</b>                              |
| Lowest selling price per unit       | <b>98.5188</b>                               |
| Lowest redemption price per unit    | <b>96.8767</b>                               |
| Total interim distribution per unit | <b>Nil</b>                                   |
| Interim distribution date           | <b>Nil</b>                                   |
|                                     | <b>N/A</b>                                   |
| Final distribution per unit         | <b>Nil</b>                                   |
| Final distribution date             | <b>N/A</b>                                   |
| Annualized returns                  | <b>-3.12%</b>                                |
| Income distribution                 | <b>Nil</b>                                   |
| Weighted avg. portfolio duration    | <b>N/A</b>                                   |

**Return since inception is -26.27%**

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

## یونٹ ہولڈرز کے لئے 30 جون 2017ء کو ختم ہونے والے سال کے لئے ڈائریکٹرز رپورٹ:

بورڈ آف ڈائریکٹرز کی طرف سے مجھے 30 جون 2017ء کو ختم ہونے والے سال کیلئے الفلاح جی ایچ پی انکم پلیٹ فارم فنڈ (AGINF) 1، الفلاح جی ایچ پی انکم فنڈ (AGCF) 2، الفلاح جی ایچ پی اسلاک اسٹاک فنڈ (AGISTF) 3، الفلاح جی ایچ پی الفانڈ (AGAF) 4، الفلاح جی ایچ پی ویلیو فنڈ (AGVF) 5، الفلاح جی ایچ پی سوورن فنڈ (AGSOF) 6، الفلاح جی ایچ پی انکم فنڈ (AGIF) 7، الفلاح جی ایچ پی اسٹاک فنڈ (AGSTF) 8، الفلاح جی ایچ پی مینی مارکیٹ فنڈ (AGMMF) 9، الفلاح جی ایچ پی اسٹاک انکم فنڈ (AGIIF) 10، الفلاح جی ایچ پی پروسیوریٹی پلاننگ فنڈ (AGPPF) 11، الفلاح جی ایچ پی اسٹاک پروسیوریٹی پلاننگ فنڈ (AGIPPF) 12 اور الفلاح جی ایچ پی ڈیڈ ویکیٹیڈ ایکویٹی فنڈ (AGIDEF) 13، کے مالیاتی گوشوارہ جات پیش کرتے ہوئے مسرت ہے۔

### اقتصادی جائزہ:

گزشتہ برس پاکستان نے مضبوط معاشی شرح نمو کا مشاہدہ کیا جس کی وجہ آئی ایم ایف ایسٹیمایٹس نے 5.3% شرح نمو کی پیش گوئی کی تھی۔ جو کہ ایک سال قبل کی 4.5% کی شرح نمو سے زیادہ ہے۔ پہلی بار پاکستان کی مجموعی ملکی پیداوار 300 ارب امریکی ڈالر کا نشان عبور کر چکی ہے اور فی کس آمدنی 1400 امریکی ڈالر پر پہنچ گئی ہے۔ شرح نمو کو وسیع پیمانے پر ایشیا سازی (LSM) (4.9% تک) اور زرعی شعبے (3.0% تک) میں بحالی سے تحریک ملی ہے۔ تاہم بیرونی محاذ پر مالی سال 2017ء کیلئے حسابات کا خسارہ (CAD) ایک سال قبل کے 12.1 ارب ڈالر (یا جی ڈی پی کا تقریباً 4% فیصد) سال بہ سال 130% زیادہ تک پہنچ چکا ہے۔ حسابات جاریہ کے انحطاط کا بنیادی سبب تجارتی خسارہ ہے جو کہ 30.4 ارب ڈالر کو پہنچ گیا ہے جس میں درآمدات میں 57.6 ارب ڈالر کا اضافہ اور 27.1 ارب ڈالر کی برآمدات میں کمی بھی شامل ہیں۔ بیرونی قرضہ جات کی ادائیگی کے ساتھ حسابات جاریہ کا خسارہ بڑھ جانے سے غیر ملکی زرمبادلہ کم ہو کر 21.4 ارب ڈالر کی سطح پر آ گیا ہے۔ تاہم بینک دولت پاکستان پورے سال پاکستانی روپے امریکی ڈالر کے فرق کو مستحکم رکھنے میں کامیاب رہا۔

مالیاتی محاذ پر مالی سال 2017ء کے نو ماہ کے لئے بجٹ خسارہ 1.24 کھرب روپے پر قائم رہا جو کہ مجموعی ملکی پیداوار کا 3.7% ظاہر کرتا ہے۔ تاہم جیسے جیسے موجودہ حکومت کا حتمی سال مالی 2018ء کی طرف بڑھ رہا ہے، سیاسی شورش اور بھی بڑھتا جا رہا ہے اور آئندہ انتخابات کی طرف پرسکون پیش قدمی ترقیاتی و ساختیاتی اصلاح کی رفتار جانچنے کی کلیدی (چابی) ہوگی اور جاری معاشی منصوبوں بشمول سی پیک کیلئے بھی اہم ترین ہوگا۔ مزید یہ کہ بیرونی عوامل جیسے تیل کی قیمتیں بھی آئندہ سال کیلئے مالیاتی توقعات میں بنیادی کردار ادا کریں گی۔

### بازار حصص کا جائزہ:

مالی سال 2017ء میں کے ایس ای 100 نے 23.24 فیصد کا منافع فراہم کیا جبکہ مالی سال 2016ء میں یہ فقط 9.84% تھا۔ بازار حصص کی کارکردگی میں خام تیل کی کم قیمتیں، افراط زر کی توقع (4.2%) اور توانائی بحران میں بتدریج بہتری بڑے محرکات تھے۔ بینک دولت پاکستان نے دوران سال شرح رعایت تاریخی حد تک کم پر برقرار رکھیں جس میں تعمیراتی اور ایشیا سازی کے اداروں کی حوصلہ افزائی ہوئی کہ وہ بڑھتی طلب اور مانگ کو پورا کرنے کی غرض سے توسیعات کا آغاز کریں۔ اسکے علاوہ ادارہ جاتی نتائج ان لوگوں کے لئے جو صارف اور ایشیا سازی خلا میں قدرے بلندی پر رہے۔ بازار حصص کے بڑے بڑے شعبہ جات جنہوں نے دوران سال 23.24% کے منافع کی کارکردگی میں اہم حصہ ڈالا یہ تھے۔

(i) تجارتی بینکنس (6.94%)

(ii) تیل اور گیس (3.95%)

(iii) تعمیرات اور ایشیا (2.8%)

(iv) آٹوموبائلز اور پارٹس (1.99%)

زیر جائزہ سال کے دوران پاکستان کو دوبارہ ایم ایس سی آئی ایمرنگ مارکیٹ انڈیکس میں درجہ بند کر لیا گیا جو کہ فریڈریک مارکیٹ انڈیکس سے اوپر کے درجے کی ترجمانی کرتا ہے اور یہ یکم جون 2017ء سے مؤثر ہے۔ یہ درجہ بندی 2016ء میں اعلان کی گئی تھی جس نے بازار حصص کو نمایاں قوت فراہم کی جس سے ستمبر 2017ء میں 53124 کے ایس ای 100 اینڈیکس مارکیٹ پر ایک دن کے اندر بلند سطح کا تمام عرصے میں عروج حاصل کیا۔ تاہم مثبت جذبات سیاسی عدم یقینی بازار نارہ سطر اور بیرونی حسابات کی صورتحال میں وسعت کی وجہ سے ڈالر بمقابلہ روپے فرق پر بڑھتے ہوئے واضح دباؤ کے سبب مثبت رجحان جاری نارہ سکا۔ نتیجتاً کے ایس ای 100 انڈیکس جون 2017ء کے ماہ کے دوران 7.7% کم ہو گیا اور سال کے اختتام پر 46,565 پوائنٹس پر بند ہوا۔

کے ایس ای۔ آل انڈیکس میں سرگرمی زبردست رہی کیونکہ مالی سال 2016ء میں 208 ملین شیئرز کے مقابلے میں مالی سال 2017ء میں 350 ملین شیئرز کے اوسط پر شیئرز کی تجارت رہی۔ گزشتہ سال میں 7.68 ارب روپے کے مقابلے میں مالی سال 2017ء میں تجارت کئے گئے شیئرز کی اوسط مالیت 1.03 ارب روپے رہی 31 مئی 2017ء پر تمام عرصے کی سب سے بلند مالیت 50 ارب روپے کو چھو گئی۔

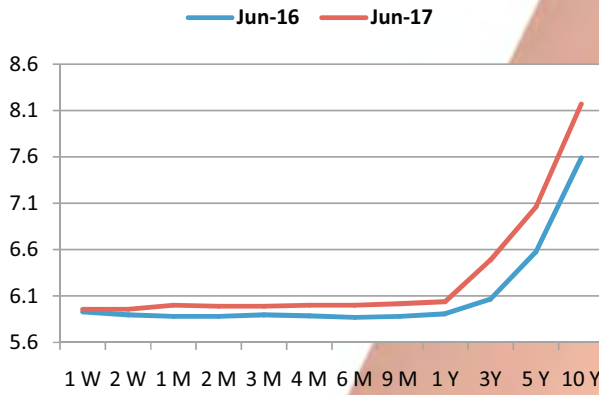
## بازار زر (منی مارکیٹ):

مالی سال 2017ء کے لئے افراط زر مالی سال 2016ء کے دوران درج کردہ 2.86% کے مقابلے میں اوسطاً 4.15% رہی۔ توقع کی جاتی ہے کہ اب یہ ایک نسبتاً زیادہ مستحکم سطح پر پہنچ گئی ہے۔ بینک دولت پاکستان (SBP) نے نتیجتاً شرح ہائے سود 5.75% پر جاری بنیادی شرح پالیسی کے ساتھ اسی شرح پر برقرار رکھی۔

زیر جائزہ سال کے دوران خط آمدن ثابت رہا کیونکہ 5،3 اور 10 سال کے بانڈ پر علی الترتیب 48،42 اور 58 پی پی ایس سے بڑھ گئیں جو شرح ہائے سود گراؤٹ کو ظاہر کرتی ہیں۔ دریں اثنا 3،6 اور 12 ماہ کے ٹریژری بلز پر آمدن سال علی الترتیب 3،9 اور 13 پی پی ایس سے بڑھ گئیں۔ سال بہ سال بلند تر اوسط افراط زر کا پھیلاؤ ایک مستحکم شرح ہائے سود نظام کیلئے شرح رعایت پر خود ہی مستحکم (منظم) ہو گیا۔

دوران سال بینک دولت پاکستان نے تین سالہ پاکستان انویسٹمنٹ بونڈز (PIBs) کے ذریعے ہدف 800 ارب روپے کے مقابلے میں 778 ارب روپے جمع کر لئے۔ ٹی۔بلز کے ذریعے 7.2 کھرب روپے کے مجموعی ہدف کے مقابلے میں 3 اور 6 ماہ کی ضمنی مدتوں کی شراکت کے ساتھ 7.1 کھرب اکٹھے کر لئے۔

مالی سال 2017ء کے بعد کے نصف کے دوران وفاقی حکومت جون 2016ء - جون 2017ء نے اجارہ صکوک نیلامی کے ذریعے مالیاتی خسارے کیلئے فراہمی قرضہ اور صنعت اسلامی بینکاری کو سرمایہ کاری کے مواقع فراہم کرنے کی غرض سے 167 ارب روپے کی شراکت کے عوض 71 ارب روپے جمع کئے۔ بین ال بینک بازار (Interbank Market) میں مجموعی سیالیت شرحوں کے استحکام کے ساتھ پورے سال مناسب رہی اور توقع رہی کہ ری فوری آنے والے چھ ماہ کے دوران بھی جاری رہے گی۔



گراف

## فنڈز کے افعال اور کارکردگی:

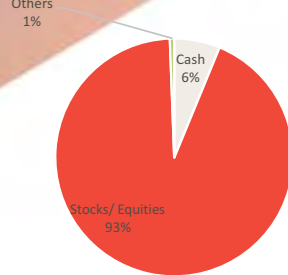
### الفلاح جی ایچ پی الفانڈ:

مالی سال 2017ء کے دوران اے جی اے ایف نے اسی عرصے کے دوران 23.24% کے بیچ مارک (کے ایس ای-100 انڈیکس) منافع کے مقابلے میں 28.99% کا منافع کمایا۔

### ادائیگی:

زیر جائزہ سال کے اختتام پر فنڈ نے نی پونڈ 2.9418 روپے کا نقد منافع منقسمہ ادا کیا۔  
تخصیص اثاثہ جات (برطانیہ 30 جون 2017ء)

Asset Allocation  
(as at 30 June, 2017)



(ملین روپے میں)

بنیادی مالیاتی معلومات

| تفصیل                               | 30 جون 2017ء | 30 جون 2016ء |
|-------------------------------------|--------------|--------------|
| اوسط خالص اثاثہ جات                 | 1,667.60     | 903.48       |
| کل آمدن                             | 416.58       | 144.16       |
| مجموعی جامع آمدن                    | 342.35       | 111.98       |
| خالص مالیت اثاثہ جات فی پونڈ (روپے) | 84.50        | 67.79        |
| اس عرصے کے دوران پونڈ کا اجراء      | 2,043.07     | 848.64       |
| اس عرصے کے دوران پونڈ کی بھرتائی    | 1,879.75     | 656.51       |

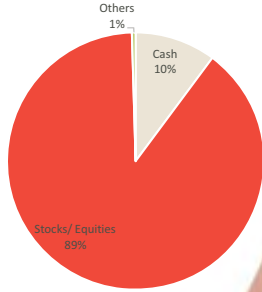
## الفلاح جی ایچ پی اسلامک اسٹاک فنڈ :

مالی سال 2017ء میں اے جی آئی ایف نے 24.81% کا منافع حاصل کیا جبکہ اسی عرصے کے دوران اس نے 18.80% کا پیچ مارک منافع کمایا۔

### ادائیگی:

زیر جائزہ سال کے اختتام پر فنڈ نے فی یونٹ 5.7232 اور 1.1972 روپے کا نقد منافع منقسمہ ادا کیا۔  
تخصیص اثاثہ جات (بمطابق 30 جون 2017ء)

Asset Allocation  
(As at 30 June, 2017)



(ملین روپے میں)

بنیادی مالیاتی معلومات

| تفصیل                               | 30 جون 2017 کو ختم<br>ہونے والے سال کیلئے | 30 جون 2016 کو ختم<br>ہونے والے سال کیلئے |
|-------------------------------------|-------------------------------------------|-------------------------------------------|
| اوسط خالص اثاثہ جات                 | 1,065.28                                  | 6,533.29                                  |
| کل آمدن                             | 189.43                                    | 1,346.79                                  |
| مجموعی جامع آمدن                    | 293.66                                    | 1,904.36                                  |
| خالص مالیت اثاثہ جات فی یونٹ (روپے) | 63.8413                                   | 72.8229                                   |
| اس عرصے کے دوران پنشن کا اجراء      | 2,623.96                                  | 10,923.38                                 |
| اس عرصے کے دوران پنشن کی بھتائی     | 1,210.05                                  | 4,102.21                                  |

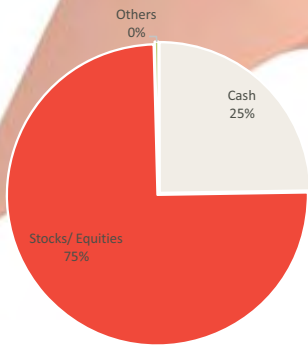
## الفلاح جی ایچ پی اسلامک اسٹاک فنڈ:

مالی سال 2017ء کے دوران اے جی ایف نے 28.69% کا منافع حاصل کیا جبکہ اسی عرصے کے دوران اس کا پیچ مارک (کے ایس ای-100) منافع 23.24% رہا۔

### ادائیگی:

زیر جائزہ سال کے اختتام پر فنڈ نے فی یونٹ 3.6164 اور 1.7596 روپے کے نقد منافع منقسمہ تقسیم کئے۔  
تخصیص اثاثہ جات (بمطابق 30 جون 2017ء)

Asset Allocation  
(As at 30 June, 2017)



(ملین روپے میں)

بنیادی مالیاتی معلومات

| تفصیل                               | 30 جون 2017 کو ختم<br>ہونے والے سال کیلئے | 30 جون 2016 کو ختم<br>ہونے والے سال کیلئے |
|-------------------------------------|-------------------------------------------|-------------------------------------------|
| اوسط خالص اثاثہ جات                 | 2,720.74                                  | 1,527.84                                  |
| کل آمدن                             | 644.73                                    | 301.60                                    |
| مجموعی جامع آمدن                    | 614.83                                    | 176.77                                    |
| خالص مالیت اثاثہ جات فی یونٹ (روپے) | 156.8824                                  | 126.0747                                  |
| اس عرصے کے دوران پنشن کا اجراء      | 3,965.14                                  | 3,177.76                                  |
| اس عرصے کے دوران پنشن کی بھتائی     | 3,239.70                                  | 3,016.84                                  |



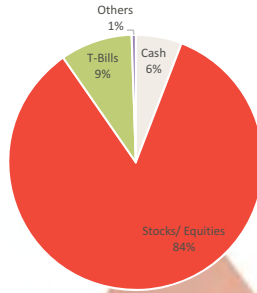
## الفلاح جی ایچ پی ویلیو فنڈ :

مالی سال 2017ء کے دوران اے جی وی ایف نے 26.18% کے منافع کے ساتھ اپنے بیچ مارک منافع کے مقابلے میں زبردست کارکردگی کا مظاہرہ کیا جو کہ اسی عرصے کے دوران 17.60% تھا۔

## ادائیگی:

زیر جائزہ سال کے اختتام پر فنڈ نے فی یونٹ 8.4571 اور 1.0387 روپے کے نقد منافع تقسیم کئے۔ تخصیص اثاثہ جات (برطانیق 30 جون 2017ء)

Asset Allocation  
(As at 30 June, 2017)



(ملین روپے میں)

بنیادی مالیاتی معلومات

| تفصیل                              | 30 جون 2017ء | 30 جون 2016ء |
|------------------------------------|--------------|--------------|
| اوسط خالص اثاثہ جات                | 1,544.048    | 760.99       |
| نکل آمدن                           | 283.17       | 144.08       |
| مجموعی جامع آمدن                   | 461.49       | 103.03       |
| خالص رابٹ اثاثہ جات فی یونٹ (روپے) | 70.4655      | 63.3712      |
| اس عرصے کے دوران پنٹس کا اجراء     | 3,530.23     | 353.73       |
| اس عرصے کے دوران پنٹس کی بھٹائی    | 2,068.79     | 354.87       |

## الفلاح جی ایچ پی انکم فنڈ :

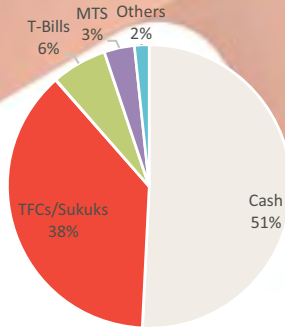
زیر جائزہ عرصے کے دوران اے جی وی ایف نے 5.20% کا منافع حاصل کیا جبکہ فنڈ کا بیچ مارک منافع 6.10% پر قائم رہا۔

## ادائیگی:

زیر جائزہ سال کے اختتام پر فنڈ نے 4.5031 کا منافع منقسمہ فی یونٹ ادا کیا۔

تخصیص اثاثہ جات (برطانیق 30 جون 2017ء)

Asset Allocation  
(As at 30 June, 2017)



(ملین روپے میں)

بنیادی مالیاتی معلومات

| تفصیل                              | 30 جون 2017ء | 30 جون 2016ء |
|------------------------------------|--------------|--------------|
| اوسط خالص اثاثہ جات                | 1,256.978    | 1,730.00     |
| نکل آمدن                           | 93.42        | 140.82       |
| مجموعی جامع آمدن                   | 34.07        | 33.15        |
| خالص رابٹ اثاثہ جات فی یونٹ (روپے) | 111.9719     | 110.7178     |
| اس عرصے کے دوران پنٹس کا اجراء     | 3,012.47     | 1,950.14     |
| اس عرصے کے دوران پنٹس کی بھٹائی    | 2,929.27     | 2,519.65     |

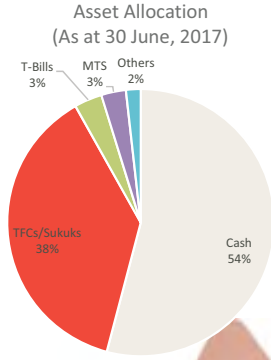
## الفلاح جی ایچ پی انکم ملٹی پلائیر فنڈ :

اس عرصے کے دوران الفلاح جی ایچ پی انکم ملٹی پلائیر فنڈ نے 5.9% کا منافع تشکیل دیا جبکہ اسی عرصے کے دوران اس کا بیج مارک 6.40% برقرار رہا۔

### ادائیگی :

زیر جائزہ سال کے اختتام پر فنڈ نے 2.8811 فی یونٹ نقد منافع منقسمہ ادا کیا۔

تخصیص اثاثہ جات (بمطابق 30 جون 2017ء)



(ملین روپے میں)

بنیادی مالیاتی معلومات

| تفصیل                               | 30 جون 2017ء<br>ہونے والے سال کیلئے | 30 جون 2016ء<br>ہونے والے سال کیلئے |
|-------------------------------------|-------------------------------------|-------------------------------------|
| اوسط خالص اثاثہ جات                 | 2,276.115                           | 2,574.14                            |
| کل آمدن                             | 175.35                              | 255.07                              |
| مجموعی جارج آمدن                    | 52.27                               | 93.02                               |
| خالص مالیت اثاثہ جات فی یونٹ (روپے) | 53.2500                             | 53.0087                             |
| اس عرصے کے دوران پینس کا اجراء      | 4,299.03                            | 3,323.16                            |
| اس عرصے کے دوران پینس کی بھنائی     | 4,147.55                            | 3,689.49                            |

## الفلاح جی ایچ پی سوورن فنڈ :

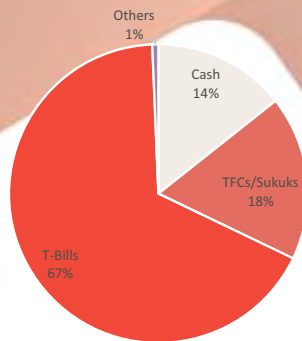
مالی سال 2017ء کے دوران اسے جی ایس او ایف نے 5.54% کا منافع حاصل کیا جبکہ بیج مارک منافع اس عرصے کے دوران 5.80% رہا۔

### ادائیگی :

زیر جائزہ سال کے اختتام پر فنڈ نے 5.8914 روپے فی یونٹ کا نقد منافع منقسمہ ادا کیا۔

تخصیص اثاثہ جات (بمطابق 30 جون 2017ء)

Asset Allocation  
(As at 30 June, 2017)



(ملین روپے میں)

بنیادی مالیاتی معلومات

| تفصیل                               | 30 جون 2017ء<br>ہونے والے سال کیلئے | 30 جون 2016ء<br>ہونے والے سال کیلئے |
|-------------------------------------|-------------------------------------|-------------------------------------|
| اوسط خالص اثاثہ جات                 | 3108.014                            | 8,166.05                            |
| کل آمدن                             | 206.40                              | 692.65                              |
| مجموعی جارج آمدن                    | 40.1776                             | 192.55                              |
| خالص مالیت اثاثہ جات فی یونٹ (روپے) | 105.7586                            | 105.7890                            |
| اس عرصے کے دوران پینس کا اجراء      | 5,554.170                           | 10,818.27                           |
| اس عرصے کے دوران پینس کی بھنائی     | 7,436.773                           | 15,515.19                           |

## الفلاح جی ایچ پی اسلامک انکم فنڈ:

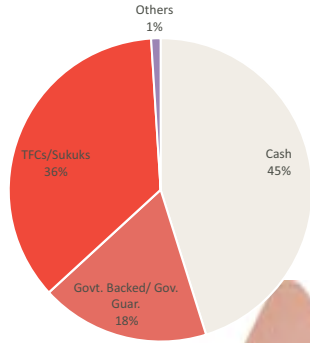
زیر جائزہ عرصہ کے دوران جی آئی آئی ایف نے 5.35% کا سالانہ منافع کمایا جبکہ بیچ مارک 3.2% سالانہ اوسط منافع رہا۔

### ادائیگی:

زیر جائزہ ساک کے اختتام پر فنڈ نے 4,74,95 روپے فی یونٹ نقد منافع منقسمہ ادا کیا۔

تخصیص اثاثہ جات (بمطابق 30 جون 2017ء)

Asset Allocation  
(As at 30 June, 2017)



(ملین روپے میں)

بنیادی مالیاتی معلومات

| تفصیل                               | 30 جون 2017ء<br>ہونے والے سال کیلئے | 30 جون 2016ء<br>ہونے والے سال کیلئے |
|-------------------------------------|-------------------------------------|-------------------------------------|
| اوسط خالص اثاثہ جات                 | 3,654.929                           | 319.36                              |
| کل آمدن                             | 241.30                              | 14.63                               |
| مجموعی جامع آمدن                    | 82.80                               | 4.39                                |
| خالص ماییت اثاثہ جات فی یونٹ (روپے) | 101.2353                            | 100.6098                            |
| اس عرصے کے دوران پنشن کا اجراء      | 9,442.35                            | 3,033.39                            |
| اس عرصے کے دوران پنشن کی بھرتائی    | 6,887.71                            | 3,051.27                            |

## الفلاح جی ایچ پی کیش فنڈ:

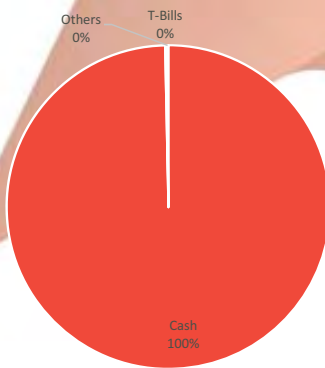
مالی سال 2017ء کے دوران اسے جی سی ایف نے 6.86% کا منافع حاصل کیا جبکہ اسی عرصے کے دوران بیچ مارک منافع 5.02% رہا۔

### ادائیگی:

زیر جائزہ سال کے اختتام پر فنڈ نے 32,8386 روپے فی یونٹ کا نقد منافع منقسمہ ادا کیا۔

تخصیص اثاثہ جات (بمطابق 30 جون 2017ء)

Asset Allocation  
(As at 30 June, 2017)



(ملین روپے میں)

بنیادی مالیاتی معلومات

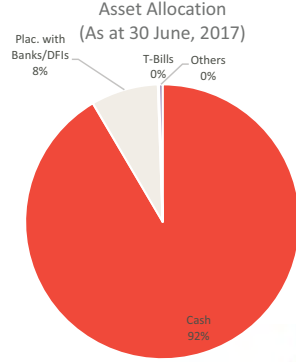
| تفصیل                               | 30 جون 2017ء<br>ہونے والے سال کیلئے | 30 جون 2016ء<br>ہونے والے سال کیلئے |
|-------------------------------------|-------------------------------------|-------------------------------------|
| اوسط خالص اثاثہ جات                 | 838.590                             | 743.43                              |
| کل آمدن                             | 70.16                               | 56.91                               |
| مجموعی جامع آمدن                    | 90.38                               | 33.46                               |
| خالص ماییت اثاثہ جات فی یونٹ (روپے) | 496.75                              | 495.60                              |
| اس عرصے کے دوران پنشن کا اجراء      | 2,874.25                            | 1,418.81                            |
| اس عرصے کے دوران پنشن کی بھرتائی    | 3,303.94                            | 599.72                              |

## الفلاح جی ایچ پی منی مارکیٹ فنڈ:

مالی سال 2017ء کے دوران اسے جی ایم ایم ایف نے 5.62% کا منافع کمایا جبکہ اسی عرصے کے دوران فنڈ کا بیچ مارک منافع %5.02 رہا۔

### ادائیگی:

زیر جائزہ سال کے اختتام پر فنڈ نے 6.3483 روپے فی یونٹ کا نقد منافع منقسمہ ادا کیا۔  
تخصیص اثاثہ جات (بمطابق 30 جون 2017ء)



(ملین روپے میں)

بنیادی مالیاتی معلومات

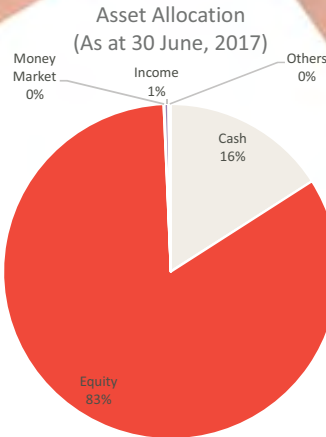
| تفصیل                               | 30 جون 2017ء تک<br>ہونے والے سال کیلئے | 30 جون 2016ء تک<br>ہونے والے سال کیلئے |
|-------------------------------------|----------------------------------------|----------------------------------------|
| اوسط خالص اثاثہ جات                 | 1,394.236                              | 1,755.95                               |
| کل آمدن                             | 92.94                                  | 121.19                                 |
| مجموعی جارج آمدن                    | 9.940                                  | 66.84                                  |
| خالص ماریٹ اثاثہ جات فی یونٹ (روپے) | 97.4166                                | 98.2198                                |
| اس عرصے کے دوران پنشن کا اجراء      | 7,625.02                               | 9,368.52                               |
| اس عرصے کے دوران پنشن کی بھٹائی     | 10,299.52                              | 8,304.03                               |

## الفلاح جی ایچ پی پرو سپیریٹی فنڈ - ایکٹوائیلو کیشن پلان:

اس فنڈ نے بیچ مارک %15.93 کے منافع کے مقابلے میں %16.65 کا منافع حاصل کیا۔

### ادائیگی:

زیر جائزہ سال کے اختتام پر فنڈ نے 7.1554 اور 0.8673 روپے فی یونٹ کے نقد منافع منقسمہ ادا کئے۔  
تخصیص اثاثہ جات (بمطابق 30 جون 2017ء)



## الفلاح جی ایچ پی پروسپیریٹی پلاننگ فنڈ - موڈ پریت پلان:

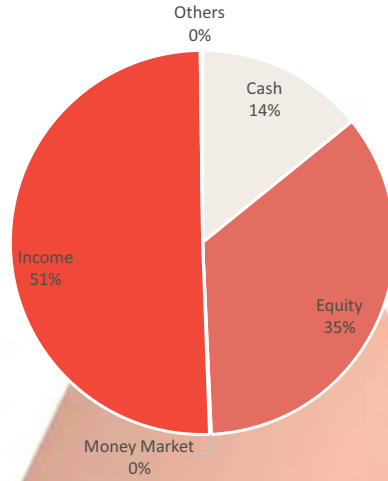
اس فنڈ نے شیئرمارک منافع 12.82% کے مقابلے میں 12.07% کا منافع تشکیل کیا۔

### ادائیگی:

زیر جائزہ سال کے اختتام پر فنڈ نے 10.5442 روپے فی یونٹ کا نقد منافع منقسمہ ادا کیا۔

تخصیص اثاثہ جات (برطانیہ 30 جون 2017ء)

Asset Allocation  
(As at 30 June, 2017)



## الفلاح جی ایچ پی پروسپیریٹی پلاننگ فنڈ - کنزرویٹو پلان:

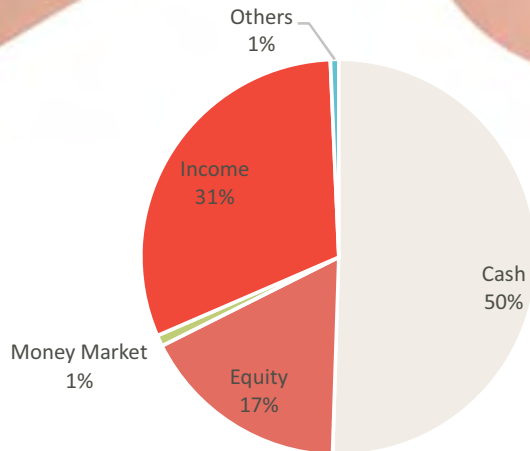
اس فنڈ نے شیئرمارک 9.49% کے مقابلے میں 8.46% کا منافع تشکیل دیا۔

### ادائیگی:

زیر جائزہ سال کے اختتام پر فنڈ نے 4.5144 روپے فی یونٹ کا نقد منافع منقسمہ ادا کیا۔

تخصیص اثاثہ جات (برطانیہ 30 جون 2017ء)

Asset Allocation  
(As at 30 June, 2017)



| تفصیل                               | الفلاح جی ایچ پی<br>ایکٹو ایلوکیشن<br>پلان | الفلاح جی ایچ پی<br>کنزرویٹو ایلوکیشن<br>پلان | الفلاح جی ایچ پی<br>موڈریٹ ایلوکیشن<br>پلان | الفلاح جی ایچ پی<br>ایکٹو ایلوکیشن<br>پلان | الفلاح جی ایچ پی<br>کنزرویٹو ایلوکیشن<br>پلان | الفلاح جی ایچ پی<br>موڈریٹ ایلوکیشن<br>پلان |
|-------------------------------------|--------------------------------------------|-----------------------------------------------|---------------------------------------------|--------------------------------------------|-----------------------------------------------|---------------------------------------------|
|                                     | 30 جون 2017 کو ختم ہونے والے سال کے لئے    |                                               |                                             | 30 جون 2016 کو ختم ہونے والے سال کے لئے    |                                               |                                             |
| اوسط خالص اثاثہ جات                 | 307.19                                     | 382.84                                        | 547.56                                      | 220.016                                    | 114.551                                       | 295.707                                     |
| کل آمدن                             | 38.72                                      | 31.17                                         | 49.65                                       | 19.539                                     | 19.805                                        | 19.514                                      |
| مجموعی جامع آمدن                    | 48.14                                      | 38.75                                         | 101.59                                      | 15.913                                     | 6.075                                         | 21.331                                      |
| خالص مالیت اثاثہ جات فی یونٹ (روپے) | 117.4231                                   | 109.9390                                      | 106.9507                                    | 107.5354                                   | 105.5315                                      | 104.8369                                    |
| اس عرصے کے دوران یونٹس کا جزاء      | 202.84                                     | 457.38                                        | 998.95                                      | 248.950                                    | 509.740                                       | 351.361                                     |
| اس عرصے کے دوران یونٹس کی بھٹائی    | 114.44                                     | 99.94                                         | 331.85                                      | 47.166                                     | 413.631                                       | 66.549                                      |

### الفلاح جی ایچ پی اسلامک پروسیپیٹی فنڈ - ایکٹو ایلوکیشن پلان (i):

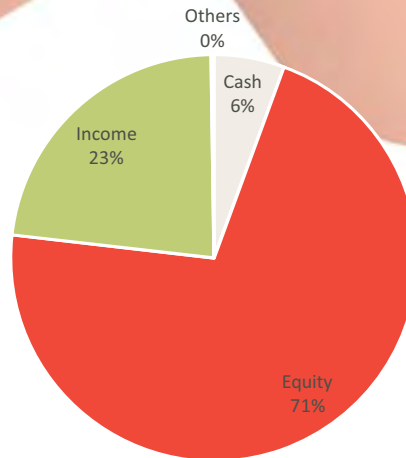
اس فنڈ نے بیٹھ مارک 11.56% کے منافع کے مقابلے میں 14.72% کا منافع تشکیل دیا۔

### ادائیگی:

زیر جائزہ سال کے اختتام پر فنڈ نے 5.9883 اور 1.2709 روپے فی یونٹ کے نقد منافع جات ادا کئے۔

تخصیص اثاثہ جات (برطانیہ 30 جون 2017ء)

### Asset Allocation (As at 30 June, 2017)





## **الفلاح جی ایچ پی اسلامک پروسپیریٹی فنڈ - ایکٹو ایلوکیشن پلان (ii):**

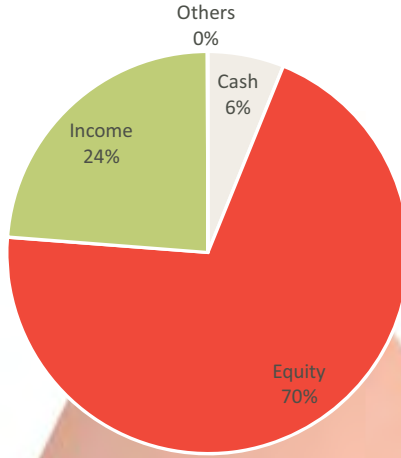
اس فنڈ نے 4.14% کے شیئ مارک منافع کے مقابلے میں 7.29% کا منافع تشکیل دیا۔

### **ادائیگی:**

زیر جائزہ سال کے اختتام پر فنڈ نے 6.1617 اور 0.3248 روپے کے نقد منافع منقسمہ فی یونٹ ادا کئے۔

تخصیص اثاثہ جات (بمطابق 30 جون 2017ء)

Asset Allocation  
(As at 30 June, 2017)



## **الفلاح جی ایچ پی اسلامک پروسپیریٹی فنڈ - ایکٹو ایلوکیشن پلان (iii):**

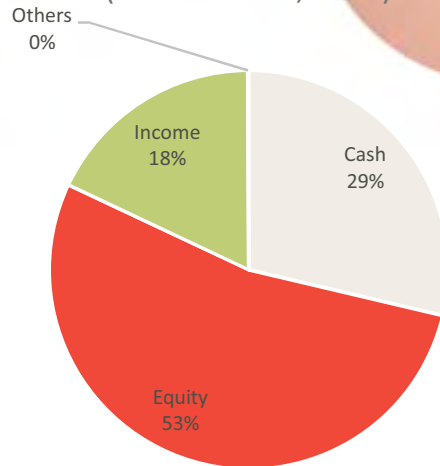
اس فنڈ نے شیئ مارک 0.0% منافع کے مقابلے میں -0.31% کا منافع تشکیل دیا۔ اس فنڈ کے آغاز 22 جون 2017ء کو کیا گیا۔

### **ادائیگی:**

زیر جائزہ سال کے اختتام پر اس فنڈ نے 0.0716 روپے فی یونٹ کا نقد منافع منقسمہ ادا کیا۔

تخصیص اثاثہ جات (بمطابق 30 جون 2017ء)

Asset Allocation  
(As at 30 June, 2017)



## الفلاح جی ایچ پی اسلامک پروسپیریٹی پلاننگ فنڈ - بیلنس ایلوکیشن پلان:

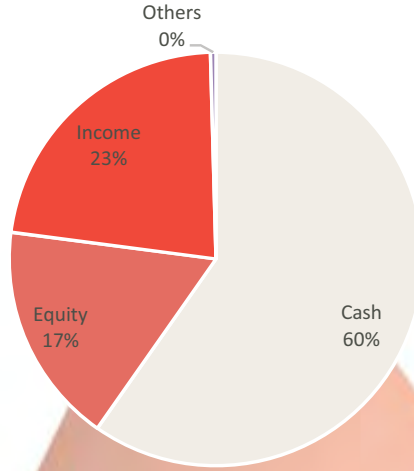
اس فنڈ نے بیچ مارک %6.11 کے منافع کے مقابلے میں %7.80 کا منافع تشکیل دیا۔

### ادائیگی:

زیر جائزہ سال کے اختتام پر فنڈ نے 2.6865 اور 0.2386 روپے فی پونٹ کے نقد منافع منقسمہ تقسیم کئے۔

### Asset Allocation (As at 30 June, 2017)

تخصیص اثاثہ جات (برطانیہ 30 جون 2017ء)



| تفصیل                               | ایکویٹی ایلوکیشن<br>پلان (i)             | بیلنس ایلوکیشن<br>پلان | ایکویٹی ایلوکیشن<br>پلان (ii) | ایکویٹی ایلوکیشن<br>پلان (iii) | کنزرویٹو ایلوکیشن<br>پلان                | بیلنس ایلوکیشن<br>پلان |
|-------------------------------------|------------------------------------------|------------------------|-------------------------------|--------------------------------|------------------------------------------|------------------------|
|                                     | 30 جون 2017ء کو ختم ہونے والے سال کے لئے |                        |                               |                                | 30 جون 2016ء کو ختم ہونے والے سال کے لئے |                        |
| اوسط خالص اثاثہ جات                 | 1,716.651                                | 2,897.981              | 2,204.806                     | 1,101.757                      | 1,543.04                                 | 2,119.03               |
| کل آمدن                             | 244.80                                   | 231.83                 | 165.40                        | -2.37                          | -12.082                                  | 0.98                   |
| مجموعی جامع آمدن                    | 231.61                                   | 250.17                 | 146.21                        | -3.38                          | -13.458                                  | 1.997                  |
| خالص مالیت اثاثہ جات فی پونٹ (روپے) | 106.5153                                 | 104.8977               | 100.8383                      | 99.6929                        | 99.1445                                  | 100.0297               |
| اس عرصے کے دوران پونٹس کا حزاء      | 164.06                                   | 5,149.55               | 2,191.81                      | 1,101.16                       | 1,556.18                                 | 2,137.79               |
| اس عرصے کے دوران پونٹس کی نمٹائی    | 98.68                                    | 3873.04                | 120.74                        | -                              | -                                        | 17.35                  |

## الفلاح جی ایچ پی اسلامک ڈیڈیکٹیوڈ ایکویٹی فنڈ :

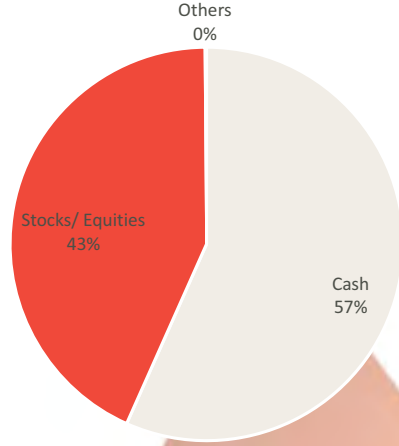
اس فنڈ نے اپنے شیئنگ مارک منافع 11.80% کے مقابلے میں 3.12% کا منافع تکمیل کیا۔

## ادائیگی:

زیر جائزہ سال کے اختتام پر فنڈ نے 0.00 روپے فی پونٹ کا منافع منقسمہ ادا کیا۔

تخصیص اثاثہ جات (برطانیہ 30 جون 2017ء)

## Asset Allocation (As at 30 June, 2017)



(ملین روپے میں)

بنیادی مالیاتی معلومات

| تفصیل                               | 30 جون 2017 کو ختم ہونے والے سال کیلئے |
|-------------------------------------|----------------------------------------|
| اوسط خالص اثاثہ جات                 | 118.68                                 |
| کل آمدن                             | -5.58                                  |
| مجموعی جامع آمدن                    | -22.19                                 |
| خالص ماریٹ اثاثہ جات فی پونٹ (روپے) | 96.8767                                |
| اس عرصے کے دوران پونٹس کا جزء       | 715.00                                 |
| اس عرصے کے دوران پونٹس کی بھنائی    | 20.00                                  |

## ادارہ جاتی نظم:

مینجمنٹ کمپنی ادارہ جاتی نظم کے بلند ترین معیارات برقرار رکھنے میں پر عزم ہے۔ بورڈ ڈائریکٹرز کا اس حوالے سے بیان ہے کہ:

(الف) مالیاتی گوشوارہ جات الفلاح جی ایچ پی انویسٹمنٹ مینجمنٹ لمیٹڈ کے زیر انتظام فنڈ کے امور کار کو اور پونٹ ہولڈرز فنڈ میں اسکے افعال کے نتائج نقد بہاؤ اور تہذیبوں کو منصفانہ طور پر پیش کرتے ہیں۔

(ب) حسابات کی مناسب کتب برقرار رکھی گئی ہیں۔

(ج) مناسب حساباتی حکمت ہائے عملی کو مالیاتی گوشواروں کی تیاری میں مسلسل بروئے کار لایا گیا ہے اور حساباتی تخمینہ جات معقول اور محتاط آراء پر مبنی ہیں۔

(د) انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز جیسا کہ پاکستان میں لاگو ہیں کی مالیاتی گوشواروں کی تیاری میں بیرونی کی جاتی رہی ہے۔

(ه) انٹرنیشنل کا نظام تشکیل میں اچھا ہے اور اسے موثر طریقے سے نافذ کیا گیا ہے اور اسکی نگرانی کی جاتی ہے۔

(و) الفلاح جی ایچ پی انویسٹمنٹ مینجمنٹ لمیٹڈ کے زیر انتظام فنڈ بطور ایک جاری کاروبار تسلسل کی صلاحیت پر کوئی قابل ذکر شبہ نہیں ہے۔

(ز) ادارہ جاتی نظم کے بہتر کے بہترین طور طریقوں جیسا کہ تفصیل کے ساتھ مندرجہ ضوابط میں سے ذرہ برابر اعتراف نہیں ہے۔

(ح) کلیدی مالیاتی معلومات کا خلاصہ اس ڈائریکٹر رپورٹ میں اوپر دیا گیا ہے۔

- (ط) منعقدہ بورڈ آف ڈائریکٹرز کے اجلاس کی تفصیل اور ان اجلاس کیلئے نرڈائریکٹر کی حاضری اس سالانہ رپورٹ کی غیر مالیاتی معلومات کے ضمیمہ کے ملاحظہ نمبر چہارم میں دی گئی ہیں۔
- (ی) یونٹ ہولڈنگ کا سلوب اس سالانہ رپورٹ کی غیر مالیاتی معلومات کے ضمیمہ کے ملاحظہ نمبر یکم میں دی گئی ہے۔
- (ک) فنڈ کے یونٹس کی تعداد جو افسر منتظم اعلیٰ، ڈائریکٹر، ایگزیکٹوز اور اسکے زوجین کی جانب سے جیسا کہ بمطابق 30 جون 2017ء رکھے گئے ہیں انہیں ملاحظہ نمبر 21.1 میں درج کیا گیا ہے۔
- (ل) افسر منتظم اعلیٰ، ڈائریکٹر، ایگزیکٹوز اور اسکے زوجین کی جانب سے 30 جون 2017ء کو ختم ہونے والے سال کے دوران حاصل کئے گئے/بھنائے گئے یونٹس کا خلاصہ ملاحظہ نمبر 21.1 میں دیا گیا ہے۔

### بورڈ آف ڈائریکٹرز:

| رخصت دی گئی         | اجلاس میں حاضری | منعقدہ اجلاس | عہدہ             | ڈائریکٹر کا نام      |
|---------------------|-----------------|--------------|------------------|----------------------|
| -                   | 6               | 6            | چیئرمین          | سید علی سلطان        |
| 73 واں اجلاس        | 5               | 6            | ڈائریکٹر         | جناب امین داؤد صالح  |
| 73 واں اجلاس        | 0               | 1            | ڈائریکٹر         | جناب مائیکل بیوچین   |
| 73 اور 78 واں اجلاس | 4               | 6            | ڈائریکٹر         | جناب ہانز پیٹر بائیر |
| -                   | 6               | 6            | افسر منتظم اعلیٰ | ماہین رحمان          |
| 74 واں اجلاس        | 5               | 6            | ڈائریکٹر         | جناب عابد نقوی       |
| 78 واں اجلاس        | 1               | 2            | ڈائریکٹر         | جناب عدیل باجوہ      |
| 73 واں اجلاس        | 5               | 6            | ڈائریکٹر         | جناب طفیل بے احمد    |

### دوران سال بورڈ ارکان میں تبدیلی:

| نام                | عہدہ     | تقرری | استعفیٰ |
|--------------------|----------|-------|---------|
| جناب مائیکل بیوچین | ڈائریکٹر |       | استعفیٰ |
| جناب عدیل باجوہ    | ڈائریکٹر | تقرری |         |

بورڈ سب کدوش ہو جانے والے ڈائریکٹران سے کمپنی کی ترقی میں انکی گرانقدر خدمات کے لئے تہہ دل سے انہما تشکر کرتا ہے اور انکی کاوشات کو سراہتا ہے۔

### آڈٹ کمپنی اجلاس:

اس عرصے کے دوران منعقدہ آڈٹ کمپنی اجلاس اور ممبران کی جانب سے حاضری کی تفصیل درج ذیل ہے۔

| رکنی امبر           | منعقدہ اجلاس | اجلاس میں حاضری |
|---------------------|--------------|-----------------|
| جناب عابد نقوی      | 4            | 4               |
| سید علی سلطان       | 4            | 3               |
| جناب امین داؤد صالح | 4            | 3               |

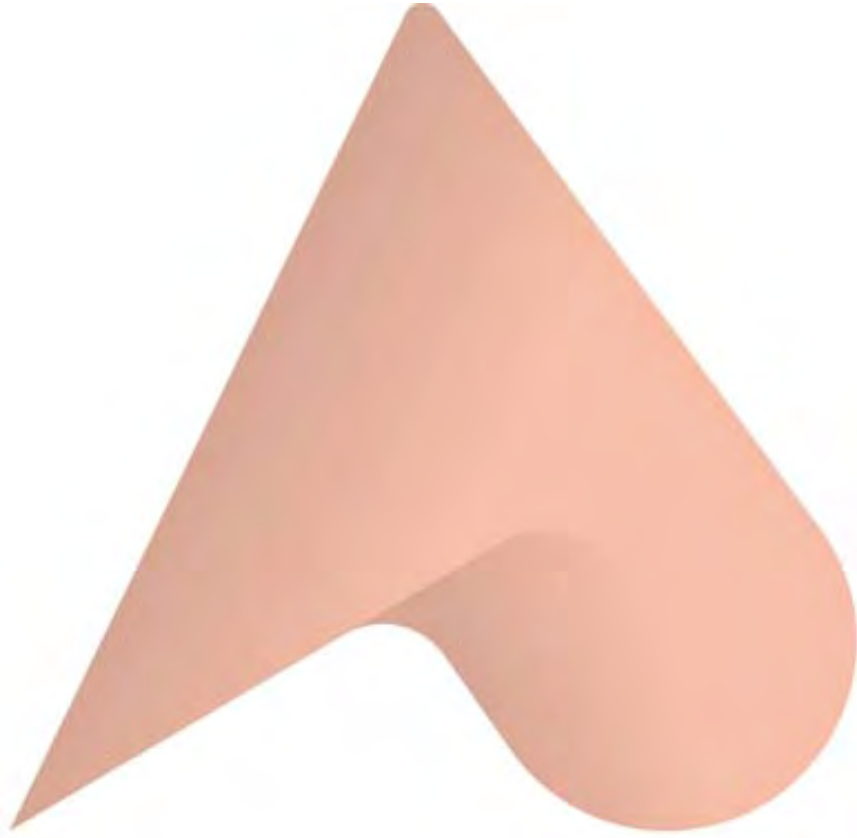
## **اعتراف:**

ڈائریکٹرز سیکورٹی اینڈ ایڈجسٹمنٹ کمیشن آف پاکستان سے ان کی پیش قیمت اعانت مدد اور راہنمائی کے لئے بشکر گزار ہے۔ بورڈ مینجمنٹ کمپنی کے ملازمین اور سٹریٹجی کا بھی ممنون ہے۔ جنہوں نے انتہائی لگن اور مشقت سے فرائض انجام دیئے اور یونٹ ہولڈرز سے انتظامیہ پرانکے غیر متزلزل اعتماد کیلئے پر خلوص اظہار تشکر بجالاتا ہے۔

برائے ویتجانب بورڈ

افسر تنظیم اعلیٰ

مورخہ 23 اگست 2017ء



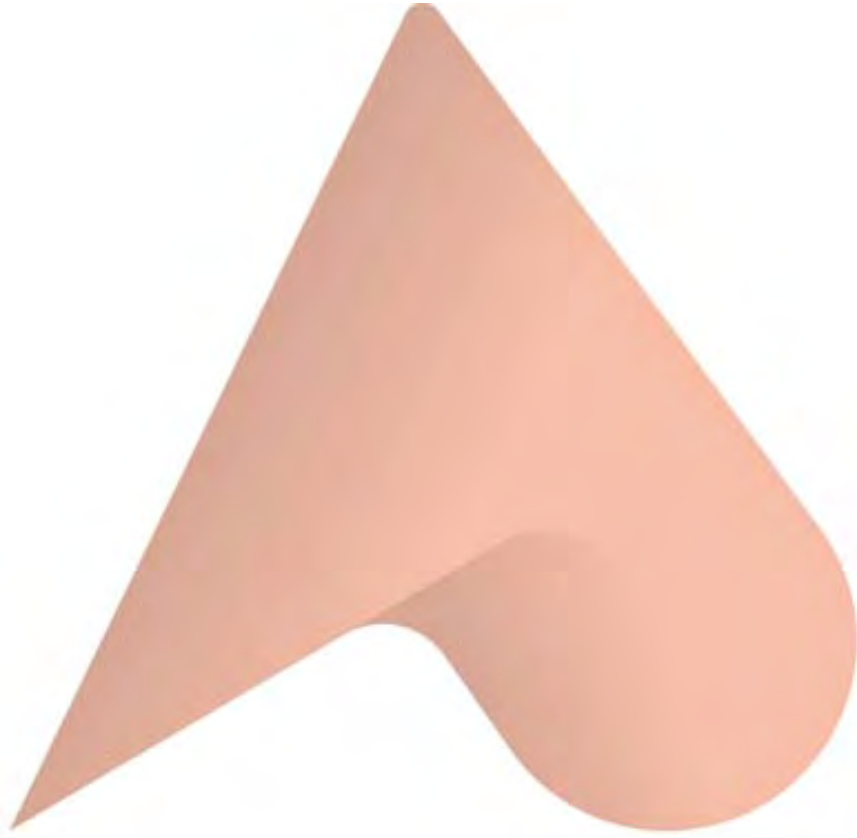
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برائے ویتجانب بورڈ

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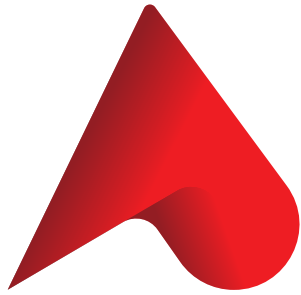


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