

# **ALFALAH GHP CAPITAL PRESERVATION FUND**

QUARTERLY REPORT March 2016



Alfalah Investments



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## FUND'S INFORMATION

<b>Management Company:</b>	Alfalah GHP Investment Management Limited 8-B, 8th Floor, Executive Tower, Dolmen City, Block-4, Clifton, Karachi.
<b>Board of Directors of the Management Company:</b>	<ul style="list-style-type: none"><li>- Ms. Maheen Rahman</li><li>- Syed Ali Sultan</li><li>- Mr. Michael Hermann</li><li>- Mr. Hanspeter Beier</li><li>- Mr. Amin Dawood Saleh</li><li>- Mr. Abid Naqvi</li><li>- Mr. Tufail Jawed Ahmed</li></ul>
<b>Chief Operating Officer, CFO and Company Secretary:</b>	- Mr. Noman Ahmed Soomro
<b>Audit Committee:</b>	<ul style="list-style-type: none"><li>- Syed Ali Sultan</li><li>- Mr. Abid Naqvi</li><li>- Mr. Amin Dawood Saleh</li></ul>
<b>HR Committee:</b>	<ul style="list-style-type: none"><li>- Syed Ali Sultan</li><li>- Mr. Michael Hermann</li><li>- Ms. Maheen Rahman</li></ul>
<b>Trustee:</b>	MCB, Financial Services Limited, 3rd Floor, Adamjee House, I.I. Chundrigar Road, Karachi.
<b>Fund Manager:</b>	- Mr. Nabeel Malik
<b>Bankers to the Fund:</b>	Bank Alfalah Limited
<b>Auditors:</b>	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants Progressive Plaza, Beaumont Road P.O.Box 15541, Karachi 75530 Pakistan
<b>Legal Advisor:</b>	Bawaney & Partners Room No.404,4th Floor Beaumont Plaza,6-cl-10 Beaumont Road, Civil Lines Karachi.
<b>Registrar:</b>	Alfalah GHP Investment Management Limited 8-B, 8th Floor, Executive Tower, Dolmen City, Block-4, Clifton, Karachi.
<b>Distributor:</b>	Bank Alfalah Limited
<b>Rating:</b>	CP 2



**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 trust services, family estate planning etc for all Pakistani clients whether based in Pakistan or abroad”.*



## Directors' Report For the nine month period ended 31March, 2016

### To our valued Unit Holders,

On behalf of the Board of Directors, I am pleased to present the Financial Statements of Alfalah GHP Capital Preservation Fund (AGCPF), for the nine months ended 31March, 2016. The Financial Statements of the Schemes prepared by the Management Company present true and fair view of the state of affairs of the Scheme and results of its operations, cash flows and movement in unit holders' funds.

### Economic Review

Pakistan continues to show positive economic performance and development over the 9MFY16 with improvement across the majority of indicators. In particular, inflation has dipped significantly with a resultant drop in interest rates, the currency remains stable and foreign exchange reserves have moved higher. On the fiscal front tax collection has been strong and at target while overall fiscal deficit was in control at 1.7% for the HYFY16. GDP Growth looks set to revive this year and the next, with a recovery from the Large Scale Manufacturing sector and overall higher contribution from the services sector.

Key concern areas are exports which have showed significant decline over the last nine months and weakening remittance trends from abroad. Any uptick in imports will leave the current account vulnerable to a widening deficit with subsequent inflow from Foreign Direct Investments or aid/grants. On the positive, real progress is being seen on the China Pakistan Economic Corridor with a number of initiatives and large projects now underway. This could help support the capital account and balance of payments over the coming months.

### Inflation

Owing to low crude oil prices, headline inflation averaged at 2.63% over the period. Medium term crude oil prices are likely to remain range bound between USD35 - USD45 per barrel hence this scenario has benefited consumers as well as sectors using agricultural/ commodity linked inputs. Going forward inflation is expected to remain benign as the low base effect ends and commodity prices are expected to remain downward sticky.

### Interest rates

Despite an outlook of subdued inflation in the coming months, SBP is likely to maintain the policy rate at current level to prevent unnecessary pressure on Pak Rupee and to maintain a healthy real interest rate. A surprise rate cut over the remainder of the year cannot be entirely ruled out, however, as oil prices can potentially tumble further post failure of OPEC and non-OPEC members to reach an agreement over oil output freeze.

### Fiscal Balance

According to the latest numbers released by Federal Bureau of Revenue (FBR) for 3QFY16, total revenue collection grew by 20% compared to the previous year, providing for a stronger chance of achieving an overall fiscal deficit target set at 4.3% for FY16. Fiscal consolidation efforts are bearing fruit with marked decline in fiscal deficit to GDP ratio to 1.7% in 1HFY16 from 2.2% in 1HFY15. The improvement largely originated from containment of current expenditures alongside robust growth in tax revenues. As of 9MFY16, tax revenue registered a growth of 18.2% to PKR1.9tn as against full year target of PKR3.1tn for FY16. Fiscal deficit to GDP seems to be headed in the right direction with positives such as growth in tax collection and contained fiscal spending are expected to drag the deficit down to 3.0% by FY18.



**Balance of Payments**

On the external side, the current account was reported to be in a deficit of USD 1,859 mn (8MFY16) as opposed to deficit of USD 1,947 mn last year (8MFY15). This progress was derived from improvement in the trade balance and remittances. This lower current account deficit coupled with capital flows pushed foreign exchange reserves to historical high level of USD 20.88 bn.

Key risks are slowdown in exports due to weak global demand and competition from the regional peers, along with weakness in workers' remittance from the middle eastern region due to the economic slowdown these economies are witnessing as the global oil prices remain lower for longer.

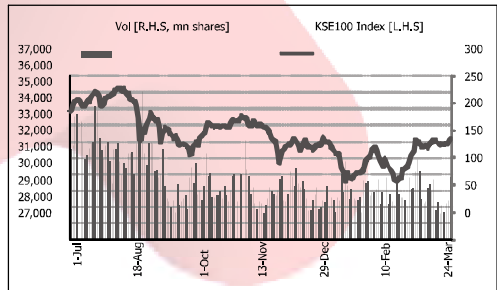
Key triggers to improve the current account balance would be a rise in the pace of foreign direct investment especially from China, in wake of upcoming CPEC projects along with an expected rise in portfolio investments as global markets are expected to cool off after the turmoil it witnessed in the first two months of CY16 coupled with Pakistan's inclusion in the MSCI Emerging Markets index.

**Forward outlook**

Going forward, Pakistan is likely to continue to observe improvement in macroeconomic indicators, especially current account, foreign exchange reserves and GDP growth. Few areas that still need government's attention include fiscal deficit, tax-to-GDP ratio/tax targets and privatization of troubled state-owned entities including Pakistan Steel Mills, Pakistan International Airlines, and power distribution companies. Building of the various projects under CPEC will provide business opportunity to local industries while local banks will get the opportunity to provide credit. The subsequent increase in power production, once the power projects come online, will help all energy starved local industries, thereby improving productivity and output.

**EQUITIES REVIEW**

The KSE-100 index lost around a thousand points (-3.7%) in the first nine months of FY16 to close just above the psychological level of 33,000. The negative sentiment through most of the period can be attributed to the downward trend in the index heavy Oil and Gas as well as the Banking Sectors. The Banking Sector, the heaviest weighted sector in the index, dipped on account of interest spread



compression and a slowdown in deposit growth. The Oil and Gas sector, on the other hand, remained under pressure due to falling international crude oil prices.

Anticipation of US Federal Reserve rate hike, regional currency devaluation, global equity slump, and economic slowdown in China also restrained the local equity market. These international factors prompted a selloff in Emerging and Frontier markets, including Pakistan. Foreign investors sold stocks worth USD 341mn over the nine month period; however, their disinvestment appeared to taper off by the end of the third quarter of FY16.

Certain sectors managed to outperform the equity market during the nine month period, including Cements, Engineering and Pharmaceutical Sectors. Low fuel prices as well as excitement over CPEC projects helped the Cements Sector, as well as certain Engineering stocks. Meanwhile, the Pharmaceutical Sector was up due to price hike as well as uptick in sales of new drugs.

Going forward we expect increased excitement related to Pakistan's possible inclusion in MSCI's Emerging Markets' Index ahead of the annual market classification review in June. The positive sentiment for reclassification to EM status, however, is likely to be somewhat countered by the upcoming announcement of the FY17 Federal Budget and the uncertainty associated with it.

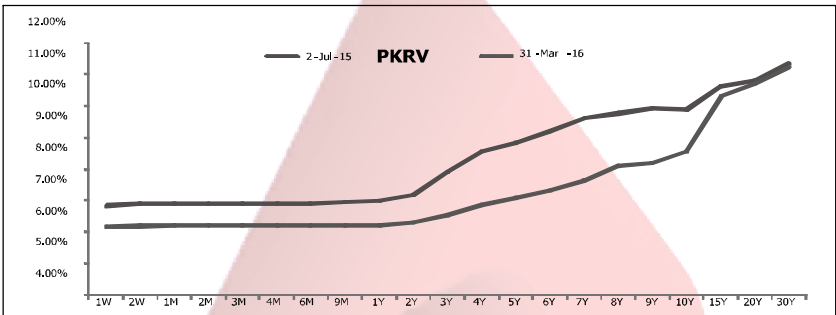


**MONEY MARKET REVIEW**

The State Bank reduced its discount rate by 50bps in 1QFY16 and held it constant in the second and third quarter of the year. In the anticipation of a relatively benign inflation outlook, the yields in the secondary market came off significantly during these 9 months across all tenors during the period, be it the short term T-bills or the long term PIBs. However, most interest by market participants was seen in the medium to long-term PIBs which witnessed a drop of approx. 135-195 bps in their market yields. The declining trend in the yield curve along with flattening of the same over medium term can be seen in the graph below.

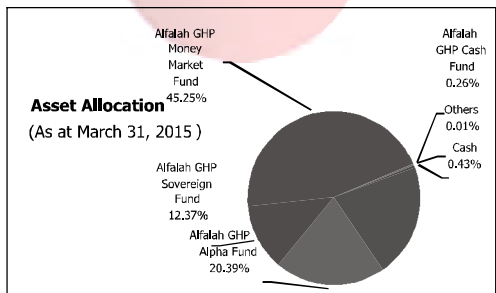
During the 9-months period the SBP had set a cumulative target of PKR 4.3 tr against a maturity of PKR 3.8 tr and accepted PKR 3.9 tr in scheduled T-Bill auctions. Total PIB maturity amount during the period stood at PKR 656 bn against which the SBP had set a target of PKR 625 bn; total amount accepted in PIB auction during this period stood at PKR 954 bn.

Along with scheduled T-Bill and PIB auctions the SBP conducted two IjaraSukuk auctions and introduced fixed rate IjaraSukuks. Due to dearth of Islamic instruments availability the participation was pronounced and the first 3-year IjaraSukuk issued during the year yielded a cut off rate of 6.10% and the SBP accepted PKR 116bn against the participation of PKR 245 bn whereas the second Ijara was issued at 5.59% and the SBP mopped PKR 80 bn against total participation of PKR 199 bn.



**Fund Operations and Performance**

The Fund posted a return of 4.35% for the period ended March 31st, 2016. During the same period the benchmark return stood at 1.09%. The Fund operates on a CPPI based structure and is actively allocated between equity and fixed income portion. At the end of the period under review it stood between 40%-45% invested in the equity component whereas the remaining was allocated to cash/money market and sovereign income component. Since the remaining life of the fund is around 7-months the fund's



allocation is likely to be skewed more towards the equity portion in order to generate alpha. The net assets of the fund stood at 1,778 million as on March 31, 2016.

**Key Financial Data**

Description	Nine month period ended 31 March 2016	Nine month period ended 31 March 2015
Net Assets at end of the period	1,778.43	1,660.237
Gross income /(loss)	78.58	53.569
Net Comprehensive income /(loss)	73.67	49.312
Net Assets Value per Unit (Rs.)	108.1713	103.0611
Issuance of units during the period	12.59	1,628.324
Redemption of units during the period	70.05	18.612

**Future Outlook**

Going forward, the focus will be on active allocation of the fund between equity and fixed income components in order to target a higher return while aiming to preserve the capital.

**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

Date: April 27, 2016

**Maheen Rehman**  
Chief Executive Officer





**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT MARCH 31, 2016**

	Note	March 31, 2016 (Unaudited)	June 30, 2015 (Audited)
		----(Rupees)----	
<b>Assets</b>			
<b>Bank balances</b>	5	<b>729,810</b>	410,484
Investments	6	<b>1,793,699,152</b>	1,775,273,519
Deferred formation cost		<b>310,406</b>	755,645
Mark-up receivable		<b>13,260</b>	12,560
Receivable against sale of investment		<u>-</u>	<u>10,000,000</u>
<b>Total assets</b>		<b><u>1,794,752,628</u></b>	<u>1,786,452,208</u>
<b>Liabilities</b>			
Payable to the Management Company	8	<u>1,500,335</u>	1,500,335
Payable to the Trustee		<u>330,218</u>	144,351
Annual fee payable to Securities and Exchange Commission of Pakistan (SECP)		<b>1,001,618</b>	859,426
Provision for Workers' Welfare Fund (WWF)	9	<b>3,380,644</b>	3,380,644
Accrued and other liabilities	10	<u>10,102,328</u>	<u>19,271,825</u>
<b>Total liabilities</b>		<b><u>16,315,143</u></b>	<u>25,156,581</u>
<b>Net assets attributable to unit holders</b>		<b><u>1,778,437,485</u></b>	<u>1,761,295,627</u>
<b>Unit holders' fund</b>		<b><u>1,778,437,485</u></b>	<u>1,761,295,627</u>
<b>Contingencies and commitments</b>	11	<u>-</u>	<u>-</u>
		----- (Number of units) -----	
<b>Number of units in issue</b>		<u>16,440,944</u>	<u>16,986,398</u>
		----- (Rupees) -----	
<b>Net assets value per unit</b>		<b><u>108.1713</u></b>	<u>103.6886</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**CONDENSED INTERIM INCOME STATEMENT****FOR THE NINE MONTHS PERIOD ENDED AND QUARTER ENDED MARCH 31, 2016 (UN-AUDITED)**

Note	For the nine	From	Quarter ended	
	months ended	September	March 31,	March 31,
	March 31, 2016	19, 2014 to	2016	2015
	(Rupees)		(Rupees)	
<b>Income</b>				
Profit on deposits accounts with banks	131,059	7,196,960	18,787	145,516
At fair value through profit or loss - held-for-trading				
- Net gain on sale of investments	36,488,153	24,911,090	9,832,854	17,603,220
- Net unrealised appreciation in the value of investments	39,099,484	20,297,613	14,496,021	(27,597,216)
Other income	2,862,279	1,163,803	905,426	1,147,794
<b>Total income</b>	<b>78,580,975</b>	<b>53,569,466</b>	<b>25,253,088</b>	<b>(8,700,686)</b>
<b>Expenses</b>				
Remuneration to the Management Company	-	1,001	-	-
Sales tax on management fee	-	174	-	-
Federal excise duty on management fee	12	160	-	-
Remuneration of the Trustee	1,335,528	713,580	439,419	423,842
Sales tax on trustee fee	186,968	-	61,516	-
Annual fee to SECP	1,001,643	535,186	329,561	317,883
Bank charges	1,720	7,381	800	1,045
Amortization of deferred formation cost	445,239	314,026	147,343	145,710
Auditors' remuneration	248,603	199,956	82,264	72,447
Annual rating fee	192,263	157,923	63,621	97,060
Annual listing fee	15,087	13,614	4,993	8,366
Printing charges	113,025	102,105	37,401	63,375
Other Expenses	443,534	-	443,534	-
Provision for Workers Welfare Fund	-	999,458	-	(228,915)
<b>Total expenses</b>	<b>3,983,610</b>	<b>3,044,564</b>	<b>1,610,452</b>	<b>900,813</b>
<b>Net income from operating activities</b>	<b>74,597,365</b>	<b>50,524,902</b>	<b>23,642,636</b>	<b>(9,601,499)</b>
Element of loss and capital losses included in prices of units sold less those in units redeemed - net	(923,538)	(1,212,764)	(394,571)	(1,206,793)
<b>Net income for the period before taxation</b>	<b>73,673,827</b>	<b>49,312,138</b>	<b>23,248,065</b>	<b>(10,808,292)</b>
Taxation	13	-	-	-
<b>Net income for the period after taxation</b>	<b>73,673,827</b>	<b>49,312,138</b>	<b>23,248,065</b>	<b>(10,808,292)</b>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

Chief Executive Officer

Director



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016 (UN-AUDITED)**

	For the nine months ended March 31, 2016	From September 19, 2014 to March 31, 2015	Quarter ended March 31, 2016	March 31, 2015
<i>Note</i>	----- (Rupees) -----	----- (Rupees) -----	----- (Rupees) -----	----- (Rupees) -----
<b>Net income for the period</b>	<b>73,673,827</b>	49,312,138	<b>23,248,065</b>	(10,808,292)
Other comprehensive income during the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<u><b>73,673,827</b></u>	<u>49,312,138</u>	<u><b>23,248,065</b></u>	<u>(10,808,292)</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

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

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

\_\_\_\_\_  
Director



**CONDENSED INTERIM DISTRIBUTION STATEMENT  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016 (UN-AUDITED)**

	For the nine months ended March 31, 2016	From September 19, 2014 to March 31, 2015	Quarter ended March 31, 2016	Quarter ended March 31, 2015
Note	----- (Rupees) -----	----- (Rupees) -----	----- (Rupees) -----	----- (Rupees) -----
<b>Undistributed income brought forward</b>				
Realised gains	128,675,929	-	89,528,517	12,225,601
Unrealised (losses) / gains	(64,969,711)	-	24,603,463	47,894,829
	63,706,218	-	114,131,980	60,120,430
Total comprehensive income for the period	73,673,827	49,312,138	23,248,065	(10,808,292)
<b>Undistributed income carried forward</b>	<b>137,380,045</b>	<b>49,312,138</b>	<b>137,380,045</b>	<b>49,312,138</b>
<b>Undistributed income carried forward at period end</b>				
Realised gains	98,280,561	29,014,525	122,884,024	76,909,354
Unrealised gains	39,099,484	20,297,613	14,496,021	(27,597,216)
	137,380,045	49,312,138	137,380,045	49,312,138

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director



**CONDENSED INTERIM CASH FLOWS STATEMENT**  
**FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016 (UN-AUDITED)**

	For the nine	From	Quarter ended	
	months ended	September	March 31,	March 31,
	March 31, 2016	19, 2014 to	2016	2015
	(Rupees)		(Rupees)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income for the period before taxation	73,673,827	49,312,138	23,248,065	(10,808,292)
<b>Adjustments for:</b>				
Amortization of deferred formation cost	445,239	314,026	147,343	145,710
Net unrealised gain in fair value of investments classified as 'at fair value through profit or loss- held for trading'	(39,099,484)	(20,297,613)	(14,496,021)	27,597,216
Provision for Workers Welfare Fund	-	999,458	-	(228,915)
Element of loss and capital losses included in prices of units sold less those in units redeemed	923,538	1,212,764	394,571	1,206,793
	<u>35,943,120</u>	<u>31,540,773</u>	<u>9,293,958</u>	<u>17,912,512</u>
<b>Decrease / (increase) in assets</b>				
Investments - net	20,673,851	(1,649,911,090)	7,167,147	(3,603,221)
Deferred formation cost	-	(1,217,000)	-	-
Mark-up receivable	(700)	(16,125)	(8,006)	14,933
Receivable against sale of investments	10,000,000	(80,463)	-	105,426
	<u>30,673,151</u>	<u>(1,651,224,678)</u>	<u>7,159,141</u>	<u>(3,482,862)</u>
<b>(decrease) / increase in liabilities</b>				
Payable to the Management Company	-	1,500,335	-	-
Payable to the Trustee	185,867	144,386	159,331	2,901
Annual fee to the Securities and Exchange Commission of Pakistan	142,192	535,186	329,561	317,883
Accrued and other liabilities	(9,169,497)	9,191,018	626,348	(743,842)
	<u>(8,841,438)</u>	<u>11,370,925</u>	<u>1,115,240</u>	<u>(423,058)</u>
<b>Net cash generated / (used in) from operating activities</b>	<b>57,774,833</b>	<b>(1,608,312,980)</b>	<b>17,568,339</b>	<b>14,006,592</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Amounts received on issue of units	12,597,074	1,628,324,463	12,597,074	-
Payment made against redemption of units	(70,052,581)	(18,612,023)	(30,705,616)	(18,356,001)
Net cash (used in) / generated financing activities	<u>(57,455,507)</u>	<u>1,609,712,440</u>	<u>(18,108,542)</u>	<u>(18,356,001)</u>
<b>Net increase in cash and cash equivalents during the period</b>	<b>319,326</b>	<b>1,399,460</b>	<b>(540,203)</b>	<b>(4,349,409)</b>
Cash and cash equivalents at beginning of the period	410,484	-	1,270,013	5,748,869
<b>Cash and cash equivalents at end of the period</b>	<b><u>729,810</u></b>	<b><u>1,399,460</u></b>	<b><u>729,810</u></b>	<b><u>1,399,460</u></b>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

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

Chief Executive Officer

Director



**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS FUND  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016 (UN-AUDITED)**

Note	For the nine	From	Quarter ended	
	months ended March 31, 2016	September 19, 2014 to March 31, 2015	March 31, 2016	March 31, 2015
	----- (Rupees) -----	-----	----- (Rupees) -----	-----
<b>Net assets at beginning of the period</b>	1,761,295,627	-	1,772,903,391	1,688,194,842
Amount realized on issuance of 118,626 units (March 31, 2015: 16,283,245 units)	12,597,074	1,628,324,463	12,597,074	-
Amount paid / payable on redemption of 664,080 units (March 31, 2015: 173,993 units) and 289,495 units for the nine months and quarter ended respectively	<u>(70,052,581)</u>	<u>(18,612,024)</u>	<u>(30,705,616)</u>	<u>(18,356,002)</u>
	<u>1,703,840,120</u>	<u>1,609,712,439</u>	<u>1,754,794,849</u>	<u>1,669,838,840</u>
Element of loss and capital losses included in prices of units sold less those in units redeemed - net	923,538	1,212,764	394,571	1,206,793
Net unrealised gain in fair value of investments classified as 'at fair value through profit or loss- held for trading' Others	<u>39,099,484</u>	<u>20,297,613</u>	<u>14,496,021</u>	<u>(27,597,216)</u>
Others	<u>34,574,343</u>	<u>29,014,525</u>	<u>8,752,044</u>	<u>16,788,924</u>
Total comprehensive income for the period	<u>73,673,827</u>	<u>49,312,138</u>	<u>23,248,065</u>	<u>(10,808,292)</u>
<b>Net assets at end of the period</b>	<u><u>1,778,437,485</u></u>	<u><u>1,660,237,341</u></u>	<u><u>1,778,437,485</u></u>	<u><u>1,660,237,341</u></u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

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

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

\_\_\_\_\_  
Director



## CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2016 (UN-AUDITED)

### 1. LEGAL STATUS AND NATURE OF BUSINESS

Alfalah GHP Capital Preservation 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 MCB Financial Services Limited (the Trustee). The Trust Deed was executed on August 28, 2014 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 August 19, 2014.

The Management Company of the Fund has been licensed by SECP to act as an Asset Management Company under NBFC Rules. The registered office of the Management Company is situated at 8th Floor, Executive Tower, Dolmen Mall, Block-4, Clifton, Karachi.

The Fund was registered by the Securities and Exchange Commission of Pakistan (SECP) as a Notified Entity under Regulation 44 of the Non Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) vide its letter No. NBFCII/DD/AGPPF-III/461/2010 dated June 01, 2010 and Offering Document was approved by SECP under Regulation 54 of the NBFC Regulations, vide its letter No. SCD/AMCW/AGCPF/65//2014 dated August 19, 2014.

The Fund is an open end mutual fund and is listed on Pakistan Stock Exchange Limited (Formerly Lahore Stock Exchange (Guarantee) Limited). Units were offered for public subscription upto the end of the public offering period. The Fund commenced its operations from October 29th, 2014 and the duration of the Fund is twenty five months. The Fund shall stand automatically dissolved after thirty (30) business days of the life of the Fund. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holders.

The objective of the Fund is to earn a potentially high return through dynamic asset allocation between equities and sovereign income / money market based collective investment schemes in order to provide capital preservation of the initial investment value at completion of the duration of the Fund.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned asset management rating of 'AM2-' (Outlook: Stable) to the Management Company in its rating report dated March 31, 2016 & 'CP2' in its rating report dated February 18, 2016, respectively.

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 PRESENTATION

The condensed interim financial statements for the nine months period ended March 31, 2016, have been prepared in accordance with the requirements of International Accounting Standard 34: 'Interim Financial Reporting', the Trust Deed, the NBFC Rules, Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and directives issued by SECP. In case where requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2015.

**3. ACCOUNTING POLICIES AND ESTIMATES**

The accounting policies, basis of accounting estimates applied and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2015, except as described in note 3.1 below:

**3.1 New / Revised Standards, Interpretations and Amendments**

The Fund has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current period:

IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 13 – Fair Value Measurement

The adoption of the above amendments to accounting standards did not have any effect on the condensed interim financial information, except for IFRS 13, which requires additional disclosure (see note 15).

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The Fund believes that such improvements to the standards do not have any impact on the Fund's financial statements for the period.

**4. FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund as at and for the period ended from June 30, 2015.

		<b>March 31, 2016</b>	June 30, 2015
		<b>(Unaudited)</b>	(Audited)
		----(Rupees)----	
<b>5. BANK BALANCES</b>	<i>Note</i>		
Deposit accounts - local currency	5.1	<u>729,810</u>	<u>410,484</u>
		<u>729,810</u>	<u>410,484</u>

5.1 This represents balance in deposit accounts with banks and carries profit rate ranging from 5.25% to 6.25% per annum (June 30, 2015: 6% to 7% per annum).

**6. INVESTMENTS****Financial assets at fair value through profit or loss - held-for-trading**

Units of Mutual Funds - Open ended	6.1	<u>1,793,699,152</u>	1,775,273,519
		<u>1,793,699,152</u>	<u>1,775,273,519</u>





## 6.1 Units of Mutual Funds - Open ended - At fair value through profit or loss - held-for-trading

Particulars	As at July 01, 2015	Purchased during the period	Sold during the period	As at March 31, 2016	Carrying amount as at March 31, 2016	Market value as at March 31, 2016	% of net assets on the basis of market value	% of total investment on the basis of market value
	----- (No. of Units) -----				----- (Rupees) -----		----- (%) -----	
Alfalsh GHP Cash Fund *	713,732	89,098	793,903	8,927	4,475,889	4,650,888	0%	0%
Alfalsh GHP Stock Fund (formerly IGI Stock Fund) *	2,644,886	2,126,964	1,669,327	3,102,523	369,048,917	383,949,324	22%	21%
Alfalsh GHP Alpha Fund *	4,589,361	3,620,633	2,956,999	5,252,995	353,722,478	367,236,879	21%	20%
Alfalsh GHP Sovereign Fund *	4,157,003	25,690,089	27,792,792	2,054,300	219,442,005	222,760,486	13%	12%
Alfalsh GHP Money Market Fund (formerly IGI Money Fund) *	3,748,433	29,764,186	25,750,841	7,761,778	807,908,328	815,101,575	46%	45%
	<u>15,853,415</u>	<u>61,290,970</u>	<u>58,963,862</u>	<u>18,180,523</u>	<u>1,754,597,617</u>	<u>1,793,699,152</u>		

\* These represent investments held in related parties i.e. funds under common management.

## 7. DEFERRED FORMATION COST

Note

March 31,  
2016  
(Unaudited)

June 30,  
2015  
(Audited)

----(Rupees)----

Unamortized formation cost	755,645	1,217,000
Amortised to the income statement during the period	(445,239)	(461,355)
Unamortised cost at the end of the period	310,406	755,645

## 8. PAYABLE TO MANAGEMENT COMPANY

Remuneration payable	1,335	1,335
Formation cost payable	1,217,000	1,217,000
Other payables	282,000	282,000
	<u>1,500,335</u>	<u>1,500,335</u>

## 9. PROVISION FOR WORKERS' WELFARE FUND

There is no change in the status of the petition pending with the Honourable Sindh High Court as reported in note 11 to the annual financial statements of the Fund for the year ended June 30, 2015.

The Fund maintained a provision for WWF as on March 31, 2016 amounting to Rs.3.381 million (June 30, 2015: Rs.3.381 million). Had the provision not been made, the net assets value per unit of the Fund would have been higher by Re.0.20 (0.19%) (June 30, 2015: Re.0.20 (0.19%)) per unit.



		March 31, 2016 (Unaudited)	June 30, 2015 (Audited)
	Note	----(Rupees)---	
<b>10. ACCRUED AND OTHER LIABILITIES</b>			
Federal excise duty and sales tax payable on front end load	12	<b>8,878,528</b>	8,888,957
Withholding tax		-	9,921,941
Auditors' remuneration		<b>425,558</b>	211,521
Printing charges payable		<b>147,322</b>	249,406
Annual listing fee payable		<b>15,076</b>	-
Annual rating fee payable		<b>192,296</b>	-
Other payable		<b>443,548</b>	-
		<b><u>10,102,328</u></b>	<b><u>19,271,825</u></b>

**11. CONTINGENCIES AND COMMITMENTS**

There are no contingencies and commitments as at March 31, 2016.

**12. FEDERAL EXCISE DUTY ON MANAGEMENT FEE**

There is no change in the status of the petition pending with the Honourable Sindh High Court as reported in note 14 to the financial statements for the period ended June 30, 2015.

**13. TAXATION**

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realized or unrealized is distributed amongst the unit holders. The Management Company intends to distribute not less than 90% of its annual accounting income, if any, to comply with the above clause at year end. Accordingly, no tax provision has been made in these condensed interim financial statements for the half year ended March 31, 2016.

**14. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

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

For the nine months ended March 31, 2016 (Un-audited)

	As at	Issued	Bonus	Redeemed	As at	As at	Issued	Bonus	Redeemed	NAV as at
	July	for cash			March	July	for cash			March
	01, 2015				31, 2016	01, 2015				31, 2016
	-----Units-----					----- (Rupees) -----				
<b>14.1 Unit Holders' Fund</b>										
Associated companies / undertakings										
Bank Alfalah Limited										
Employees Gratuity Fund Trust	1,886,033	-	-	-	1,886,033	195,562,762	-	-	-	204,014,641



	Quarter ended March 31, 2016										
	As at Jan 01, 2016	Issued for cash	Bonus	Redeemed	As at March 31, 2016	As at July 01, 2015	Issued for cash	Bonus	Redeemed	NAV as at March 31, 2016	
	Units					(Rupees)					
Associated companies / undertakings											
Bank Alfalah Limited											
Employees Gratuity Fund Trust	1,886,033	-	-	-	1,886,033	201,287,868	-	-	-	204,014,641	
	From September 19, 2014 to March 31, 2015										
	As at September 19, 2014	Issued for cash	Bonus	Redeemed	As at March 31, 2016	As at September 19, 2014	Issued for cash	Bonus	Redeemed	NAV as at March 31, 2015	
	Units					(Rupees)					
Associated companies / undertakings											
Bank Alfalah Limited											
Employees Gratuity Fund Trust	-	1,777,306	-	-	1,777,306		180,000,000	-	-	183,171,111	
	Quarter ended March 31, 2015										
	As at Jan 01, 2015	Issued for cash	Bonus	Redeemed	As at March 31, 2016	As at July 01, 2015	Issued for cash	Bonus	Redeemed	NAV as at March 31, 2015	
	Units					(Rupees)					
Associated companies / undertakings											
Bank Alfalah Limited											
Employees Gratuity Fund Trust	1,777,306	-	-	-	1,777,306	184,293,658	-	-	-	183,171,111	
					From		Quarter ended				
					For the nine months ended March 31, 2016		September 19, 2014 to March 31, 2015		March 31, 2016		March 31, 2015
Note					(Rupees)		(Rupees)		(Rupees)		(Rupees)

## 14.2 Other transactions

### Associated companies / undertakings

#### Bank Alfalah Limited

Profit on deposit accounts for the period

131,059      7,196,960      18,787      145,516

Bank charges for the period

1,720      7,381      -      1,045

#### MCB Financial Services Limited

Remuneration of the Trustee

1,335,528      713,580      439,419      423,842



	<b>March 31, 2016 (Unaudited)</b>	June 30, 2015 (Audited)
<b>14.3 Other balances</b>	<b>----(Rupees)----</b>	
<b>Associated companies / undertakings</b>		
<b>Alfalah GHP Investment Management Limited - Management Company</b>		
Remuneration payable to the Management Company	<u>1,001</u>	<u>1,001</u>
Sales tax payable on management fee	<u>174</u>	<u>174</u>
Federal excise duty payable on management fee	<u>160</u>	<u>160</u>
Formation cost payable to the Management Company	<u>1,217,000</u>	<u>1,217,000</u>
Other payable	<u>282,000</u>	<u>282,000</u>
<b>Bank Alfalah Limited</b>		
Bank balance	<u>729,810</u>	<u>410,484</u>
Profit receivable	<u>13,260</u>	<u>12,560</u>
<b>Other related parties</b>		
<b>MCB Financial Services Limited</b>		
Trustee fee	<u>330,218</u>	<u>144,351</u>

**16. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on April 27, 2016 by the Board of Directors of the Management Company.

**17. GENERAL**

Figures are rounded off to the nearest rupee.

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

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

\_\_\_\_\_  
Director



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# Alfalah Investments

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