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## FUND'S INFORMATION

|  |   |
|--|---|
| <b>Management Company:</b>                           | Alfalah GHP Investment Management Limited<br>8-B, 8th Floor, Executive Tower, Dolmen City, Block-4,<br>Clifton, Karachi..   |
| <b>Board of Directors of the Management Company:</b> | <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<br>CDC House, 99-B, Block 'B', SMCHS,<br>Main Shara-e-Faisal, Karachi  |
| <b>Fund Manager:</b>                                 | Mr. Muddasir Ahmed  |
| <b>Bankers to the Fund:</b>                          | Bank Alfalah Limited  |
| <b>Auditors:</b>                                     | Ernst & Young Ford Rhodes Sidat Hyder<br>Chartered Accountants<br>Progressive Plaza, Beaumont Road<br>P.O.Box 15541, Karachi 75530<br>Pakistan  |
| <b>Legal Advisor:</b>                                | Bawaney & Partners<br>Room No. 404, 4th Floor<br>Beaumont Plaza, 6-cl-10<br>Beaumont Road, Civil Lines<br>Karachi.  |
| <b>Registrar:</b>                                    | Alfalah GHP Investment Management Limited<br>8-B, 8th Floor, Executive Tower, Dolmen City, Block-4,<br>Clifton, Karachi.  |
| <b>Distributor:</b>                                  | Bank Alfalah Limited  |
| <b>Rating:</b>                                       | Stability Rating 5 Star by PACRA  |

### **VISION**

"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".

### **MISSION**

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

## DIRECTORS' REPORT

For the three month period ended 30 September, 2014

### To our valued Unit Holders,

On behalf of the Board of Directors, I am pleased to present the Financial Statements of IGI Stock Fund (IGISF) for the three months ended 30 September, 2014. The Financial Statements of the Schemes prepared by the Management Company present true and fair view of the state of affairs of the Schemes and results of their operations, cash flows and movement in unit holders' funds.

### Economic Review

Inflationary pressure eased off slightly in 1QFY15, with CPI for the quarter declining to 7.5% versus 8.1% in 1QFY14. SBP kept the discount rate unchanged at 10% in its mid-Sep bi-monthly MPS in line with market expectations. SBP cited increased risk to (1) CPI due to monsoon floods and (2) balance of payments owing to delay in IMF tranche and consequent bilateral and multilateral flows. 6M KIBOR averaged at 10.18% during Sep-14, steady since Apr-14.

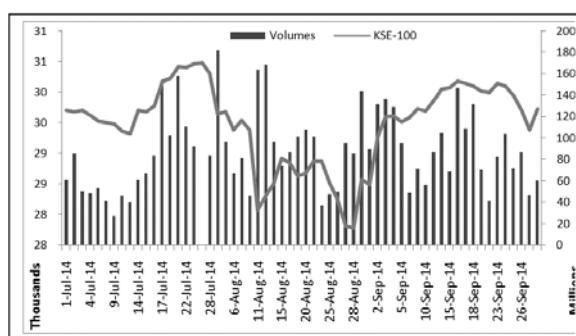
Trade deficit posted an adverse trend over the quarter, increasing by 45% to US\$6.5bn. The deficit rose particularly high over August, clocking in higher by 96% on MoM basis and by 77% on YoY basis to US\$2.8bn (a multi-year high). The higher statistic was primarily led by 40% MoM increase in imports, which rose to US\$4.7bn. Oil imports increased by 66% MoM and 12.5% YoY mainly led by higher volume. In this connection, softer global crude oil prices should alleviate the oil import bill in the coming months, providing some cushion to the balance of payments. Lower prices have already started to make an impact, as trade deficit for September clocked in lower at US\$2.4bn owing to 3% drop in import value.

Delays in IMF tranche and privatization proceeds have brought down US\$306mn in Sep-14 at US\$13.3bn. The IMF has clubbed payments of Sept & Dec review together and is expected to disburse US\$1.1bn in Dec easing pressure on rupee and foreign exchange reserves. Furthermore issuance of US\$500mn Sukuk and secondary offering of OGDC are both in the pipeline and will be positive, however, the timing remains uncertain.

### Capital Markets Review

#### EQUITIES REVIEW

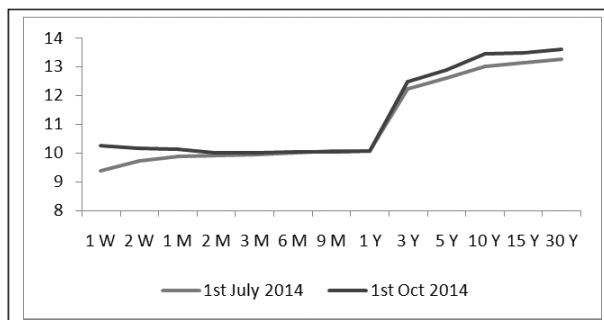
The KSE-100 remained range bound in the 1QFY15, with a 0.25% return for the period. The major reason for the relatively lackluster performance during 1QFY15 was primarily driven by political turmoil in the capital which began mid Aug and continued till the end of the quarter. Once politics took the front seat, economic reform agenda was put on the back burner and expectation of derailment of the economic reform process led to lack of confidence within equity investors.



Going forward, we expect the market to consolidate around 30,000 index level with valuations and earnings growth in specific sectors warrants focus on a selected group of stocks rather than the broader index.

## MONEY MARKET REVIEW

In the monetary policy conducted in September, the State Bank of Pakistan maintained the discount rate at 10% to strike a balance between fiscal factors and growth considerations. Although the policy decision did not have any bearing on the money market, secondary market yields climbed, nevertheless, and stayed high during a large part of September as liquidity remained constrained and OMO injections were less generous.



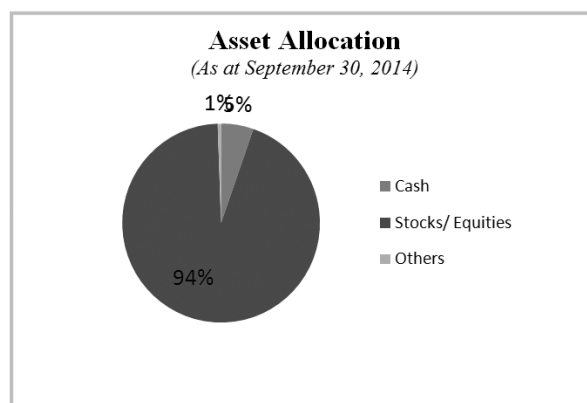
With monetary easing opportunities left behind, the State Bank is now widely expected to maintain a stable monetary policy till inflation picks up at the start of the next calendar year.

## Fund Operations and Performance

### IGI Stock Fund

During 1QFY15, IGI Stock Fund (IGISF) outperformed the benchmark with a return of 1.44% versus the KSE-100 return of 0.25% during the same period.

Throughout the quarter under review, the Fund maintained heavy presence in equities (average exposure of approx. 92%). The investment focus was maintained at sectors with favorable fundamentals; showing strong potential for earnings growth. The positive view on Chemicals, Cements, Banks and IPPs played major role in reporting the outperformance.



Going forward, the Fund plans to restructure its portfolio in line with changing fundamentals of the economy. The easing oil prices and strengthening forex parity paved way for shifting allocation away from index heavy-weight Oil & Gas to manufacturing sector such as Automobiles & Parts, Chemicals and Cements.

The Fund holds a performance rating of '5 Star' (Five Star) assigned by Pakistan Credit Rating Agency (PACRA).

## Key Financial Data

| Description                           | Rs. in million                             |  |
|---------------------------------------|--|--|
|                                       | Three month period ended 30 September 2014 | Three month period ended 30 September 2013 |
| Net Assets at end of the period       | 649.338                                    | 352.850                                    |
| Gross income                          | 19.673                                     | -16.549                                    |
| Net Comprehensive Income              | 9.210                                      | -5.714                                     |
| Net Assets Value per Unit (Rs.)       | 104.1799                                   | 114.2702                                   |
| Issuance of units during the period   | 377.241                                    | 162.767                                    |
| Redemption of units during the period | -182.151                                   | -187.393                                   |

**Future Outlook**

Going forward, we believe the market shall continue to perform well on the back of strong overall corporate results. We believe investors will benefit more from bottom-up investment philosophy as good opportunities are available in selected scrips that carry high return potential. Hence the equity linked funds should remain with heavy market exposure.

Interest rate stability will make medium to long term bond more attractive than short term instruments hence the focus will be to maximize duration on all fixed income portfolios.

**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 on behalf of the Board of Directors

Chief Executive Officer  
Date October 27, 2014

**IGI STOCK FUND**  
**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES**  
*AS AT 30 SEPTEMBER 2014*

|   | Note   | September<br>2014<br>(Unaudited)<br>----- (Rupees) ----- | June<br>2014<br>(Audited)<br>----- |
|---|--------|--|------------------------------------|
| <b>ASSETS</b>   |        |  |                                    |
| Bank balances   | 5      | <b>34,475,154</b>  | 24,731,158                         |
| Investments   | 6      | <b>615,184,882</b>                                       | 399,405,145                        |
| Advance and Security Deposits   |        | <b>2,600,000</b>   | 7,827,500                          |
| Receivable against sale of shares                                       |        | -  | 53,021,340                         |
| Other receivable and prepayments  | 7      | <b>4,695,413</b>   | 749,195                            |
| <b>Total assets</b>   |        | <b>656,955,449</b>                                       | 485,734,338                        |
| <b>LIABILITIES</b>  |        |  |                                    |
| Payable to the Management Company                                       |        | <b>4,426,163</b>   | 3,043,139                          |
| Remuneration payable to the Trustee                                     |        | <b>107,110</b>   | 99,792                             |
| Annual fee payable to Securities and<br>Exchange Commission of Pakistan |        | <b>146,619</b>   | 467,766                            |
| Provision for Workers' Welfare Fund                                     |        | <b>1,746,699</b>   | 1,558,735                          |
| Accrued and other liabilities   |        | <b>1,190,360</b>   | 1,069,541                          |
| Distribution payable  |        | -  | 39,228,195                         |
| <b>Total liabilities</b>  |        | <b>7,616,951</b>   | 45,467,168                         |
| <b>Net assets attributable to unit holders</b>                          |        | <b>649,338,498</b>                                       | 440,267,170                        |
| <b>Contingency</b>  | 8      |  |                                    |
| <b>Unit holders' funds (as per statement attached)</b>                  |        | <b>649,338,498</b>                                       | 440,267,170                        |
| <b>Number of units in issue</b>   | Number | <b>6,232,856</b>   | 4,286,798                          |
| <b>Net assets value per unit</b>  | Rupees | <b>104.1799</b>  | 102.7030                           |

The annexed notes from 1 to 12 are an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**IGI STOCK FUND**  
**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
*FOR THE QUARTER ENDED 30 SEPTEMBER 2014*

|  | For the quarter<br>ended 30<br>September 2014 | For the quarter<br>ended 30<br>September 2013 |
|--|---|---|
| Income   | ----- (Rupees) -----                          |   |
|  | Note  |   |
| Finance income   | 1,361,594                                     | 670,927                                       |
| Dividend income from equity securities   | 5,069,830                                     | 4,823,902                                     |
| Net gain on investments classified as 'at fair value through profit or loss' - held-for-trading        |   |   |
| - Net capital gain / (loss) on sale of investments   | (4,308,237)                                   | (8,067,598)                                   |
| - Net unrealised gain on revaluation of investments  | 17,549,822                                    | (13,975,737)                                  |
|  | <u>13,241,585</u>                             | <u>(22,043,335)</u>                           |
| <b>Total income</b>  | <b>19,673,009</b>                             | <b>(16,548,506)</b>                           |
| <b>Expenses</b>  |   |   |
| Remuneration of the Management Company   | 3,086,497                                     | 2,460,510                                     |
| Sales tax on management fee  | 537,618                                       | 456,672                                       |
| Federal Excise Duty on management fee  | 493,844                                       | 393,680                                       |
| Remuneration of the Trustee  | 308,674                                       | 246,078                                       |
| Annual fee of the Securities and Exchange Commission of Pakistan                                       | 146,619                                       | 116,878                                       |
| Brokerage expense, federal excise duty and capital value tax   | 602,580                                       | 1,609,795                                     |
| Bank and settlement charges  | 10,481  | 11,079  |
| Amortisation of deferred formation cost  | -   | 10,045  |
| Auditors' remuneration   | 121,706                                       | 121,532                                       |
| Clearing charges   | 78,511  | 80,924  |
| Annual listing fee   | 7,544   | 7,544   |
| Annual rating fee  | 33,547  | 30,544  |
| CDS transaction fee  | 34,115  | 34,874  |
| Printing charges   | 42,803  | 36,524  |
| Provision for Workers' Welfare Fund  | 187,964                                       |   |
| <b>Total expenses</b>  | <b>5,692,503</b>                              | <b>5,616,679</b>                              |
| <b>Net income from operating activities</b>  | <b>13,980,506</b>                             | <b>(22,165,185)</b>                           |
| Element of loss and capital losses included in prices of units sold less those in units redeemed - net | (4,770,269)                                   | 16,450,454                                    |
| <b>Net income / (loss) for the period before taxation</b>  | <b>9,210,237</b>                              | <b>(5,714,731)</b>                            |
| Taxation   | 10  | -   |
| <b>Net income / (loss) for the period</b>  | <b>9,210,237</b>                              | <b>(5,714,731)</b>                            |

The annexed notes from 1 to 12 are an integral part of these financial statements.

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

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

\_\_\_\_\_  
Director



**IGI STOCK FUND**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
*FOR THE QUARTER ENDED 30 SEPTEMBER 2014*

|   | For the quarter<br>ended 30<br>September 2014 | For the quarter<br>ended 30<br>September 2013 |
|---|---|---|
|   | ----- (Rupees) -----                          | -----   |
| Net income / (loss) for the period                        | <b>9,210,237</b>                              | (5,714,731)                                   |
| Other comprehensive income / (loss) during the period     | -   | -   |
| <b>Total comprehensive income / (loss) for the period</b> | <u><b>9,210,237</b></u>                       | <u><b>(5,714,731)</b></u>                     |

The annexed notes from 1 to 12 are an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**IGI STOCK FUND**  
**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)**  
*FOR THE QUARTER ENDED 30 SEPTEMBER 2014*

|   | For the quarter<br>ended 30<br>September 2014 | For the quarter<br>ended 30<br>September 2013 |
|---|---|---|
|   | ----- (Rupees) -----                          |   |
| <b>Undistributed income brought forward</b>   |   |   |
| - Realized gain / income  | (53,328,818)                                  | 138,448,155                                   |
| - Unrealized income   | <u>32,590,255</u>                             | <u>45,625,221</u>                             |
|   | <b>(20,738,563)</b>                           | 184,073,376                                   |
| <br>  |   |   |
| Total comprehensive income / (loss) for the period                                  | <b>9,210,237</b>                              | (5,714,731)                                   |
| <b>Distributions during the period</b>  |   |   |
| Final distribution of bonus Nil<br>(2013: @ 43.3654 units for every 100 units held) | -   | (89,959,270)                                  |
| Final distribution of cash dividend Nil<br>(2013: @ 51.6711 per unit held)          | -   | (44,335,351)                                  |
|   | -   | (134,294,621)                                 |
| <b>Undistributed income carried forward</b>   | <u><b>(11,528,326)</b></u>                    | <u>44,064,024</u>                             |
| <b>Undistributed income carried forward at end of the period</b>                    |   |   |
| - Realized gain / income  | <b>(29,078,148)</b>                           | 58,039,761                                    |
| - Unrealized income   | <u>17,549,822</u>                             | <u>(13,975,737)</u>                           |
|   | <u><b>(11,528,326)</b></u>                    | <u>44,064,024</u>                             |

The annexed notes from 1 to 12 are an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**IGI STOCK FUND**  
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDER'S FUND (UNAUDITED)**  
*FOR THE QUARTER ENDED 30 SEPTEMBER 2014*

|  | For the quarter<br>ended 30<br>September 2014 | For the quarter<br>ended 30<br>September 2013 |
|--|---|---|
|  | ----- (Rupees) -----                          |   |
| Net assets at beginning of the period  | 440,267,170                                   | 443,976,331                                   |
| Amount realized on issuance of 3,720,128 units (30 September 2013:<br>1,284,773 units)   | 377,241,413                                   | 162,767,151                                   |
| Amount realized on issuance of Bonus Units of NIL units<br>(30 September 2013: 754,990 units)                                      | -   | 89,959,270                                    |
| Amount paid on redemption of 1,774,070 units (30 September 2013:<br>1,550,936 units)   | <u>(182,150,591)</u>                          | <u>(187,393,249)</u>                          |
|  | 635,357,992                                   | 509,309,503                                   |
| Element of income and capital gains included in prices of<br>units sold less those in units redeemed - net                         | 4,770,269                                     | (16,450,454)                                  |
| Capital gains / (loss) on sale of equity securities - net  | <b>(4,308,237)</b>                            | (8,067,598)                                   |
| Net unrealised appreciation in fair value of investments<br>classified as 'at fair value through profit or loss- held for trading' | <b>17,549,822</b>                             | (13,975,737)                                  |
| Others   | <b>(4,031,348)</b>                            | 16,328,604                                    |
| Total comprehensive income / (loss) for the period   | <b>9,210,237</b>                              | (5,714,731)                                   |
| <b>Distributions made during the period</b>  |   |   |
| Final Distribution of Bonus Units  | -   | (89,959,270)                                  |
| Final Distribution of Cash Dividend  | -   | (44,335,351)                                  |
|  | -   | (134,294,621)                                 |
| Total comprehensive loss less distributions for the period   | <b>9,210,237</b>                              | (140,009,352)                                 |
| <b>Net assets at end of the period</b>   | <u><b>649,338,498</b></u>                     | <u>352,849,697</u>                            |
| <b>Net asset value per unit at the beginning of the period</b>   | <u><b>102.7030</b></u>                        | <u>170.8240</u>                               |
| <b>Net asset value per unit at the end of the period</b>   | <u><b>104.1799</b></u>                        | <u>114.2702</u>                               |

The annexed notes from 1 to 12 are an integral part of these financial statements.

For Alfalah GHP Investment Management Limited  
(Management Company)

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

\_\_\_\_\_  
Director

**IGI STOCK FUND**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
*FOR THE QUARTER ENDED 30 SEPTEMBER 2014*

|  | For the quarter<br>ended 30<br>September 2014 | For the quarter<br>ended 30<br>September 2013 |
|--|---|---|
|  | ----- (Rupees) -----                          |   |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |   |   |
| Net income / (loss) for the period   | 9,210,237                                     | (5,714,731)                                   |
| <b>Adjustment for:</b>   |   |   |
| Capital (gains) / loss on sale of equity securities - net  | 4,308,237                                     | 8,067,598                                     |
| Net unrealised appreciation in fair value of investments<br>classified as 'at fair value through profit or loss- held for trading' | (17,549,822)                                  | 13,975,737                                    |
| Amortization of deferred formation cost  | -   | 10,045  |
| Provision for Workers' Welfare Fund  | 187,964                                       |   |
| Element of income and capital gains included in prices of<br>units sold less those in units redeemed - net                         | 4,770,269                                     | (16,450,454)                                  |
|  | <u>926,885</u>                                | <u>(111,805)</u>                              |
| <b>Decrease / (increase) in assets</b>   |   |   |
| Investments  | (202,538,152)                                 | 73,963,427                                    |
| Receivable against sale of shares  | 53,021,340                                    | -   |
| Security Deposits  | 5,227,500                                     | -   |
| Other receivables and prepayments  | (3,946,218)                                   | (3,695,093)                                   |
|  | <u>(148,235,530)</u>                          | <u>70,268,334</u>                             |
| <b>(Decrease) / increase in liabilities</b>  |   |   |
| Payable to the Management Company  | 1,383,024                                     | (1,009,295)                                   |
| Remuneration payable to the Trustee  | 7,318   | (620)   |
| Annual fee payable to the Securities & Exchange Commission of Pakistan   | (321,147)                                     | (135,997)                                     |
| Payable against redemption of units  | -   | -   |
| Distribution payable   | (39,228,195)                                  |   |
| Accrued and other liabilities  | 120,819                                       | 14,074,929                                    |
|  | <u>(38,038,181)</u>                           | <u>12,929,017</u>                             |
| <b>Net cash generated / (used in) from operating activities</b>  | <u>(185,346,826)</u>                          | <u>83,085,546</u>                             |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |   |   |
| Dividend paid  | -   | (44,335,351)                                  |
| Amounts received against issuance of units   | 377,241,413                                   | 162,767,151                                   |
| Payment against redemption of units  | (182,150,591)                                 | (187,393,249)                                 |
| <b>Net cash (used in) / generated from financing activities</b>  | <u>195,090,822</u>                            | <u>(68,961,449)</u>                           |
| Net increase in cash and cash equivalents during the period  | <u>9,743,996</u>                              | <u>14,124,097</u>                             |
| Cash and cash equivalents at beginning of the period   | <u>24,731,158</u>                             | <u>20,728,218</u>                             |
| <b>Cash and cash equivalents at end of the period</b>  | <u><u>34,475,154</u></u>                      | <u><u>34,852,315</u></u>                      |

The annexed notes from 1 to 12 are an integral part of these financial statements.

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

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

\_\_\_\_\_  
Director

**IGI Stock Fund**  
**CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS**  
*FOR THE QUARTER ENDED 30 SEPTEMBER 2014 (UN-AUDITED)*

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

IGI Stock Fund (the Fund) has been established under the Non-Banking Finance Companies (Establishment and Regulation), Rules 2003 (the NBFC Rules) and has been authorised as a unit trust scheme by the Securities and Exchange Commission of Pakistan (SECP) on June 06, 2008. It has been constituted under a Trust Deed, dated June 10, 2008 between IGI Funds Limited (Former Management Company), a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited (CDC) as the Trustee, also incorporated under the Companies Ordinance, 1984.

On October 15, 2013, the management rights of the Fund were transferred from IGI Funds Limited (Former Management Company) to Alfalah GHP Investment Management Limited (the Management Company) by means of Securities & Exchange Commission of Pakistan sanctioned order No. SCD/NBFC-II/IGIFL & AFGHP/742/2013. The registered address of the Management Company is situated at 8th Floor, Executive Tower, Dolmen Mall, Block-5, Clifton, Karachi.

The Fund is an open ended equity scheme and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The units are listed on the Lahore Stock Exchange Limited (LSE). The Fund was launched on July 15, 2008.

The Fund seeks to generate long term capital appreciation and income, from a portfolio that is substantially constituted of equity and equity related securities. The Fund may also invest a certain portion of its corpus in debt and money market securities in order to meet liquidity requirements from time to time.

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

The Pakistan Credit Rating Agency Limited (PACRA) has assigned a 'AM3+' rating to the Management Company as of June 20, 2014.

PACRA has assigned a rating of 5 star to the scheme as of November 27, 2013.

**2 BASIS OF PRESENTATION**

**2.1 Statement of compliance**

These condensed interim financial information have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim should therefore be read in conjunction with the financial statements for the year ended 30 June 2014.

These condensed interim financial information comprise of condensed interim statement of assets and liabilities as at 30 September 2014 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, and notes thereto, for the quarter ended 30 September 2014.

### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended 30 June 2014.

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

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

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended 30 June 2014.

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2014.

|                                | September<br>2014<br>Unaudited<br>----- (Rupees) ----- | June<br>2014<br>Audited<br>----- |
|--------------------------------|--|----------------------------------|
| <b>5 BANK BALANCES</b>         |  |                                  |
| Bank balances - local currency | <u>34,475,154</u>                                      | <u>24,731,158</u>                |

The deposit accounts with the banks carry profit at rates ranging from 7% to 9.25% per annum (June 30, 2014: 7% to 9.25% per annum)

### 6. INVESTMENTS

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

|                            |                        |                    |
|----------------------------|------------------------|--------------------|
| Equity securities - quoted | 6.1 <u>615,184,882</u> | <u>399,405,145</u> |
|----------------------------|------------------------|--------------------|

6.1 Equity securities - quoted

| Name of security                      | As at July 01, 2014 | Purchases/<br>Bonus shares<br>received<br>during the<br>period | Sold during<br>the period<br>(No. of Certificates) | As at<br>September<br>30, 2014 | Carrying<br>Value as at<br>30<br>September<br>2014 | Market<br>value as at<br>September<br>30, 2014<br>(Rupees) | % of net<br>assets<br>on the basis of<br>market value | % of total<br>investment on<br>the basis of<br>market value<br>(%) | Investee<br>company<br>paid-up<br>capital |
|---------------------------------------|---------------------|--|--|--------------------------------|--|--|---|--|---|
| <b>Banks</b>                          |                     |  |  |                                |  |  |   |  |   |
| Bank Al-Falah Limited                 | 573,000             | 460,000  | -  | 1,033,000                      | 28,843,045   | 29,316,540   | 4.51%   | 4.77%  | 0.22%                                     |
| Bank Al-habib Limited                 | 381,000             | 379,500  | 50,000   | 710,500                        | 32,452,076   | 32,164,335   | 4.95%   | 5.23%  | 0.29%                                     |
| Allied Bank limited                   | 129,500             | 29,500   | 42,500   | 116,500                        | 15,229,158   | 13,172,655   | 2.03%   | 2.14%  | 0.12%                                     |
| Askari Bank limited                   | 459,000             | 100,000  | 50,000   | 509,000                        | 9,964,730  | 10,968,950   | 1.69%   | 1.78%  | 0.09%                                     |
| Habib Bank limited                    | 100,000             | 56,000   | 7,600  | 148,400                        | 28,575,201   | 31,042,312   | 4.78%   | 5.05%  | 0.21%                                     |
| MCB Bank Limited                      | 58,500              | 78,000   | 38,500   | 98,000                         | 29,203,138   | 27,691,860   | 4.26%   | 4.50%  | 0.25%                                     |
| National Bank of Pakistan Limited     | 147,000             | 247,500  | -  | 394,500                        | 24,115,790   | 23,867,250   | 3.68%   | 3.88%  | 0.11%                                     |
| United Bank Limited                   | 125,812             | 110,500  | 91,000   | 145,312                        | 25,204,969   | 27,368,062   | 4.21%   | 4.45%  | 0.22%                                     |
|                                       |                     |  |  |                                |  | <b>195,591,964</b>   | <b>30.11%</b>   | <b>31.80%</b>  | <b>1.51%</b>                              |
| <b>Electricity</b>                    |                     |  |  |                                |  |  |   |  |   |
| Kot Addu Power Company Limited        | -                   | 225,000  | -  | 225,000                        | 13,662,675   | 14,465,250   | 2.23%   | 2.35%  | 0.16%                                     |
| Hub Power Company Limited             | 290,000             | 226,000  | -  | 516,000                        | 30,789,990   | 33,013,680   | 5.08%   | 5.37%  | 0.29%                                     |
| K-Electric Limited                    | 765,000             | 200,000  | -  | 965,000                        | 8,193,680  | 7,449,800  | 1.15%   | 1.21%  | 0.01%                                     |
|                                       |                     |  |  |                                |  | <b>54,928,730</b>  | <b>8.46%</b>  | <b>8.93%</b>   | <b>0.46%</b>                              |
| <b>Oil &amp; Gas</b>                  |                     |  |  |                                |  |  |   |  |   |
| Pakistan State Oil Company Limited    | -                   | 50,000   | -  | 50,000                         | 19,622,034   | 18,022,500   | 2.78%   | 2.93%  | 0.66%                                     |
| Oil & Gas Development Company Limited | 106,400             | 47,400   | 29,000   | 124,800                        | 32,986,087   | 30,833,088   | 4.75%   | 5.01%  | 0.07%                                     |
| Pakistan Oilfields Limited            | 17,500              | 24,000   | 12,500   | 29,000                         | 20,900   | 16,673,837   | 2.37%   | 2.51%  | 0.65%                                     |
| Pakistan Petroleum Limited            | -                   | 42,000   | -  | 42,000                         | 9,504,774  | 9,494,100  | 1.46%   | 1.54%  | 0.05%                                     |
|                                       |                     |  |  |                                |  | <b>55,738,948</b>  | <b>8.58%</b>  | <b>9.06%</b>   | <b>0.77%</b>                              |
| <b>Chemicals</b>                      |                     |  |  |                                |  |  |   |  |   |
| Fauji Fertilizer Limited              | -                   | 35,000   | 35,000   | -                              | -  | -  | -   | -  | -   |
| Engro Corporation                     | 111,000             | 55,000   | 75,000   | 91,000                         | 16,262,519   | 15,027,740   | 2.31%   | 2.44%  | 0.29%                                     |
| Engro Fertilizer Limited              | 17,500              | 331,000  | -  | 348,500                        | 18,900,520   | 18,683,085   | 2.88%   | 3.04%  | 0.14%                                     |
| Glaxomithkline Pakistan Limited       | 17,500              | -  | 17,500   | -                              | -  | -  | -   | -  | -   |
| ICI Pakistan Limited                  | 87,800              | -  | -  | 87,800                         | 34,271,852   | 46,541,024   | 7.17%   | 7.57%  | 5.04%                                     |
|                                       |                     |  |  |                                |  | <b>80,251,849</b>  | <b>12.36%</b>   | <b>13.05%</b>  | <b>5.47%</b>                              |
| <b>Mutiutilities (Gas Water)</b>      |                     |  |  |                                |  |  |   |  |   |
| Mari Gas Company Limited              | -                   | 33,500   | 33,500   | -                              | -  | -  | -   | -  | -   |
| Sui Northern Gas Pipelines Limited    | -                   | 258,000  | 158,000  | 100,000                        | 2,285,128  | 2,128,000  | 0.33%   | 0.35%  | 0.03%                                     |
|                                       |                     |  |  |                                |  | <b>2,128,000</b>   | <b>0.33%</b>  | <b>0.35%</b>   | <b>0.03%</b>                              |
| <b>Food Producers</b>                 |                     |  |  |                                |  |  |   |  |   |
| Engro Foods                           | 130,000             | 20,000   | -  | 150,000                        | 15,503,408   | 15,144,000   | 2.33%   | 2.46%  | 0.20%                                     |
| <b>Personal Goods</b>                 |                     |  |  |                                |  |  |   |  |   |
| Nishat Mills Limited                  | 114,000             | 30,000   | -  | 144,000                        | 16,148,697   | 17,136,000   | 2.64%   | 2.79%  | 0.49%                                     |
| Artistic Denim                        | 32,500              | -  | -  | 32,500                         | 2,796,625  | 2,638,025  | 0.41%   | 0.43%  | 0.31%                                     |
| Gul Ahmed Textile                     | 125,000             | -  | -  | 125,000                        | 8,001,250  | 8,460,000  | 1.30%   | 1.38%  | 0.46%                                     |
|                                       |                     |  |  |                                |  | <b>28,234,025</b>  | <b>4.35%</b>  | <b>4.60%</b>   | <b>1.26%</b>                              |
| <b>Automobile &amp; Parts</b>         |                     |  |  |                                |  |  |   |  |   |
| Indus Motor Company                   | -                   | 38,950   | -  | 38,950                         | 24,753,645   | 28,673,822   | 4.42%   | 4.66%  | 3.65%                                     |
| Pak Suzuki Motor Company              | 93,000              | -  | 52,200   | 40,800                         | 11,174,712   | 11,598,624   | 1.79%   | 1.89%  | 1.41%                                     |
|                                       |                     |  |  |                                |  | <b>40,272,446</b>  | <b>6.21%</b>  | <b>6.55%</b>   | <b>5.06%</b>                              |
| <b>Engineering</b>                    |                     |  |  |                                |  |  |   |  |   |
| Millat Tractor                        | 19,400              | -  | -  | 19,400                         | 9,683,122  | 10,731,304   | 1.65%   | 1.74%  | 2.42%                                     |
| <b>Pharma &amp; Bio Technology</b>    |                     |  |  |                                |  |  |   |  |   |
| The Searle Company                    | 66,700              | -  | 25,000   | 41,700                         | 7,278,318  | 10,214,415   | 1.57%   | 1.66%  | 1.67%                                     |
| <b>Construction &amp; Material</b>    |                     |  |  |                                |  |  |   |  |   |
| Fauji Cement                          | 153,000             | 153,000  | -  | 306,000                        | 5,910,855  | 5,963,940  | 0.92%   | 0.97%  | 0.04%                                     |
| Lucky Cement Limited                  | 64,046              | 51,500   | 25,000   | 90,546                         | 36,041,719   | 36,362,451   | 5.60%   | 5.91%  | 1.12%                                     |
| D. G Khan Cement                      | -                   | 435,000  | 195,000  | 240,000                        | 19,738,804   | 19,128,000   | 2.95%   | 3.11%  | 0.44%                                     |
| Lafarge Pakistan Cement               | -                   | 900,000  | -  | 900,000                        | 15,557,675   | 14,859,000   | 2.29%   | 2.42%  | 0.10%                                     |
| Kohat Cement                          | 114,500             | -  | 50,000   | 64,500                         | 8,244,390  | 7,796,760  | 1.20%   | 1.27%  | 0.50%                                     |
| Maple Leaf Cement Factory Limited     | 451,000             | -  | 350,000  | 101,000                        | 3,035,050  | 2,746,190  | 0.42%   | 0.45%  | 0.05%                                     |
|                                       |                     |  |  |                                |  | <b>86,856,341</b>  | <b>13.38%</b>   | <b>14.13%</b>  | <b>2.25%</b>                              |
| <b>Insurance</b>                      |                     |  |  |                                |  |  |   |  |   |
| Adamjee Insurance                     | 114,000             | 100,000  | -  | 214,000                        | 10,080,045   | 10,233,480   | 1.58%   | 1.66%  | 0.29%                                     |
| IGI Insurance Limited                 | 30,500              | -  | -  | 30,500                         | 6,945,460  | 6,836,880  | 1.05%   | 1.11%  | 0.56%                                     |
|                                       |                     |  |  |                                |  | <b>17,070,360</b>  | <b>2.63%</b>  | <b>2.77%</b>   | <b>0.85%</b>                              |
|                                       | <b>4,894,158</b>    | <b>4,716,350</b>   | <b>1,337,300</b>                                   | <b>8,273,208</b>               | <b>597,634,978</b>                                 | <b>615,184,882</b>   | <b>95%</b>  | <b>100%</b>  | <b>23%</b>                                |

6.1.1 Following shares were pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin:

|                                       | September<br>2014<br>Unaudited | June<br>2014<br>Audited |
|---------------------------------------|--------------------------------|-------------------------|
|                                       | ----- (Number of shares) ----- |                         |
| Oil & Gas Development Company Limited | 90,000                         | 90,000                  |
| Habib Bank Limited                    | 80,000                         | 80,000                  |
| Hub Power Company Limited             | <u>200,000</u>                 | <u>200,000</u>          |
|                                       | <u><u>370,000</u></u>          | <u><u>370,000</u></u>   |

7. This includes amount receivable against dividend of Rs. 4.322 Mn.

## 8. CONTINGENCY - CONTRIBUTION TO 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 a similar case whereby the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through Finance Acts 2006 and 2008 have been declared unconstitutional and therefore struck down. Finance Acts 2006 and 2008 have been declared unconstitutional and therefore struck down. However, during March 2013, the larger bench of the Honourable High Court of Sindh issued a judgment in response to various petitions in similar cases whereby the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through Finance Acts 2006 and 2008 respectively (Money Bills) have been declared constitutional and overruled the judgement passed by a single-member Lahore High Court bench issued in August 2011.

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'.

However as a matter of abundant caution, with effect from July 01, 2013, the fund has commenced making provision in respect of contribution to WWF prospectively. Accordingly, a provision for WWF amounting to RS. 0.188 million has been made in these financial statements

## 9. TRANSACTIONS AND BALANCES 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 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 are determined in accordance with the provisions of Non - Banking Finance Companies and Notified Entities Regulations, 2008, and the Trust Deed respectively.

9.1 Unit Holder's Fund

|   | For the quarter ended September 30, 2014 |   |       |  |                          |                    |   |       |  |  |
|---|--|---|-------|--|--------------------------|--------------------|---|-------|--|--|
|   | As at July 01, 2014                      | Issued for cash / conversion in / transfer in | Bonus | Redeemed / conversion out / transfer out | As at September 30, 2014 | As at July 1, 2014 | Issued for cash / conversion in / transfer in | Bonus | Redeemed / conversion out / transfer out | Net asset value as at 30 Septmber 2014 |
|   | Units                                    |   |       |  |                          | (Rupees)           |   |       |  |  |
| <b>Key Management Personnel</b>                         |  |   |       |  |                          |                    |   |       |  |  |
| Employees   | 452                                      | -   | -     | 387                                      | 65                       | 46,422             | -   | -     | 40,000                                   | 6,772                                  |
| <b>Unit holder holding 10% or more units</b>            |  |   |       |  |                          |                    |   |       |  |  |
| The Nishat Mills Limited Employees Provident Fund Trust | -  | 1,941,186                                     |       |  | 1,941,186                | -                  | 199,840,793                                   |       |  | 202,232,563                            |
| Packages Limited - Management Staff Pension Fund        | 845,724                                  | -   | -     | -  | 845,724                  | 86,858,392         | -   | -     | -  | 88,107,442                             |

|   | For the quarter ended September 30, 2013 |   |        |  |                          |                    |   |            |  |  |
|---|--|---|--------|--|--------------------------|--------------------|---|------------|--|--|
|   | As at July 01, 2013                      | Issued for cash / conversion in / transfer in | Bonus  | Redeemed / conversion out / transfer out | As at September 30, 2013 | As at July 1, 2013 | Issued for cash / conversion in / transfer in | Bonus      | Redeemed / conversion out / transfer out | Net asset value as at 30 Septmber 2013 |
|   | Units                                    |   |        |  |                          | (Rupees)           |   |            |  |  |
| <b>Associated Companies / Undertakings</b>                |  |   |        |  |                          |                    |   |            |  |  |
| Packages Limited - Employees Provident Fund               | 398,831                                  | -   | -      | -  | 398,831                  | 68,129,898         | -   | -          | 20,608,034                               | 45,574,492                             |
| Packages Limited - Management Staff Pension Fund          | 625,788                                  | -   | 88,927 | -  | 714,715                  | 106,899,627        | -   | 10,595,912 | 21,739,248                               | 81,670,639                             |
| Packages Limited - Employees Gratuity fund                | 174,614                                  | -   | 59,037 | -  | 233,651                  | 29,828,343         | -   | 7,034,453  | 1,988,069                                | 26,699,423                             |
| <b>Key Management Personnel</b>                           |  |   |        |  |                          |                    |   |            |  |  |
| Employees   | 3,226                                    | 23,517  | 1,399  | 27,324                                   | 818                      | 551,006            | 3,055,242                                     | 166,669    | 3,450,868                                | 93,393                                 |
| <b>Directors</b>  |  |   |        |  |                          |                    |   |            |  |  |
| Adi Jehangir Cawasji                                      | -  | 38,596  | -      | -  | 38,596                   | -                  | 5,000,000                                     | -          | -  | 4,410,384                              |
| <b>Unit holder holding 10% or more units</b>              |  |   |        |  |                          |                    |   |            |  |  |
| The Nishat Mills Limited - Employees Provident Fund Trust | -  | 630,972                                       | -      | -  | 630,972                  | -                  | 80,000,000                                    | -          | -  | 72,101,303                             |

|  | For the period<br>ended 30<br>September 2014<br>----- (Rupees) | For the period<br>ended 30<br>September 2013<br>----- |
|--|--|---|
| <b>9.2 Other transactions</b>  |  |   |
| <b><i>Associated Companies / Undertakings</i></b>                                    |  |   |
| <b><i>Alfalah GHP Investment Management Limited - Management Company</i></b>         |  |   |
| Remuneration of the Management Company   | <u>3,086,497</u>   | <u>-</u>  |
| Sales tax on management fee  | <u>537,618</u>   | <u>-</u>  |
| Federal Excise Duty on management fee  | <u>493,844</u>   | <u>-</u>  |
| Sales Load   | <u>3,331,195</u>   | <u>-</u>  |
| <b><i>IGI Funds Limited - Management Company *</i></b>                               |  |   |
| Remuneration of the Management Company   | <u>-</u>   | <u>2,460,510</u>                                      |
| Sales tax on management fee  | <u>-</u>   | <u>456,672</u>  |
| Federal Excise Duty on management fee  | <u>-</u>   | <u>393,680</u>  |
| Sales Load   | <u>-</u>   | <u>907,465</u>  |
| <b><i>IGI Finex Securities Limited - Associated Company *</i></b>                    |  |   |
| Brokerage expense  | <u>-</u>   | <u>475,540</u>  |
| Federal excise duty / capital value tax  | <u>-</u>   | <u>96,663</u>   |
| <b><i>Bank Alfalah Limited</i></b>   |  |   |
| Profit on bank deposits  | <u>409,486</u>   | <u>-</u>  |
| Bank Charges   | <u>5,411</u>   | <u>-</u>  |
| <b><i>Other Related Parties</i></b>  |  |   |
| <b><i>Central Depository Company of Pakistan Limited - (Trustee of the Fund)</i></b> |  |   |
| Remuneration of the Trustee  | <u>308,674</u>   | <u>246,078</u>  |
| CDS Charges  | <u>34,115</u>  | <u>34,874</u>   |

|   | As at 30<br>September 2014<br>UnAudited<br>----- (Rupees) | As at 30<br>June 2014<br>Audited<br>----- |
|---|---|---|
| <b>9.3 Other balances</b>   |   |   |
| <i>Associated Companies / Undertakings</i>                                    |   |   |
| <b>Alflah GHP Investment Management Limited - Management Company</b>          |   |   |
| Remuneration of the Management Company  | <u>1,076,578</u>  | <u>1,003,455</u>                          |
| Sales tax on management fee   | <u>444,835</u>  | <u>114,946</u>                            |
| Federal Excise Duty on management fee   | <u>2,130,909</u>  | <u>1,891,379</u>                          |
| Sales Load  | <u>773,841</u>  | <u>33,359</u>                             |
| <b>Bank Alfalah Limited</b>   |   |   |
| Bank Balance  | <u>17,427,454</u>   | <u>217,791</u>                            |
| Profit receivable   | <u>101,558</u>  | <u>-</u>                                  |
| Investment in Shares  | <u>29,316,540</u>   | <u>15,757,500</u>                         |
| <b>IGI Finex Securities Limited - Associated Company *</b>                    |   |   |
| Brokerage payable expenses  | <u>-</u>  | <u>6,479</u>                              |
| Federal excise duty / capital value tax payable                               | <u>-</u>  | <u>1,036</u>                              |
| <b>Other Related Parties</b>  |   |   |
| <b>Central Depository Company of Pakistan Limited - (Trustee of the Fund)</b> |   |   |
| Remuneration payable to the Trustee   | <u>107,110</u>  | <u>70,860</u>                             |
| Security deposit  | <u>100,000</u>  | <u>100,000</u>                            |

\* As more fully explained in note 1, the management rights of the Fund were transferred from the Former Management Company to the Management Company during the year. As a result, the entities that were identified as related parties, associated companies / undertakings and connected persons as at September 30, 2014, ceased to be the same with effect from October 15, 2013.

## 10. 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 realised or unrealised is distributed amongst the unit holders. Further the management has intention to distribute at least 90% of the accounting income during the year ending 30 June 2014. Accordingly, no tax provision has been made in this condensed interim financial information for the quarter ended 30 September 2014.

## 11. GENERAL

11.1 Figures have been rounded off to the nearest rupee.

## 12. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by Board of Directors of the Management Company on October 27, 2014

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

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

\_\_\_\_\_  
Director