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**FUND'S INFORMATION**

|   |  |
|---|--|
| <b>Management Company:</b>  | Alfalah GHP Investment Management Limited<br>12th Floor, Tower 'A', Saima Trade Towers<br>I.I. Chundrigar Road, Karachi.   |
| <b>Board of Directors of the</b>                                  | <ul style="list-style-type: none"><li>- Ms. Maheen Rahman</li><li>- Syed Ali Sultan</li><li>- Mr. David Burlison</li><li>- Mr. Hanspeter Beier</li><li>- Mr. Amin Dawood Saleh</li><li>- Mr. Kashif Abdur Rahman</li><li>- Mr. Suleman Hudda</li></ul> |
| <b>CFO &amp; Company Secretary<br/>Of the Management Company:</b> | - Syed Muhammad Zeeshan  |
| <b>Audit Committee:</b>   | <ul style="list-style-type: none"><li>- Syed Ali Sultan</li><li>- Mr. Kashif Abdur Rahman</li><li>- Mr. Amin Dawood Saleh</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 Shiekh  |
| <b>Bankers to the Fund:</b>                                       | Bank Alfalah Limited<br>Faysal Bank Limited  |
| <b>Auditors:</b>  | Ernst & Young Ford Rhodes Sidat Hyder<br>Chartered Accountants<br>Progressive Plaza, Beaumont Road<br>P.O. Box 15541, Karachi.   |
| <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>12th Floor, Tower 'A', Saima Trade Towers<br>I.I. Chundrigar Road, Karachi.   |
| <b>Rating:</b>  | 3 Star (Short term) / 3 Star (Long term ) by PACRA   |

### **MISSION STATEMENT**

*Alfalah GHP Value fund aims to provide its unit holders with sustainable return over a period through active asset allocation strategies.*

### **VISION STATEMENT**

*Alfalah GHP Value Fund aims to establish itself as the investment vehicle of choice for investors who seek to achieve sustainable and consistent return over the long term through investment exposure to various asset classes.*

## Directors' Report For the three month period ended 30 September, 2013

### To our valued Unit Holders,

On behalf of the Board of Directors, I am pleased to present the Financial Statements of Alfalah GHP Value Fund (AGVF) for quarter ended 30 September, 2013. 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

Inflation which had receded to its lowest level since rebasing of CPI in May saw strong resurgence in July-13, clocking in at 8.26%. Inflation picked up primarily on account of low base effect of last year, increased food prices because of Ramadan and newer taxes from FY14 budget. The trend continued in the month of Aug-13 with inflation picking up at 8.54% which also pushed SBP to increase its reverse repo rate from 9% to 9.5%. Although, CPI eased again in the month of Sep-13, it is likely to move up amid recent increase in domestic power tariffs and higher petroleum product prices. Furthermore, slippages in local currency shall also keep inflationary pressures intact for now.

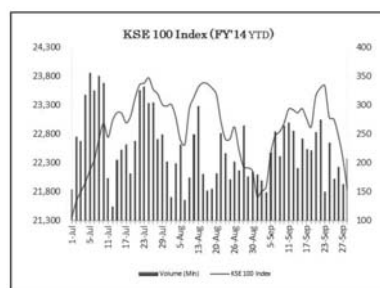
The current account meanwhile, registered a deficit of USD 575mn in Aug-13, taking 2MFY14 deficit to USD 632mn, on the back of USD 1.6bn trade deficit in Aug-13 (highest since Oct-08). Meanwhile, remittances declined by 12% M/M and 2% Y/Y during the same period. Increase in C/A deficit on lower remittances highlights the growing dependence on remittances to plug in the trade deficit.

The new IMF program has kept the focus on resolving energy crisis along with achieving fiscal consolidation. Growth shall be the biggest casualty in near term as private sector remains reluctant to make new investments amid energy shortages. Meanwhile, in order to curtail fiscal deficit, government spending may also remain weak keeping economy in low growth ambit.

### Capital Markets Review

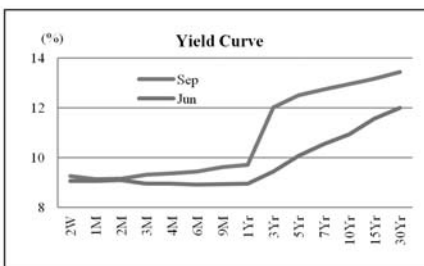
#### Equities Review

The KSE-100 had a roller coaster ride in 1QFY14 with the index peaking at 23,776 points in Jul-13, followed by a 4.9% fall taking it to 22,621 points by 1st week of Aug. The Index then recovered to 23,687 points by mid August, before crashing again to 21,724 points (down 8.3%), by early Sep. It recovered once more to 23,639 points, but could not sustain this level and crashed again to 21,832 points by quarter end. In 1QFY14, Pakistan's macro situation deteriorated as foreign exchanges reserves dwindled, inflation resurged and currency came under heavy pressure. Expectations of reversal in monetary cycle and the increase in discount rate back to 9.5% also adversely influenced equity market. Moreover, re-entry into the IMF program called for stabilization at the cost of economic growth.



### Money Market Review

The impact of reversal of monetary stance was observed in the money market yields where the yields on longer end were adjusted upwards. The yield on 10Yr PIB touched 13% mark; gaining approx 2% over the quarter but key interest remained in the shorter end. The treasuries' auction bidding pattern also remained skewed towards shorter maturities indicating the reversal in interest rate trend as beginning of the monetary tightening.



The rising inflationary pressure coupled with higher government budgetary borrowing and weakening PKR-USD parity played a key role in re-shaping of yield curve. The result of PIB auction towards the end of the quarter also indicated possible further tightening during the year as the SBP increased the cutoff rates on 3 year, 5 year and 10 year bonds. The new cutoff stood at 11.69%, 12.15%, and 12.59% for 3, 5, and 10 years bonds respectively.

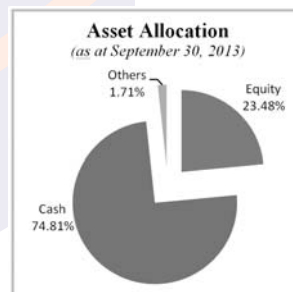
Going forward, the shorter end of the yield curve will continue to stay the preferred investment segment. Inflation will most likely continue its upwards trajectory over the rest of the year, creating space for further 50-100bps hike in policy rate during FY14.

### Fund Operations and Performance

**In 1QFY14, AGVF earned a return of -0.94% while its benchmark earned a return of 3.12% during the same period.**

AGVF returns suffered as the fund's investments in small cap stocks lagged the broader market during the period, resulting in substantial underperformance of the fund during the period.

Going forward, we expect the market to move in a range, with above par performance expected in Oil, IPPs, Cements and Textiles. We have thus restructured the fund's portfolio to align it more closely with its benchmark.



### Key Financial Data

Rs. In million

| Description                           | 1st Qtr period ended<br>30 September 2013 | 1st Qtr period ended<br>30 September 2012 |
|---------------------------------------|---|---|
| Net Assets at end of the period       | 502.49                                    | 455.11                                    |
| Gross income earned                   | 7.25                                      | 28.58                                     |
| Net comprehensive income/(loss)       | (10.061)                                  | 24.16                                     |
| Net Assets Value per Unit (Rs.)       | 53.92                                     | 53.63                                     |
| Issuance of units during the period   | 0.22                                      | 0.007                                     |
| Redemption of units during the period | 70.61                                     | 1.03                                      |

**Future Outlook**

The optimism linked to the elections held in May powered the KSE-100 to record highs. However, post elections, the market has become range bound with thin volumes. The macro outlook remains cautious, with rapid monetary expansion in 1QFY14 bound to fuel inflation going forward, which will result in an expected 100-150 bps rise in the benchmark discount rate during the current fiscal year.

On the plus side, corporate earnings, especially in the Oil, Cements, Textiles, and IPP sectors are expected to show good growth. Even though the broader market may not perform as vigorously as in the previous year, nevertheless, we expect the market to provide good opportunities in selected scripts.

**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

31 October 2013  
Karachi.

**Maheen Rahman**  
Chief Executive

**CONDENSED INTERIM STATEMENT OF  
ASSETS AND LIABILITIES (UNAUDITED)  
AS AT 30 SEPTEMBER 2013**

|   | 30 September<br>2013     | 30 June<br>2013   |
|---|--------------------------|-------------------|
|   | (Unaudited)              | (Audited)         |
|   | ----(Rupees in '000)---- |                   |
| <b>Assets</b>   | <i>Note</i>              |                   |
| Bank balances   | 5                        | 95,010            |
| Investments   | 6                        | 478,279           |
| Dividend and profit receivable  |                          | 213               |
| Advances, Deposits and other receivables                                  |                          | 2,600             |
| Receivable against sale of Investments                                    |                          | 25,063            |
| <b>Total assets</b>   |                          | <b>601,165</b>    |
| <b>Liabilities</b>  |                          |                   |
| Payable against Purchase of Investments                                   | <b>1,812</b>             | -                 |
| Payable to Alfalah GHP Investment Management Limited - Management Company | <b>1,620</b>             | 1,258             |
| Payable to Central Depository Company of Pakistan Limited - Trustee       | <b>198</b>               | 112               |
| Payable to Securities and Exchange Commission of Pakistan -Annual fee     | <b>130</b>               | 469               |
| Accrued expenses and other liabilities                                    | <b>10,807</b>            | 26,974            |
| <b>Total liabilities</b>  | <b>14,567</b>            | <b>28,813</b>     |
| <b>Contingencies and Commitments</b>                                      | 9                        | -                 |
| <b>Net assets</b>   | <b>502,492</b>           | <b>572,352</b>    |
| <b>Unit holders' funds (as per statement attached)</b>                    | <b>502,492</b>           | <b>572,352</b>    |
|   | (Number of units)        |                   |
| <b>Number of units in issue</b>   | <b>9,319,975</b>         | <b>10,515,966</b> |
|   | (Rupees)                 |                   |
| <b>Net asset value per unit</b>   | <b>53.92</b>             | <b>54.43</b>      |

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

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

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

\_\_\_\_\_  
Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2013**

|   | 30 September<br>2013     | 30 September<br>2012 |
|---|--------------------------|----------------------|
|   | (Unaudited)              | (Unaudited)          |
|   | ----(Rupees in '000)---- |                      |
| <b>Income</b>   |                          |                      |
| Held for trading investment   |                          |                      |
| -Gain on sale of investment   | 27,252                   | 603                  |
| -Unrealised appreciation / (diminution) in the value of investments   | 6.2 (28,569)             | 22,910               |
|   | (1,317)                  | 23,513               |
| Available for Sale Investment   |                          |                      |
| -Loss on sale   | -                        | (760)                |
| -Reversal of impairment in the value of investments   | -                        | 3,940                |
| -Impairment in the value of investments   | -                        | (11,226)             |
|   | -                        | (8,046)              |
| Income from sukuk certificates  | -                        | 4,135                |
| Dividend income   | 5,981                    | 3,347                |
| Profit on deposit accounts with banks   | 1,837                    | 3,005                |
| Income from government securities   | 754                      | 2,469                |
| Amortization of discount on TFC / sukuk certificates and PIB  | -                        | 159                  |
| <b>Total income</b>   | <b>7,255</b>             | <b>28,582</b>        |
| <b>Expenses</b>   |                          |                      |
| Remuneration of Alfalah GHP Investment Management Limited - Management Company  | 2,740                    | 2,274                |
| Sales tax on Management fee   | 509                      | 364                  |
| Federal Excise Duty on Management Fee   | 7 438                    | -                    |
| Remuneration of Central Depository Company of Pakistan Limited - Trustee  | 8 274                    | 227                  |
| Annual fee - Securities and Exchange Commission of Pakistan   | 130                      | 108                  |
| Bank and settlement charges   | 147                      | 65                   |
| Legal and Professional Charges  | -                        | 23                   |
| Auditors' remuneration  | 107                      | 151                  |
| Brokerage expense   | 2,343                    | 558                  |
| Provision for workers' welfare fund   | 10 -                     | 495                  |
| Fees and subscriptions  | 33                       | 35                   |
| <b>Total expenses</b>   | <b>6,721</b>             | <b>4,300</b>         |
| <b>Net income from operating activities</b>   | <b>534</b>               | <b>24,282</b>        |
| Net element of income/(loss) and capital gains/(losses) included in prices of units issued less those in units redeemed | (10,595)                 | (45)                 |
| <b>Net income/(loss) for the period</b>   | <b>(10,061)</b>          | <b>24,237</b>        |

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

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

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

\_\_\_\_\_  
Director



**CONDENSED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2013**

|   | 30 September<br>2013<br>(Unaudited)                          | 30 September<br>2012<br>(Unaudited) |   |      |
|---|--|-------------------------------------|---|------|
| Net income / (loss) for the period  | Note <u>----(Rupees in '000)----</u><br><b>(10,061)</b>      | 24,237                              |   |      |
| <b>Other comprehensive (loss):</b>  |  |                                     |   |      |
| Net unrealised appreciation / (diminution) during the period<br>in fair value of investments classified as 'available for sale' | <table border="1"><tr><td align="center">-</td></tr></table> | -                                   | <table border="1"><tr><td align="center">(71)</td></tr></table> | (71) |
| -   |  |                                     |   |      |
| (71)  |  |                                     |   |      |
| Other comprehensive (loss) for the period   | <u>-</u>   | <u>(71)</u>                         |   |      |
| <b>Total comprehensive loss for the period</b>  | <u><b>(10,061)</b></u>                                       | <u>24,166</u>                       |   |      |

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

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

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

\_\_\_\_\_  
Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2013**

|  | 30 September<br>2013<br>(Unaudited) | 30 September<br>2012<br>(Unaudited) |
|--|-------------------------------------|-------------------------------------|
|  | Note                                |                                     |
|  | ----(Rupees in '000)----            |                                     |
| Undistributed income / (loss) brought forward: |                                     |                                     |
| Realised                                       | <b>16,183</b>                       | 15,381                              |
| Unrealised                                     | <b>30,000</b>                       | (10,600)                            |
|  | <b>46,183</b>                       | 4,781                               |
| Net income / (loss) for the period             | <b>(10,061)</b>                     | 24,237                              |
|  | <b>(10,061)</b>                     | 24,237                              |
| Undistributed income / (loss) carried forward: |                                     |                                     |
| Realised                                       | <b>64,691</b>                       | 6,108                               |
| Unrealised                                     | <b>(28,569)</b>                     | 22,910                              |
|  | <b>36,122</b>                       | 29,018                              |

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

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

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

\_\_\_\_\_  
Director

**CONDENSED INTERIM STATEMENT OF  
MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2013**

|  | <b>30 September<br/>2013</b>    | <b>30 September<br/>2012</b> |
|--|---------------------------------|------------------------------|
|  | <b>(Unaudited)</b>              | <b>(Unaudited)</b>           |
|  | <b>----(Rupees in '000)----</b> |                              |
| Net assets at the beginning of the period  | <b>572,352</b>                  | 431,929                      |
| Issue of 3765 units (2012: 135 units)  | <b>221</b>                      | 7                            |
| Redemption of 1,199,756 units (2012: 19,706 units)   | <b>(70,615)</b>                 | (1,031)                      |
|  | <b>(70,394)</b>                 | (1,024)                      |
| Element of income / (loss) and capital gains / (losses) included<br>in prices of units sold less those in units repurchased: |                                 |                              |
| - amount representing accrued loss / (income) and realised capital<br>losses / (gains) - transferred to the Income Statement | <b>10,595</b>                   | 45                           |
|  | <b>10,595</b>                   | 45                           |
| Net unrealised (diminution) on revaluation of<br>investments classified as 'available-for-sale'                              | -                               | (71)                         |
| Gain / (loss) on sale of investment  | <b>27,252</b>                   | (157)                        |
| Unrealised appreciation / (diminution) in the value of investments<br>-'at fair value through profit or loss'                | <b>(28,569)</b>                 | 22,910                       |
| Other net income / (loss) for the period   | <b>(8,744)</b>                  | 1,484                        |
| Net loss for the period less distribution  | <b>(10,061)</b>                 | 24,237                       |
| <b>Net assets at the end of the period</b>   | <b>502,492</b>                  | 455,116                      |
|  | <b>----- (Rupees) -----</b>     |                              |
| Net asset value per unit at the beginning of the period  | <b>54.43</b>                    | 50.78                        |
| Net asset value per unit at the end of the period  | <b>53.92</b>                    | 53.63                        |

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

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

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

\_\_\_\_\_  
Director

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2013**

|   | 30 September<br>2013<br>(Unaudited) | 30 September<br>2012<br>(Unaudited) |
|---|-------------------------------------|-------------------------------------|
| Note  | ----(Rupees in '000)----            |                                     |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                                     |                                     |
| Net income for the period   | <b>(10,061)</b>                     | 24,237                              |
| <b>Adjustments for:</b>   |                                     |                                     |
| Unrealised appreciation / (diminution) in the value of investments<br>-at fair value through profit or loss'  | <b>28,569</b>                       | (22,910)                            |
| Impairment in the value of investments classified as 'available for sale'                                     | -                                   | 11,226                              |
| Reversal of impairment in the value of investment classified as 'available for sale'                          | -                                   | (3,940)                             |
| Dividend income   | <b>(5,981)</b>                      | (3,347)                             |
| Profit on deposit accounts with banks   | <b>(1,837)</b>                      | (3,005)                             |
| Income from sukuk certificates  | -                                   | (4,135)                             |
| Income from government securities   | -                                   | (134)                               |
| Amortization of discount on TFC / sukuk certificates and PIB  | -                                   | (159)                               |
| Provision for Workers Welfare Fund  | -                                   | 495                                 |
| Net element of (loss) and capital (losses)<br>included in prices of units issued less those in units redeemed | <b>10,595</b>                       | 45                                  |
|   | <b>21,285</b>                       | (1,627)                             |
| <b>(Increase) / decrease in assets</b>  |                                     |                                     |
| Investments   | <b>62,894</b>                       | (126,236)                           |
| Receivable against sale of Investments  | <b>25,063</b>                       | -                                   |
| Advances, deposits and other receivables  | <b>3</b>                            | (30)                                |
|   | <b>87,960</b>                       | (126,266)                           |
| <b>Increase / (decrease) in liabilities</b>   |                                     |                                     |
| Payable against purchase of investments   | <b>1,812</b>                        | 33,854                              |
| Payable to Alfalah GHP Investment Management<br>Limited - Management Company                                  | <b>362</b>                          | 35                                  |
| Payable to Central Depository Company of Pakistan Limited - Trustee   | <b>86</b>                           | 1                                   |
| Payable to Securities and Exchange Commission of Pakistan -Annual fee   | <b>(339)</b>                        | (301)                               |
| Accrued expenses and other liabilities  | <b>(16,167)</b>                     | 234                                 |
|   | <b>(14,246)</b>                     | 33,823                              |
| Dividend and profit received  | <b>1,824</b>                        | 9,097                               |
| <b>Net cash flows from / (used in) operating activities</b>   | <b>96,823</b>                       | (84,973)                            |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                                     |                                     |
| Amount received on issue of units   | <b>221</b>                          | 7                                   |
| Payment against redemption of units   | <b>(70,615)</b>                     | (1,031)                             |
| <b>Net cash flows from / (used in) financing activities</b>   | <b>(70,394)</b>                     | (1,024)                             |
| Net increase / (decrease) in cash and cash equivalents during the period                                      | <b>26,429</b>                       | (85,997)                            |
| Cash and cash equivalents at beginning of the period  | <b>95,010</b>                       | 192,531                             |
| Cash and cash equivalents at end of the period  | <b>121,439</b>                      | 106,534                             |
| The annexed notes 1 to 15 form an integral part of these condensed interim financial information.             |                                     |                                     |

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

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

\_\_\_\_\_  
Director

## **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2013**

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

Alfalah GHP Value Fund is an open-end collective investment scheme ("the Fund") established through a Trust Deed under the Trust Act, 1882, executed between Alfalah GHP Investment Management Limited, ("the Management Company") and Central Depository Company of Pakistan Limited, ("the Trustee"). The Trust Deed was executed on 19th May, 2005 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 13th May, 2005.

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 12th Floor, Tower A, Saima Trade Tower, I.I Chundrigar Road Karachi.

Alfalah GHP Value Fund is listed on the Karachi Stock Exchange. The units of the fund are offered to public on a continuous basis. The units are transferable and can be redeemed by surrendering them to the fund. The fund offers two types of units Growth and Income. Growth unit holders are entitled to bonus unit and Income unit holders are entitled to cash dividend at the time of distribution by the fund.

The Fund is categorized as an asset allocation scheme and invest in equity, debt & money market securities as in Fund Offering Documents.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned 'AM3' (Outlook: Negative) to the Management Company in its rating report dated 17 May 2012 and 3 -Star (short term) and 3-Star (long term) to the fund in its rating report dated 8 November 2012.

The 'Title' to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

These condensed interim financial statements comprise of the condensed interim statement of assets and liabilities as at 30 September 2013 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' funds, condensed interim statement of cash flows and notes thereto, for the three months period ended 30 September 2013.

### **2. BASIS OF PRESENTATION**

#### **2.1 Statement of compliance**

These condensed 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.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting' and should be read in conjunction with the financial statements of the Fund for the year ended 30 June 2013. These condensed interim financial statements are unaudited.

The Directors of the Asset Management Company declare that these condensed interim financial statements give a true and fair view of the Fund.

## 2.2 Basis of measurement

These condensed interim financial information have been prepared under the historical cost convention, except that investments held at 'fair value through profit or loss' category are measured at fair value.

## 2.3 Functional and presentation currency

These condensed interim financial information are presented in Pak Rupees which is the functional and presentation currency of the Fund and have been rounded off to the nearest thousand of Rupees.

## 2.4 Use of estimates and judgment

The preparation of condensed interim financial information requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by the Management in applying accounting policies and the key sources of estimating uncertainty are the same as those that applied to financial statements as at and for the year ended 30 June 2013.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2013.

### 3.1 Earnings per unit

Earnings per unit (EPU) for the three months and quarter ended 30 September 2013 has not been disclosed in these condensed interim financial statements as in the opinion of the management determination of weighted average units for calculating EPU is not practicable.

## 4. FINANCIAL RISK MANAGEMENT

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 September 2013.

## 5. BANK BALANCES

Deposit accounts

|  | <b>30 September<br/>2013</b>         | 30 June<br>2013 |
|--|--------------------------------------|-----------------|
|  | <b>(Unaudited)</b>                   | (Audited)       |
|  | <i>Note</i> ----(Rupees in '000)---- |                 |
|  | <i>5.1</i>                           |                 |
|  | <u><b>121,439</b></u>                | <u>95,010</u>   |

5.1 This represents saving deposit accounts maintained with various banks carrying mark-up rate of 7.50% (30 June 2013: 8% to 11.00%) per annum. This includes Rs. 0.591 million (30 June 2013: 94.97 million) with a related party which carries markup ranging from 7.50% per annum.

|   | <b>30 September<br/>2013</b>         | 30 June<br>2012 |
|---|--------------------------------------|-----------------|
|   | <b>(Unaudited)</b>                   | (Audited)       |
| <b>6. INVESTMENTS</b>                                   | <i>Note</i> ----(Rupees in '000)---- |                 |
| - At fair value through profit or loss-held for trading |                                      |                 |
| In quoted equity securities                             | 6.1 <b>384,365</b>                   | 444,780         |
| Investment in Government Securities                     | 6.2 -                                | 33,499          |
|   | <b>384,365</b>                       | <b>478,279</b>  |
| Derivative Financial investments                        | <b>2,447</b>                         | -               |
| (unrealised gain on letter of rights)                   | 6.1.3 <b>386,816</b>                 | <u>478,279</u>  |



**6.1 Quoted equity securities - held for trading**

| Name of the investee company                   | Note  | As at 01 July 2013 | Purchases during the period | Bonus / Demerger / rights Issue during the period | Sales during the period | As at 30 September 2013 | Cost as at 30 September 2013 | Market value as at 30 September 2013 | Market value as a percentage of: |                   | Par Value as percentage of issued share capital |
|--|-------|--------------------|-----------------------------|---|-------------------------|-------------------------|------------------------------|--------------------------------------|----------------------------------|-------------------|---|
|  |       |                    |                             |   |                         |                         |                              |                                      | net assets                       | total investments |   |
|  |       |                    |                             |   |                         | Number of shares        |                              | (Rupees in '000)                     |                                  |                   |   |
| <b>Chemicals</b>                               |       |                    |                             |   |                         |                         |                              |                                      |                                  |                   |   |
| Engro Corporation Limited                      |       | 405,000            | 428,500                     | -   | 833,500                 | -                       | -                            | -                                    | -                                | -                 | -   |
| Fauji Fertilizer Bin Qasim Limited             |       | -                  | -                           | -   | -                       | -                       | -                            | -                                    | -                                | -                 | -   |
| Fauji Fertilizer Company Limited               |       | 303,100            | -                           | -   | 200,000                 | 103,100                 | 11,663                       | 10,451                               | 2.08                             | 2.72              | 0.00  |
| Arif Habib Corporation Limited                 |       | 999,500            | -                           | -   | -                       | 999,500                 | 26,934                       | 22,306                               | 4.4                              | 5.77              | 0.24  |
|  |       |                    |                             |   |                         |                         | <u>38,597</u>                | <u>32,757</u>                        |                                  |                   |   |
| <b>Banks</b>                                   |       |                    |                             |   |                         |                         |                              |                                      |                                  |                   |   |
| Bank Al-Falah Limited                          |       | 1,000,000          | 1,226,500                   | -   | 2,226,500               | -                       | -                            | -                                    | -                                | -                 | -   |
| National Bank of Pakistan                      |       | 341,570            | 946,000                     | -   | 987,570                 | 300,000                 | 14,787                       | 14,787                               | 2.94                             | 3.82              | 0.01  |
| Askari Bank Limited                            |       | 1,555,798          | -                           | -   | -                       | 1,555,798               | 26,251                       | 19,899                               | 3.96                             | 5.18              | 0.19  |
| Summit Bank Limited (formerly My Bank Limited) |       | 1,402,609          | -                           | -   | -                       | 1,402,609               | 4,847                        | 2,931                                | 0.58                             | 0.76              | 0.13  |
|  |       |                    |                             |   |                         |                         | <u>45,885</u>                | <u>37,617</u>                        |                                  |                   |   |
| <b>Non - Life Insurance</b>                    |       |                    |                             |   |                         |                         |                              |                                      |                                  |                   |   |
| Adamjee Insurance Company Limited              |       | 503,000            | 1,270,000                   | -   | 1,273,000               | 500,000                 | 46,063                       | 37,060                               | 7.38                             | 9.64              | 0.46  |
|  |       |                    |                             |   |                         |                         | <u>46,063</u>                | <u>37,060</u>                        |                                  |                   |   |
| <b>Construction and Material</b>               |       |                    |                             |   |                         |                         |                              |                                      |                                  |                   |   |
| D. G. Khan Cement Company Limited              |       | 299,208            | 955,000                     | -   | 694,000                 | 560,208                 | 43,982                       | 38,581                               | 7.68                             | 9.97              | 0.13  |
| Lucky Cement Limited                           |       | 161,277            | -                           | -   | 40,000                  | 121,277                 | 19,591                       | 28,050                               | 5.58                             | 7.25              | 0.04  |
| Maple Leaf Cement Company Limited              |       | 500,000            | 1,000,000                   | -   | 500,000                 | 1,000,000               | 28,767                       | 21,380                               | 4.25                             | 5.53              | 0.19  |
|  |       |                    |                             |   |                         |                         | <u>92,340</u>                | <u>88,011</u>                        |                                  |                   |   |
| <b>Electricity</b>                             |       |                    |                             |   |                         |                         |                              |                                      |                                  |                   |   |
| The Hub Power Company Limited                  |       | 290,840            | 200,000                     | -   | 300,000                 | 190,840                 | 7,852                        | 12,162                               | 2.42                             | 3.4               | 0.02  |
|  |       |                    |                             |   |                         |                         | <u>7,852</u>                 | <u>12,162</u>                        |                                  |                   |   |
| <b>Oil and Gas</b>                             |       |                    |                             |   |                         |                         |                              |                                      |                                  |                   |   |
| Pakistan Petroleum Limited                     |       | 118,237            | 40,000                      | -   | -                       | 158,237                 | 29,433                       | 36,192                               | 7.20                             | 9.36              | 0.01  |
| Pakistan State Oil Company Limited             | 6.1.2 | 152,160            | 50,000                      | -   | 70,000                  | 132,160                 | 30,378                       | 34,639                               | 6.89                             | 8.95              | 0.05  |
| Oil and Gas Development Company Limited        |       | 118,436            | 100,000                     | -   | 100,000                 | 118,436                 | 24,354                       | 27,834                               | 5.54                             | 7.20              | 0.00  |
| Pakistan Oilfields Limited                     |       | 61,792             | -                           | -   | 61,000                  | 792                     | 316                          | 339                                  | 0.07                             | 0.09              | 0.00  |
|  | 6.1.2 |                    |                             |   |                         |                         | <u>84,481</u>                | <u>99,004</u>                        |                                  |                   |   |
| <b>Fixed Line Telecommunication</b>            |       |                    |                             |   |                         |                         |                              |                                      |                                  |                   |   |
| Pakistan Telecommunication Company Limited     | 6.1.2 | 500,000            | 3,007,500                   | -   | 3,507,500               | -                       | -                            | -                                    | -                                | -                 | -   |
| Telecard Limited                               | 6.1.2 | 1,000,000          | -                           | -   | 500,000                 | 500,000                 | 3,340                        | 2,975                                | 0.59                             | 0.77              | 0.33  |
| Wateen Telecom Limited (Related party)         |       | 353,253            | -                           | -   | -                       | 353,253                 | 3,368                        | 1,589                                | 0.32                             | 0.41              | 0.06  |
|  |       |                    |                             |   |                         |                         | <u>6,708</u>                 | <u>4,564</u>                         |                                  |                   |   |
| <b>Household Goods</b>                         |       |                    |                             |   |                         |                         |                              |                                      |                                  |                   |   |
| Tariq Glass Limited                            |       | -                  | 2,360,500                   | -   | 1,076,500               | 1,284,000               | 31,717                       | 30,778                               | 6.12                             | 8.01              | -   |
|  |       |                    |                             |   |                         |                         | <u>31,716</u>                | <u>30,778</u>                        |                                  |                   |   |
| <b>Personal Goods</b>                          |       |                    |                             |   |                         |                         |                              |                                      |                                  |                   |   |
| Azgard Nine Limited                            |       | 501,500            | -                           | -   | -                       | 501,500                 | 4,258                        | 2,648                                | 0.53                             | 0.69              | 0.11  |
| Nishat Mills Limited                           |       | -                  | 985,000                     | -   | 586,700                 | 398,300                 | 40,166                       | 36,911                               | 7.35                             | 9.60              | 0.00  |
| Amtext Limited                                 |       | 1,065,391          | -                           | -   | -                       | 1,065,391               | 3,137                        | 2,856                                | 0.57                             | 0.74              | 0.47  |
|  |       |                    |                             |   |                         |                         | <u>47,560</u>                | <u>42,415</u>                        |                                  |                   |   |
| <b>Total</b>                                   |       |                    |                             |   |                         |                         | <u><u>401,205</u></u>        | <u><u>384,369</u></u>                |                                  |                   |   |



- 6.1.1 All shares have a face value of Rs. 10 each.
- 6.1.2 Investment includes 150,000 shares of The Hub Power company Limited, 15,000 shares of Pakistan Oilfields Limited, 15,000 shares of Oil and Gas Development Company Limited and 25,000 shares of Pakistan Petroleum Limited, which have been deposited with National Clearing Company of Pakistan Limited as collateral against exposure margin and mark to market losses for settlement of the Fund's trades as allowed in Circular no.11 dated 23 October 2007 issued by Securities and Exchange Commission of Pakistan.
- 6.1.3 During the period, the company has received letter of right for 855,688 shares of Askari Bank Limited (ABL), in the ratio of 55 shares for every 100 shares held as on 28 August 2013 to be issued at par, which were not exercised as at period end.

|  | <b>30 September<br/>2013</b> | 30 June<br>2012      |
|--|------------------------------|----------------------|
|  | <b>(Unaudited)</b>           | (Audited)            |
|  | <b>(Rupees in '000)</b>      |                      |
| <b>6.3 Net Unrealized appreciation / (diminution) in the value of investments classified as 'at fair value through profit or loss'</b> |                              |                      |
| Market value of investments  | 386,816                      | 478,279              |
| Less: Cost of investments  | <u>(401,205)</u>             | <u>(444,627)</u>     |
|  | (14,389)                     | 33,652               |
| Net unrealised (appreciation) / diminution in the value of investment at the beginning of the period / year                            | <u>(33,652)</u>              | <u>8,894</u>         |
| Realised on disposal during the period / year  | <u>(19,472)</u>              | <u>(12,546)</u>      |
|  | <u>(14,180)</u>              | <u>(3,652)</u>       |
| Net unrealised appreciation / (diminution) in the value of investment for the period / year  | <u><u>(28,569)</u></u>       | <u><u>30,000</u></u> |

## 7. SALES TAX ON MANAGEMENT FEE

During the current period, an amount of Rs. 0.509 million (30 September 2012: Rs. 0.364 million) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011.

## 8. FEDERAL EXCISE DUTY ON MANAGEMENT FEE

During the current year, an amount of Rs. 0.438 million (30 September 2012: Rs. Nil) was charged on account of Federal Excise Duty on Asset Management Services levied through Finance Bill 2013.

## 9. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at 30 September 2013.

## 10. 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. However, during March 2013, the SHC larger bench 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 a single-member Lahore High Court (LHC) bench judgment issued in August 2011.

MUFAP's legal counsel is of the view that the stay granted to mutual funds in respect of recovery of WWF remains intact and the constitutional petition filed by the Mutual Funds to challenge the Workers Welfare Fund contribution has not been affected by the Judgment passed by the larger bench of SHC.

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF amounting to Rs. 8.933 million (30 June 2013: Rs. 8.933 million) up to 30 September 2013 . If the same were not made the NAV per unit would be higher by Rs. Nil.

## **11. TAXATION**

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realized or unrealized is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains / loss to the unit holders. The Management Company intends to distribute sufficient accounting income of the Fund for the year ending 30 June 2014 in order to comply with the above stated clause to enjoy the tax exemption. Accordingly, no tax provision has been made in these condensed interim financial statements for the three months and quarter ended 30 September 2013.

## **12. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

Connected persons / related parties include Alfalah GHP Investment Management Limited being the Management Company, Funds under management of the Management Company, GHP Arbitrium AG, Bank Alfalah Limited and MAB Investment Incorporated being associated companies of Management Company, Bank Alfalah Limited - Employees' Provident Fund, Bank Alfalah Limited - Employees' Gratuity Fund, Alfalah GHP Investment Management Limited - Staff Provident Fund ,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, at contractual rates and terms determined in accordance with market rates.

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

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

|   | 30 September<br>2013<br>(Unaudited) | 30 June<br>2013<br>(Audited) |
|---|-------------------------------------|------------------------------|
| <b>Alfalalah GHP Investment Management Limited - Management Company</b> |                                     |                              |
|   | ----(Rupees in '000)----            |                              |
| Balance at beginning of the period / year                               | 1,258                               | 841                          |
| Remuneration for the period / year                                      | 2,740                               | 9,876                        |
| Federal Excise Duty on Management Fee                                   | 438                                 | 94                           |
| Sales tax on Management fee for the period / year                       | 509                                 | 1,595                        |
|   | 4,507                               | 12,406                       |
| Amount paid during the period / year                                    | (2,887)                             | (11,148)                     |
| Balance at the end of the period / year                                 | <u>1,620</u>                        | <u>1,258</u>                 |
| <b>Central Depository Company of Pakistan Limited</b>                   |                                     |                              |
| Balance at beginning of the period / year                               | 112                                 | 77                           |
| Remuneration for the period / year                                      | 274                                 | 988                          |
| CDS Charges for the period / year                                       | 49                                  | 111                          |
|   | 323                                 | 1,176                        |
| Amount paid during the period / year                                    | (237)                               | (1,064)                      |
| Balance at the end of the period / year                                 | <u>198</u>                          | <u>112</u>                   |
| Deposit with Central Depository Company of Pakistan Limited             | <u>100</u>                          | <u>100</u>                   |
| <b>Bank Alfalah Limited</b>   |                                     |                              |
|   | ----(Rupees in '000)----            |                              |
| Profit on deposit accounts during the period / year                     | 1,836                               | 4,011                        |
| Balance in deposit accounts during the period / year                    | 121,400                             | 94,973                       |
| Bank charges during the period / year                                   | 5                                   | 22                           |
| Mark up receivable on bank deposits during the period / year            | 613                                 | 6                            |
| <b>Wateen Telecom Limited</b>   |                                     |                              |
|   | 30 September 2013 (Unaudited)       |                              |
|   | (No. of shares)                     | (Rs. in '000)                |
| Investment held by fund   | <u>353,253</u>                      | <u>1,589</u>                 |
|   | 30 June 2013 (Audited)              |                              |
|   | (No. of shares)                     | (Rs. in '000)                |
|   | 353,253                             | 1,522                        |
| <b>Bank Alfalah Limited</b>   |                                     |                              |
| Capital gain / (loss) on sale of investment                             | <u>2,226,500</u>                    | <u>4753</u>                  |
|   | 1,326                               | (195)                        |
| <b>Units held by:</b>   |                                     |                              |
|   | ----(Rupees in '000)----            |                              |
| Bank Alfalah Limited  | 2,890                               | 2,890                        |
| MAB Investment Incorporated   | 2,210                               | 2,210                        |
| GHP Arbitrium AG  | 1,179                               | 1,179                        |
| Bank Alfalah Limited - Employees' Provident Fund                        | 885                                 | 885                          |
| Bank Alfalah Limited - Employees' Gratuity Fund                         | 758                                 | 758                          |
| <b>Dividend paid to:</b>  |                                     |                              |
|   | ----(Rupees in '000)----            |                              |
| Bank Alfalah Limited  | -                                   | 31,122                       |

### 13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using 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: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

|  | 30 September 2013 (Unaudited) |          |          |                |
|--|-------------------------------|----------|----------|----------------|
|  | Level 1                       | Level 2  | Level 3  | Total          |
|  | ----- (Rupees in '000) -----  |          |          |                |
| <b>Financial assets 'at fair value through profit or loss'</b>             |                               |          |          |                |
| - Equity securities  | 384,365                       | -        | -        | 384,365        |
| - Derivative financial instrument<br>(Unrealised gain on letter of rights) | 2,447                         |          |          | 2,447          |
|  | <u>386,816</u>                | <u>-</u> | <u>-</u> | <u>386,816</u> |

There have been no transfers to or from above levels during the period.

In accordance with Circular No. 33 of 2012 issued by SECP, all traded debt securities are valued on the basis of their volume weighted average price during the last 15 days while thinly traded and non traded debt securities are valued using a valuation methodology devised by MUFAP which use variables including yields on government securities, Karachi Inter Bank Offer Rates and credit ratings. As the valuation techniques use inputs from observable market data, these securities are classified as Level 2. Rates for non-performing securities, however, are not quoted by MUFAP and are valued using the provisioning criteria prescribed by the abovementioned circular and are hence classified as Level 3.

Therefore, default on installment amounts by investee companies results in transfer into Level 3 while subsequent classification of a defaulting security as performing will result in transfer from Level 3 to Level 2.

### 14. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 31 October 2013 by the Board of Directors of Management company.

### 15. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

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

\_\_\_\_\_  
Director