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FUND'S INFORMATION

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

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 Capital Preservation 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 its FY15 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

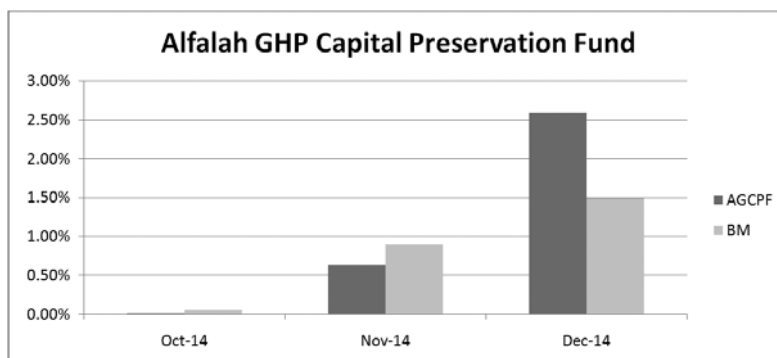
Over 1HFY15, the State Bank of Pakistan reduced the discount rate by 50bps. This can be attributed to a very comfortable real interest rate and a sharp decline in monthly inflation numbers, which slipped to as low as 3.96% in November - breaking a 10-year record. Prior to the cut in the policy rate,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

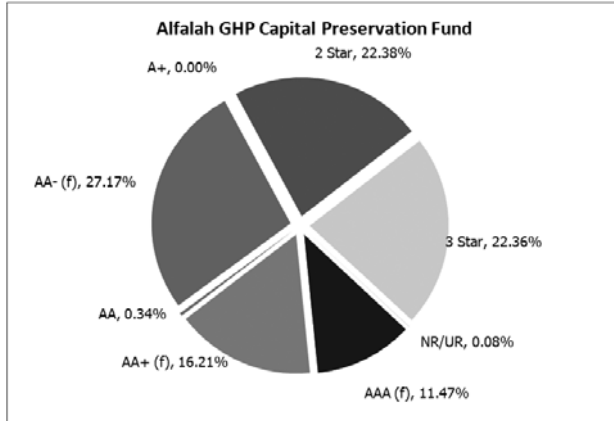
With commodity prices continuing their sharp descent globally, we expect further price easing within the local economic environment. We believe this will keep inflation in check and allow for further monetary easing over 2HFY15.

FUND PERFORMANCE AND REVIEW
Alfalah GHP Capital Preservation Fund: Fund Operations and Performance

The Fund was launched during the year and came into existence on 28th October, 2014. The Fund posted a return of 3.69% for the period ended December 31st, 2014. During the same period the benchmark return was 2.62%. The Fund operates on a CPPI based structure and at the end of the period under review, based on the robust performance of equity markets, stood 44.7% invested in the equity component whereas 27.7% was allocated to cash/money market component and 27.2% was allocated to sovereign income component.

The net assets of the fund stood at 1,688 million as on December 31, 2014.





Key Financial Data

(Rupees in millions)

Description	From September 19th to 31 December 2014
Net Assets at end of the period	1,688.19
Gross income	62.27
Total Comprehensive Income	60.12
Net Assets Value per Unit (Rs.)	103.6927
Issuance of units during the period	1,628.324
Redemption of units during the period	0.256

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

February 02, 2015
Karachi

Maheen Rahman
Chief Executive Officer



REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

ALFALAH GHP CAPITAL PRESERVATION FUND

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

Alfalah GHP Capital Preservation Fund, an open-end Scheme established under a Trust Deed dated August 28, 2014 executed between Alfalah GHP Investment Management Limited, as the Management Company and MCB Financial Services Limited (MCBFSL), as the Trustee. The trust deed was approved by Securities and Exchange Commission of Pakistan (Commission) on August 19, 2014.

- I. Alfalah GHP Investment Management Limited, the Management Company of Alfalah GHP Capital Preservation Fund has in all material respects managed Alfalah GHP Capital Preservation Fund during the period from 19th September 2014 to 31st December 2014 in accordance with the provisions of the following:
 - (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
 - (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
 - (iii) the creation and cancellation of units are carried out in accordance with the deed;
 - (iv) and any regulatory requirement



Khawaja Anwar Hussain
Chief Executive Officer
MCB Financial Services Limited

Karachi: February 20, 2015

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

Introduction

We have reviewed the accompanying interim statement of assets and liabilities of **Alfalah GHP Capital Preservation Fund** (the Fund) as at 31 December 2014, the related interim income statement, interim statement of comprehensive income, interim statement of cash flows, interim distribution statement and 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

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

	<i>Note</i>	December 31, 2014
		---(Rupees)---
Assets		
Bank balances	4	5,748,869
Investments	5	1,694,202,698
Deferred formation cost	6	1,048,684
Mark-up receivable	7	31,058
Prepayments		<u>185,889</u>
Total assets		1,701,217,198
Liabilities		
Payable to the Management Company	8	1,500,335
Remuneration payable to the Trustee	9	141,485
Annual fee payable to Securities and Exchange Commission of Pakistan	10	217,303
Provision for Workers' Welfare Fund	11	1,228,373
Accrued and other liabilities	12	9,934,860
Total liabilities		13,022,356
Net assets attributable to unit holders		<u>1,688,194,842</u>
Unit holders' funds		<u>1,688,194,842</u>
Contingencies and commitments	13	-
		(Number of units)
Number of units in issue		<u>16,280,744</u>
		--- (Rupees) ---
Net assets value per unit		<u>103.6927</u>

The annexed notes from 1 to 20 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited
 (Management Company)

 Chief Executive

 Director

**INTERIM INCOME STATEMENT
FOR THE PERIOD FROM SEPTEMBER 19, 2014 TO DECEMBER 31, 2014**

		From September 19, 2014 to December 31, 2014	
	Note	---(Rupees)---	
Income			
Interest income on bank deposits		7,051,444	
Net gain on sale of investments classified as 'at fair value through profit or loss - held-for-trading'		7,307,870	
Net unrealised appreciation in fair value of investments classified as 'at fair value through profit or loss - held-for-trading'		47,894,829	
Other income		16,009	
Total income		62,270,152	
Expenses			
Remuneration to the Management Company		1,001	
Sales tax on management fee		174	
Federal excise duty on management fee	14	160	
Remuneration to the Trustee		289,738	
Annual fee to the Securities and Exchange Commission of Pakistan		217,303	
Bank charges		6,336	
Amortisation of deferred formation cost		168,316	
Auditors' remuneration	15	127,509	
Annual listing fee		5,248	
Annual rating fee		60,863	
Printing charges		38,730	
Provision for Workers' Welfare Fund	11	1,228,373	
Total expenses		2,143,751	
Net income from operating activities		60,126,401	
Element of loss and capital losses included in prices of units issued less those in units redeemed - net		(5,971)	
Net income for the period before taxation		60,120,430	
Taxation	16	-	
Net income for the period after taxation		60,120,430	

The annexed notes from 1 to 20 form an integral part of these financial statements.

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

Chief Executive

Director

INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM SEPTEMBER 19, 2014 TO DECEMBER 31, 2014

	From September 19, 2014 to December 31, 2014 ---(Rupees)---
Net income for the period	60,120,430
Other comprehensive income during the period	-
Total comprehensive income for the period	<u>60,120,430</u>

The annexed notes from 1 to 20 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited
(Management Company)

Chief Executive

Director

INTERIM DISTRIBUTION STATEMENT
FOR THE PERIOD FROM SEPTEMBER 19, 2014 TO DECEMBER 31, 2014

	From September 19, 2014 to December 31, 2014 --- (Rupees) ---
Total comprehensive income for the period	<u>60,120,430</u>
Undistributed income carried forward at end of the period	
- Realised gains	12,225,601
- Unrealised gains	<u>47,894,829</u>
	<u>60,120,430</u>

The annexed notes from 1 to 20 form an integral part of these financial statements.



For Alfalah GHP Investment Management Limited
(Management Company)

 Chief Executive

 Director

**INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE PERIOD FROM SEPTEMBER 19, 2014 TO DECEMBER 31, 2014**

	From September 19, 2014 to December 31, 2014 ---(Rupees)---
Amount realised on issuance of 16,283,245 units	1,628,324,463
Amount paid on redemption of 2,501 units	<u>(256,022)</u>
	1,628,068,441
Element of income and capital gains included in prices of units sold less those in units redeemed - net	5,971
Net unrealised diminution in fair value of investments classified as 'at fair value through profit or loss - held-for-trading'	47,894,829
Others	12,225,601
Total comprehensive income for the period	60,120,430
Net assets at end of the period	<u>1,688,194,842</u>

The annexed notes from 1 to 20 form an integral part of these financial statements.

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

Chief Executive

Director

INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM SEPTEMBER 19, 2014 TO DECEMBER 31, 2014

	From September 19, 2014 to December 31, 2014 ---(Rupees)---
CASH FLOWS FROM OPERATING ACTIVITIES	
Net income for the period	60,120,430
Adjustments for:	
Amortization of deferred formation cost	168,316
Provision for Workers' Welfare Fund	1,228,373
Net unrealised diminution in fair value of investments classified as 'at fair value through profit or loss - held-for-trading'	(47,894,829)
Element of income and capital gains included in prices of units sold less those in units redeemed	5,971
	13,628,261
Increase in assets	
Investments - net	(1,646,307,869)
Deferred formation cost	(1,217,000)
Mark-up receivable	(31,058)
Prepayments	(185,889)
Payable to the Management Company	1,500,335
Remuneration payable to the Trustee	141,485
Annual fee to the Securities and Exchange Commission of Pakistan	217,303
Accrued and other liabilities	9,934,860
	(1,635,947,833)
Net cash used in operating activities	(1,622,319,572)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of units (including units issued to pre-IPO investors against accrued interest before initial period)	1,628,324,463
Payment against redemption of units	(256,022)
Net cash generated from financing activities	1,628,068,441
Cash and cash equivalents at end of the period	5,748,869

The annexed notes from 1 to 20 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited
 (Management Company)

 Chief Executive

 Director

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD FROM SEPTEMBER 19, 2014 TO DECEMBER 31, 2014**

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 Lahore Stock Exchange. 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 'AM3+' (Outlook: Stable) to the Management Company in its rating report dated June 20, 2014.

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

2.1 Statement of compliance

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

2.2 Basis of measurement

These interim financial statements have been prepared under the historical cost convention, except that investments are measured at fair value.

2.3 Functional and presentation currency

These interim financial information are presented in Pak Rupees which is the functional and presentation currency of the Fund.

2.4 Use of estimates and judgment

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows:

- a) Classification and valuation of financial instruments (notes 3.2 and 5)
- b) Impairment (notes 3.2)
- c) Provisions (notes 3.7)
- d) Taxation (notes 3.11)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies were adopted in the preparation of these interim financial statements:

3.1 Financial instruments

The Fund classifies its financial instruments and derivatives in the following categories:

a) Financial instruments at fair value through profit or loss

An instrument is classified 'at fair value through profit or loss' if it is 'held-for-trading' or is designated as such upon initial recognition. Financial instruments are designated 'at fair value through profit or loss' if the Fund manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Fund's documented risk management or investment strategy. Financial assets which are acquired principally for the purpose of generating profit from short term price fluctuation or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as 'held-for-trading' or derivatives.

All derivatives in a net receivable position (positive fair value), are reported as financial assets held-for-trading. All derivatives in a net payable position (negative fair value), are reported as financial liabilities 'held-for-trading'.

b) Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in market prices, are classified as 'available-for-sale'.

c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Fund as 'fair value through profit or loss' or 'available-for-sale'. This includes receivable against sale of investments and other receivables and are carried at amortized cost using the effective yield method, less impairment losses, if any.

d) Financial liabilities

Financial liabilities, other than those at 'fair value through profit or loss', are measured at amortised cost using the effective yield method.

Recognition

The Fund recognizes financial assets and financial liabilities on the date when it becomes a party to the contractual provisions of the instrument. A regular way purchase of financial assets is recognized using trade date accounting. From this date, any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

Financial liabilities are not recognized unless one of the parties has performed its part of the contract or the contract is a derivative contract.

Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in case of a 'financial instrument not at fair value through profit or loss', transaction costs that are directly attributable to the acquisition or issue of the financial instruments. Transaction costs on financial instruments 'at fair value through profit or loss' are expensed out immediately.

Subsequent to initial recognition, financial instruments classified as 'at fair value through profit or loss' and 'available-for-sale' are measured at fair value. Gains or losses arising, from changes in the fair value of the financial assets 'at fair value through profit or loss' are recognized in the Income Statement. Changes in the fair value of financial instruments classified as 'available-for-sale' are recognized in Unit Holders' Fund until derecognized or impaired, then the accumulated fair value adjustments recognized in Unit Holders' Fund are included in the Income Statement.

Fair value measurement principles

Basis of valuation of Quoted Equity Securities

The fair value of quoted equity securities is based on their price quoted on the Stock Exchange at the balance sheet date without any deduction for estimated future selling costs.

3.2 Impairment

Financial assets not carried at fair value through profit or loss are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists an impairment loss is in Income Statement.

However, the decrease in impairment loss on equity securities classified as available-for-sale is recognized in unit holder's fund and for debt securities classified as available-for-sale is recognized income statement.

3.3 Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with International Accounting Standard 39: Financial Instruments; Recognition and Measurement.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

3.4 Unit holders' fund

Unit holders' fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

3.5 Issue and redemption of units

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

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

3.6 Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed

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

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

3.7 Provisions

A provision is recognised in the Statement of Assets and Liabilities when the Fund has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

3.8 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and are being amortised over a period of twenty five months commencing from September 19, 2014.

3.9 Net asset value per unit

The net asset value per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in issue.

3.10 Earnings per unit

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

3.11 Taxation

Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 provides exemption from tax to any income derived by a Mutual Fund, if not less than ninety percent of its accounting income of a year as reduced by capital gains whether realized or unrealized is distributed among the unit holders.

3.12 Offsetting of financial instruments

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

3.13 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Gains / (losses) arising on revaluation of derivatives to fair value are taken to the Income Statement.
- Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed is included in the Income Statement on the date of issue and redemption of units.
- Dividend Income is recognised when the right to receive the dividend is established.
- Profit on bank deposit is recognized on time proportionate basis taking into account effective yield.

3.14 Expenses

All expenses including Management Fee and Trustee Fee are recognised in the Income Statement on an accrual basis.

3.15 Cash and cash equivalents

Cash and cash equivalent comprises deposits maintained with banks and term deposit receipts. Cash and cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

3.16 Dividend distribution and appropriations

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

3.17 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following revised standards, interpretations and amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, interpretations and amendments:

Standard, interpretation or amendment	Effective date (accounting periods beginning on or after)
IFRS 10 – Consolidated Financial Statements	January 01, 2015
IFRS 11 – Joint Arrangements	January 01, 2015
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 – Fair Value Measurement	January 01, 2015
IAS 1 – Presentation of Financial Statements – (Amendment) - Disclosure Initiative	January 01, 2016
IAS 16 & 38 – Property, Plant and Equipment & intangible assets - (Amendment) - Clarification of Acceptable Method of Depreciation and Amortization	January 01, 2016
IAS 16 & 41 – Property, Plant and Equipment & Agriculture - (Amendment) - Agriculture: Bearer Plants	January 01, 2016

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

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

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

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2017

		December 31, 2014
4. BANK BALANCES	<i>Note</i>	---(Rupees)---
Deposit accounts	4.1	<u><u>5,748,869</u></u>

4.1 This represents balances in deposit accounts with banks and carry interest rates ranging from 7% to 9.25%.

5. INVESTMENTS

Financial assets classified as 'at fair value through profit or loss' - held-for-trading

Units of Mutual Funds - open ended	5.1	<u><u>1,694,202,698</u></u>
		<u><u>1,694,202,698</u></u>

5.1 Units of Mutual Funds - open ended

Particulars	Purchased during the period	Sold during the period	As at December 31, 2014	Carrying amount as at December 31, 2014	Market value as at December 31, 2014	Net assets on the basis of market value	Total investment on the basis of market value
	(No. of Units)			(Rupees in '000)		%	%
Alfalah GHP Cash Fund *	3,097,594	2,725,294	372,300	192,303,664	195,129,876	12%	11.51%
IGI Stock Fund *	3,244,762	-	3,244,762	365,000,000	380,678,398	23%	22.47%
Alfalah GHP Alpha Fund *	5,743,832	-	5,743,832	365,000,000	380,356,555	22%	22.45%
Alfalah GHP Sovereign Fund *	6,570,029	2,330,772	4,239,256	451,669,220	462,278,149	27%	27.29%
IGI Money Market Fund *	2,884,615	266,010	2,618,605	272,334,985	275,759,720	16%	16.28%
	<u>21,540,832</u>	<u>5,322,076</u>	<u>16,218,755</u>	<u>1,646,307,869</u>	<u>1,694,202,698</u>		

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

		December 31, 2014
6. DEFERRED FORMATION COST	<i>Note</i>	---(Rupees)---
Formation cost incurred		1,217,000
Amortised to the income statement during the period		<u>(168,316)</u>
Unamortised cost at the end of the period		<u><u>1,048,684</u></u>

This represents expenses incurred on the formation of the Fund. The offering document of the Fund, approved by the Securities and Exchange Commission of Pakistan, permits the deferral of the cost over the life of the Fund (twenty five months). Accordingly, the said expenses are being amortised over a period of twenty five months effective from September 19, 2014.

7. MARK-UP RECEIVABLE

Mark-up on deposit accounts	<u><u>31,058</u></u>
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	December 31, 2014
Note	---(Rupees)---
8. PAYABLE TO MANAGEMENT COMPANY	
Remuneration payable to the Management Company	8.1 1,001
Sales tax payable on management fee	174
Federal excise duty on management fee	14 160
Formation cost payable	1,217,000
Sales load payable	-
Other payables	282,000
	<u>1,500,335</u>

8.1 The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, of an amount not exceeding three percent per annum during the life of the Fund. Further, as per the requirement of NBFC regulations, the management company shall not charge any fee if the Fund makes investment in the Collective investment Schemes (CIS) managed by the same management company. During the period, the Fund has invested in the CIS managed by the same Management Company, resulting in a very nominal amount of fee charged on account of management fee.

9. REMUNERATION PAYABLE TO THE TRUSTEE

The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed, calculated at the rate 0.1% per annum of the daily average net assets of the Fund. Remuneration to the Trustee has been calculated after the end of initial period (i.e. September 19, 2014).

10. ANNUAL FEE PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) in accordance with Regulation 62 of the NBFC Regulations, 2008, whereby the Fund is required to pay SECP an amount at the rate of 0.075% of the average daily net assets of the Fund. Annual fee to the SECP has been calculated after the end of initial period (i.e. September 19, 2014).

11. PROVISION FOR WORKERS' WELFARE FUND

The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication.

In August 2011, the Lahore High Court (LHC) issued a judgment in response to a petition in similar case whereby the amendments introduced in WWF Ordinance through Finance Acts 2006 and 2008 have been declared unconstitutional and therefore struck down. In March 2013, the SHC larger bench issued a judgment in response to various petitions in similar cases whereby the amendments introduced in the WWF Ordinance through Finance Acts 2006 and 2008 respectively (Money Bills) have been declared constitutional and overruled a single-member Lahore High Court (LHC) bench judgment issued in August 2011. However, as mentioned above, the constitutional petition challenging the applicability of WWF on mutual funds is still pending adjudication and not yet decided. The Management Company has considered the implications of the above judgment of SHC and is of the view that the matter will eventually be settled in its favour and WWF will not be levied on the Fund.

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

In view of the uncertainty on the applicability of WWF to mutual funds, the Management Company as a matter of prudence, has decided to make the provision for WWF amounting to Rs.1.228 million up to December 31, 2014. Had the provision not been made, the NAV per unit would have been higher by Rs.0.075 (0.07%) per unit.

	December 31, 2014
	---(Rupees)---
12. ACCRUED AND OTHER LIABILITIES	
Federal excise duty payable on front end load	8,888,957
Printing charges payable	38,730
Auditors' remuneration	127,509
Withholding tax	879,664
	<u>9,934,860</u>

13. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments.

14. FEDERAL EXCISE DUTY ON MANAGEMENT FEE

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

15. AUDITORS' REMUNERATION

Audit fee	98,178
Other certification and services	5,855
	<u>104,033</u>
Sales tax	12,539
Out of pocket expenses	10,937
	<u>127,509</u>

16. TAXATION

The income of the Fund is exempt from income tax under Clause (99) of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001 (Clause 99) subject to the condition that not less than 90 percent of the accounting income for the year, as reduced by capital gains, whether realized or unrealized, is distributed amongst the unit holders. The Management Company intends to distribute not less than 90 percent of its annual accounting income to avail the tax exemption. Accordingly, no provision for current and deferred tax has been made in these financial statements.

17. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include Alfalah GHP Investment Management Limited being the Management

Company, GHP Arbitrium AG, Bank Alfalah Limited and MAB Investment Incorporated being associated companies of Management Company, directors and key management personnel of Alfalah GHP Investment Management Limited and MCB Financial Services Limited (MCBFSL) being the trustee of the Fund, and other associated companies and connected persons. The transactions with connected persons are in the normal course of business and at contractual rates.

Remuneration payable to the Management Company and the Trustee are determined in accordance with the provisions of Non-Banking Finance Companies and Notified Entities Regulations, 2008, and the Trust Deed respectively.

17.1 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:

	December 31, 2014 ---(Rupees)---
Alfalah GHP Investment Management Limited - Management Company	
Balance at beginning of the period	-
Remuneration of the Management Company	1,001
Sales tax on management fee	174
Federal excise duty on management fee	160
Sales load payable	-
Other payables	282,000
	<u>283,335</u>
Amount paid during the period	-
Balance at the end of the period	<u>1,335</u>
MCB Financial Services Limited	
Balance at beginning of the period	-
Remuneration of the Trustee	289,738
CDS charges for the period	-
	<u>289,738</u>
Amount paid during the period	<u>(148,253)</u>
Balance at the end of the period	<u>141,485</u>
Bank Alfalah Limited	
Deposits at the end of the period	<u>5,748,869</u>
Profit on deposit accounts for the period	<u>7,051,444</u>
Profit receivable at the end of the period	<u>31,058</u>
Bank charges for the period	<u>6,336</u>

17.2 Unit Holders' Fund

	For the period from September 19, 2014 to December 31, 2014							
	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	As at December 31, 2014	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	Net asset value as at December 31, 2014
	(Units)				(Rupees)			
Associated companies / undertakings								
Bank Alfalah Limited - Employees Gratuity Fund Trust	1,777,306	-	-	1,777,306	180,000,000	-	-	184,293,658

18. FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund.

The Fund's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by Board of Directors and audit committee regularly to reflect changes in market conditions and the Fund's activities.

The management of these risks is carried out by the Investment Committee (IC) under policies approved by the Board of Directors of the Management Company. The IC is constituted and approved by the Board of Directors of the Management Company. Investment committee is responsible to devise the investment strategy and manage the investment portfolio of the Fund in accordance with limits prescribed in the Non Banking Finance Companies and Notified Entities Regulations, 2008, offering document of the Fund in addition to Fund's internal risk management policies.

The Fund primarily invests in a mix of equity and sovereign income / money market funds. The Fund may also invest in other equity and sovereign income / money market funds available to it. Such investments are subject to varying degrees of risk. These risks emanate from various factors that include, but are not limited to credit risk, liquidity risk, market risk and operational risk.

18.1 Credit risk

Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties to fulfil their obligations. There is a possibility of default of issuers of the instrument, financial institutions or counter parties.

Management of credit risk

The Fund's policy is to enter into financial contracts with reputable counterparties in accordance with the internal risk management policies and investment guidelines approved by the Board of Directors. The Investment Committee closely monitors the creditworthiness of the Fund's counterparties (e.g., issuer of the instruments, brokers, banks, etc.) by reviewing their credit ratings, financial statements and press releases on a regular basis. In addition the credit risk is also minimized due to the fact that the Fund only invests in liquid equity and money market based collective investment schemes (CIS).

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	Carrying Amount December 31, 2014 ---(Rupees)---
Bank balances	5,748,869
Investments - Units of mutual funds	1,694,202,698
Mark-up receivable	31,058
	<u>1,699,982,625</u>

Differences in the balances as per the statement of assets and liabilities and maximum exposures is due to deferred formation cost amounting to Rs.1.049 million and prepayments amounting to Rs.0.186 million which do not carry credit risk.

Past due or impaired financial assets

None of the financial assets are considered to be past due or impaired as at December 31, 2014.

Concentration of the credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure.

99.59% of the financial assets aggregating to Rs.1,694.203 million are invested in funds managed by the management company. The management company believes that underlying assets held by these funds are sufficiently diverse and therefore do not expose the Fund to any major concentration risk.

Details of the credit ratings of the investment and bank balances are as follows:

	December 31, 2014	
	Investments in equity and money market securities	Bank balances
	-----%-----	
AAA	12%	-
4-Star	23%	-
1-Star	22%	-
AA-	27%	-
AA+	16%	-
AA	-	100%
	<u>100%</u>	<u>100%</u>

18.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

Management of liquidity risk

The Fund's policy is to manage this risk by investing its assets in units issued by collective investment schemes (CIS) that are redeemable on demand as per terms of their offering document.

The Fund has ability to borrow, with prior approval of trustee, for meeting redemption. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of total assets at the time of borrowing with repayment within 90 days of such borrowings. No such borrowings have arisen during the period.

Maturity analysis for financial liabilities

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

The maturity profile of the Fund's liabilities based on contractual maturities is given below:

	December 31, 2014			
	Contractual Cash flows and carrying amount	8 days to one months	later than one month and not later than three months	later than three months and not later than one year
----- (Rupees) -----				
Financial liabilities				
Payable to the Management Company	1,500,001	283,001	1,217,000	-
Remuneration payable to the Trustee	141,485	141,485	-	-
Accrued and other liabilities	166,239	127,509	38,730	-
	<u>1,807,725</u>	<u>551,995</u>	<u>1,255,730</u>	<u>-</u>

Above financial liabilities do not carry any mark-up.

The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

As per offering document, the Fund is allowed to withhold daily redemption request in excess of ten percent of the units in issue and such requests are treated as redemption request qualifying for being processed on the next business day. Such procedure is continued until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund may also suspend the redemption of the units if the redemption request exceed 10% of unit in issue with prior approval of the trustees and notification to SECP.

18.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk (equity price risk).

Management of liquidity risk

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board of Directors and regulations laid down by the SECP.

Currency risk

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

Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial instrument and future cash flows. The Fund has no significant interest bearing assets so the Fund's income and operating cash flows are substantially independent of changes in market interest rates.

As at December 31, 2014, details of interest rate profile of the Fund's interest bearing financial instruments were as follows:

December 31,
2014
---(Rupees)---

Variable rate instruments

Bank balances - saving accounts

5,748,869

Fixed rate instruments

Presently, the Fund does not hold any fixed rate instruments.

-

The Management Company monitors the interest rates of investment portfolio on a regular basis and alters the portfolio mix of fixed rate securities to manage the profitability of the portfolio. The composition of the Fund's investment portfolio is expected to change over time.

Cash flow sensitivity analysis for variable rate instruments

Change of 100 basis points in interest rate at the period end would have increased / (decreased) the net assets and net income by Rs.0.057 million. However, the Fund invest in funds which are exposed to interest rate risk and which indirectly affect the interest rate risk of the Fund. The analysis assumes that all other variables remain constant.

The composition of the Fund's investment portfolio and rates announced is expected to change over time. Accordingly, the sensitivity analysis prepared as of December 31, 2014 is not necessarily indicative of the effect on Funds' net assets of future movements in interest rates.

A summary of the Fund's interest rate gap position, categorized by maturity date, is as follows

		December 31, 2014			
		Exposed to yield / interest rate risk			
	Effective rate of mark-up / return (%)	Less than three months	Upto three months	More than three months and upto one year	Total
----- (Rupees) -----					
On-balance sheet financial instruments					
Financial assets		5,748,869	-	-	5,748,869
Bank balances	7% - 9.25%	-	-	-	-
		<u>5,748,869</u>	<u>-</u>	<u>-</u>	<u>5,748,869</u>

None of the Fund's liability is subject to interest rate risk.

Other price risk

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market. The Fund manages its exposure to price risk by investing in funds as per the trust deed.

18.4 Unit Holders' Fund risk management

The Fund's objective when managing net assets attributable to unit holders is to safe guard the Fund's ability to continue as going concern so that it can continue to provide optimum returns to its unit holders and to

ensure reasonable safety of Unit Holders' Fund. In order to maintain or adjust the capital structure, the Fund policy is to perform the following:

- Monitor the level of daily issuance and redemptions relative to liquid assets;
- Redeem and issue unit in accordance with the constitutive documents of the Fund, which include the ability to restrict redemptions as allowed under rules and regulations; and
- Monitor portfolio allocations and return on net assets and where required make necessary adjustments in portfolio allocations in light of changes in market conditions.

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

18.5 Fair value of financial instruments

The Fund's accounting policy on fair value measurements is disclosed in note 3.1.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Investments classified as 'at fair value through profit or loss' - held-for-trading				
Units of Mutual Funds - open ended	<u>1,694,202,698</u>	-	-	<u>1,694,202,698</u>
	<u>1,694,202,698</u>	<u>-</u>	<u>-</u>	<u>1,694,202,698</u>

19. DATE OF AUTHORISATION FOR ISSUE

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

20. GENERAL

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

20.2 Figures are rounded off to the nearest rupee.

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

Chief Executive

Director