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FUND'S INFORMATION

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



MISSION STATEMENT

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

VISION STATEMENT

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

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

To our valued Unit Holders,

The Board of Directors of Alfalah GHP Investment Management Limited is pleased to present you the Annual Report of Alfalah GHP Sovereign Fund for the year ended June 30, 2014.

FY14 Economic Review & Outlook

Economic indicators during FY14 have shown improvement with GDP growing by 4.1%, fiscal deficit remaining within the budgeted target of 5.8% and Forex reserves clocking in at USD14bn compared to USD8bn at 1HFY14 end. The numbers indicate that the government has undertaken some economic reforms; however, the pace of reforms has been slower than required as highlighted by IMF in its latest quarterly report.

Privatization and Reform Underway

One key positive in the reform process has been a restart of the privatization program with secondary public offerings (SPO) of both UBL and PPL. It is expected that additional secondary offerings are in the pipeline with financial advisors for OGDC's international GDR issuance already appointed, while work has commenced for government shareholdings in HBL and ABL banks.

Budgetary Growth Targets

Going forward the government has set a GDP growth target of 5.1% for FY15 representing an incremental 1% growth over FY14 and a 7% GDP growth target for FY17. On the budgetary front, higher tax collection and medium term tax-GDP targets seem optimistic although somewhat concrete measures have been announced to broaden the tax net and focus on direct/indirect taxation methods seems progressive. It does appear that the government is attempting to tackle some key issues; however, actual results will depend on execution of reform process. Further, the continuity of policies is key factor in achieving long term goals of the government; however, the current political noise and resulting political uncertainty has the potential to negatively affect the outcome.

Balance of Payments and PKR

FY14 current account deficit (CAD) number stood at USD2.9bn as opposed to USD2.5bn witnessed in the corresponding period last year (CPLY). The main cause for this higher CAD is the shortfall in Coalition Support Fund (CSF) receipts. This has been offset in the overall balance of payment position due to improvement witnessed in both capital and financial account. Capital account during FY14 stood at US1.8bn versus USD0.3bn in the CPLY mainly due to USD1.5bn grant received from Saudi Arabia. Higher bilateral financing and launch of Euro bond has resulted in financial account head augmenting to USD5.2bn versus mere USD0.6bn in the CPLY. The bulk of repayments to IMF from the previous SBA loan has been made, and in FY15, receipts from current EFF loan will cover the projected repayments. The net impact of the balance of payments improvement has been a hefty appreciation in the PKR of 7% in 3QFY14, making it one of the best performing currencies in the world during CY14. Since then, the PKR has remained relatively stable between PKR 98.50 - 99.50.

Inflation and Interest rates

Cumulative CPI number for FY14 stood at 8.6% which is higher as compared to 7.4% witnessed in FY13. However, compared to previous five years average inflation (FY09-FY13) of 10.5%, FY14's inflation number reflect an overall lower rate of inflation than has been witnessed in the past.

For FY15, the government has set CPI target of 8.0%, which would be an uphill task given the subsidy reduction (electricity & gas tariff hike) and additional taxation measures enforced in the budget. We foresee subdued inflation during the first half of coming fiscal year on the basis of a higher base effect, and it is likely to jump in the later half due to a hike in energy tariffs, and higher direct/indirect taxes. We do not foresee lower interest rates from current levels. In the past, the regulator has always adopted a hawkish stance in the presence of a depreciating currency and high inflation. Since the currency seems to have stabilized and inflation may remain within Government's targeted range, the probability of a rate hike is likely to resurface only in the later half of upcoming fiscal year.

Equity Market:

The equity market maintained its upward drive in FY14 with the KSE-100 index giving a return of 41%. This follows the 52% return witnessed in FY13 bringing total absolute return over 24 months to 115%. The stock market in FY14 continued to re-rate on the back of positive economic news and continued foreign flows in the bourses amid doubling of Pakistan's weight in MSCI Frontier Market Index. Forex reserves rebounded after a multi-year low, post re-entry in IMF program, successful Euro bond offering, higher financial aid and resumption of multilateral funding. Resultantly the PKR witnessed strong appreciation at the end of 3QFY14 and stayed steady thereon. Decline in headline inflation along with improving macro-economic indicators resulted in consistent foreign portfolio investment. Further interest in the market developed with the secondary offerings of UBL and PPL. UBL in particular was able to attract strong foreign interest. FY14 also saw KSE-All Share volumes augment by 7% YoY to average 216mn shares per day, while in contrast, the value traded increased by a higher 51% YoY to PKR8.7bn indicating a broad based rather than select stock/blue chip rally.

Should the privatization process continue at this pace we can expect to see continued participation in the stock market from both domestic and foreign investors. Additionally corporate earnings will continue to dictate the price level of the KSE100 Index.

Money Market:

Higher inflation numbers and rise in the discount rate from 9% to 10% during 1st half of the year under review pushed money market yields upwards. The government's rising need for liquidity resulted in higher than targeted borrowing from scheduled banks. Despite stable interest rates during rest of the year, financial institutions benefitted from high yields on government bonds due to hefty demand from the government. Participation in PIB auctions was exceptionally strong due to attractive rates across all tenors in particular the 2 to 3 year government bond.

The corporate bond market was also relatively active with new issues being floated in the market by corporates along with increased interest from participants. Demand for higher rated corporate bonds and sukuks especially those issued by financial institutions remained high.

The Islamic bond market witnessed considerable maturities which widened the gap between demand and supply and increased demand for Islamic instruments. Total Government Sukuk issuance was 49.54 bn in the Ijarah auction held in June'14.

The outlook for FY15 could be somewhat different. Lower inflation numbers during 1HFY15 may keep the current discount rate unchanged; however, this is likely to be challenged in the later half where higher expected inflation may prompt the State Bank to turn decidedly hawkish. This would make the challenge of economic growth revival tougher over FY15 although it may lend further stability to the currency. We expect secondary market yields to remain stable with an upward bias over 2HFY15.

Overall outlook

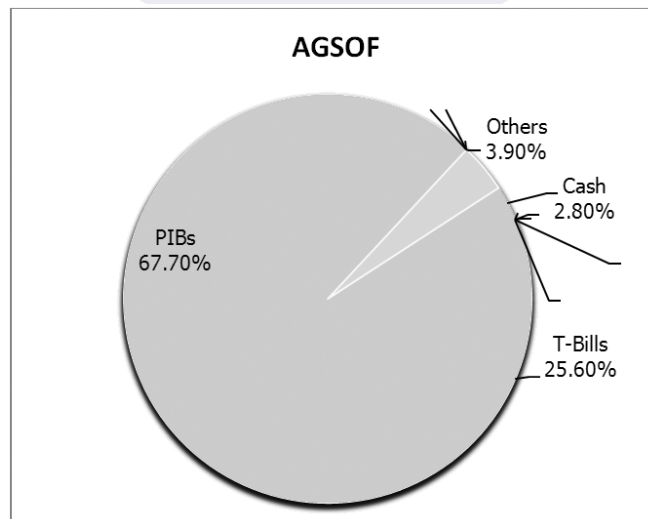
Political stability and a faster pace of economic reform will be key elements of the government's strategy to revive GDP growth over FY15. Significant issues remain unresolved and to a certain level unaddressed - in particular structural issues within the power sector, pace of tax collection and a general reluctance to widen the tax net will all filter into weaker economic growth and a miss in key budgetary targets. Positive developments on the external front need to be matched with stronger revenue generation on the internal side so that the economy may re-rate to an overall better level of growth.

FUND PERFORMANCE AND REVIEW

Alfalah GHP Sovereign Fund: Fund Operations and Performance

The Fund was launched during year on May 10, 2014. The size of the Fund was Rs 514 million at June 30, 2014. The Fund posted a return of 8.70% for the period ended June 30, 2014. During the same period the benchmark return (70% 6M T-Bills + 30% 6M deposit rates) was 9.11%. However this reflects only 51 days since the inception of the fund. Since then, the fund has generated a far stronger return in lieu of investments in treasury bonds with a 10.31% return since FY15 YTD significantly outpacing the benchmark by 1.19%. With our view of a stable interest rate, the fund's investment strategy is focused towards longer tenure government papers which offer a higher yield in addition to the potential for gains if interest rates ease off.

PACRA has assigned rating at "AA-" to the fund.



Payout

At the end of the year under review, the fund paid out cash dividend of Rs.1.1641 per unit translating into 1.1634 bonus units for every 100 units held. This is 95% payout of total earnings as per NBFC regulations

Future Outlook

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

The Management Company is committed to maintain the highest standards of Corporate Governance. Accordingly, the Board of Directors states that:

- a) Financial Statement represents fairly the state of affairs of funds under management of Alfalah GHP Investment Management Limited, the results of their operations, cash flow and the changes in Unit-holders funds.
- b) Proper books of accounts have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon Funds under management of Alfalah GHP Investment Management Limited's ability to continue as a going concern except for IGI Aggressive Income Fund for which appropriate disclosure is given in note # 1.2 to the Financial Statements of the Fund.
- g) There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.
- h) The summary of key financial data is given in annexure (A) to these financial statements.
- i) Details of meetings of the Board of Directors held and the attendance of each director for these meetings are given in note # (iv.) of supplementary non financial information of this annual report.
- j) The pattern of unit holding is given in note # (i.) of supplementary non financial information of this annual report.
- k) The number of units of the Fund held by the Chief Executive, directors, executives and their spouses as at June 30, 2014 as given in note # 17.1
- l) Summary of units acquired/ redeemed during the year by the Chief Executive, director, executives and their spouses during the year ended June 30, 2014 is given in note # 17.1;

Board of Directors

Name of Director	Designation	Meetings Held	Attended	Leave Granted
Syed Ali Sultan	Chairman	8	7	61ST
Mr. Amin Dawood Saleh	Director	8	8	-
Mr. Kashif Abdur Rahman	Director	4	3	55th BOD
Mr .David Burlison	Director	8	6	56th & 61st
Mr. Suleman Hudda	Director	4	-	54th,55th, 56th, 57th BOD
Mr. Hanspeter Beier	Director	8	4	54th, 56th, 60th, 61st BOD
Mr. Abdul Aziz Anis	Chief Executive Officer	2	2	-
Ms. Maheen Rahman	Chief Executive Officer	6	6	-
Mr. Abid Naqvi	Director	4	4	-
Mr. Asif Saad	Director	4	2	59th & 60th BOD

Change in Board Members during the period

Name	Designation	Appointed	Resigned
Ms. Maheen Rahman	Chief Executive Officer	Appointed	
Mr. Abid Naqvi	Director	Appointed	
Mr. Asif Saad	Director	Appointed	
Mr. Suleman Hudda	Director	-	Resigned
Mr. Kashif Abdur Rahman	Director	-	Resigned
Mr. Abdul Aziz Anis	Chief Executive Officer	-	Resigned

The Board places on record their thanks and appreciation to outgoing Directors for their valuable contributions in the progress of the Company.

Audit Committee Meetings

Below are the detail of Audit Committee meetings held during the period and attendance of Audit Committee Members.

Member	Meetings Held	Meetings Attended
Mr. Kashif Abdur Rahman	3	3
Mr. Abid Naqvi	3	3
Syed Ali Sultan	6	6
Mr. Amin Dawood Saleh	6	6

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

27 August 2014
Karachi

Maheen Rahman
Chief Executive

REPORT OF THE FUND MANAGER

Type of Fund

Open-end Scheme

Category of Fund

Income Scheme

Investment Objective

The objective of the AGSOF is to deliver optimal risk adjusted returns by investing mainly in mix of short to long term Government Securities and other debt Instruments

Accomplishment of Objective

The Fund has achieved its objective of generating regular income by investing in low-medium duration fixed income instruments within the guidelines provided under NBFC rules.

Fund performance review and strategies employed

The Fund was launched during year on May 10, 2014. The size of the Fund was Rs 514 million at June 30, 2014. The Fund posted a return of 8.70% for the period ended June 30, 2014. During the same period the benchmark return (70% 6M T-Bills + 30% 6M deposit rates) was 9.11%. However this reflects only 51 days since the inception of the fund. Since then, the fund has generated a far stronger return in lieu of investments in treasury bonds with a 10.31% return since FY15 YTD significantly outpacing the benchmark by 1.19%. With our view of a stable interest rate, the fund's investment strategy is focused towards longer tenure government papers which offer a higher yield in addition to the potential for gains if interest rates ease off.

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

Review of the market invested in

Higher inflation numbers and rise in the discount rate from 9% to 10% during 1st half of the year under review pushed money market yields upwards. The government's rising need for liquidity resulted in higher than targeted borrowing from scheduled banks. Despite stable interest rates during rest of the year, financial institutions benefitted from high yields on government bonds due to hefty demand from the government. Participation in PIB auctions was exceptionally strong due to attractive rates across all tenors in particular the 2 to 3 year government bond.

The corporate bond market was also relatively active with new issues being floated in the market by corporates along with increased interest from participants. Demand for higher rated corporate bonds and sukuk especially those issued by financial institutions remained high.

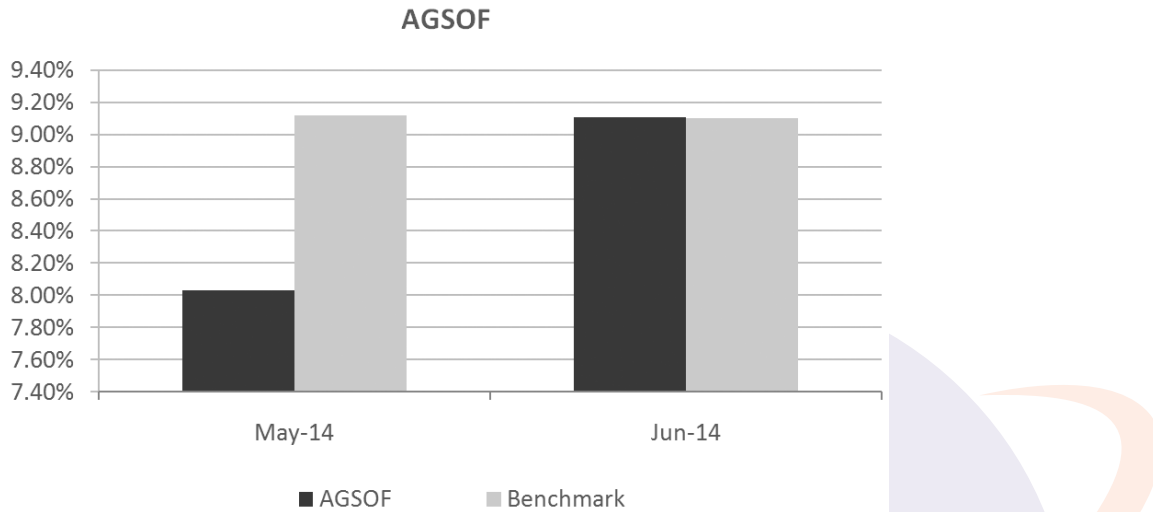
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The outlook for FY15 could be somewhat different. Lower inflation numbers during 1HFY15 may keep the current discount rate unchanged; however, this is likely to be challenged in the later half where higher expected inflation may prompt the State Bank to turn decidedly hawkish. This would make the challenge of economic growth revival tougher over FY15 although it may lend further stability to the currency. We expect secondary market yields to remain stable with an upward bias over 2HFY15.

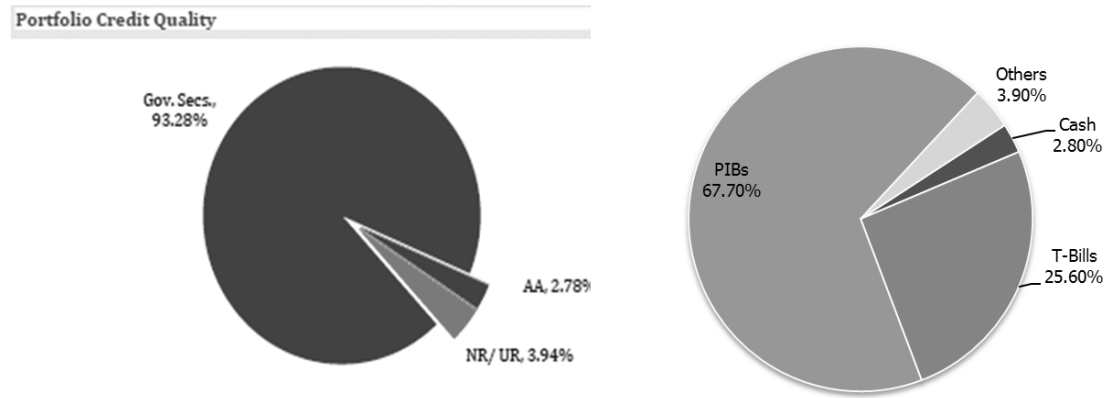
Benchmark

The Fund's benchmark is 70% 6M T-Bill + 30% 6M DR (3 "AA-" or above Banks).

Performance comparison with Benchmark



Assets Allocation/Portfolio quality



Significant changes in Assets Allocation during the period

AGSOF has targeted its allocation to build a strong PIBs portfolio based on the current interest rate outlook. Subsequently, all other exposures were accordingly adjusted in order to assist the bottom line.

Distribution

At the end of the year under review, the fund paid out cash dividend of Rs.1.1641 per unit translating into 1.1634 bonus units for every 100 units held. This is 95% payout of total earnings as per NBFC regulations

Significant changes in the state of the affairs

There were no significant changes in the state of affairs during the period under review.

Breakdown of unit holdings by size

Holdings	No. of unit holder	Investment Amount
PkR 01 to 100,000	1	98,805
PkR 100,000 to 1,000,000	5	3,095,859
PkR 1,000,000 to 10,000,000	2	11,855,846
PkR 10,000,000 and above	7	498,896,878
Total:	15	513,947,388

Unit Splits

There were no unit splits during the period.

Circumstances materially affecting the interest of unit holders

Any significant change in market rates of the instruments invested in and any significant change in the credit profile of the counterparties can materially affect the interest of unit holders.

Fund Manager

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

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shakra-e-Faisal
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com

**TRUSTEE REPORT TO THE UNIT HOLDERS****ALFALAH GHP SOVEREIGN FUND****Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of
the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We Central Depository Company of Pakistan Limited, being the Trustee of Alfalah GHP Sovereign Fund (the Fund) are of the opinion that Alfalah GHP Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the period May 10, 2014 to June 30, 2014 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.



Aftab Ahmed Diwan
Officiating Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: October 21, 2014



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2014

This statement is being presented to comply with the Code of Corporate Governance ("the Code") contained in Regulation No. 35 of the listing regulations of the Lahore Stock Exchange Limited ("the Exchange") for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Management Company has applied the principles contained in the CCG in the following manner:

1. The Management Company encourages representation of independent, executive and non-executive directors. At present, the Board includes:

Category	Names
Executive Director	Ms. Maheen Rahman (deemed director u/s 200 of Companies Ordinance, 1984)
Independent Directors	Mr. Asif Saad Mr. Abid Naqvi
Non-Executive Directors	Mr. Syed Ali Sultan Mr. David Burlison Mr. Hanspeter Beier Mr. Amin Dawood Saleh Mr. Asif Saad Mr. Abid Naqvi

The independent directors meets the criteria of independence under clause i (b) of the Code.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Management Company.
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year two casual vacancies occurred on the Board on 05 December 2013 which have been filled by the directors on 16 December 2013.
5. The Management Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which these were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), other executive and non-executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before such meetings except for the 56th, 57th and 58th Board meetings. The minutes of the meetings were appropriately recorded and circulated.

9. Three directors have obtained certification under the 'Board Development Series' program conducted by Institute of Corporate Governance.
10. The Board has approved appointment of CFO and Company Secretary, including their remuneration and terms and conditions of employment. However, CFO has resigned from its position on March 28, 2014.
11. The Directors' Report of the Fund for the year ended 30 June 2014 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by the CEO and CFO of the Management Company before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the units of the Fund other than those disclosed in the Directors' Report, pattern of unit holding and notes to the financial statements.
14. The Fund has complied with all the applicable corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors of the Management Company, including the Chairman of the Committee who is an independent director. However during the period, the CFO was the secretary of the Audit Committee.
16. The meetings of the Audit Committee were held once in every quarter and prior to the approval of interim and final results of the Fund as required by the Code. The terms of reference of the Audit Committee have been approved in the meeting of the Board and the Committee has been advised to ensure compliance with those terms of reference.
17. The Board has formed Human Resource and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the Committee is a non-executive director. However, the appointment of the CEO, CFO, and Head of Internal Audit was not considered by the Human Resource and Remuneration Committee prior to approval by the Board.
18. The board has outsourced the internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partner of the firm, their spouse and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the Net asset value of Fund, was not determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through the Exchange.
23. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

Karachi, _____

Maheen Rahman
Chief Executive Officer

REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of Alfalah GHP Investment Management Limited (the Management Company) of **Alfalah GHP Sovereign Fund** (the Fund) for the year ended **30 June 2014** to comply with the said Code.

The responsibility for compliance with the Code is that of the Board of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Management Company's compliance with the provisions of the Code in respect of the Fund and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval the Fund's related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended 30 June 2014.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph references where these are stated in the Statement:

Paragraph Reference	Description
8	The notices alongwith the agendas of 56th, 57th and 58th Board of Directors' meeting were not circulated atleast seven days before such meetings.
15	The Chief Financial Officer acted as secretary to the Audit Committee in all its meetings conducted during the year.
17	The appointment of the Chief Executive Officer, Chief Financial Officer and Head of Internal Audit was not considered by the Human Resource and Remuneration Committee prior to approval by the Board of Directors.
21	The 'closed period' was not determined and intimated to directors, employees and stock exchange.

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Alfalah GHP Sovereign Fund** (the Fund), which comprise the statement of assets and liabilities as at **30 June 2014** and the related statements of income, comprehensive income, distribution, cash flows and movement in unit holders' fund for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of approved accounting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at **30 June 2014** and of its financial performance, cash flows and transactions for the period then ended in accordance with approved accounting standards as applicable in Pakistan.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Chartered Accountants

Audit Engagement Partner: Shabbir Yunus

August 27, 2014
Karachi

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2014

	Note	June 30, 2014 --- (Rupees) ---
Assets		
Bank balances	4	14,399,080
Investments	5	482,498,294
Deferred formation cost	6	1,864,792
Mark-up receivable	7	18,307,359
Prepayments		<u>188,657</u>
Total assets		517,258,182
Liabilities		
Payable to the Management Company	8	2,594,842
Remuneration payable to the Trustee	9	63,125
Annual fee payable to Securities and Exchange Commission of Pakistan	10	52,937
Provision for Workers' Welfare Fund	11	126,497
Accrued and other liabilities	12	473,393
Total liabilities		<u>3,310,794</u>
Net assets attributable to unit holders		<u>513,947,388</u>
Unit holders' funds (as per statement attached)		<u>513,947,388</u>
Contingencies and commitments	13	(Number of units)
Number of units in issue		<u>5,135,626</u>
Net assets value per unit		--- (Rupees) --- <u>100.0749</u>

The annexed notes from 1 to 21 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited
(Management Company)

Chief Executive

Director

INCOME STATEMENT

FOR THE PERIOD FROM MAY 10, 2014 TO JUNE 30, 2014

		From May 10, 2014 to June 30, 2014	
	Note	--- (Rupees) ---	
Income			
Interest income on bank deposits		1,155,981	
Income on Government securities - 'at fair value through profit or loss - held-for-trading'		6,288,837	
Net loss on sale of investments classified as 'at fair value through profit or loss - held-for-trading'		(593,436)	
Net unrealised diminution in fair value of investments classified as 'at fair value through profit or loss - held-for-trading'		(427,058)	
Amortisation of discount		208,958	
Total income		6,633,282	
Expenses			
Remuneration to the Management Company		705,692	
Sales tax on management fee		112,911	
Federal excise duty on management fee	14	130,970	
Remuneration to the Trustee		105,853	
Annual fee to the Securities and Exchange Commission of Pakistan		52,937	
Brokerage expense		70,903	
Bank charges		9,087	
Amortisation of deferred formation cost		54,631	
Auditors' remuneration	15	151,107	
Annual listing fee		2,850	
Annual rating fee		28,494	
Printing charges		25,000	
Provision for Workers' Welfare Fund	11	126,497	
Total expenses		1,576,932	
Net income from operating activities		5,056,350	
Element of income and capital gains included in prices of units sold less those in units redeemed		1,142,021	
Net income for the period before taxation		6,198,371	
Taxation	16	-	
Net income for the period after taxation		6,198,371	

The annexed notes from 1 to 21 form an integral part of these financial statements.

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

Chief Executive

Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM MAY 10, 2014 TO JUNE 30, 2014

	From May 10, 2014 to June 30, 2014 --- (Rupees) ---
Net income for the period	6,198,371
Other comprehensive income during the period	-
Total comprehensive income for the period	<u>6,198,371</u>

The annexed notes from 1 to 21 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited
(Management Company)

Chief Executive

Director

DISTRIBUTION STATEMENT FOR THE PERIOD FROM MAY 10, 2014 TO JUNE 30, 2014

	From May 10, 2014 to June 30, 2014 --- (Rupees) ---
Total comprehensive income for the period	6,198,371
Interim distribution of bonus @ 1.1634 units for every 100 units held, approved on: June 30, 2014	(3,518,321)
Interim distribution of cash dividend @ 1.1641 per unit held, approved on: June 30, 2014	(2,302,807)
Undistributed income carried forward at end of the period	
- Realised gains	804,301
- Unrealised losses	(427,058)
	377,243

The annexed notes from 1 to 21 form an integral part of these financial statements.

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

Chief Executive

Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE PERIOD FROM MAY 10, 2014 TO JUNE 30, 2014

	From May 10, 2014 to June 30, 2014 --- (Rupees) ---
Amount realised on issuance of 8,100,465 units	813,902,909
Issuance of 35,161 bonus units	3,518,321
Amount paid / payable on redemption of 3,000,000 units	<u>(302,709,064)</u>
	514,712,166
Element of income and capital gains included in prices of units sold less those in units redeemed - net	(1,142,021)
Net unrealised diminution in fair value of investments classified as 'at fair value through profit or loss - held-for-trading'	(427,058)
Others	6,625,429
Total comprehensive income for the period	6,198,371
Interim distribution of bonus units	(3,518,321)
Interim distribution of cash dividend	(2,302,807)
	(5,821,128)
Net assets at end of the period	513,947,388

The annexed notes from 1 to 21 form an integral part of these financial statements.

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

Chief Executive

Director

STATEMENT OF CASH FLOWS FOR THE PERIOD FROM MAY 10, 2014 TO JUNE 30, 2014

	From May 10, 2014 to June 30, 2014 --- (Rupees) ---
CASH FLOWS FROM OPERATING ACTIVITIES	
Net income for the period	6,198,371
Adjustments for:	
Amortization of deferred formation cost	54,631
Provision for Workers' Welfare Fund	126,497
Net unrealised diminution in fair value of investments classified as 'at fair value through profit or loss - held-for-trading'	427,058
Element of income and capital gains included in prices of units sold less those in units redeemed	(1,142,021)
	5,664,536
Increase in assets	
Investments - net	(482,925,352)
Deferred formation cost	(1,919,423)
Mark-up receivable	(18,307,359)
Other assets	(188,657)
Payable to the Management Company	2,594,842
Remuneration payable to the Trustee	63,125
Annual fee to the Securities & Exchange Commission of Pakistan	52,937
Accrued and other liabilities	473,393
	(500,156,494)
Net cash used in operating activities	(494,491,958)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of units (including units issued to core and pre-IPO investors against accrued interest before initial period)	813,902,909
Payment against redemption of units	(302,709,064)
Payment against dividend	(2,302,807)
Net cash generated from financing activities	508,891,038
Cash and cash equivalents at end of the period	14,399,080

The annexed notes from 1 to 21 form an integral part of these financial statements.

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

Chief Executive

Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD MAY 10, 2014 TO JUNE 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

Alfalah GHP Sovereign Fund (the Fund) was constituted under Trust Deed dated April 21, 2014 between Alfalah GHP Investment Management Limited (AGIML) as Management Company, incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust deed was registered with Sub-Registrar on May 06, 2014.

The Management Company of the Fund has been licensed by SECP to act as an Asset Management Company under NBFC Rules. The registered office of the Management Company is situated at 8th Floor, Executive Tower, Dolmen Mall, Block-4, Clifton, Karachi.

The Fund was registered by the Securities and Exchange Commission of Pakistan (SECP) as a Notified Entity under Regulation 44 of the Non Banking finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) vide its letter No. SCD/AMCW/IGIFL/261/2012 dated September 11, 2012 and Offering Document was approved by SECP under Regulation 54 of the NBFC Regulations, vide its letter No. SCD/AMCW/DD-ZRK/AFGIML/961/2014 dated April 21, 2014.

The Fund is an open end mutual fund and is listed on Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned 'AM3+'(Outlook: Positive) to the Management Company in its rating report dated June 20, 2014 and AA-(f) to the Fund in its rating report dated May 22, 2014.

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

2. BASIS OF PRESENTATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise their judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in application of accounting policies principally relate to classification and valuation of investments and impairment thereagainst (note 3.2, 3.3 and 5).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Financial instruments

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

a) Financial instruments at fair value through profit or loss

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

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

b) Available-for-sale

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

c) Loans and receivables

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

d) Financial liabilities

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

Recognition

The Fund recognizes financial assets and financial liabilities on the date when it becomes a party to the contractual provisions of the instrument. A regular way purchase of financial assets is recognized using

trade date accounting. From this date, any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

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

Measurement

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

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

Fair value measurement principles

Basis of valuation of Quoted Equity Securities

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

3.2 Impairment

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

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

3.3 Derecognition

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

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

3.4 Unit holders' fund

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

3.5 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset

value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to investment facilitators, distributors and the Management Company.

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

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

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

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

3.7 Provisions

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

3.8 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and are being amortised over a period of five years commencing from September 10, 2008 as per Trust Deed of the Fund.

3.9 Net asset value per unit

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

3.10 Earnings per unit

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

3.11 Taxation

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

3.12 Offsetting of financial instruments

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

3.13 Revenue recognition

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

3.14 Expenses

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

3.15 Cash and cash equivalents

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

3.16 Dividend distribution and appropriations

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

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

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

Standard, interpretation or amendment	Effective date (accounting periods beginning on or after)
IFRS 10 – Consolidated Financial Statements	January 01, 2015
IFRS 11 – Joint Arrangements	January 01, 2015
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 – Fair Value Measurement	January 01, 2015
IAS 16 & 38 – Clarification of Acceptable Method of Depreciation and Amortization	January 01, 2016
IAS 16 & 41 – Agriculture: Bearer Plants	January 01, 2016
IAS 19 - Employee Contributions	July 01, 2014
IAS 32 – Offsetting Financial Assets and Financial liabilities – (Amendment)	January 01, 2014
IAS 36 – Recoverable Amount for Non-Financial Assets – (Amendment)	January 01, 2014

Standard, interpretation or amendment	Effective date (annual periods beginning on or after)
IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting – (Amendment) (see note 3 below)	January 01, 2014
IFRIC 21 – Levies	January 01, 2014

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

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

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

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

Standard	Effective date (annual periods beginning on or after)
	June 30, 2014
	-- (Rupees) --
4. BANK BALANCES	Note
Deposit accounts	4.1 <u>14,399,080</u>

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

5. INVESTMENTS	Note	June 30, 2014 -- (Rupees) --
Financial asset at fair value through profit or loss - held-for-trading		
Treasury bills	5.1	132,265,234
Pakistan Investment Bonds (PIBs)	5.2	350,233,060
		<u>482,498,294</u>

5.1 Treasury Bills

Issue Date	Maturity date	Yield	Purchased during the year	Sold / matured during the year	As at June 30, 2014	Cost as at June 30, 2014	Carrying amount as at June 30, 2014	Market value as at June 30, 2014	Net assets on the basis of market value	Total investment on the basis of market value
			----- (No. of Certificates) -----			----- (Rupees) -----			----- (%) -----	
Treasury bills having face value of Rs.100 each										
15-May-14	14-May-15	9.98%	900,000	900,000	-	-	-	-	-	-
15-May-14	7-Aug-14	9.96%	1,100,000	1,100,000	-	-	-	-	-	-
29-May-14	21-Aug-14	9.96%	250,000	100,000	150,000	14,582,687	14,795,094	14,795,236	2.88%	3.07%
12-Jun-14	4-Sep-14	9.96%	500,000	500,000	-	-	-	-	-	-
26-Jun-14	18-Sep-14	9.96%	1,200,000	-	1,200,000	117,312,000	117,467,355	117,469,998	22.86%	24.35%
			3,950,000	2,600,000	1,350,000	131,894,687	132,262,449	132,265,234		

5.2 Pakistan Investment Bonds (PIBs)

Issue Date	Maturity date	Yield	Purchased during the year	Sold / matured during the year	As at June 30, 2014	Cost as at June 30, 2014	Carrying amount as at June 30, 2014	Market value as at June 30, 2014	% of net assets on the basis of market value	% of total investment on the basis of market value
			----- (No. of Certificates) -----			----- (Rupees) -----			----- (%) -----	
PIBs having face value of Rs.100 each										
18-Jul-13	18-Jul-18	12.40%	500,000	500,000	-	-	-	-	-	-
18-Jul-13	18-Jul-16	11.74%	500,000	500,000	-	-	-	-	-	-
18-Jul-13	18-Jul-16	11.78%	1,000,000	-	1,000,000	98,970,800	99,031,330	98,657,200	19.20%	20.45%
18-Jul-13	18-Jul-16	11.77%	500,000	-	500,000	49,497,750	49,526,684	49,328,600	9.60%	10.22%
18-Jul-13	18-Jul-16	12.08%	250,000	-	250,000	24,605,000	24,624,880	24,664,300	4.80%	5.11%
18-Jul-13	18-Jul-16	12.07%	200,000	-	200,000	19,690,000	19,705,600	19,731,440	3.84%	4.09%
18-Jul-13	18-Jul-16	12.05%	200,000	-	200,000	19,698,000	19,713,200	19,731,440	3.84%	4.09%
18-Jul-13	18-Jul-16	12.04%	150,000	-	150,000	14,779,230	14,786,844	14,798,580	2.88%	3.07%
18-Jul-13	18-Jul-16	12.09%	250,000	-	250,000	24,620,000	24,625,952	24,664,300	4.80%	5.11%
18-Jul-13	18-Jul-16	12.00%	500,000	-	500,000	49,324,000	49,328,455	49,328,600	9.60%	10.22%
18-Jul-13	18-Jul-16	12.01%	500,000	-	500,000	49,316,350	49,319,958	49,328,600	9.60%	10.22%
			4,550,000	1,000,000	3,550,000	350,501,130	350,662,903	350,233,060		

	Note	June 30, 2014 -- (Rupees) --
6. DEFERRED FORMATION COST		
Formation cost incurred		1,919,423
Amortised to the income statement during the period		<u>(54,631)</u>
Unamortised cost at the end of the period		<u><u>1,864,792</u></u>

This represents expenses incurred on the formation of the Fund. The offering document of the Fund, approved by the Securities and Exchange Commission of Pakistan, permits the deferral of the cost over a period not exceeding five years. Accordingly the said expenses are being amortised over a period of five years effective from May 10, 2014, i.e. after the end of initial period of the Fund.

7. MARK-UP RECEIVABLE

Bank balances	362,840
Pakistan investment bonds	<u>17,944,519</u>
	<u><u>18,307,359</u></u>

8. PAYABLE TO MANAGEMENT COMPANY

Remuneration payable to the Management Company	8.1	420,834
Sales tax payable on management fee		112,911
Federal excise duty on management fee	14	85,396
Formation cost payable		1,919,423
Sales load payable		6,278
Other payables		50,000
		<u><u>2,594,842</u></u>

- 8.1** The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, of an amount not exceeding three percent per annum of the average daily net assets of the Fund during first five years of the Fund's existence and thereafter an amount equal to two percent per annum of such assets of the Fund. Currently, the Management Fee is charged @ 1% of the average daily net assets of the Fund.

9. REMUNERATION PAYABLE TO THE TRUSTEE

The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed, calculated at the rate 0.2% per annum on amount up to Rs.1 billion of the daily average net assets of the Fund or Rs.0.7 million, whichever is higher, and Rs.2 million plus 0.10% p.a. of NAV exceeding Rs.1,000 million when daily average net assets of the Fund exceed Rs.1 billion. Remuneration to the Trustee has been calculated after the end of initial period (i.e. May 10, 2014).

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

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) in accordance with Regulation 62 of the NBFC Regulations, 2008, whereby the Fund is required to pay

SECP an amount at the rate of 0.075% of the average daily net assets of the Fund. Annual fee to the SECP has been calculated after the end of initial period (i.e. May 10, 2014).

11. PROVISION FOR WORKERS' WELFARE FUND

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

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

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

In view of the uncertainty on the applicability of WWF to mutual funds, the Management Company as a matter of prudence, has decided to make the provision for WWF amounting to Rs.0.126 million up to June 30, 2014. Had the provision not been made, the NAV per unit would have been higher by Rs.0.02 (0.02%) per unit.

12. ACCRUED AND OTHER LIABILITIES

	June 30, 2014
Capital gains tax payable	270,906
Auditors' remuneration	151,107
Brokerage payable	26,380
Printing charges payable	25,000
	<u><u>473,393</u></u>

13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2014.

14. FEDERAL EXCISE DUTY ON MANAGEMENT FEE

As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the services of the Management Company has been applied effective June 13, 2013. The Management

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

	June 30, 2014
	-- (Rupees) --
15. AUDITORS' REMUNERATION	
Audit fee	100,000
Other certification and services	25,000
	125,000
Sales tax	5,000
Out of pocket expenses	21,107
	151,107

16. TAXATION

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

17. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include Alfalah GHP Investment Management Limited being the Management Company, GHP Arbitrium AG, Bank Alfalah Limited and MAB Investment Incorporated being associated companies of Management Company, directors and key management personnel of Alfalah GHP Investment Management Limited and 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.

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

	June 30, 2014 -- (Rupees) --
Alfalah GHP Investment Management Limited - Management Company	
Balance at beginning of the period	-
Remuneration of the Management Company	705,692
Sales tax on management fee	112,911
Federal excise duty on management fee	130,970
Front end load	6,278
	955,851
Amount paid during the period	(330,432)
Balance at the end of the period	625,419
Central Depository Company of Pakistan Limited	
Balance at beginning of the period	-
Remuneration of the Trustee	105,853
CDS charges for the period	-
	105,853
Amount paid during the period	(42,728)
Balance at the end of the period	63,125
Bank Alfalah Limited	
Deposits at the end of the period	14,399,080
Profit on deposit accounts for the period	1,155,981
Profit receivable at the end of the period	362,840
Bank charges for the period	9,872

17.2 Unit Holders' Fund

	For the period from May 10, 2014 to June 30, 2014							
	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	As at June 30, 2014	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	Net asset value as at June 30, 2014
	----- (Units) -----				----- (Rupees) -----			
Associated companies / undertakings								
Bank Alfalah Limited	1,978,187	23,014	23,014	1,978,187	200,000,000	2,302,807	2,302,807	197,966,866
Management Company	738,009	8,586	-	746,595	73,975,735	859,116	-	74,715,420
Key Management Personnel								
Employees	3,070	36	-	3,106	308,647	3,574	-	310,833
Unit holder holding 10% or more units								
Attock Cement Pakistan Limited	1,245,876	14,494	-	1,260,370	124,970,551	1,450,324	-	126,131,402
Bank Alfalah Limited	1,978,187	23,014	23,014	1,978,187	200,000,000	2,302,807	2,302,807	197,966,866
Management Company	738,009	8,586	-	746,595	73,975,735	859,116	-	74,715,420

18. FINANCIAL RISK MANAGEMENT

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

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

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

The Fund primarily invests in a portfolio of money market investments such as investment-grade debt securities, secured privately placed instruments, spread transactions, continuous funding system transactions and investments in other money market instruments (including the clean placements). Such investments are subject to varying degrees of risk. These risks emanate from various factors that include, but are not limited to credit risk, liquidity risk, market risk and operational risk.

18.1 Credit risk

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

Management of credit risk

The Fund's policy is to enter into financial contracts with reputable counterparties in accordance with the internal risk management policies and investment guidelines approved by the Board of Directors. The Investment Committee closely monitors the creditworthiness of the Fund's counterparties (e.g., issuer of the instruments, brokers, banks, etc.) by reviewing their credit ratings, financial statements and press releases on a regular basis. In addition the credit risk is also minimized due to the fact that the Fund only invests in the high quality financial assets, majority of which have been rated by a reputable rating agency. All transactions in debt securities are settled / paid upon delivery. The risk of default in such transactions is considered minimal, as delivery of securities is guaranteed by reputable brokers or the transactions are carried with counter parties of high reputation. Further, bank accounts are held only with reputable banks.

Exposure to credit risk

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

	June 30, 2014 -- (Rupees) --
Bank balances	14,399,080
Investments - Treasury bills	482,498,294
Mark-up receivable	18,307,359
Prepayments	<u>188,657</u>
	<u><u>515,393,390</u></u>

Bank Balances are kept with and interest is receivable from a commercial banks with credit rating was A1+ / AA as at June 30, 2014 as per credit rating issued by Pakistan Credit Rating Agency Limited (PACRA). Interest income receivable on bank deposits was received subsequently. Investments in Treasury Bills & Pakistan Investment Bonds do not expose the Fund to credit risk as the counter party is the Government of Pakistan.

Past due or impaired financial assets

None of the financial assets are considered to be past due or impaired as at June 30, 2010.

Concentration of the credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. Concentration of credit risk is determined with references to the individual counter parties. As at June 30, 2014 Fund's exposure to credit risk in respect of the assets other than investment in government securities was amounted to Nil.

18.2 Liquidity risk

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

Management of liquidity risk

The Fund's policy is to manage this risk by investing in Fixed income products and by keeping adequate assets as cash and cash equivalents. Further the Fund may also invests in assets that are tradable and can be disposed. As a result, the Fund may be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirements.

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

Maturity analysis for financial liabilities

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

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

	June 30, 2014			
	Contractual Cash flows and carrying amount	8 days to one months	later than one month and not later than three months	later than three months and not later than one year
Financial liabilities	----- (Rupees) -----			
Payable to the Management Company	2,396,535	477,112	1,919,423	-
Remuneration payable to the Trustee	63,125	63,125	-	-
Accrued and other liabilities	202,487	26,380	176,107	-
	<u>2,662,147</u>	<u>566,617</u>	<u>2,095,530</u>	<u>-</u>

Above financial liabilities do not carry any mark-up.

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

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

18.3 Market risk

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

Management of market risks

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

Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial instrument and future cash flows.

Majority of the interest rate risk exposure arises on investment in treasury bills, Pakistan investment bonds and deposit accounts held with commercial banks amounting to Rs.132.265 million, Rs.350.233 million and Rs.14.399 million respectively which carry fixed interest rates. The Fund has no variable interest rate instruments.

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

Fair value sensitivity analysis for fixed rate instruments

The Fund's investment in government securities exposes Fund to fair value risk. In case of 100 basis points (bp) increase / decrease in interest rates on year end, the net assets attributable to unit holders of the Fund and net income for the period would have been higher / lower by Rs. 4.825 million. This analysis assumes that all other variables remain constant.

18.4 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally acceptable standards/levels of investment management behaviour. Operational risks arise from all of the Fund's activities.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to investors. The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities; documentation of controls and procedures;
- compliance with regulatory and other legal requirements; requirements for the reconciliation and monitoring of transactions;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified; contingency plans;
- ethical and business standards; risk mitigation, including insurance where this is effective.

18.5 Unit Holders' Fund risk management

Management's objective when managing unit holders' funds is to safe guard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders and to ensure reasonable safety of unit holders' funds.

The Management Company manages fund's investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in markets' conditions. The unit holders' funds structure depends on the issuance and redemption of units.

Under regulation 43(e) of the Non Banking Finance Companies and Notified Entities Regulations, 2008 the Management Company is required to invest or arrange an investment of at least Rs.50 million in the Fund for a period of two years from the date of close of initial offer period i.e. May 28, 2010. However, the Fund has complied with risk management.

In accordance with the NBFC Regulations, the Fund is required to distribute at least ninety percent of its income from sources other than capital gain as reduced by such expenses as are chargeable to the Fund.

Under the NBFC regulations 2008, the minimum size of an open end scheme shall be one hundred million rupees at all the times during the life of the scheme.

18.6 Fair value of financial instruments

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities. The Fund has no items to report in this level.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). Investment of the Fund carried at fair value is categorised in this level (refer note 5).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Fund has no items to report in this level.

	Level 1	Level 2	Level 3	Total
	(Rupees)			
Investments classified as 'at fair value through profit or loss' - held-for-trading				
Treasury bills	-	132,265,234	-	132,265,234
Pakistan Investment Bonds (PIBs)	-	350,233,060	-	350,233,060
	-	482,498,294	-	482,498,294

During the year ended June 30, 2014, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements.

19. SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding unit holding pattern of the Fund, top ten brokers of the Fund, members of the Investment Committee, fund manager and meetings of the Board of Directors, as required under Schedule V of the NBFC Regulations has been disclosed in Annexure I to the financial statements.

20. DATE OF AUTHORISATION FOR ISSUE

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

21. GENERAL

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

21.2 Figures are rounded off to the nearest rupee.

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

Chief Executive

Director

**SUPPLEMENTARY NON FINANCIAL INFORMATION
AS REQUIRED UNDER SECTION 6(D), (F), (G), (H), (I), AND (J)
OF THE FIFTH SCHEDULE TO THE NON BANKING FINANCE
COMPANIES AND NOTIFIED ENTITIES REGULATIONS, 2008**

(i) PATTERN OF UNIT HOLDING

Category	30 June 2014			
	Number of unit holders	Units held	(Rupees)	Percentage of total investment (%)
Associated Companies	2	2,724,781	272,682,311	53.06%
Individual	7	98,843	9,891,710	1.92%
Insurance Companies	2	300,752	30,097,732	5.86%
Other Corporate	2	1,659,988	166,123,099	32.32%
Others	2	351,262	35,152,536	6.84%
	15	5,135,626	513,947,388	100%

(ii) TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

	30 June 2014
Invest Capital Markets Ltd	39.34%
Summit Capital (Private) Limited	31.99%
KASB Securities	14.57%
Vector Capital (Private)Limited	14.10%

(iii) PARTICULARS OF MEMBERS OF THE INVESTMENT COMMITTEE

Following are the members of the Investment Committee of the Fund:

Maheen Rahman
Ather Husain Medina
Noman Soomro
Shariq Mukhtar Hashmi
Muddasir Ahmed Shaikh
Nabeel Malik
Imran Altaf

Maheen Rahman – CEO

Maheen Rahman has over ten years of experience in the financial services industry. Prior to joining Alfalah GHP Investment Management Limited she was Head of Business Development at IGI Securities the brokerage arm of IGI Financial Services. She has also served as Head of Research for BMA Capital Management where she spearheaded the research effort to provide sound and in depth investment advice across all capital markets to a wide range of corporate and institutional clients. Ms Rahman has also worked with Merrill Lynch in their Investment Banking Group and was a key team member for several high profile international transactions that spanned the Asia Pacific region and North America. She has also worked with ABN Amro Bank in Corporate Finance and M&A Advisory and was involved in a series of equity raising and IPO activity across south-east Asia.

Ather Husain Medina

Mr. Medina, a qualified professional with extensive work experience of over 20 years in the financial sector is serving Alfalah GHP Investment Management Ltd. as Chief Investment Officer. Prior to joining the company he was associated with Invest Capital Investment Bank Ltd. as Head of Business Development and Atlas Asset Management as Chief Investment Officer. He has also worked with some other leading organizations which include National Investment Trust where he was heading the Research team, and SG Securities (HK) Holdings Ltd. and Indosuez W.I Carr Securities Pakistan in the Investment Research area. His expertise includes the banking sector of Pakistan as well, in which he worked at two leading commercial banks, Habib Bank Ltd. and MCB Bank Ltd. By qualification Mr. Medina is an MBA from the Institute of Business Administration (IBA), Karachi and holds a Computer Science degree from National University of Computer and Emerging Sciences (FAST-NU), Karachi.

Noman Soomro

Mr. Soomro is a qualified Chartered Accountant from the Institute of Chartered Accountant of Pakistan (ICAP). Prior to joining Alfalah GHP Investment Management Limited, he was Chief Financial Officer & Company Secretary of HBL Asset Management Limited for seven years. During his tenor as CFO, he was responsible for all financial and fiscal management aspects of Company operations and Mutual Funds/Pension Schemes under management of the Company. The job also included providing leadership and coordination in the administrative, business planning, strategy, accounting, taxation and budgeting efforts of the Company. Before HBL Asset Management Limited, he was working at A F Ferguson Chartered Accountants; a member firm of PricewaterhouseCoopers (PwC). During his five years at A.F Ferguson with the Assurance and Business Advisory Services of the firm, he conducted audits of major financial institutions of Pakistan including local and foreign commercial banks, mutual funds, modarbas, housing finance company and leasing companies. He was also a key member of the team which conducted pre-acquisition Financial and Taxation Due Diligence Review of a commercial bank in Pakistan. Mr. Soomro has also conducted Internal Audit reviews of a large commercial bank and a foreign bank, where the responsibilities included reporting on effectiveness and efficiency of internal audit department, and independent reporting on internal control weaknesses.”

Shariq Mukhtar Hashmi

Mr. Hashmi holds a diversified experience of over 11 years with various private sector enterprises of repute. He joined IGI Funds Limited (which subsequently merged into Alfalah GHP Investment Management Limited in Oct. 2013) in 2010 to lead the back office function as Head of Operations & Settlements. His association has continued, post-merger, as Head of Compliance & Risk Management. He has previously served National Asset Management Company as Head of Internal Audit and Feroze Sharif Tariq & Co Chartered Accountants in various capacities. He has also headed the Internal Audit Department of the Company. Mr. Hashmi is a qualified Accountant from the Association of Chartered Certified Accountants, UK and holds MBA degree in Finance from SZABIST University. He is also enrolled for Financial Risk Manager Certification of Global Association of Risk Professionals; USA.

Muddasir Ahmed Shaikh

Mr. Muddasir has more than 10 years of experience in Investment Management & Equity Research. During his career, he has served a number of public and private institutions of repute. Prior to joining IGI Funds Limited, he has been associated with Atlas Asset Management Limited, National Investment Trust Limited, and JS Investments Limited (Formerly JS Abamco Ltd.). Mr. Muddasir holds a Masters degree in Business Administration from Institute of Business Administration, Karachi.

Nabeel Malik

Mr. Nabeel Malik brings with him a rich and diversified experience in the field of fund management and fixed income trading/facilitation. Before becoming a part of IGI Funds’ team, he was associated with Pak-Oman Asset Management Co, heading its Fixed Income Fund Management Dept. where he proficiently handled money market

trading, liquidity and funds management contributing positively towards bottom line profitability. His diverse experience in the field of finance includes names like Pak-Kuwait Investment Co, Orix Investment Bank, KASB Securities, and Mobilink GSM.

Imran Altaf

Mr. Altaf has over six years of experience in Investment Valuation, Financial Research and Portfolio Management. Before joining Alfalah GHP Investment Management as a portfolio manager, he was associated with Faysal Asset Management as a fixed income portfolio manager over 2012 to 2014. He was previously affiliated with Faysal Bank Limited and its Equity Capital Market (ECM) division from 2010 to 2012 in the capacity of an investment analyst. Mr. Altaf is a CFA Charter holder and has an MBA Degree from SZABIST University.

(iv) ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 54th , 55th, 56th, 57th, 58th, 59th, 60th, 61st Board Meetings were held on 12 Aug 2013, 08 Oct 2013, 04 Dec 2013, 27 Feb 2014, 02 Apr 2014, 24 Apr 2014 and 30 June 2014 respectively.

Name of Director	Number of Meetings			
	Held	Attended	Leave granted	Meeting not attended
Syed Ali Sultan	8	7	1	1
Mr. Amin Dawood Saleh	8	8	0	0
Mr. Kashif Abdur Rahman	4	3	1	1
Mr .David Burlison	8	6	2	2
Mr. Suleman Hudda	4	0	4	4
Mr. Hanspeter Beier	8	4	4	4
Mr. Abdul Aziz Anis	2	2	0	0
Ms. Maheen Rahman	6	6	0	0
Mr. Abid Naqvi	4	4	0	0
Mr. Asif Saad	4	2	2	2

PERFORMANCE TABLE - AGSOF - Annexure A

	30 June 2014 (Rupees in '000)
Net Assets	<u>513,947</u>
NAV per unit	<u>100.0749</u>
Selling price per unit	<u>101.4215</u>
Redemption price per unit	<u>100.0749</u>
Highest selling price per unit	<u>102.6012</u>
Highest redemption price per unit	<u>101.5853</u>
Lowest selling price per unit	<u>101.4215</u>
Lowest redemption price per unit	<u>100.0749</u>
Total interim distribution per unit	<u>1.1641</u>
Interim distribution date	<u>30-Jun-14</u>
Final distribution per unit	<u>Nil</u>
Final distribution date	<u>N/A</u>
Annualized returns	<u>8.70%</u>
Income distribution	<u>8.16%</u>
Weighted avg. portfolio duration	<u>1.48 Yrs</u>

Return since inception is **8.70%**

The past performance is not necessarily indicative of future performance and that units prices and investment returns may go down, as well as up.