

## CONTENTS

	Page No.
Fund's information .....	1
Mission and Vision Statement .....	2
Report of the Directors of the Management Company .....	3
Report to the Trustee.....	7
Auditor Report to the Unit Holder .....	8
Condensed Interim Statement of Assets and Liabilities.....	9
Condensed Interim Income Statement.....	10
Condensed Interim Statement of Comprehensive Income.....	11
Condensed Interim Statement of Cash Flows .....	12
Condensed Interim Distribution Statement.....	13
Condensed Interim Statement of Movement in Unit Holders' Funds.....	14
Notes to the Condensed Interim Financial Statements .....	15

**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. Muhammad Asif Saad</li><li>- Mr. Abid Naqvi</li></ul>
<b>Head of Finance:</b>	- Syed Hyder Raza Zaidi
<b>Company Secretary:</b>	- Moinuddin
<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>	Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', SMCHS, Main Shara-e-Faisal, 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>	Stability Rating AA- (f) by PACRA

### **MISSION STATEMENT**

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

### **VISION STATEMENT**

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

## DIRECTORS' REPORT

### *To our valued Unit Holders,*

The Board of Directors of Alfalah GHP Investment Management Limited is pleased to present you the half yearly report of Alfalah GHP Sovereign Fund for the half year ended December 31, 2014.

### **Economic Review & Outlook**

#### ***Improving Balance of Payments offset by weak policy and fiscal constraints.***

Economic activity stayed mixed over 1HFY15, with improvements in current account and balance of payments offset by slippages on the fiscal front. Economic growth remained constrained due to energy shortages while tax targets were missed. Future prospects look promising as the economy will benefit greatly from the sharp reduction in international oil prices which should help ease inflationary pressures and reduce the oil import bill.

Current account deficit for 1HFY15 clocked in at USD 2.4bn, as opposed to USD 2.0bn witnessed in the previous period, mainly due to 13% jump in trade deficit. Financial account, however, rose to a healthy USD 2.4bn versus USD 0.25bn last year on account of issuance of Sukuk and conventional bonds to foreign investors. It is worth highlighting that current account posted a surplus of USD 76mn in Dec'14 (First Surplus over FY15 YTD) versus a deficit of USD568mn in Nov'14. Improvement was witnessed on most fronts with exports rising by a handsome 23% MoM and remittances soaring by 20% MoM in Dec 14. Current account deficit over 2HFY15 is expected to fall sharply as the full impact of lower oil prices gets priced into the import bill in the months to come.

The bulk of Pakistan's payments to the IMF have already been made between CY12-CY14; with receipts from new loan set to overtake repayments in the next two years. This was critical for reviving the assistance from multilateral agencies, which is now visible, and project based lending from World Bank, IDB, IFC and ADB has commenced from CY14 onwards.

On the fiscal and economic growth front, progress remains a challenge, efforts to raise Tax-to-GDP ratio have not yielded the desired results so far. The government missed its half-year tax collection target by a margin of PKR 90bn or 5.7%, a gap that is expected to widen further over the fiscal year. On the other hand, the fiscal deficit was indicated at 2.4% for 1HFY15 as compared to an overall full year target of 4.9%. This is primarily due to privatization and other inflows and reduction in PSDP. While this may reflect a positive trend it does not account for the heavy buildup of circular debt which will need to be cleared out over the next few months to avoid worsening of the energy situation.

#### **Privatization and Foreign Bond Sale supported Pak Rupee and Reserves**

In order to curtail budget deficit and raise foreign exchange reserves, which is one of the requirements of the International Monetary Fund's EFF program, the Privatization Commission (PC) divested part of its holding in Pakistan Petroleum Limited (5% stake), Allied Bank (11% stake) and United Bank Limited (20% stake). The government was able to raise a total of 67 bn, from the said divestments which reflects a positive return to the privatization agenda after a period of eight years.

In addition to raising proceeds via privatization, the Ministry of Finance was successful in issuing Eurobonds amounting to USD 2bn. The success of the issuance may be judged from the fact that the issue was oversubscribed 14 times (USD 7bn against USD0.5bn), and the government raised USD 2bn against its pre-sale target of USD 0.5bn. Furthermore, the government also sold USD 1bn in Sukuk bond to foreign investors against pre-sale target of USD 0.5bn.

These positive developments helped raise foreign exchange reserves from USD 10bn (Mar'14) to USD 15bn (Dec'14). These measures also reflected in a stable PKR/USD rate, wherein the Pak Rupee appreciated by 2% over 2QFY15.

#### **Policy delays may impact industry output and growth projections.**

After witnessing rise of 6.8% over 1HFY14, full year FY14 LSM growth slowed down to 4% due to resurgence of energy issues. Given early indications of unimpressive growth numbers from agriculture, GDP growth is expected to remain below itsFY15 target of 5%.

On the industrial front, various ministries progressed slowly on policy development, due to which policies governing certain key sectors were delayed. Clear direction on such policy matters, with special emphasis on addressing energy shortages, will be needed to push overall industrial output higher.

### **Inflation and interest rate outlook**

Over the period under review, headline inflation touched an 11-year low by posting 3.96% YoY in Nov'14. Inflation for Dec'14 clocked in at 4.3% YoY and helped curtail 1HFY15 inflation to 6.1% as opposed to 8.9% in the previous period. Going forward, inflation is anticipated to remain subdued should the current drop in crude oil prices prove to be a sustainable one. We expect CPI to clock in below 5% over 2HFY15 and real interest rates to remain positively strong. In light of this, we feel the stage is set for 100-150bps cut in the key policy rate over the remaining year.

### **Equity Review**

The equity market continued its robust uptrend over 1HFY15, with the benchmark KSE-100 index rising from 29,653 points to 32,131 points. This translates into a return of 8.4%, majority of which was generated in 2QFY15 as the market closed flat over 1QFY15 owing to heightened political noise. Foreigners remained the key net buyers over 1HFY15, with net buying of USD 113mn.

Automobile sector, Pharmaceutical sector, Commercial Banks and Construction plays outperformed the broader index by a significant margin during the period. On the flip side, the heavy weight Oil & Gas sector was the major underperformer during the period due to hefty dip in international crude oil prices. With approximately 60% decline in price of the benchmark Arab light crude oil, Oil & Gas Exploration & Production companies bore the brunt of the negativity within the Oil & Gas sector. The entire sector contributes over 19% to the index and was a major factor in curtailing the performance of the index despite considerable upside witnessed in multiple sectors across the board.

We remain optimistic about the macroeconomic environment over 2HFY15 and anticipate that the government's ability to implement its economic agenda - which includes deficit reduction and privatization of SOEs - will serve as one of the key market drivers. Within this context, oil price has been a blessing for the economy as it has resulted in lower imports, slowdown in current account deficit and disinflation; and should lead to further monetary easing by the Central Bank. The plunge in oil price also ought to greatly benefit industries that consume the fuel either as a power source or as raw material. These major players within such industries (e.g. Glass, Paper & Board, Polyester Films, Transport etc.) should rally over the latter half of the ongoing fiscal year.

Furthermore, this is an opportune time for the government to reduce the subsidy given to the power sector and slowdown accretion of circular debt which has plagued the energy sector. Going forward, we expect the market to be driven by (i) implementation of government's economic agenda (ii) monetary easing (iii) higher corporate earnings growth for some sectors and (iv) improvement in health of the economy. In the near future though, global crude oil price trend and monetary policies should weigh most heavily on the market.

### **Money Market Review**

Over 1HFY15, the State Bank of Pakistan reduced the discount rate by 50bps. This can be attributed to a very comfortable real interest rate and a sharp decline in monthly inflation numbers, which slipped to as low as 3.96% in November - breaking a 10-year record. Prior to the cut in the policy rate, the real interest rate had increased from 212bps (July) to an unprecedented 604bps (November), which warranted monetary easing.

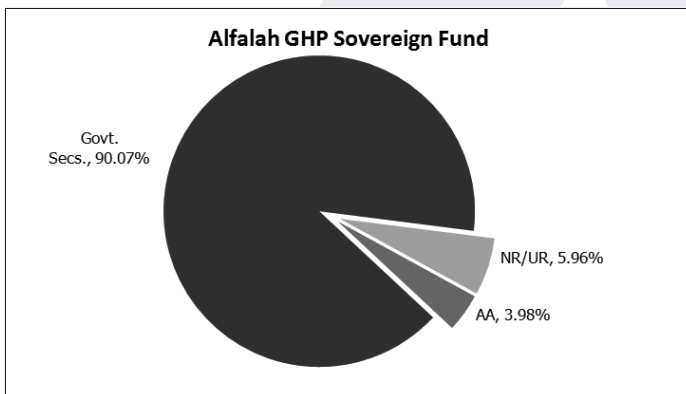
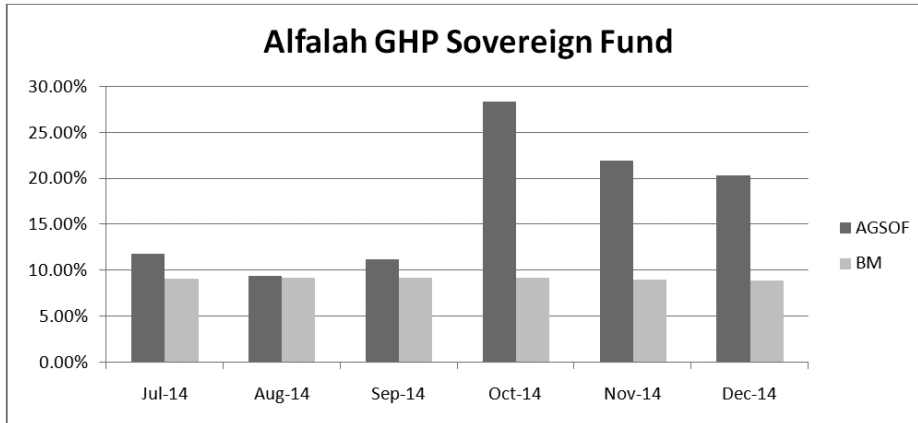
With commodity prices continuing their sharp descent globally, we expect further price easing within the local economic environment. We believe this will keep inflation in check and allow for further monetary easing over 2HFY15.

## **FUND PERFORMANCE AND REVIEW**

### ***Alfalah GHP Sovereign Fund: Fund Operations and Performance***

The Fund was launched on May 9, 2014. The Fund posted a return of 17.78% for the period ended December 31, 2014. During the same period the benchmark return (70% 6M T-Bills + 30% 6M deposit rates) stood at 9.11%. The Fund has generated a strong performance as a result of investments in treasury bonds and stands first in its peer group of income and aggressive income schemes. With the yield curve easing substantially during the period, the revaluation gains bolstered the bottom line and attracted a great deal on investor interest. With our view of falling interest rates, the Fund's investment strategy is focused towards longer tenure government papers which offer a higher yield in addition to the potential for gains.

The Fund's credit rating stands at "AA-" by PACRA. The size of the Fund was Rs 514 million on June 30, 2014 which rose to Rs 3,458 million on December 31, 2014.



**Key Financial Data**

(Rupees in millions)

Description	Six month period ended 31 December 2014	Six month period ended 31 December 2013
Net Assets at end of the period	3,457.50	-
Gross income	147.82	-
Total Comprehensive Income	270.621	-
Net Assets Value per Unit (Rs.)	109.0470	-
Issuance of units during the period	4,181.63	-
Redemption of units during the period	1,369.42	-

**Future Outlook**

Going forward, the focus will be on trading of GoP bonds to generate yield enhancement, while maintaining the current portfolio mix. The fund will maintain low cash reserves, and opt for short term T-Bills to meet regulatory requirement.

**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

February 02, 2015  
Karachi

**Maheen Rahman**  
Chief Executive Officer



**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED****Head Office**

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**TRUSTEE REPORT TO THE UNIT HOLDERS****Alfalah GHP Sovereign Fund****Report of the Trustee pursuant to Regulation 41(h) 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 six months period ended December 31, 2014 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**  
Officiating Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: February 19, 2015





## AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Alfalah GHP Sovereign Fund** (the Fund) as at 31 December 2014, the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim distribution statement and condensed interim statement of movement in unit holders' fund and notes to the accounts for the six month period then ended (here-in-after referred to as "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Engagement Partner: Shabbir Yunus

Date: February 02, 2015  
Karachi

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT DECEMBER 31, 2014**

	<i>Note</i>	(Unaudited) December 31, 2014	(Audited) June 30, 2014
		----- (Rupees) -----	
<b>Assets</b>			
Bank balances	5	133,195,392	14,399,080
Investments	6	3,132,867,689	482,498,294
Deferred formation cost		1,671,484	1,864,792
Receivable against sale of units		115,886,311	-
Prepayments and other receivables	7	89,637,683	18,496,016
<b>Total assets</b>		<b>3,473,258,559</b>	<b>517,258,182</b>
<b>Liabilities</b>			
Payable to the Management Company	8	8,588,526	2,594,842
Remuneration payable to the Trustee		240,077	63,125
Annual fee payable to Securities and Exchange Commission of Pakistan		492,844	52,937
Provision for Workers' Welfare Fund	9	5,649,387	126,497
Accrued and other liabilities	10	785,101	473,393
<b>Total liabilities</b>		<b>15,755,935</b>	<b>3,310,794</b>
<b>Net assets attributable to unit holders</b>		<b>3,457,502,624</b>	<b>513,947,388</b>
<b>Unit holders' fund</b>		<b>3,457,502,624</b>	<b>513,947,388</b>
		---- (Number of Units) ----	
<b>Number of units in issue</b>		<b>31,706,547</b>	<b>5,135,626</b>
		----- (Rupees) -----	
<b>Net assets value per unit</b>		<b>109.0470</b>	<b>100.0749</b>

The annexed notes from 1 to 16 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014 (UN-AUDITED)**

	<u>Half year ended</u> December 31, 2014	<u>Quarter ended</u> December 31, 2014
<i>Note</i>	----- (Rupees) -----	
<b>Income</b>		
Profit on deposit accounts with banks	6,082,534	4,576,591
At fair value through profit or loss - held-for-trading'		
- net gain / (loss) on sale of investments	177,287	(425,236)
- net unrealised appreciation	77,765,607	74,395,380
Income from government securities	63,662,563	45,414,444
Income from letter of placement	131,506	131,506
<b>Total income</b>	<b>147,819,497</b>	<b>124,092,685</b>
<b>Expenses</b>		
Remuneration to the Management Company	6,571,253	4,725,009
Sales tax on management fee	1,143,396	822,150
Federal excise duty on management fee	1,051,401	755,997
Remuneration to the Trustee	818,294	541,377
Annual fee to the Securities and Exchange Commission of Pakistan	492,844	354,375
Brokerage expense and capital value tax	130,530	83,252
Bank and settlement charges	29,961	15,337
Auditors' remuneration	301,054	192,678
Annual listing fee	20,165	15,105
Printing charges	85,370	34,954
Annual rating fee	110,904	55,430
Amortisation of deferred formation cost	193,309	96,707
Provision for Workers' Welfare Fund	5,522,889	4,970,319
<b>Total expenses</b>	<b>16,471,370</b>	<b>12,662,690</b>
<b>Net income from operating activities</b>	<b>131,348,127</b>	<b>111,429,995</b>
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed - net	139,273,442	132,115,640
<b>Net income for the period before taxation</b>	<b>270,621,569</b>	<b>243,545,635</b>
Taxation	12	-
<b>Net income for the period after taxation</b>	<b>270,621,569</b>	<b>243,545,635</b>

The annexed notes from 1 to 16 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014 (UN-AUDITED)**

	<u>Half year ended</u> December 31, 2014	<u>Quarter ended</u> December 31, 2014
	------(Rupees)-----	
<b>Net income for the period</b>	<b>270,621,569</b>	<b>243,545,635</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<u><b>270,621,569</b></u>	<u><b>243,545,635</b></u>

The annexed notes from 1 to 16 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014 (UN-AUDITED)**

	Half year ended December 31, 2014	Quarter ended December 31, 2014
	------(Rupees)-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	270,621,569	243,545,635
<b>Adjustments for:</b>		
Net capital gain on sale of investments classified as 'at fair value through profit or loss - held-for-trading'	(177,287)	(177,287)
Net unrealised appreciation in fair value of investments classified as 'at fair value through profit or loss - held-for-trading'	(77,765,607)	(74,395,380)
Provision for Workers' Welfare Fund	5,522,889	4,970,319
Amortisation of deferred formation cost	193,309	96,707
Element of income and capital gains included in prices of units sold less those in units redeemed - net	(139,273,442)	(132,115,640)
Unwinding of Discounting Income	(1,947,575)	(1,947,575)
	<u>57,173,856</u>	<u>39,976,779</u>
<b>Increase in assets</b>		
Investments - net	(1,636,452,854)	(1,491,093,454)
Prepayments and other receivables	(187,027,978)	(118,141,324)
	<u>(1,823,480,832)</u>	<u>(1,609,234,778)</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	5,993,684	4,447,540
Remuneration payable to the Trustee	176,952	135,356
Annual fee payable to Securities and Exchange Commission of Pakistan	439,907	301,438
Accrued and other liabilities	311,708	(50,288,959)
	<u>6,922,251</u>	<u>(45,404,625)</u>
<b>Net cash used in operating activities</b>	<u>(1,759,384,725)</u>	<u>(1,614,662,624)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amounts received on issue of units	4,181,627,024	3,212,234,942
Payment against redemption of units	(1,369,419,915)	(878,693,123)
<b>Net cash generated from / (used in) financing activities</b>	<u>2,812,207,109</u>	<u>2,333,541,819</u>
Net increase in cash and cash equivalents during the period	<u>1,052,822,384</u>	<u>718,879,195</u>
Cash and cash equivalents at beginning of the period	146,664,314	480,607,503
<b>Cash and cash equivalents at end of the period</b>	<u>13</u> <u>1,199,486,698</u>	<u>1,199,486,698</u>

The annexed notes from 1 to 16 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014 (UN-AUDITED)**

	<u>Half year ended</u> December 31, 2014	<u>Quarter ended</u> December 31, 2014
	------(Rupees)-----	
<b>Undistributed income brought forward</b>		
Realised gains	804,301	24,082,950
Unrealised (losses) / gains	(427,058)	3,370,227
	<b>377,243</b>	<b>27,453,177</b>
 Total comprehensive income for the period	 <b>270,621,569</b>	 <b>243,545,635</b>
 <b>Undistributed income carried forward</b>	 <b><u>270,998,812</u></b>	 <b><u>270,998,812</u></b>
 <b>Undistributed income carried forward at period end</b>		
Realised gains	193,233,205	196,603,432
Unrealised gains	77,765,607	74,395,380
	<b><u>270,998,812</u></b>	<b><u>270,998,812</u></b>

The annexed notes from 1 to 16 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 MOVEMENT IN UNIT HOLDERS' FUND  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014 (UN-AUDITED)**

	<u>Half year ended</u> December 31, 2014	<u>Quarter ended</u> December 31, 2014
	------(Rupees)-----	
<b>Net assets at beginning of the period</b>	<b>513,947,388</b>	<b>1,012,530,805</b>
Amount realised / unrealised on issuance of 39,668,542 units and 30,081,511 units for the six months and quarter ended respectively	<b>4,181,627,024</b>	<b>3,212,234,942</b>
Amount paid / payable on redemption of 13,097,621 units and 8,222,148 units for the six months and quarter ended respectively	<b>(1,369,419,915)</b>	<b>(878,693,118)</b>
	<b>3,326,154,497</b>	<b>3,346,072,629</b>
Element of income and capital gains included in prices of units sold less those in units redeemed - net	<b>(139,273,442)</b>	<b>(132,115,640)</b>
Total comprehensive income for the period before capital gains - realised and unrealised and provision for impairment	<b>192,678,675</b>	<b>168,972,968</b>
Net capital gain on sale of investments classified as 'at fair value through profit or loss - held-for-trading'	<b>177,287</b>	<b>177,287</b>
Net unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss - held-for-trading'	<b>77,765,607</b>	<b>74,395,380</b>
Total comprehensive income for the period	<b>270,621,569</b>	<b>243,545,635</b>
<b>Net assets at end of the period</b>	<b><u>3,457,502,624</u></b>	<b><u>3,457,502,624</u></b>

The annexed notes from 1 to 16 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 HALF YEAR ENDED DECEMBER 31, 2014 (UN-AUDITED)

### 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 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. 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 Lahore Stock Exchange. 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 'AM3+' (Outlook: Stable) to the Management Company in its rating report dated June 20, 2014 and AA-(f) to the Fund in its rating report dated May 22, 2014.

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 PRESENTATION

The condensed interim financial statements 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, 2014.

These condensed interim financial statements are unaudited but subject to limited scope review by the auditors.

### 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, 2014, 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:

IAS 19 – Employee Benefits - Employee Contributions (Amendment)

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

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

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

IFRIC 21 – Levies

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

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. 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 for the year ended June 30, 2014.

	<i>Note</i>	(Un-audited) December 31, 2014	(Audited) June 30, 2014
		------(Rupees)-----	
<b>5. BANK BALANCES</b>			
Deposit account	5.1	<u>133,195,392</u>	<u>14,399,080</u>
		<u>133,195,392</u>	<u>14,399,080</u>

5.1 This represents balance in deposit accounts with banks and carries profit rates ranging from 8.25% to 9.25% (June 30, 2014: 7.00% to 9.25%).

### 6. INVESTMENTS

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

- Treasury bills	6.1	<u>1,375,983,056</u>	132,265,234
- Pakistan Investment Bonds	6.2	<u>1,756,884,633</u>	350,233,060
		<u>3,132,867,689</u>	<u>482,498,294</u>

**6.1 Treasury Bills**

Issue date	Maturity date	As at July 01, 2014	Purchased during the period	Sold / matured during the period	As at December 31, 2014	Cost as at December 31, 2014	Carrying amount as at December 31, 2014	Market value as at December 31, 2014	% of net assets on the basis of market value	% of total investment on the basis of market value
			----- (No. of certificates) -----		----- (Rupees) -----			----- % -----		
<b>Treasury bills - having face value of Rs.100 each</b>										
<b>Maturity upto 03 Months</b>										
20-Mar-14	18-Nov-14	-	1,000,000	1,000,000	-	-	-	-	-	-
20-Mar-14	19-Mar-15	-	400,000	-	400,000	39,206,399	39,206,399	39,207,240	1.1%	1.3%
15-May-14	13-Nov-14	-	250,000	250,000	-	-	-	-	-	-
29-May-14	21-Aug-14	150,000	150,000	300,000	-	-	-	-	-	-
26-Jun-14	18-Sep-14	1,200,000	-	1,200,000	-	-	-	-	-	-
10-Jul-14	8-Jan-15	-	2,000,000	-	2,000,000	199,636,444	199,636,444	199,627,200	5.8%	6.4%
24-Jul-14	16-Oct-14	-	1,750,000	1,750,000	-	-	-	-	-	-
7-Aug-14	30-Oct-14	-	500,000	500,000	-	-	-	-	-	-
4-Sep-14	27-Nov-14	-	3,250,000	3,250,000	-	-	-	-	-	-
2-Oct-14	26-Dec-14	-	420,000	420,000	-	-	-	-	-	-
16-Oct-14	8-Jan-15	-	8,550,000	3,000,000	5,550,000	553,982,458	553,982,457	553,985,316	16.0%	17.7%
30-Oct-14	22-Jan-15	-	5,250,000	2,500,000	2,750,000	273,472,240	273,472,240	273,471,550	7.9%	8.7%
			<u>23,520,000</u>	<u>14,170,000</u>	<u>10,700,000</u>	<u>1,066,297,541</u>	<u>1,066,297,540</u>	<u>1,066,291,306</u>		
<b>Maturity upto 06 Months</b>										
17-Apr-14	16-Apr-15	-	1,000,000	-	1,000,000	97,367,769	97,367,769	97,341,200	2.82%	3.1%
13-Nov-14	14-May-15	-	2,250,000	1,250,000	1,000,000	96,706,066	96,706,066	96,679,800	2.80%	3.1%
			<u>3,250,000</u>	<u>1,250,000</u>	<u>2,000,000</u>	<u>194,073,835</u>	<u>194,073,835</u>	<u>194,021,000</u>		
<b>Maturity upto 12 Months</b>										
13-Nov-14	12-Nov-15	-	1,250,000	-	1,250,000	115,221,154	115,221,154	115,670,750	3.35%	3.7%
			<u>1,250,000</u>	<u>-</u>	<u>1,250,000</u>	<u>115,221,154</u>	<u>115,221,154</u>	<u>115,670,750</u>		
			<u>28,020,000</u>	<u>15,420,000</u>	<u>13,950,000</u>	<u>1,375,592,530</u>	<u>1,375,592,529</u>	<u>1,375,983,056</u>		

**6.2 Pakistan Investment Bonds (PIBs)**

Issue date	Maturity date	As at July 01, 2014	Purchased during the period	Sold / matured during the period	As at December 31, 2014	Cost as at December 31, 2014	Carrying amount as at December 31, 2014	Market value as at December 31, 2014	% of net assets on the basis of market value	% of total investment on the basis of market value
			----- (No. of certificates) -----		----- (Rupees) -----			----- % -----		
<b>PIBs having face value of Rs.100 each</b>										
<b>Maturity upto 02 Years</b>										
18-Jul-13	18-Jul-16	3,550,000	2,500,000	2,000,000	4,050,000	400,799,978	400,799,978	415,291,860	12.0%	13.3%
<b>Maturity upto 03 Years</b>										
17-Jul-14	17-Jul-17	-	4,850,000	-	4,850,000	489,489,807	489,489,807	503,090,015	14.6%	16.1%
<b>Maturity upto 04 Years</b>										
18-Jul-13	18-Jul-18	-	1,000,000	-	1,000,000	101,117,934	101,117,934	105,407,400	3.0%	3.4%
<b>Maturity upto 05 Years</b>										
17-Jul-14	17-Jul-19	-	6,550,000	-	6,550,000	652,737,587	652,737,587	695,245,574	20.1%	22.2%
<b>Maturity upto 10 Years</b>										
17-Jul-14	17-Jul-24	-	350,000	-	350,000	35,770,405	35,770,405	37,849,784	1.1%	1.2%
			<u>15,250,000</u>	<u>2,000,000</u>	<u>16,800,000</u>	<u>1,679,915,711</u>	<u>1,679,915,711</u>	<u>1,756,884,633</u>		

	(Un-audited) December 31, 2014	(Audited) June 30, 2014
	------(Rupees)-----	
<b>7. PREPAYMENTS AND OTHER RECEIVABLES</b>		
<b>Prepayments</b>		
Annual listing fee	36,986	17,150
Annual rating fee	60,602	171,506
<b>Other receivables</b>		
<b>Considered good</b>		
Mark-up / return receivable on:		
- bank balances	2,207,249	362,840
- Pakistan Investment Bonds	87,332,846	17,944,519
	<u>89,637,683</u>	<u>18,496,016</u>
<b>8. PAYABLE TO THE MANAGEMENT COMPANY</b>		
Remuneration payable to the Management Company	2,379,020	420,834
Sales tax payable on management fee	578,206	112,911
Federal excise duty on management fee	1,118,732	85,396
Formation cost payable	1,919,423	1,919,423
Sales load payable	2,543,145	6,278
Other payables	50,000	50,000
	<u>8,588,526</u>	<u>2,594,842</u>
<b>9. PROVISION FOR WORKERS' WELFARE FUND</b>		
There is no change in the status of the petition 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, 2014.		
<b>10. ACCRUED AND OTHER LIABILITIES</b>		
Capital gain tax	113,858	270,906
Withholding tax	240,504	-
Auditors' remuneration	305,486	151,107
Brokerage	41,983	26,380
Printing charges payable	56,770	25,000
Other liabilities	26,500	-
	<u>785,101</u>	<u>473,393</u>
<b>11. FEDERAL EXCISE DUTY ON MANAGEMENT FEE</b>		
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, 2014.		

## 12. 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 December 31, 2014.

	Note	(Un-audited) December 31, 2014	(Audited) June 30, 2014
		----- (Rupees) -----	
13. CASH AND CASH EQUIVALENTS			
Bank balances	5	133,195,392	14,399,080
Treasury bills maturing within 3 months	6.1	1,066,291,306	132,265,234
		<u>1,199,486,698</u>	<u>146,664,314</u>

## 14. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Connected persons / related parties include Alfalah GHP Investment Management Limited being the Management Company, GHP Arbitrium AG, Bank Alfalah Limited and MAB Investment Incorporated being associated companies of Management Company, directors and key management personnel of Alfalah GHP Investment Management Limited and Central Depository Company of Pakistan Limited (CDC) being the trustee of the Fund, and other associated companies and connected persons. The transactions with connected persons are in the normal course of business and at contractual rates.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Rules 2003, the NBFC Regulations 2008 and Trust Deed respectively.

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:

### 14.1 Unit Holders' Fund

	Half year ended December 31, 2014 (Un-audited)									
	As at July 01, 2014	Issued for cash	Bonus	Redeemed	As at December 31, 2014	As at July 01, 2014	Issued for cash	Bonus	Redeemed	NAV as at December 31, 2014
	----- (Units) -----				----- (Rupees) -----					
<b>Associated companies / undertakings</b>										
Bank Alfalah Limited	1,978,187	-	-	-	1,978,187	197,966,820	-	-	-	215,715,307
MCBFSL-Trustee Alfalah GHP Capital Preservation Fund	-	6,570,029	-	2,330,772	4,239,257	-	700,000,000	-	250,000,000	462,278,179
<b>Management Company</b>										
Alfalah GHP Investment Management Limited	746,595	163,036	-	55,286	854,345	74,715,411	17,297,000	-	6,000,000	93,163,817
<b>Key Management Personnel</b>										
Employees	3,106	1,868	-	3,106	1,868	310,793	200,000	-	315,043	203,681
<b>Unit holder holding 10% or more units</b>										
Fauji Fertilizer Bin Qasim Limited	-	3,837,093	-	-	3,837,093	-	413,120,827	-	-	418,423,471

	Quarter ended December 31, 2014 (Un-audited)									
	As at October 01, 2014	Issued for cash	Bonus	Redeemed	As at December 31, 2014	As at Oct. 01, 2014	Issued for cash	Bonus	Redeemed	NAV as at December 31, 2014
	----- (Units) -----					----- (Rupees) -----				
<b>Associated companies / undertakings</b>										
Bank Alfalah Limited	1,978,187	-	-	-	1,978,187	203,405,844	-	-	-	215,715,307
MCBFSL-Trustee Alfalah GHP Capital Preservation Fund	-	6,570,029	-	2,330,772	4,239,257	-	700,000,000	-	250,000,000	462,278,179
<b>Management Company</b>										
Alfalah GHP Investment Management Limited	746,595	163,036	-	55,286	854,345	76,768,173	17,297,000	-	6,000,000	93,163,817
<b>Key Management Personnel</b>										
Employees	-	1,868	-	-	1,868	-	200,000	-	-	203,681
<b>Unit holder holding 10% or more units</b>										
Fauji Fertilizer Bin Qasim Limited	-	3,837,093	-	-	3,837,093	-	413,120,827	-	-	418,423,471

Half year ended December 31, 2014	Quarter ended December 31, 2014
-----	-----
----- (Rupees) -----	

## 14.2 Other transactions

### Associated Companies / Undertakings

#### Alfalah GHP Investment Management Limited

##### - Management Company

Remuneration to the Management Company	<u>6,571,253</u>	<u>4,725,009</u>
Sales tax on management fee	<u>1,143,396</u>	<u>822,150</u>
Federal excise duty on management fee	<u>1,051,401</u>	<u>755,997</u>

#### Central Depository Company of Pakistan Limited

Trustee fee	<u>818,294</u>	<u>541,377</u>
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	(Un-audited) December 31, 2014	(Audited) June 30, 2014
	------(Rupees)-----	
<b>14.3 Other balances</b>		
<b>Associated companies / undertakings</b>		
<b>Alfalah GHP Investment Management Limited - Management Company</b>		
Remuneration payable to the Management Company	<u>2,379,020</u>	<u>420,834</u>
Sales tax payable on management fee	<u>578,206</u>	<u>112,911</u>
Federal excise duty payable on management fee	<u>1,118,732</u>	<u>85,396</u>
Sales load payable	<u>1,919,423</u>	<u>1,919,423</u>
Formation cost	<u>2,543,145</u>	<u>6,278</u>
Others	<u>50,000</u>	<u>50,000</u>
<b>Other related parties</b>		
<b>Central Depository Company of Pakistan Limited</b>		
Trustee fee	<u>240,077</u>	<u>63,125</u>
<b>Bank Alfalah Limited</b>		
Deposits at the end of the period	<u>133,195,392</u>	<u>420,834</u>
Profit on deposit accounts for the period	<u>6,082,534</u>	<u>112,911</u>
Profit receivable at the end of the period	<u>2,207,249</u>	<u>85,396</u>
Bank charges for the period	<u>29,961</u>	<u>6,378</u>
Treasury Bills - purchased	<u>528,862,500</u>	<u>-</u>
Treasury Bills - sold	<u>49,871,550</u>	<u>-</u>
Pakistan Investment Bonds - purchased	<u>707,797,050</u>	<u>47,446,650</u>
<b>Alfalah GHP Income Multiplier Fund</b>		
Treasury Bills - sold	<u>-</u>	<u>19,722,340</u>
Pakistan Investment Bonds - sold	<u>49,346,700</u>	<u>-</u>
<b>IGI Money Market Fund</b>		
Treasury Bills - purchased	<u>54,735,035</u>	<u>-</u>
Treasury Bills - sold	<u>49,370,350</u>	<u>-</u>
<b>Alfalah GHP Cash Fund</b>		
Treasury Bills - purchased	<u>296,817,500</u>	<u>-</u>
<b>IGI Money Market Fund</b>		
Treasury Bills - purchased	<u>-</u>	<u>14,779,230</u>

**15. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on February 02, 2015 by the Board of Directors of the Management Company.

**16. GENERAL**

**16.1** Figures for the quarter ended December 31, 2014 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.

**16.2** Being the first accounting period of the Fund, there are no corresponding figures to report.

**16.3** Figures are rounded off to the nearest rupee.



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

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

\_\_\_\_\_  
Director