

# ALFALAH GHP INCOME 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>Turster:</b>	Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', SMCHS, Main Shara-e-Faisal, Karachi
<b>Fund Manager:</b>	- Imran Altaf
<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>	Stability Rating A+ (f) by PACRA



### **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 **Alfalsh GHP Income Fund (AGIF)** 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 Schemes and results of their 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.

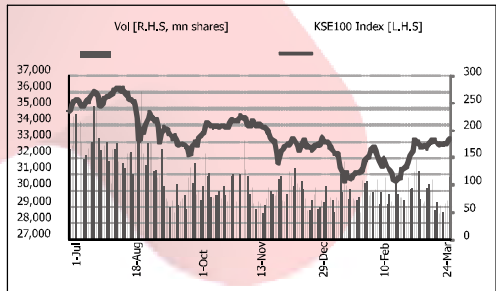
Key triggers to improve the current account balance would be a rise in the pace of foreign direct investment especially from China, in wake of upcoming CPEC projects along with an expected rise in portfolio investments as global markets are expected to cool off after the turmoil it witnessed in the first 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.

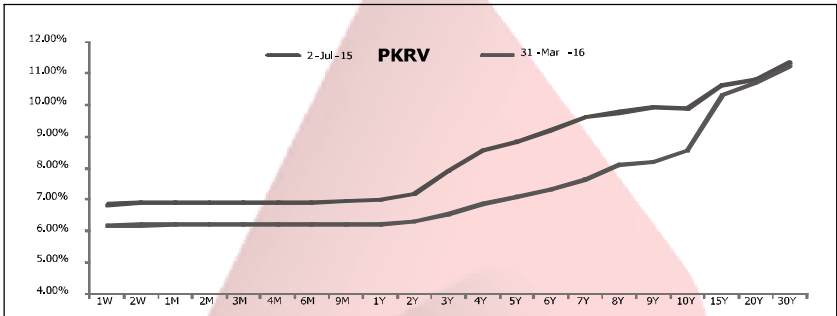


MONEY MARKET REVIEW

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.

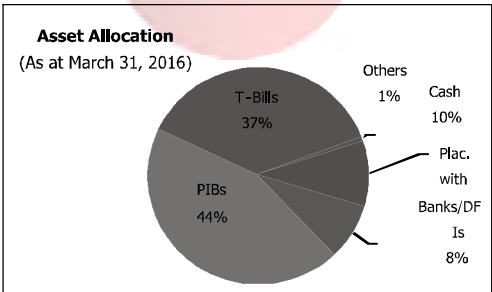
Along with scheduled T-Bill and PIB auctions the SBP conducted two IjaraSukuk auctions and introduced fixed rate IjaraSukuks. Due to dearth of Islamic instruments availability the participation was pronounced and the first 3-year IjaraSukuk issued during the year yielded a cut off rate of 6.10% and the 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  
Alfaluh GHP Income Fund

During the period under review, AGIF strived to capture higher accruals with an effort to restrict volatility as much as possible. For this purpose, concentration focus was on accumulating medium term government treasuries and TFCs with higher credit ratings.

The fund generated a stable return of 7.88% during the period vs a benchmark return of 6.62%. The fund maintained a stable portfolio of good quality TFCs with an emphasis on financial institution TFCs. The performance was augmented by positive mtm movement in government treasuries.



Going forward the fund intends to maintain current asset mix so as to keep the positive performance on track and keep during mid-long term to take advantage of the seemingly benign interest rate and inflation outlook.

The fund's credit rating was maintained at "A+ (f)" by PACRA. The fund size on March 31, 2016 stood at PKR 1,858 bn.

**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	1,857.763	1,258.880
Gross income earned	103.029	173.531
Net comprehensive income	104.362	118.595
Net Assets Value per Unit (Rs.)	111.6029	110.8650
Issuance of units during the period	1,405.615	645.653
Redemption of units during the period	739.021	1,489.540

**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**

		March 31, 2016 (Unaudited)	June 30, 2015 (Audited)
		----(Rupees)----	
		Note	
<b>Assets</b>			
Bank balances	5	<b>661,306,735</b>	331,313,079
Investments	6	<b>1,116,245,617</b>	972,862,892
Security deposits		<b>2,850,000</b>	2,850,000
Prepayments and other receivables		<b>21,068,440</b>	25,602,069
Receivable against Margin Trading System (MTS)		<b>80,941,125</b>	25,069,146
<b>Total assets</b>		<b><u>1,882,411,917</u></b>	<u>1,357,697,186</u>
<b>Liabilities</b>			
Payable to the Management Company	7	<b>13,998,571</b>	9,025,448
Remuneration payable to the Trustee		<b>861,893</b>	147,653
Annual fee payable to Securities and Exchange Commission of Pakistan		<b>792,743</b>	1,105,383
Payable on redemption to unit holders		-	222,715,835
Provision for Workers' Welfare Fund	8	<b>4,620,944</b>	4,620,944
Accrued and other liabilities		<b>4,374,677</b>	8,686,817
<b>Total liabilities</b>		<b><u>24,648,828</u></b>	<u>246,302,080</u>
		-	
<b>Net assets attributable to unit holders</b>		<b><u>1,857,763,089</u></b>	<u>1,111,395,106</u>
<b>Unit holders' fund</b>		<b><u>1,857,763,089</u></b>	<u>1,111,395,106</u>
<b>Contingencies and commitments</b>	8		
		----- (Number of units) -----	
<b>Number of units in issue</b>		<b><u>16,646,189</u></b>	<u>10,549,898</u>
		----- (Rupees) -----	
<b>Net assets value per unit</b>		<b><u>111.6029</u></b>	<u>105.3463</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For Alfalsh GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director



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

	Note	Nine months period ended		Quarter ended	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
		----- (Rupees) -----	----- (Rupees) -----	----- (Rupees) -----	----- (Rupees) -----
<b>Income</b>					
Finance income	9	90,976,376	123,424,967	36,099,408	30,842,612
Net gain / (loss) on investments classified as 'at fair value through profit or loss' - held-for-trading					
- Net gain / (loss) on sale of investments		9,144,010	13,893,908	2,432,048	12,244,499
- Net unrealised gain / (loss) on revaluation of investments		2,908,947	36,211,773	3,894,594	10,618,683
<b>Total income</b>		<b>103,029,333</b>	<b>173,530,648</b>	<b>42,426,050</b>	<b>53,705,794</b>
<b>Expenses</b>					
Remuneration to the Management Company		13,451,736	14,423,079	5,089,227	3,864,112
Sales tax on management fee		2,184,624	2,509,629	826,491	672,361
Federal excise duty on management fee	10	2,152,281	2,307,694	814,274	618,260
Remuneration to the Trustee		1,550,340	1,618,900	557,419	472,364
Sales tax on trustee fee		231,400		44,476	
Annual fee to the Securities and Exchange Commission of Pakistan		792,743	865,385	338,919	231,847
Brokerage expense and capital value tax		96,799	167,121	24,027	49,479
Bank and settlement charges		32,120	84,030	12,345	27,368
Auditors' remuneration		536,316	390,780	177,458	96,832
Clearing charges		1,330,095	1,262,709	295,198	316,103
CDS transaction fee		172,096	64,614	59,146	24,538
Annual listing fee		29,081	30,028	9,936	9,863
Printing charges		164,095	112,602	54,300	36,986
Annual rating fee		220,618	199,746	73,004	65,610
Fees and Expenses-various services-reimbursable to management Company		310,024	-	310,024	-
Provision for Workers' Welfare Fund		-	2,420,315	-	729,434
<b>Total expenses</b>		<b>23,254,368</b>	<b>26,456,632</b>	<b>8,686,244</b>	<b>7,215,157</b>
<b>Net income from operating activities</b>		<b>79,774,965</b>	<b>147,074,016</b>	<b>33,739,806</b>	<b>46,490,637</b>
Element of loss and capital losses included in prices of units sold less those in units redeemed - net		24,586,807	(28,478,643)	13,309,004	(4,550,081)
<b>Net income for the period before taxation</b>		<b>104,361,772</b>	<b>118,595,373</b>	<b>47,048,810</b>	<b>41,940,556</b>
Taxation	13	-	-	-	-
<b>Net income for the period</b>		<b>104,361,772</b>	<b>118,595,373</b>	<b>47,048,810</b>	<b>41,940,556</b>

The annexed notes from 1 to 15 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 COMPREHENSIVE INCOME**  
**FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2016 (UN-AUDITED)**

	<u>Nine months period ended</u>		<u>Quarter ended</u>	
	<u>March 31, 2016</u>	<u>March 31, 2015</u>	<u>March 31, 2016</u>	<u>March 31, 2015</u>
	----- (Rupees) -----	----- (Rupees) -----	----- (Rupees) -----	----- (Rupees) -----
<b>Net income for the period</b>	<b>104,361,772</b>	118,595,373	<b>47,048,810</b>	41,940,556
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b><u>104,361,772</u></b>	<u>118,595,373</u>	<b><u>47,048,810</u></b>	<u>41,940,556</u>

The annexed notes from 1 to 15 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 PERIOD AND QUARTER ENDED MARCH 31, 2016 (UN-AUDITED)**

	Nine months period ended		Quarter ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	----- (Rupees) -----		----- (Rupees) -----	
<b>Undistributed income brought forward</b>				
Realised gains	<b>35,814,934</b>	9,032,721	<b>117,446,288</b>	58,245,183
Unrealised (losses) / gains	<b>23,332,745</b>	(1,849,265)	<b>(985,647)</b>	25,593,090
	<b>59,147,679</b>	7,183,456	<b>116,460,641</b>	83,838,273
Total comprehensive income for the period	<b>104,361,772</b>	118,595,373	<b>47,048,810</b>	41,940,556
<b>Undistributed income carried forward</b>	<b>163,509,451</b>	125,778,829	<b>163,509,451</b>	125,778,829
Undistributed income carried forward at period end				
Realised gains	<b>160,600,504</b>	89,567,056	<b>159,614,857</b>	115,160,146
Unrealised gains / (losses)	<b>2,908,947</b>	36,211,773	<b>3,894,594</b>	10,618,683
	<b>163,509,451</b>	125,778,829	<b>163,509,451</b>	125,778,829

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For Alfalsh GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director



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

	Nine months period ended		Quarter ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Note	----- (Rupees) -----		----- (Rupees) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income for the period before taxation	104,361,772	118,595,373	47,048,810	41,940,556
<b>Adjustments for:</b>				
Net (gain) / loss on sale of investments classified as 'at fair value through profit or loss - held-for-trading'	(9,144,010)	(13,893,908)	(2,432,048)	(12,244,499)
Net unrealised (gain) / loss on investments classified as 'at fair value through profit or loss - held-for-trading'	(2,908,947)	(36,211,773)	(3,894,594)	(10,618,683)
Provision for Workers' Welfare Fund	-	2,420,315	-	729,434
Element of (income) / loss and capital (gains) / (losses) included in prices of units sold less those in units redeemed - net	(24,586,807)	28,478,643	(13,309,004)	4,550,081
	<u>67,722,008</u>	<u>99,388,650</u>	<u>27,413,164</u>	<u>24,356,889</u>
<b>Decrease / (increase) in assets</b>				
Investments - net	(80,621,302)	189,837,623	(45,884,908)	(4,685,861)
Receivable against Margin Trading System (MTS)	(55,871,979)	41,224,760	13,263,193	14,935,748
Advance against Pre IPO Investment	-	50,000,000	-	-
Prepayments and other receivables	4,533,629	10,931,535	17,386,170	19,185,472
	<u>(131,959,652)</u>	<u>291,993,918</u>	<u>(15,235,545)</u>	<u>29,435,359</u>
<b>Increase / (decrease) in liabilities</b>				
Payable to the Management Company	4,973,123	1,970,037	2,556,942	676,344
Remuneration payable to the Trustee	714,240	(36,989)	642,514	(2,049)
Annual fee payable to Securities and Exchange Commission of Pakistan	(312,640)	(493,604)	298,300	231,847
Payable on redemption to unit holders	(222,715,835)	20,065	-	(103,475,976)
Payable against purchase of investment	-	-	(30,030,671)	-
Accrued and other liabilities	(4,312,140)	155,016	2,818,985	(35,675)
	<u>(221,653,252)</u>	<u>1,614,525</u>	<u>(23,713,930)</u>	<u>(102,605,509)</u>
<b>Net cash generated from operating activities</b>	<u>(285,890,896)</u>	<u>392,997,093</u>	<u>(11,536,311)</u>	<u>(48,813,261)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Amounts received on issue of units	1,405,614,506	645,652,526	479,266,773	96,000,000
Payment against redemption of units	(739,021,488)	(1,489,540,308)	(230,233,810)	(163,540,079)
<b>Net cash used in financing activities</b>	<u>666,593,018</u>	<u>(843,887,782)</u>	<u>249,032,963</u>	<u>(67,540,079)</u>
Net increase in cash and cash equivalents during the period	<u>380,702,122</u>	<u>(450,890,689)</u>	<u>237,496,652</u>	<u>(116,353,340)</u>
Cash and cash equivalents at beginning of the period	430,632,072	807,751,241	573,837,542	473,213,892
<b>Cash and cash equivalents at end of the period</b>	<u>11</u> <u>811,334,194</u>	<u>356,860,552</u>	<u>811,334,194</u>	<u>356,860,552</u>

The annexed notes from 1 to 15 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 UNIT HOLDERS' FUND  
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2016 (UN-AUDITED)**

	Nine months period ended		Quarter ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	----- (Rupees) -----		----- (Rupees) -----	
<b>Net assets at beginning of the period</b>	<b>1,111,395,106</b>	1,955,694,254	<b>1,574,990,340</b>	1,279,929,930
Amount realised / unrealised on issuance of 12,920,194 units (March 31, 2015: 6,199,911 units) and 4,328,228 units (March 31, 2015: 885,700 units) for the six months and quarter ended respectively	<b>1,405,614,506</b>	645,652,526	<b>479,266,773</b>	96,000,000
Amount paid / payable on redemption of 6,823,903 units (March 31, 2015: 14,319,834 units) and 2,089,801 units (March 31, 2015: 1,426,633 units) for the six months and quarter ended respectively	<b>(739,021,488)</b>	<b>(1,489,540,308)</b>	<b>(230,233,810)</b>	<b>(163,540,079)</b>
Element of (income) / loss and capital (gains) / (losses) included in prices of units sold less those in units redeemed - net	<b>(24,586,807)</b>	28,478,643	<b>(13,309,004)</b>	4,550,081
Total comprehensive income for the period before capital gains - realised and unrealised and provision for impairment	<b>92,308,815</b>	68,489,692	<b>40,722,148</b>	19,077,374
Net (gain) / loss on sale of investment classified as 'at fair value through profit or loss - held-for-trading'	<b>9,144,010</b>	13,893,908	<b>2,432,048</b>	12,244,499
Provision for non-performing term finance certificates classified as 'held for trading'			-	-
Net unrealised (gain) / loss on investments classified as 'at fair value through profit or loss - held-for-trading'	<b>2,908,947</b>	36,211,773	<b>3,894,594</b>	10,618,683
Total comprehensive income for the period	<b>104,361,772</b>	118,595,373	<b>47,048,790</b>	41,940,556
Net total comprehensive income less distributions for the period	<b>104,361,772</b>	118,595,373	<b>47,048,790</b>	41,940,556
<b>Net assets at end of the period</b>	<b><u>1,857,763,089</u></b>	<u>1,258,880,488</u>	<b><u>1,857,763,089</u></b>	<u>1,258,880,488</u>

The annexed notes from 1 to 15 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 PERIOD AND QUARTER ENDED MARCH 31, 2016 (UN-AUDITED)

### 1. LEGAL STATUS AND NATURE OF BUSINESS

Alfalsh GHP Income Fund has been established under the Non-Banking Finance Companies (Establishment and Regulation), Rules 2003 (the NBFC Rules) and has been authorised as a unit trust scheme by the Securities and Exchange Commission of Pakistan (SECP) on December 07, 2006. It has been constituted under a Trust Deed, dated December 18, 2006 between IGI Funds Limited (Former Management Company), a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited (CDC) as the Trustee, also incorporated under the Companies Ordinance, 1984.

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

The Fund is an open ended income scheme and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The units are listed on the Pakistan Stock Exchange Limited (PSE). The Fund was launched on April 14, 2007.

The Fund invests primarily in fixed-rate securities and other avenues of investment, which include corporate debt securities, certificates of investment, certificates of musharaka, commercial papers, term deposit receipts, spread transactions and reverse repurchase agreements.

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 Alfalsh GHP Income Fund (formerly IGI Income Fund).

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

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

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

### 2. BASIS OF PRESENTATION

#### 2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard 34: 'Interim Financial Reporting', as applicable in Pakistan.

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. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted and methods of computation followed 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.



Judgments and estimates made by the management in the preparation of this condensed interim financial statements are the same as those that were applied to the financial statements as at and for the year ended 30 June 2015.

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2015.

#### 4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of this condensed interim financial statements are the same as those that were applied to the financial statements as at and for the year ended 30 June 2015.

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2015.

5. BANK BALANCES	<i>Note</i>	March 31, 2016 (Unaudited)	June 30, 2015 (Audited)
		----(Rupees)----	
Deposit accounts - local currency	5.1	<u>661,306,735</u>	<u>331,313,079</u>
		<u>661,306,735</u>	<u>331,313,079</u>

5.1 This represents balance in deposit accounts with banks and carry profit rates ranging from 6.00% to 9.25% (June 30, 2015: 6.00% to 7.00%) per annum.

#### 6. INVESTMENTS

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

Sukuk certificates	6.1	<b>125,537,223</b>	50,517,187
Term finance certificates	6.2	<b>154,493,268</b>	182,145,653
Treasury bills	6.3	<b>191,209,287</b>	395,702,652
Pakistan Investment Bonds	6.4	<b>494,978,305</b>	344,497,400
Term Deposit Receipt	6.5	<b>150,027,534</b>	-
		<u><b>1,116,245,617</b></u>	<u>972,862,892</u>

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

Name of the Investee company	Profit / mark-up rate	Purchased		Matured / Sold during the year	As at March 31, 2016	Carrying value as at March 31, 2016	Market value as at March 31, 2016	Net assets on the basis of market value	Total investment on the basis of market value	Investment as % of issue size
		As at July 01, 2015	during the year							
		----- (Number of certificates) -----				----- (Rupees) -----		----- (%) -----		
Engro Fertilizer Limited - I	8.78%	10,000	-	-	10,000	46,250,000	48,099,723	3.34%	4.25%	1.50%
Hascoc Petroleum	7.96%	-	15,000	-	15,000	75,000,000	77,437,500	5.38%	6.85%	2.42%
						<u>121,250,000</u>	<u>125,537,223</u>			





**6.2 Term Finance Certificates (TFCs) - 'at fair value through profit or loss' - held-for-trading**

Name of the Investee company	Profit / mark-up rate	As at July 01, 2015	Purchased during the year	Matured / Sold during the year	As at March 31, 2016	Carrying value as at March 31, 2016	Market value as at March 31, 2016	Net assets on the basis of market value	Total investment on the basis of market value	Investment as % of issue size
----- (Number of certificates) -----						----- (Rupees) -----		----- (%) -----		
Quoted investments										
Pakistan Mobile										
Communications Limited - VII	9.00%	450			450	4,887,000	4,500,324	0.31%	0.40%	0.23%
Faysal Bank Limited (December 27, 2010)	9.23%	9,000			9,000	45,359,730	45,479,100	3.16%	4.02%	1.52%
						50,246,730	49,979,424			
Unquoted investments										
Bank Alfalah Limited - IV - (Floating) (a related party)										
	9.26%	1,800			1,800	9,248,076	9,180,414	0.64%	0.81%	0.18%
Bank Alfalah Limited - V (a related party)										
	8.31%	15,800		3,000	12,800	64,135,773	65,441,376	4.55%	5.79%	1.31%
NIB Bank Limited (Floating)										
	8.08%	6,000			6,000	29,982,000	29,882,054	2.08%	2.64%	0.75%
						103,365,849	104,513,844			
						153,612,579	154,493,268			

**6.3 Treasury Bills**

Issue Date	Yield	As at 01 July 2015	Purchased during the period	Sold / matured during the period	Balance as at 31 March 2016	Carrying value as at 31 March 2016	Market value as at 31 March 2016	Unrealised gain / (loss) on revaluation	% of net assets on the basis of market value	investment on the basis of market value
----- (Number of certificates) -----						----- (Rupees) -----		----- (%) -----		
Treasury bills face value - face value of Rs. 100 each issued on										
Maturity upto 3 months		1,000,000	16,800,000	17,800,000	-	-	-	-	-	-
Maturity upto 6 months	6.20%	3,000,000	4,407,000	6,407,000	1,000,000	97,026,429	97,017,187	(9,242)	0.07	0.09
Maturity upto 12 months	6.20%	-	1,050,000	50,000	1,000,000	94,195,945	94,192,100	(3,845)	0.07	0.08
		4,000,000	22,257,000	24,257,000	2,000,000	191,222,374	191,209,287	(13,087)		

**6.4 Pakistan Investment Bonds**

Name of the Security	Yield	As at 01 July 2015	Purchased during the period	Sold / matured during the period	Balance as at 31 March 2016	Carrying value as at 31 March 2016	Market value as at 31 March 2016	Unrealised gain / (loss) on revaluation	% of net assets on the basis of market value	investment on the basis of market value
----- (Number of certificates) -----						----- (Rupees) -----		----- (%) -----		
Maturity upto - 3 years	7.55%	500,000	3,950,000	3,500,000	950,000	98,209,448	99,289,085	1,089,637	6.30%	9.34%
Maturity upto - 5 years	10.70%	1,650,000	1,600,000	-	3,250,000	337,910,369	364,990,045	27,079,676	23.17%	34.33%
Maturity upto - 10 years	7.44%	1,000,000	500,000	1,250,000	250,000	30,637,259	30,689,175	51,916	1.95%	2.89%
		3,150,000	6,050,000	4,750,000	4,450,000	466,757,076	494,978,305	28,221,229		

**6.5 Term Deposit Receipt - held to maturity**

Name of the investee company	Rate of Return per annum	----- (Face value) -----				Carrying value as at March 31, 2016	Maturity	Rating	Net assets on the basis of face value	Total investment on the basis of face value
		As at July 01, 2015	Purchased during the period	Matured during the period	As at March 31, 2016					
Allied Bank Limited	6.70%	-	150,000,000	-	150,027,534	150,027,534	May 31, 2016	AA+	8.08%	13.44%

**March 31, 2016 (Unaudited)**      **June 30, 2015 (Audited)**

**7. PAYABLE TO THE MANAGEMENT COMPANY**

Note      -----(Rupees)----

Remuneration to the Management Company		3,406,873	1,897,414
Sales tax on management fee		1,701,713	204,944
Federal excise duty on management fee	11	8,889,985	7,632,600
		<u>13,998,571</u>	<u>9,734,958</u>

**8. CONTINGENCY- WORKERS' WELFARE FUND**

There is no change in status of the petition pending with the Honourable Sindh High Court as reported in note 14 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.4.621 million (June 30, 2015: Rs. 4.621 million). Had the provision not been made, the net assets value per unit of the Fund would have been higher by Re.0.28 (0.24%) (June 30, 2015: Re.0.44 (0.42%)) per unit.

9. FINANCIAL INCOME	Nine months period ended		Quarter ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	----- (Rupees) -----		----- (Rupees) -----	
Interest income on:				
Investments				
At fair value through profit or loss- held-for-trading				
- Sukuk and Term finance certificates	15,039,833	24,965,390	5,480,084	7,012,409
- Treasury Bills	19,444,589	33,258,207	6,246,351	6,465,220
- Pakistan Investment Bonds	41,224,097	44,095,078	18,925,597	13,504,590
Held to maturity				
- Certificates of investment	-	4,802,055	-	-
- Letter of placement	7,123	-	7,123	-
- Term deposits	27,459	2,682,193	27,459	-
	34,582	7,484,248	34,582	-
Others				
- Bank deposits	7,405,878	4,398,864	3,326,638	1,443,615
- Margin Trading System	7,827,397	9,223,180	2,086,156	2,416,778
	<u>90,976,376</u>	<u>123,424,967</u>	<u>36,099,408</u>	<u>30,842,612</u>

**10. 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 18 to the annual financial statements of the Fund for the year ended June 30, 2015.

11. CASH AND CASH EQUIVALENTS	Note	Nine months period ended	
		March 31, 2016	March 31, 2015
		-----(Rupees)----	
Bank balances		661,306,735	75,043,883
Term deposit receipts maturing within 3 months		150,027,459	-
Treasury bills maturing within 3 months		-	281,816,669
		<u>811,334,194</u>	<u>356,860,552</u>

**12. 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 financial statements, are as follows:



		For the nine months period ended 31 March, 2016 (Un-audited)									
		As at July 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, 2016
		----- Units -----					----- (Rupees) -----				
12	<b>Unit Holders' Fund</b>										
12.1	<b>Associated Companies / Undertakings</b>										
	CDC-Trustee Alfalsh GHP Prosperity Planning Fund	-	1,506,743	-	511,999	994,744	-	163,169,668	-	55,500,000	111,016,315
	Alfalsh GHP Investment Management Limited - Management Company	664,968	369,069	-	-	1,034,037	70,051,918	40,000,000	-	-	115,401,528
	<b>Unit holder holding 10% or more Units</b>										
	Gul Ahmed Energy Limited	759,449	4,006,465	-	-	4,765,914	80,005,142	436,167,980	-	-	531,889,824

		For the nine months period ended 31 March, 2015 (Un-audited)									
		As at July 01, 2014	Issued for cash	Bonus	Redeemed	As at March 31, 2015	As at July 01, 2014	Issued for cash	Bonus	Redeemed	NAV as at March 31, 2015
		----- Units -----					----- (Rupees) -----				
	<b>Associated companies / undertakings</b>										
	Alfalsh GHP Investment Management Limited - Management Company	706,385	-	-	190,435	515,950	70,935,747	-	-	20,000,000	57,200,797
	Employees	-	689	-	689	-	-	70,000	-	70,681	-
	<b>Unit holder holding 10% or more units</b>										
	Attock Cement Pakistan Limited	967,052	991,767	-	-	1,958,819	97,112,135	100,000,000	-	-	217,164,468
	Babar Ali Foundation	1,814,629	179,978	-	370,287	1,624,320	182,226,496	20,000,000	-	39,023,381	180,080,237
	Pak China Investment Company Limited	1,517,179	-	-	-	1,517,179	152,356,329	-	-	-	168,202,050

		Quarter ended March 31, 2016 (Un-audited)									
		As at January 01, 2016	Issued for cash	Bonus	Redeemed	As at March 31, 2016	As at January 01, 2016	Issued for cash	Bonus	Redeemed	NAV as at March 31, 2016
		----- Units -----					----- (Rupees) -----				
	<b>Associated Companies / Undertakings</b>										
	CDC-Trustee Alfalsh GHP Prosperity Planning Fund	877,403	117,341	-	-	994,744	-	13,169,668	-	-	111,016,315
	Alfalsh GHP Investment Management Limited - Management Company	1,034,037	-	-	-	1,034,037	113,036,168	-	-	-	115,401,528
	<b>Unit holder holding 10% or more units</b>										
	Gul Ahmed Energy Limited	3,290,961	1,474,953	-	-	4,765,914	359,752,718	164,293,671	-	-	531,889,824



	Quarter ended March 31, 2015 (Un-audited)								NAV as at March 31, 2015	
	As at January 01, 2015	Issued for cash	Bonus	Redeemed	As at March 31, 2015	As at January 01, 2015	Issued for cash	Bonus		Redeemed
	Units				(Rupees)					
<b>Associated companies / undertakings</b>										
Alfalsh GHP Investment Management Limited										
- Management Company	515,950	-	-	-	515,950	51,812,112	-	-	-	57,200,797
<b>Unit holder holding 10% or more units</b>										
Attock Cement Pakistan Limited	1,958,820	-	-	-	1,958,820	196,706,271	-	-	-	217,164,579
Babar Ali Foundation	1,535,874	179,978	-	91,531	1,624,321	154,233,696	20,000,000	-	10,000,000	180,080,348
Pak China Investment Company Limited	1,517,179	-	-	-	1,517,179	152,356,329	-	-	-	168,202,050

	Nine months period ended		Quarter ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	(Rupees)		(Rupees)	
<b>Associated Companies / Undertakings</b>				
Alfalsh GHP Investment Management Limited - Management Company				
Remuneration to the Management Company	<u>13,451,736</u>	<u>14,423,079</u>	<u>5,089,227</u>	<u>3,864,112</u>
Sales tax on management fee	<u>2,184,624</u>	<u>2,509,629</u>	<u>826,491</u>	<u>672,361</u>
Federal excise duty on management fee	<u>2,152,281</u>	<u>2,307,694</u>	<u>814,274</u>	<u>618,260</u>
Sales load	<u>1,809,590</u>	<u>-</u>	<u>647,500</u>	<u>-</u>
<b>Bank Alfalsh Limited</b>				
Treasury Bills - purchased	<u>780,954,200</u>	<u>338,649,570</u>	<u>463,847,500</u>	<u>156,720,000</u>
Treasury Bills - sold	<u>298,352,400</u>	<u>24,606,625</u>	<u>-</u>	<u>-</u>
PIBs - purchased	<u>124,629,000</u>	<u>-</u>	<u>34,426,069</u>	<u>-</u>
PIBs - sold	<u>52,255,900</u>	<u>-</u>	<u>52,255,900</u>	<u>-</u>
Profit on bank deposit	<u>2,887,523</u>	<u>2,293,167</u>	<u>1,025,591</u>	<u>850,883</u>
Bank charges	<u>13,262</u>	<u>30,756</u>	<u>-</u>	<u>9,559</u>
<b>Alfalsh GHP Money Market Fund</b>				
Treasury Bills - purchased	<u>39,890,790</u>	<u>99,396,200</u>	<u>14,949,615</u>	<u>-</u>
Treasury Bills - sold	<u>-</u>	<u>64,471,225</u>	<u>-</u>	<u>-</u>
<b>Alfalsh GHP Cash Fund</b>				
Treasury Bills - purchased	<u>4,994,025</u>	<u>167,685,280</u>	<u>4,994,025</u>	<u>59,044,440</u>
Treasury Bills - sold	<u>39,774,360</u>	<u>49,716,250</u>	<u>-</u>	<u>-</u>
<b>Alfalsh GHP Income Multiplier Fund</b>				
Treasury Bills - purchased	<u>9,918,790</u>	<u>-</u>	<u>-</u>	<u>-</u>
Treasury Bills - sold	<u>59,695,320</u>	<u>121,362,275</u>	<u>-</u>	<u>-</u>
<b>Alfalsh GHP Sovereign Fund</b>				
Treasury Bills - purchased	<u>99,781,800</u>	<u>-</u>	<u>-</u>	<u>-</u>
Treasury Bills - sold	<u>14,861,535</u>	<u>-</u>	<u>-</u>	<u>-</u>
PIBs - Buy	<u>28,645,425</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Central Depository Company of Pakistan Limited</b>				
Trustee fee	<u>1,550,340</u>	<u>1,618,900</u>	<u>557,419</u>	<u>472,364</u>
Sales tax on trustee fee	<u>231,400</u>	<u>-</u>	<u>44,476</u>	<u>-</u>
CDS charges	<u>172,096</u>	<u>64,614</u>	<u>59,146</u>	<u>24,538</u>

	<b>March 31, 2016</b>	June 30, 2015
	<b>(Unaudited)</b>	(Audited)
<b>12.2 Other balances</b>	<i>Note</i>	----(Rupees)----
<b>Associated companies / undertakings</b>		
<b>Alfalah GHP Investment Management Limited</b>		
<b>- Management Company</b>		
Remuneration payable to the Management Company	<u>3,406,873</u>	<u>1,186,412</u>
Sales tax payable on management fee	<u>1,701,713</u>	<u>206,436</u>
Federal excise duty payable on management fee	<u>8,889,985</u>	<u>7,632,600</u>
<b>Bank Alfalah Limited</b>		
Bank balance	<u>54,081,995</u>	<u>123,656,982</u>
Profit receivable	<u>1,123,584</u>	<u>389,687</u>
<b>Other related parties</b>		
<b>Central Depository Company of Pakistan Limited</b>		
Trustee fee	<u>861,893</u>	<u>147,653</u>
Security deposit	<u>100,000</u>	<u>100,000</u>

### 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 nine months period ended March 31, 2016.

### 14. 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.

### 15. GENERAL

15.1 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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