


Alfalah Asset Allocation Fund

FUND INFORMATION

Management Company:	Alfalsh Asset Management Limited
Board of Directors of the Management Company:	Mr. Atif Aslam Bajwa Mr. Khaled Khanfer Mr. Farooq Ahmed Khan Mr. Zaigham Sheriff Mr. Sohail Sultan Mr. Khalilullah Shaikh Ms. Ayesha Aziz Mr. Khaldoon Bin Latif (CEO)
Audit Committee (BAC)	Mr. Khaled Khanfer Mr. Farooq Ahmed Khan Mr. Khalilullah Shaikh
Business Risk Management Committee (BRMC)	Mr. Khaled Khanfer Mr. Farooq Ahmed Khan Mr. Khalilullah Shaikh Mr. Khaldoon Bin Latif (CEO)
Human Resource & Remuneration Committee (HRRC)	Mr. Farooq Ahmed Khan Mr. Zaigham Sheriff Ms. Ayesha Aziz Mr. Khaldoon Bin Latif (CEO)
Board Investment Committee (BIC):	Mr. Farooq Ahmed Khan Mr. Sohail Sultan Ms. Ayesha Aziz
Company Secretary:	Mr. Saad Haseeb Qureshi
Chief Financial Officer:	Mr. Faisal Ali Khan
Trustee:	Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', SMCHS, Main Share-e-Faisal, Karachi
Bankers to the Fund:	Bank Alfalah Limited MCB Bank Limited Allied Bank limited Bank Al-Falah Limited Soneri Bank Limited Khushhali MicroFinance Bank
Auditors:	A.F. Ferguson & Co. Chartered Accountants. State Life Building No. 1-C I.I. Chundrigar Road, P.O.Box 4716 Karachi.
Legal Advisor:	Mohsin Tayebaly & Co. 1st Floor, Dime Centre, BC-4, Block-9, Kehkashan, Clifton, Karachi – 75600. Pakistan.
Registrar:	Alfalsh Asset Management Limited Islamic Chamber of Commerce, Industry and Agriculture Building, 2nd Floor, ST 2/A, Block 9, KDA Scheme 5, Clifton, Karachi.
Distributor:	Bank Alfalah Limited

Alfalah Asset Allocation Fund

Annual Fund Manager's Report

Type of Fund: Open-end Scheme

Category of Fund: Asset Allocation Scheme

Investment Objective

The prime objective of Alfalah Asset Allocation Fund (AAAF) endeavors is to provide investors with an opportunity to earn long-term capital appreciation optimizing through broad mix of asset classes encompassing equity, fixed income & money market instruments.

Accomplishment of Objective

The Fund has strived to achieve its objective as it provided the unit holders a competitive and attractive return as compared to peer funds.

Equity Market Review

1HCY26 Market Review: Navigating Through Volatility: The KSE-100 Index experienced significant volatility during the first half of 2026, reflecting a changing macroeconomic and geopolitical environment. The market entered the year on a strong footing, with the benchmark index reaching an all-time closing high of 189,167 points on 23 January 2026, supported by improving macroeconomic fundamentals, optimism surrounding external financing, and strong investor participation.

Market sentiment deteriorated sharply during the second quarter following the escalation of the Israel-Iran conflict, which heightened concerns over regional stability, rising global oil prices, and potential disruptions to shipping through the Strait of Hormuz. These developments triggered a broad-based market correction, with the KSE-100 declining to 146,480 points on 9 March 2026, representing a fall of nearly 23% from its January peak. The period also witnessed the index's largest-ever single-day decline of 9.57%, resulting in temporary trading halts.

Investor confidence gradually recovered during the latter part of the review period as geopolitical conditions improved, Saudi financial assistance and successful international debt issuances strengthened external financing prospects, and record workers' remittances reinforced macroeconomic stability. Although the State Bank of Pakistan increased the policy rate by 100 basis points to 11.50% in April 2026 to address inflationary risks, improving economic fundamentals helped restore market sentiment, allowing the KSE-100 to recover and close June at a record fiscal year-end level of 180,302 points. Trading activity remained robust throughout the period, with healthy participation from domestic investors offsetting continued foreign selling. Companies, mutual funds, and individual investors remained the primary net buyers, while foreign investors continued to reduce exposure amid global risk aversion and regional uncertainties.

By the end of June 2026, the KSE-100 was trading at a forward P/E of approximately 6.8x, remaining below its long-term historical average and indicating continued valuation attractiveness. Going forward, market performance is expected to be influenced by the implementation of the FY27 Federal Budget, the trajectory of inflation and interest rates, progress on external financing, and developments in the regional geopolitical landscape. While short-term volatility may persist, improving macroeconomic fundamentals are expected to remain supportive of the market over the medium term.

Money Market Review

Pakistan's money market remained relatively resilient during the first half of 2026, although market conditions became increasingly volatile amid evolving inflation expectations, geopolitical developments, and changing monetary policy outlook. Strong liquidity in the banking system and healthy demand for government securities continued to support participation in Treasury Bill (MTB), Pakistan Investment Bond (PIB), and Government Ijarah Sukuk (GIS) auctions during the early part of the period.

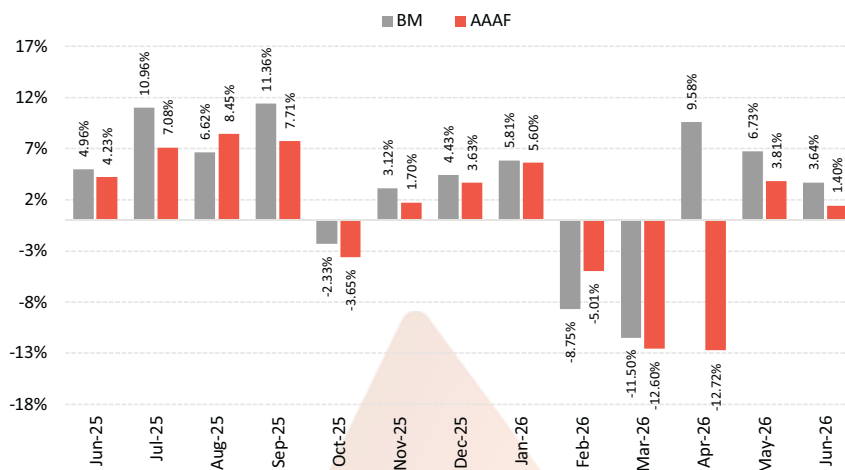
However, persistent core inflation, rising imports, elevated global energy prices, and heightened geopolitical tensions in the Middle East led to renewed inflationary concerns and a reassessment of monetary policy expectations. In response, the State Bank of Pakistan (SBP) increased the policy rate by 100 basis points to 11.50% in April 2026 after having maintained the policy rate at 10.50% at the start of the year. Earlier in the period, the SBP also reduced the Cash Reserve Requirement (CRR) by 100 basis points to improve liquidity conditions within the banking system.

Money market yields remained volatile throughout the period. At the start of the year, Treasury Bill yields stood at 10.4859%, 10.4878%, 10.4799%, and 10.4880% for the 1-month, 3-month, 6-month, and 12-month tenors, respectively. Following a relatively stable start to the year, yields moved higher after the April policy rate hike as markets adjusted to tighter monetary conditions. Towards the end of June 2026, easing geopolitical tensions and moderating inflation expectations contributed to some correction in yields; however, they remained above the levels seen at the beginning of the year, closing at 11.7538%, 11.7031%, 11.7239%, and 11.7557% for the 1-month, 3-month, 6-month, and 12-month Treasury Bills, respectively.

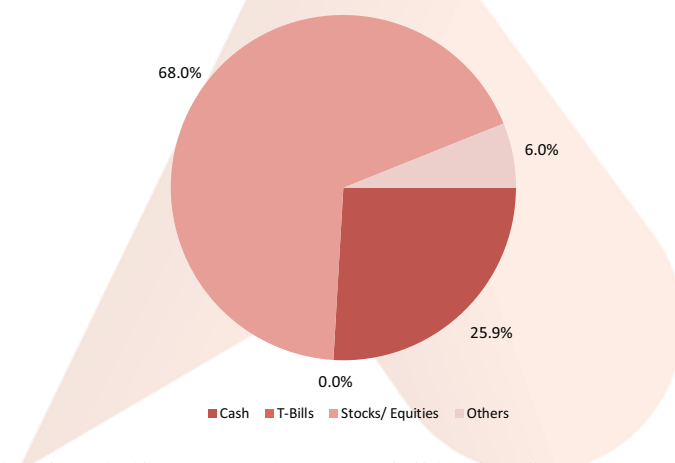
Government securities continued to attract strong investor demand throughout the period, reflecting ample liquidity in the banking sector and sustained confidence in sovereign instruments. While monetary tightening temporarily lifted yields, improving macroeconomic conditions and easing external risks supported a moderation in yields by the end of June 2026.

Fund Performance

During FY26, AAAF underperformed its benchmark with a return of 2.32% versus the benchmark return of 43.52%.



Assets Allocation



⇒ **Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**

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

⇒ **Disclosure on unit split (if any), comprising:-**

There were no unit splits during the period.

⇒ **Disclosures of circumstances that materially affect any interests of unit holders**

Investments are subject to market risk.

⇒ **Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.**

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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S.M.C.H.S., Main Shahr-e-Faisal
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TRUSTEE REPORT TO THE UNIT HOLDERS

ALFALAH ASSET ALLOCATION FUND

**Report of the Trustee pursuant to Regulation 41(h) and clause 8 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 Asset Allocation Fund (the Fund) are of the opinion that Alfalah Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2026 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;
- (iii) The management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework; and
- (iv) 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.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 10, 2026



INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Alfalah Asset Allocation Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Alfalah Asset Allocation Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2026, and the income statement, the statement of comprehensive income, statement of movements in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2026, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (NAV) (Refer notes 4 & 5 to the financial statements) Balances with banks and investments constitute the most significant components of the net asset value. Balances with banks aggregated to Rs. 185.50 million and investments of the Fund amounted to Rs. 1,473.19 million as at June 30, 2026. The existence of balances with banks and the existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2026 were considered high risk areas and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: - Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2026 and traced them with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; - Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and - Obtained bank reconciliation statements and tested reconciling items on a sample basis.



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A.F. FERGUSON & Co.

Information Other than the Financial Statements and Auditor's Report Thereon

The Management Company (Alfaluh Asset Management Limited) is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management Company and Board of Directors of Management Company for the Financial Statements

The Management Company (Alfaluh Asset Management Limited) is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting 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.

In preparing the financial statements, the Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of Directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Company.



A.F. FERGUSON & CO.

- Conclude on the appropriateness of Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Board of Directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Board of Directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) the financial statements have been properly prepared in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008;
- b) proper books and records have been kept by the Collective Investment Scheme or the financial statements prepared are in agreement with the books and records of Collective Investment Scheme; and
- c) we were able to obtain all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

Other matter

The financial statements of Alfalah Asset Allocation Fund for the year ended June 30, 2025 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion thereon, vide their report dated September 30, 2025.

The engagement partner on the audit resulting in this independent auditor's report is **Shahbaz Akbar**.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: September 29, 2026

UDIN: AR202610068UFAYPjB9c

ALFALAH ASSET ALLOCATION FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2026

	Note	2026 ----- (Rupees) -----	2025 ----- (Rupees) -----
Assets			
Balances with banks	4	185,496,106	13,161,131
Investments	5	1,473,198,348	105,922,837
Advances, deposits, prepayments and other receivables	6	5,759,724	4,189,100
Receivable from the Management Company		-	471,600
Total assets		<u>1,664,454,178</u>	<u>123,744,668</u>
Liabilities			
Payable to Alfalah Asset Management Limited - Management Company	7	1,266,509	350,709
Payable to Central Depository Company of Pakistan Limited - Trustee	8	258,117	36,972
Payable to the Securities and Exchange Commission of Pakistan	9	129,942	12,263
Accrued expenses and other liabilities	10	18,675,318	10,819,321
Payable against redemption of units		-	30,919
Total liabilities		<u>20,329,886</u>	<u>11,250,184</u>
Net assets		<u>1,644,124,292</u>	<u>112,494,484</u>
Unit holders' fund (as per statement attached)		<u>1,644,124,292</u>	<u>112,494,484</u>
Contingencies and commitments	11		
		----- (Number of units) -----	
Number of units in issue		<u>25,929,782</u>	<u>1,815,159</u>
		----- (Rupees) -----	
Net asset value per unit		<u>63.4068</u>	<u>61.9750</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.

For Alfalah Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

ALFALAH ASSET ALLOCATION FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 ----- (Rupees) -----	2025 -----
Income			
Financial income on:			
- Market Treasury Bills		3,018,343	6,310,317
- Pakistan Investment Bonds		-	6,810,135
- Bank balances		21,523,192	6,674,263
		24,541,535	19,794,715
Dividend income		58,565,891	61,716,048
Loss on sale of investments classified as at fair value through profit or loss' - net		(323,168,788)	(23,935,350)
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.4	83,322,625	8,871,517
Reimbursement of expenses from the Management Company		-	747,600
Total income		<u>(156,738,737)</u>	<u>67,194,530</u>
Expenses			
Remuneration of the Management Company	7.1	24,948,805	2,553,113
Sindh sales tax on remuneration of the Management Company	7.2	3,742,321	382,967
Remuneration of the Trustee	8.1	1,549,533	399,245
Sindh sales tax on remuneration of the Trustee	8.2	232,430	61,972
Fee to the Securities and Exchange Commission of Pakistan	9.1	958,751	188,539
Brokerage expense		27,724,167	2,194,577
Legal and professional charges		310,630	261,234
Bank charges		3,306	8,186
CDC charges		24,082	-
NCCPL charges		305,736	-
Auditor's remuneration	12	1,166,400	988,595
Fee and subscription		162,521	212,923
Printing and other expenses		-	17,233
Capital gain tax		400,607	-
Total expenses		<u>61,529,289</u>	<u>4,715,471</u>
Net (loss) / income for the year before taxation		<u>(218,268,026)</u>	<u>59,925,946</u>
Taxation	13	-	-
Net (loss) / income for the year after taxation		<u><u>(218,268,026)</u></u>	<u><u>59,925,946</u></u>
Allocation of net (loss) / income for the year			
Net (loss) / income for the year after taxation		(218,268,026)	59,925,946
Income already paid on units redeemed		-	(43,315,658)
		<u><u>(218,268,026)</u></u>	<u><u>16,610,288</u></u>
Accounting income available for distribution			
Relating to capital gains		-	-
Excluding capital gains		-	16,610,288
		<u><u>-</u></u>	<u><u>16,610,288</u></u>

The annexed notes from 1 to 23 form an integral part of these financial statements.

For Alfalah Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

ALFALAH ASSET ALLOCATION FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2026

	2026 ----- (Rupees) -----	2025 -----
Net (loss) / income for the year after taxation	(218,268,026)	59,925,946
Other comprehensive income for the year	-	-
Total comprehensive (loss) / income for the year	<u>(218,268,026)</u>	<u>59,925,946</u>

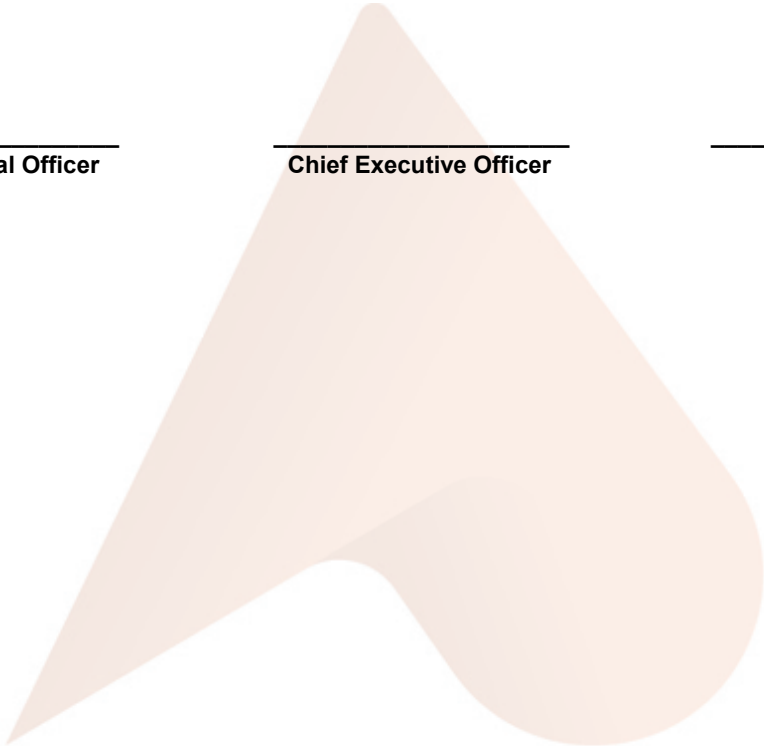
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For Alfalah Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



ALFALAH ASSET ALLOCATION FUND
STATEMENT OF MOVEMENTS IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2026

	2026			2025		
	Capital value	Accumulated loss	Total	Capital value	Accumulated loss	Total
	(Rupees)			(Rupees)		
Net assets at beginning of the year	419,451,183	(306,956,699)	112,494,484	1,344,102,802	(308,675,304)	1,035,427,498
Issuance of 106,816,911 units (2025: 2,689,073 units)						
- Capital value (at net assets value per unit at the beginning of the year)	6,619,978,059	-	6,619,978,059	165,577,142	-	165,577,142
- Element of income	885,317,685	-	885,317,685	52,516,963	-	52,516,963
Total proceeds on issuance of units	7,505,295,744	-	7,505,295,744	218,094,105	-	218,094,105
Redemption of 82,702,288 units (2025: 17,693,159 units)						
- Capital value (at net asset value per unit at the beginning of the year)	(5,125,474,299)	-	(5,125,474,299)	(1,089,190,897)	-	(1,089,190,897)
- Element of loss	(629,923,611)	-	(629,923,611)	(25,733,757)	(43,315,658)	(69,049,415)
Total payments on redemption of units	(5,755,397,910)	-	(5,755,397,910)	(1,114,924,654)	(43,315,658)	(1,158,240,312)
Total comprehensive (loss) / income for the year	-	(218,268,026)	(218,268,026)	-	59,925,946	59,925,946
Distribution during the year @ Nil (2025: Rs. 36.01) per unit	-	-	-	(27,821,070)	(14,891,683)	(42,712,753)
	-	(218,268,026)	(218,268,026)	(27,821,070)	45,034,263	17,213,193
Net assets at end of the year	2,169,349,017	(525,224,725)	1,644,124,292	419,451,183	(306,956,699)	112,494,484
Accumulated loss brought forward						
- Realised loss		(315,828,216)			(325,883,638)	
- Unrealised income		8,871,517			17,208,334	
		<u>(306,956,699)</u>			<u>(308,675,304)</u>	
Accounting income available for distribution						
- Relating to capital gains	-			-		
- Excluding capital gains	-			16,610,288		
	-			16,610,288		
Net loss for the year after taxation		(218,268,026)			-	
Distribution during the year		-			(14,891,683)	
Undistributed loss carried forward		<u>(525,224,725)</u>			<u>(306,956,699)</u>	
Accumulated loss carried forward						
- Realised loss		(608,547,350)			(315,828,216)	
- Unrealised income		83,322,625			8,871,517	
		<u>(525,224,725)</u>			<u>(306,956,699)</u>	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the year		<u>61.9750</u>			<u>61.5621</u>	
Net asset value per unit at the end of the year		<u>63.4068</u>			<u>61.9750</u>	

The annexed notes from 1 to 23 form an integral part of these financial statements.

For Alfalah Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

ALFALAH ASSET ALLOCATION FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
		----- Rupees -----	-----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		(218,268,026)	59,925,946
Adjustments:			
Financial income on bank balances and investments		(21,523,192)	(19,794,715)
Dividend income		(58,565,891)	(61,716,048)
Loss on sale of investments classified as at fair value through profit or loss' - net		323,168,788	23,935,350
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.4	(83,322,625)	(8,871,517)
		159,757,080	(66,446,930)
		(58,510,946)	(6,520,984)
(Increase) / decrease in assets			
Investments		(1,607,121,674)	767,782,120
Advances, deposits, prepayments and other receivables		(44,504)	(2,240,237)
Receivable from the Management Company		471,600	(471,600)
		(1,606,694,578)	765,070,283
Increase / (decrease) in liabilities			
Payable to the Management Company		915,800	(885,422)
Payable to the Trustee		221,145	(149,052)
Payable to the Securities and Exchange Commission of Pakistan		117,679	(68,063)
Accrued expenses and other liabilities		7,825,078	(1,431,806)
		9,079,702	(2,534,343)
Dividend income received		58,565,891	62,977,686
Financial income received		19,997,072	36,317,042
Net cash (used in) / generated from operating activities		(1,577,562,859)	855,309,684
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		7,505,295,744	218,094,105
Payments against redemption and conversion of units		(5,755,397,910)	(1,158,209,392)
Distribution during the year		-	(42,712,753)
Net cash generated from / (used in) financing activities		1,749,897,834	(982,828,040)
Net increase in cash and cash equivalents during the year		172,334,975	(127,518,356)
Cash and cash equivalents at beginning of the year		13,161,131	140,679,487
Cash and cash equivalents at end of the year	4.2	185,496,106	13,161,131

The annexed notes from 1 to 23 form an integral part of these financial statements.

For Alfalah Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

ALFALAH ASSET ALLOCATION FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Alfalah Asset Allocation Fund (the Fund) (formerly: Faysal Asset Allocation Fund pursuant to the arrangement as mentioned in note 1.5) is an open ended collective investment scheme established through a Trust Deed under the Trust Act, 1882 entered into on January 31, 2006 between Faysal Asset Management Company Limited (former management company) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

The Trust Act, 1882 had been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trust Act, 2020" (the Sindh Trust Act). Consequently, the Fund was required to be registered under the Sindh Trust Act. Accordingly, on November 16, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at Islamic Chamber of Commerce, Industry and Agricultural Building, 2nd Floor, ST 2/A, Block 9, KDA Scheme 5, Clifton, Karachi.
- 1.3** The Fund has been categorised as a 'Asset Allocation Scheme', by the Board of Directors of the Management Company pursuant to the provisions contained in circular 7 of 2009 and is listed on the Pakistan Stock Exchange. The units of the Fund were initially offered for public subscription at a par value of Rs. 100 per unit. Thereafter, the units were being offered for public subscription on a continuous basis from July 24, 2006 and are transferable and redeemable by surrendering them to the Fund.
- 1.4** The objective of the Fund is to provide investors with an opportunity to earn long-term capital appreciation optimizing through broad mix of asset classes encompassing equity instruments, fixed income instruments, money market instruments, bank deposits primarily from the financial sector and any other instrument as defined in the constitutive documents and allowed by the SECP.
- 1.5** On December 31, 2024, Faysal Asset Management Limited (FAML) (the former management company) entered into Transfer of Management Rights Agreement (TMRA) with Alfalah Asset Management Limited (AAML) (the management company) to transfer the management rights of its conventional Funds to AAML. Accordingly, amended trust deed was executed on December 31, 2024 and Trust Amendment Certificate was issued on the same date. As per the agreement, the management rights of the Fund has been transferred to AAML with effect from January 01, 2025.
- 1.6** The VIS Credit Rating Company Limited has assigned an asset manager rating of AM1 to the management company on August 29, 2025 (2025: January 02, 2025) and PACRA assigned stability rating of AM1 dated January 26, 2026.
- 1.7** Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards applicable in Pakistan comprise of:

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of, directives and notifications issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of, directives and notifications issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Accounting Standards, the provisions of, directives and notifications issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations have been followed.

2.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2025. However, these are not considered to be relevant or do not have any material effect on the Fund's financial statements and have not been disclosed in these financial statements.

2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective in the current year

There are certain new standards and amendments to the published accounting and reporting standards that will be applicable to the Fund for its annual periods beginning on or after July 1, 2026. However, these are not considered to be relevant or do not have any material effect on the Fund's financial statements except for:

- The new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) effective for annual periods beginning on or after January 1, 2027. IFRS 18 when applicable, shall impact the presentation of 'Income Statement' with certain additional disclosures in the financial statements; and
- Amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers effective for annual periods beginning on or after January 1, 2026. The amendment when applied may impact the timing of recognition and derecognition of financial assets and financial liabilities.

The management is in the process of assessing the impacts of the new standards and amendments on the financial statements of the Fund.

2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the accounting and reporting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires the management to exercise judgment in the application of the Fund's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors, including expectation of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying value of assets and liabilities. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both the current and future years.

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 3.2 and 5).

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments which have been classified as 'at fair value through profit or loss' which are measured at fair value. The details in respect of valuation techniques under IFRS 13 'Fair Value Measurement' used for the fair valuation of financial assets has been disclosed in note 17.

2.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistan Rupees, which is the Fund's functional and presentation currency.

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented.

3.1 Cash and cash equivalents

These comprise balances with banks in current and savings accounts and other short-term highly liquid investments with original maturities of three months or less.

3.2 Financial assets

3.2.1 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

3.2.2 Classification and subsequent measurement

3.2.2.1 Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- at amortised cost;
- at fair value through other comprehensive income (FVOCI); or
- at fair value through profit or loss (FVPL)

based on the business model of the entity.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognised at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore, the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

3.2.2.2 Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The management considers its investment in equity securities being managed as a group of assets and hence classifies them as FVPL. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVPL, the subsequent movement in the fair value of equity securities is routed through the "Income Statement".

3.2.3 Impairment (other than debt securities)

The Fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost. The fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Fund considers that a financial asset is in default when the counterparty fails to make contractual payments within 90 days of when they fall due. Further, financial assets are written off by the Fund, in whole or part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery.

3.2.4 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Pension Fund Manager may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, considering the specific credit and financial condition of the debt security issuer and in accordance with the provisioning policy duly approved by the Board of Directors of the Pension Fund Manager. The provisioning policy approved by the Board of Directors has also been placed on the Pension Fund Manager's website as required under the SECP's circular.

3.2.5 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Company commits to purchase or sell the asset. Previously, regular way purchases / sales of assets required delivery of securities within two days (T+2) from the transaction date as per the Pakistan Stock Exchange (PSX) regulations. During the current year, PSX officially transitioned to T+1 settlement cycle which require delivery of securities within one day from the transaction date.

3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred, the Fund has transferred substantially all the risks and rewards of ownership or the Fund neither transfers nor retains substantially all the risks and rewards of ownership and the Fund has not retained control. Any gain or loss on derecognition of financial assets is taken to the "Income Statement".

3.3 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss arising on derecognition of financial liabilities is taken to the Income Statement.

3.4 Offsetting of financial assets and financial liabilities

Financial assets and financial 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 to realise the assets and settle the liabilities simultaneously.

3.5 Provisions

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.6 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

3.7 Issuance and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on the day when the application is received. The offer price represents the NAV per unit as of the close of the business day, plus the allowable sales load, provision of any duties and charges and provision for transaction costs, if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price prevalent on the date on which the Management Company / distributors receive redemption applications during business hours on that date. The redemption price represents the NAV as on the close of the business day, less any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

3.8 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

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

Element of income represents the difference between NAV per unit on the issuance or redemption date, as the case may be, of units and the NAV per unit at the beginning of the relevant accounting year. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend NAV of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

3.10 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the Income Statement and are recognised when the transaction takes place.
- Unrealised appreciation / (diminution) arising on revaluation of securities classified as financial assets 'at fair value through profit or loss' is included in the Income Statement in the year in which they arise.
- Dividend income is recognised when the Fund's right to receive the same is established, i.e. on the commencement of book closure of the investee company / institution declaring the dividend.
- Income on debt securities is recognised on a time proportionate basis using the effective yield method, except for the securities which are classified as non-performing asset under Circular No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis.
- Profit on balances with banks and other income is recognised on an accrual basis.

3.11 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and Trustee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

3.12 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule of the Income Tax Ordinance, 2001.

	Note	2026	2025
		Rupees	
4 BALANCES WITH BANKS			
In savings accounts	4.1	185,496,106	13,161,131

4.1 These include a balance of Rs. 125.15 million with Bank Alfalah Limited (a related party) that carries profit at the rate of 12.50% (2025: 8.75%) per annum. Other saving accounts of the fund carry profit rates ranging from 11.65% to 12.25% (2025: 8.50% to 13.00%) per annum.

	Note	2026	2025
		(Rupees)	
4.2 Cash and cash equivalents			
Balances with banks		185,496,106	13,161,131

5 INVESTMENTS

At fair value through profit or loss

Listed equity securities	5.1	1,473,198,348	105,922,837
Market Treasury Bills	5.2	-	-
Term Finance Certificates	5.3	-	-
		1,473,198,348	105,922,837

5.1 Listed Equity Securities

Name of the investee company	As at July 1, 2025	Purchased during the year	Share split during the year	Sold during the year	As at June 30, 2026	As at June 30, 2026			Market value as a percentage of net assets	Market value as a percentage of total investments	Paid-up value of shares held as a percentage of total paid-up capital of the investee
						Carrying value	Market value	Unrealised (diminution) / appreciation			
Number of shares						Rupees			%		

Chemical

Nimir Industrial Chemicals Limited	7,500	2,399	-	9,899	-	-	-	-	-	-	-
Engro Polymer & Chemicals Limited	-	186,349	-	186,349	-	-	-	-	-	-	-
						-	-	-	-	-	-

Insurance

Pakistan Reinsurance Company Limited	-	1,679,920	-	779,052	900,868	15,627,717	15,071,522	(556,195)	0.92%	1.02%	0.10%
						15,627,717	15,071,522	(556,195)	0.92%	1.02%	

Name of the investee company	As at July 1, 2025	Purchased during the year	Share split during the year	Sold during the year	As at June 30, 2026	As at June 30, 2026			Market value as a percentage of net assets	Market value as a percentage of total investments	Paid-up value of shares held as a percentage of total paid-up capital of the
						Carrying value	Market value	Unrealised (diminution) / appreciation			
	Number of shares						Rupees			%	

Oil & Gas Exploration Companies

Oil and Gas Development Company Limited (note 5.1.2)	25,939	1,735,445	-	1,561,384	200,000	63,322,010	66,974,000	3,651,990	4.07%	4.55%	0.00%
Mari Energies Limited	7,200	334,991	-	342,191	-	-	-	-	-	-	-
Pakistan Petroleum Limited (note 5.1.2)	28,800	2,609,881	-	2,392,139	246,542	53,183,602	59,816,020	6,632,418	3.64%	4.06%	0.01%
						116,505,612	126,790,020	10,284,408	7.71%	8.61%	

Oil & Gas Marketing Companies

Attock Petroleum Limited	-	68,000	-	-	68,000	38,849,985	36,600,320	(2,249,665)	2.23%	2.48%	0.05%
Pakistan State Oil Company Limited	21,000	1,031,716	-	1,000,716	52,000	18,926,039	17,802,200	(1,123,839)	1.08%	1.21%	0.01%
Sui Southern Gas Company Limited	35,000	-	-	35,000	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	16,700	1,059,520	-	1,076,220	-	-	-	-	-	-	-
						57,776,024	54,402,520	(3,373,504)	3.31%	3.69%	

Automobiles Parts and Accessories

Exide Pakistan Limited	3,100	-	-	3,100	-	-	-	-	-	-	-
Service Long March Tyres Limited	-	2,293,361	-	2,293,361	-	-	-	-	-	-	-

Miscellaneous

Pakistan Aluminium Beverage Cans Limited	-	707,127	-	707,127	-	-	-	-	-	-	-
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Refinery

Attock Refinery Limited	-	539,664	-	420,464	119,200	109,434,959	101,399,864	(8,035,095)	6.17%	6.88%	0.11%
						109,434,959	101,399,864	(8,035,095)	6.17%	6.88%	

Leather & Tanneries

Service Industries Limited	2,330	151	-	2,481	-	-	-	-	-	-	-
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Transport

Pakistan International Bulk Terminal	-	4,163,709	-	4,163,709	-	-	-	-	-	-	-
Secure Logistics-Trax Group Limited	-	1,453,082	-	1,453,082	-	-	-	-	-	-	-

Pharmaceuticals

AGP Limited	-	571,409	-	456,409	115,000	21,838,751	23,727,950	1,889,199	1.44%	1.61%	0.04%
Haleon Pakistan Limited	10,800	92,331	-	43,131	60,000	47,100,000	48,312,000	1,212,000	2.94%	3.28%	0.05%
Citi Pharma Limited	38,000	376,526	-	139,526	275,000	21,584,249	21,414,250	(169,999)	1.30%	1.45%	0.12%
GlaxoSmithKline Pakistan Limited	-	200,000	-	200,000	-	-	-	-	-	-	-
The Searle Company Limited	-	690,901	-	690,901	-	-	-	-	-	-	-
						90,523,000	93,454,200	2,931,200	5.68%	6.34%	

Synthetic & Rayon

Image Pakistan Limited	50,000	-	-	50,000	-	-	-	-	-	-	-
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Textile Composite

Nishat Mills Limited	17,000	117,000	-	134,000	-	-	-	-	-	-	-
Gul Ahmed Textile Mills Limited	-	225,530	-	225,530	-	-	-	-	-	-	-

Total as at June 30, 2026

1,389,875,723 1,473,198,348 83,322,625 89.60% 100%

Total as at June 30, 2025

97,051,320 105,922,837 8,871,517

*Nil figures due to rounding off

5.1.1 All shares have a nominal value of Rs. 10 each except for the shares of United Bank Limited and Bank Alfalah Limited which has a nominal value of Rs. 5 each, shares of Lucky Cement Limited which has a nominal value of Rs. 2 each and shares of Hum Network Limited which has a nominal value of Rs. 1 each.

5.1.2 Following shares have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

	2026	2025	2026	2025
	----- (Number of shares) -----		----- (Rupees) -----	
Pakistan Petroleum Limited	-	2,000	-	340,340
Fauji Fertilizer Company Limited	-	3,000	-	1,177,230
Bank Alfalah Limited	-	4,000	-	320,960
Pioneer Cement Limited	139,639	-	39,569,503	-
Air Link Communication Limited	200,000	-	31,388,000	-
Oil & Gas Development Company Limited	200,000	25,000	66,974,000	5,514,000
	539,639	34,000	137,931,503	7,352,530

5.2 Government securities - Market Treasury Bills

Market Treasury Bills - at fair value through profit or loss

Tenor	Issue date	Maturity date	Face value				As at June 30, 2026			Market value as percentage of	
			As at July 01, 2025	Purchased during the year	Sold during the year	As at June 30, 2026	Carrying value	Market value	Unrealised appreciation	Net assets of the	Total investments of the
			Rupees							%	
6 months	Dec 11, 2025	June 11, 2026	-	307,000,000	307,000,000	-	-	-	-	-	-
Total as at June 30, 2026							-	-	-	-	-
Total as at June 30, 2025							-	-	-	-	-

5.2.1 The nominal value of this market treasury bill is Rs. 5000 each.

5.3 Term finance certificates - Impaired

Name of the investee company	Maturity	Profit / mark-up rate	As at July 01, 2025	Purchased during the year	Sold during the year	As at June 30, 2026	Carrying value as at June 30, 2026	Impairment as at June 30, 2026	Market value as at June 30, 2026	Percentage in relation to	
										Net assets of the Fund	Total market value of investments of the Fund
			Number of certificates				Rupees			%	
Trust Investment Bank Limited (note 5.3.1)	July 2013	6m KIBOR +1.85%	7,000	-	-	7,000	13,137,043	13,137,043	-	-	-
As at June 30, 2026			7,000	-	-	7,000	13,137,043	13,137,043	-	-	-
As at June 30, 2025			7,000	-	-	7,000	13,137,043	13,137,043	-	-	-

5.3.1 These term finance certificates defaulted on their payment of principal and mark-up due on July 04, 2012. Consequently, the security was classified as non-performing by MUFAP on October 18, 2012. Accordingly, accrual of mark-up on these TFCs has been suspended and mark-up due had been reversed and full provision has been made in accordance with the requirements of SECP circulars and directives issued from time to time and the Board's approved provisioning policy.

5.4 Unrealised appreciation on re-measurement of investments classified 'as financial assets at fair value through profit or loss' - net

	Note	2026	2025
		Rupees	
Market value of investments	5.1, 5.2 & 5.3	1,473,198,348	105,922,837
Less: carrying value of investments	5.1, 5.2 & 5.3	(1,389,875,723)	(97,051,320)
		<u>83,322,625</u>	<u>8,871,517</u>

5.5 Details of non-compliant investments with the investment criteria of the assigned category

The SECP, vide its circular No. 16 dated July 07, 2010, prescribed certain disclosures for the schemes holding investments that were non-compliant either with the minimum investment criteria specified for the category assigned to such schemes or with the investment requirement of their constitutive documents. The SECP, vide circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. Faysal Asset Management Limited (the former Management Company) classified Alfalah Asset Allocation Fund (formerly Faysal Asset Allocation Fund) (the Fund) as an 'Asset Allocation Scheme' in accordance with the said circular. As at June 30, 2026, the Fund is compliant with all the requirements of the said circular except for clause 9 (v) which requires the rating of any security in the portfolio shall not be lower than the investment grade. The following are the details of non-compliant investments held by the Fund:

Name of non-compliant investment	Type of investment	Note	Value of investment before	Provision held (if any)	Value of investment after	Percentage of	
						Net assets of the Fund	Gross assets of the Fund
			----- (Rupees) -----				
Listed							
Trust Investment Bank Limited	Term finance certificates	5.3.1	13,137,043	13,137,043	-	-	-
As at June 30, 2026			13,137,043	13,137,043	-	-	-
As at June 30, 2025			13,137,043	13,137,043	-	-	-

6	ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note	2026 ----- Rupees -----	2025 -----
	Security deposit with National Clearing Company of Pakistan Limited (NCCPL)		1,000,000	1,000,000
	Cash margins with NCCPL		2,000,000	2,000,000
	Profit receivable on balances with banks		1,621,732	95,612
	Dividend receivable		149,000	149,000
	Advance tax	6.2	932,780	888,075
	Other receivables		56,212	56,413
			<u>5,759,724</u>	<u>4,189,100</u>

6.1 This includes profit receivable amounting to Rs. 1.19 million (2025: Nil) on balance held with Bank Alfalah Limited (a related party).

6.2 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 150 and 151. However, withholding taxes on profit on debt and dividend paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. The tax withheld on profit on debt amounts to Rs. 0.947 million (2025: Rs. 0.888 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan (SCP) by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the SCP granted the petitioners leave to appeal from the initial judgment of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit on savings accounts has been shown as advance tax under advances, deposits, prepayments and other receivables as at June 30, 2026 as, in the opinion of the management, the amount of tax deducted at source is likely to be refunded.

7	PAYABLE TO ALFALAH ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2026 ----- (Rupees) -----	2025 -----
	Remuneration payable	7.1	1,101,312	304,837
	Sindh sales tax payable on the remuneration of the Management Company	7.2	165,197	45,872
			<u>1,266,509</u>	<u>350,709</u>

7.1 As per Regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document and subject to the capping of 3.00% for a Collective Investment Scheme categorised as an 'Asset Allocation Scheme'. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration ranging from 1.57% to 2.86% per annum of the average daily net assets of the Fund during the period ended June 30, 2026. However, no remuneration is charged on that part of the net assets which have been invested in the mutual funds managed by the Management Company. The remuneration is payable to the Management Company monthly in arrears.

7.2 During the year, an amount of Rs. 3.742 million (2025: Rs. 0.383 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 15% (2025: 15%).

8	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2026 ----- (Rupees) -----	2025 -----
	Remuneration of the Trustee	8.1	224,450	32,149
	Sindh sales tax payable on remuneration of the Trustee	8.2	33,667	4,823
			<u>258,117</u>	<u>36,972</u>

8.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

Net Assets (Rs.)	Remuneration
up to Rs. 1,000 million	0.20% per annum of net assets.
over Rs. 1,000 million	Rs. 2.0 million plus 0.10% per annum of net assets exceeding Rs. 1,000 million.

- 8.2** During the year, an amount of Rs. 0.232 million (2025: Rs. 0.062 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011.

9	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2026 ----- (Rupees) -----	2025 ----- (Rupees) -----
	Fee payable	9.1	<u>129,942</u>	<u>12,263</u>

- 9.1** In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay non-refundable fee to the Securities and Exchange Commission of Pakistan (SECP).

Accordingly, the Fund has charged the SECP fee at the rate of 0.095% (2025: 0.095%) per annum of the daily net assets of the fund during the year.

The Fund is required to pay SECP fee within fifteen days of the close of every calendar month.

10	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2026 ----- (Rupees) -----	2025 ----- (Rupees) -----
	Auditor's remuneration payable		746,496	1,029,098
	Printing charges payable		151,568	155,155
	NCCPL charges payable		266,658	-
	Legal and professional charges payable		103,855	814,508
	Zakat payable		9,753	9,753
	Withholding tax payable		12,224,915	4,617,157
	Rating fee payable		154,554	44,800
	Listing fee payable		71,411	40,244
	Brokerage payable		1,205,937	430,747
	Provision for Federal Excise Duty and related			
	Sindh sales tax on management fee	10.1	3,497,459	3,497,459
	Other liabilities		<u>242,712</u>	<u>180,400</u>
			<u>18,675,318</u>	<u>10,819,321</u>

- 10.1** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax had been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a civil petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 3.497 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the net asset value of the Fund would have been higher by Re. 0.002 (2025: Re. 0.031) per unit.

11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2026 and June 30, 2025.

12	AUDITOR'S REMUNERATION	2026 ----- (Rupees) -----	2025 ----- (Rupees) -----
	Audit fee	540,000	591,250
	Half yearly review	360,000	272,250
	Fee for other certifications	100,000	
	Out of pocket expenses	<u>80,000</u>	<u>51,866</u>
		<u>1,080,000</u>	<u>915,366</u>
	Sindh sales tax	<u>86,400</u>	<u>73,229</u>
		<u>1,166,400</u>	<u>988,595</u>

13 TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the NBFC Regulations, the Fund is required to distribute not less than 90 percent of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Fund did not earn any income during the year, no provision for taxation has been made in these financial statements for the year ended 30 June, 2026.

The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

14 TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

Related parties include Alfalah Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee of the Fund, Bank Alfalah Limited, Bank Alfalah Limited – Employees' Provident Fund, Bank Alfalah Limited – Employees' Gratuity Fund and Alfalah GHP Investment Management Limited – Staff Provident Fund being the associates of the Management Company, Funds under management of the Management Company and directors and their close family member and key management personnel of the Management Company.

As explained in note 1.5, the management rights of the fund were transferred from the Faysal Asset Management Limited (former Management Company) to Alfalah Asset Management Limited on December 31, 2024. Accordingly, the balances held as at June 30, 2026 and transactions undertaken, subsequent to the date of Transfer of Management Rights, with the former Management Company and Faysal Bank Limited, Faysal Bank Limited – Employees' Provident Fund, Faysal Bank Limited – Employees' Gratuity Fund, Faysal Asset Management Limited – Staff Provident Fund, Faysal Asset Management Limited - Staff Gratuity Fund being the associates of the former Management Company, Funds under management of the former Management Company and directors and their close family members and key management personnel of the Management Company are no longer considered related party transactions and balances, therefore, not disclosed in these financial statements. Furthermore, figures for the balances held and transactions undertaken with related party determined as at June 30, 2025 have not been disclosed as these parties were not considered related parties in the current year.

Connected persons includes any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund.

Transactions with connected persons essentially comprise purchase and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges, sale and purchase of investment and distribution payments to connected persons. The transactions with connected person are also in the normal course of business, at contracted rates and at terms determined in accordance with the market rates.

Remunerations of the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

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

Transactions during the year	2026 ----- (Rupees) -----	2025 -----
Alfalah Asset Management Company Limited - Management Company		
Remuneration of the Management Company	-	1,305,197
Sindh Sales Tax on remuneration of the Management Company	3,742,321	382,967
Reimbursement of expenses from the Management Company	-	471,600
Dividend reinvested: Nil (2025: 140,022) units	-	8,619,744
Units issued: 78,540 (2025: 1,543,210) units	5,682,318	131,429,946
Units redeemed: 1,648,897 (2025: Nil) units	130,000,000	-

Transactions during the year

	2026	2025
	----- (Rupees) -----	
Bank Alfalah Limited - Group Company		
Profit on balances with banks	1,271,170	5,551
Bank charges	2,207	853
Faysal Asset Management Limited - Former Management Company		
Remuneration of the Faysal Asset Management Limited - Management Company	-	1,247,916
Sindh sales tax on management remuneration	-	187,187
Reimbursement of expenses from the Management Company	-	276,000
Selling and marketing expenses	-	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	1,549,533	399,245
Sindh sales tax on trustee fee	232,430	61,972
Settlement charges	-	47,244
Unit holders holding 10% or more units		
Issuance of units: 77,044,903 (2025: 1,543,210) units	5,232,927,131	131,429,946
Redemption of units: 51,483,852 (2025: Nil) units	3,487,140,002	-
Dividend reinvested: Nil (2025: 140,022) units	-	8,619,744

Amounts / balances outstanding as at year end

	2026	2025
	----- (Rupees) -----	
Alfalah Asset Management Limited - Management Company		
Remuneration payable to the Management Company	1,101,312	304,837
Sindh Sales Tax payable on remuneration of the Management Company	165,197	45,872
Receivable from the Management Company	-	471,600
Units outstanding: 112,874 (2025: 1,683,232) units	7,156,978	104,309,869
Bank Alfalah Limited - Group Company		
Balance with bank	135,045,483	33,630
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	224,450	32,149
Sindh sales tax payable on remuneration of the trustee	33,667	4,823
Key Management Personnel		
Outstanding units: 161 (2025: 161) units	10,208	9,978
Unit holders holding 10% or more units		
Outstanding units: 25,561,051 (2025: 1,683,232) units	1,620,744,219	104,309,869

15 FINANCIAL INSTRUMENTS BY CATEGORY
Financial assets

	At amortised cost	At fair value through profit or loss	Total
	----- Rupees -----		
Balances with banks	185,463,139	-	185,463,139
Investments	-	1,473,198,348	1,473,198,348
Advances, deposits and other receivables	4,826,944	-	4,826,944
Receivable from the Management Company	-	-	-
	<u>190,290,083</u>	<u>1,473,198,348</u>	<u>1,663,488,431</u>

Financial liabilities

	At amortised cost	At fair value through profit or loss	Total
Payable to the Management Company	1,101,312	-	1,101,312
Payable to the Trustee	224,450	-	224,450
Accrued expenses and other liabilities	2,943,191	-	2,943,191
Payable against redemption of units	-	-	-
	<u>4,268,953</u>	<u>-</u>	<u>4,268,953</u>

	-----2025-----		
	At amortised cost	At fair value through profit or loss	Total
	-----Rupees-----		
Financial assets			
Balances with banks	13,161,131	-	13,161,131
Investments	-	105,922,837	105,922,837
Advances, deposits and other receivables	3,301,025	-	3,301,025
Receivable from the Management Company	471,600	-	471,600
	<u>16,933,756</u>	<u>105,922,837</u>	<u>122,856,593</u>
Financial liabilities			
Payable to the Management Company	350,709	-	350,709
Payable to the Trustee	36,972	-	36,972
Accrued expenses and other liabilities	2,694,952	-	2,694,952
	<u>3,082,633</u>	<u>-</u>	<u>3,082,633</u>

16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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 primarily set up to be performed 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 is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

16.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee and regulations laid down by the SECP.

Market risk comprises of three types of risks: yield / profit rate risk, currency risk, and price risk.

(i) Yield / profit rate risk

Yield / profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2026, the Fund is exposed to such risk on balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

The Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher/lower by Rs. 1.875 million (2025: Rs. 0.132 million).

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the FMAP are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2026 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

Yield / profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2026 can be determined as follows:

-----2026-----					
Effective yield / profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one	More than one year		

----- Rupees -----

Financial assets

Balances with banks	11.65% to 12.50%	185,463,139	-	-	-	185,463,139
Investments		-	-	-	-	-
- Listed Equity securities		-	-	-	1,473,198,348	1,473,198,348
Receivable from the Management Company		-	-	-	-	-
Advances, deposits and other receivables		-	-	-	4,826,944	4,826,944
		185,463,139	-	-	1,478,025,292	1,663,488,431

Financial liabilities

Payable to the Management Company		-	-	-	1,266,509	1,266,509
Payable to the Trustee		-	-	-	258,117	258,117
Accrued expenses and other liabilities		-	-	-	2,943,191	2,943,191
Payable against redemption of units		-	-	-	-	-
		-	-	-	4,467,817	4,467,817

On-balance sheet gap (a)

185,463,139	-	-	1,473,557,475	1,659,020,614
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Off-balance sheet financial instruments

-	-	-	-	-
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Off-balance sheet gap (b)

-	-	-	-	-
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Total interest rate sensitivity gap (a+b)

185,463,139	-	-	-	-
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Cumulative interest rate sensitivity gap

185,463,139	185,463,139	185,463,139	-	-
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-----2025-----					
Effective yield / profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one	More than one year		

----- Rupees -----

Financial assets

Balances with banks	8.50% to 13.00%	13,161,131	-	-	-	13,161,131
Investments		-	-	-	-	-
- Listed Equity securities		-	-	-	105,922,837	105,922,837
- Market Treasury Bills		-	-	-	-	-
- Pakistan Investments Bonds		-	-	-	-	-
Receivable from the Management Company		-	-	-	471,600	471,600
Advances, deposits and other receivables		-	-	-	3,301,025	3,301,025
		13,161,131	-	-	109,695,462	122,856,593

Financial liabilities

Payable to the Management Company		-	-	-	350,709	350,709
Payable to the Trustee		-	-	-	36,972	36,972
Accrued expenses and other liabilities		-	-	-	2,694,952	2,694,952
Payable against redemption of units		-	-	-	30,919	30,919
		-	-	-	3,113,552	3,113,552

On-balance sheet gap (a)

13,161,131	-	-	106,581,910	119,743,041
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Off-balance sheet financial instruments

-	-	-	-	-
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Off-balance sheet gap (b)

-	-	-	-	-
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Total interest rate sensitivity gap (a+b)

13,161,131	-	-	-	-
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Cumulative interest rate sensitivity gap

13,161,131	13,161,131	13,161,131	-	-
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(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from yield / profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity price risk on investments held by the Fund and classified as 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed.

In case of 1% increase / decrease in KSE-100 index on June 30, 2026, with all other variables held constant, the net income of the Fund for the year would increase / decrease by Rs. 14.732 million (2025: Rs. 1.059 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 1% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE-100 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE-100 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2026 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE-100 Index.

16.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily settlement of equity securities and daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, 2008, the Fund can borrow in the short-term to ensure settlement subject to the maximum limit which is fifteen percent of the net assets up to 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemption requests during the year ended June 30, 2026.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including balances with banks have been included in the maturity grouping of one month:

2026						
Within 1 month	More than one month and upto three	More than three months and upto one	More than one year and upto five years	More than 5 years	Financial instruments with no fixed	Total
Rupees						
Financial liabilities						
Payable to the Management Company	1,266,509	-	-	-	-	1,266,509
Payable to the Trustee	258,117	-	-	-	-	258,117
Accrued expenses and other liabilities	2,196,695	746,496	-	-	-	2,943,191
Payable against redemption of units	-	-	-	-	-	-
	3,721,321	746,496	-	-	-	4,467,817
2025						
Within 1 month	More than one month and upto three	More than three months and upto one	More than one year and upto five years	More than 5 years	Financial instruments with no fixed	Total
Rupees						
Financial liabilities						
Payable to the Management Company	350,709	-	-	-	-	350,709
Payable to the Trustee	36,972	-	-	-	-	36,972
Accrued expenses and other liabilities	1,665,854	1,029,098	-	-	-	2,694,952
Payable against redemption of units	30,919	-	-	-	-	30,919
	2,084,454	1,029,098	-	-	-	3,113,552

16.3 Credit risk

16.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

	2026		2025	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	Rupees			
Balances with banks	185,496,106	185,496,106	13,161,131	13,161,131
Investments	1,473,198,348	-	105,922,837	-
Advances, deposits and other receivables	-	-	3,301,025	3,301,025
Receivable from the Management Company	-	-	471,600	471,600
	<u>1,658,694,454</u>	<u>185,496,106</u>	<u>122,856,593</u>	<u>16,933,756</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2026 is the carrying amount of the financial assets. Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investments in equity securities of Rs. 1473.198 million (2025: Rs. 105.922 million) is not exposed to credit risk.

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent controls established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

16.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks, investments (other than in government backed securities) and mark-up accrued thereon. The credit rating profile of balances with banks is as follows:

Bank balance by rating category	2026	2025
	Percentage	Percentage
AAA	84.00%	78.01%
AA+	15.00%	-
AA-	-	0.05%
AA	1.00%	21.94%

Deposits with CDC & NCCPL are highly rated and risk of default is considered minimal.

16.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties and are within the regulatory limits, therefore any significant concentration of credit risk is mitigated.

17 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2026 and June 30, 2025, the Fund held the following financial instruments measured at fair values:

	2026			Total
	Level 1	Level 2	Level 3	
Financial assets 'at fair value through profit or loss'	(Rupees)			
Listed Equity Securities	1,473,198,348	-	-	1,473,198,348
	<u>1,473,198,348</u>	<u>-</u>	<u>-</u>	<u>1,473,198,348</u>
	2025			Total
	Level 1	Level 2	Level 3	
Financial assets 'at fair value through profit or loss'	(Rupees)			
Listed Equity Securities	105,922,837	-	-	105,922,837
	<u>105,922,837</u>	<u>-</u>	<u>-</u>	<u>105,922,837</u>

During the year ended June 30, 2026, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

17.1 Valuation techniques used in determination of fair values within level 2

Item	Valuation technique
Listed Equity Securities	The fair value of investment in listed equity securities is determined on the basis of closing quoted market prices available at the Pakistan Stock.

18 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund remained compliant through out the year ended June 30, 2026.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 16, the Fund endeavors to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

19 UNIT HOLDING PATTERN OF THE FUND

Category	2026			2025		
	Number of unit holders	Number of units held	Percentage of total	Number of unit holders	Number of units held	Percentage of total
Associated company	1	112,874	0.44%	1	1,683,231	92.73%
Individuals	405	25,652,656	98.93%	288	131,916	7.27%
Others	14	164,252	0.63%	6	12	-
	<u>425</u>	<u>25,929,782</u>	<u>100.00%</u>	<u>295</u>	<u>1,815,159</u>	<u>100.00%</u>

20 SUPPLEMENTARY NON-FINANCIAL INFORMATION

The information regarding top ten brokers, members of the Investment Committee, fund manager and meetings of the Board of Directors of the Management Company are required under Schedule V of the NBFC Regulations has been disclosed in Annexure to the financial statements.

21 GENERAL

21.1 Figures have been rounded off to the nearest rupee unless otherwise stated.

22 CORRESPONDING FIGURES

Corresponding figures have been re-classified and re-arranged in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

23 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 21, 2026 by the Board of Directors of the Management Company.

**For Alfalah Asset Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

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**

Annexure I

(i) UNIT HOLDING PATTERN OF THE FUND

Category	As at 30 June 2026			
	Number of unit holders	Number of units held	Amount Rupees	% of total
Retirement Funds	2	0	1	0%
Others	2	162,970	10,333,381	1%
Other Corporate	6	17,9015	1,135	0%
NBFCs	2	115594.096	7,430,493	0%
Individual	315	27,152,680	1,777,339,754	99%
Insurance	1	0	2	0%
	328	27,431,262	1,795,104,766	100%

Category	As at 30 June 2025			
	Number of unit holders	Number of units held	Amount Rupees	% of total
Individuals	288	131,916	8,175,491	7%
Associated Co./ Directors	1	1,683,232	104,318,272	93%
Insurance Co.	1	0	2	0%
Banks/ DFIs	2	0	0	0%
Retirement & Other Funds	3	0	1	0%
Others	5	12	718	0%
	300	1,815,159	112,494,484	100%

(ii) TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

	30 June 2026 %
Intermarket Securities Limited	16.74%
CHASE SECURTIES PAK	9.68%
Topline Securities Limite	8.57%
DARSON	7.73%
KTRADE SECURITIES LIMITED	6.84%
Arif Habib Limited	5.95%
JS Global Capital Limited	5.36%
Taurus Securities Limited	5.31%
Optimus Markets Pvt Ltd	4.06%
Trust Securities & Brokerage Limited	3.91%

	30 June 2025 %
Next Capital Limited	23%
Insight Securities (Private) Limited	12%
Darson Securities (Private) Limited	11%
Sherman Securities (Private) Limited	10%
Topline Securities Limited	7%
Akik Capital (Private) Limited	7%
DJM Securities (Private) Limited	6%
BMA Capital Management Limited	5%
Ktrade Securities Limited	2%
Multiline Securities Limited	2%

(iii) PARTICULARS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

Mr. Khaldoon Bin Latif - CEO
Mr. Ayub Khoro – Chief Investment Officer
Mr. Faisal Ali Khan - Chief Financial Officer
Mr. Shariq Mukhtar Hashmi – Chief Compliance Officer
Mr. Imad Ansari – Chief Risk Officer
Mr. Muddasir Ahmed Shaikh - -- Head of Equities
Mr. Mustafa Kamal - Head of Fixed Income
Ms. Sana Abdullah - Head of Research
Mr. Salman Jawaid - Fund Manager Fixed Income Fund
Mr. Anil Kumar - Jr. Fund Manager Equity Funds

Mr. Khaldoon Bin Latif - CEO

Mr. Khaldoon has been associated with the capital markets for over 18 years, with both domestic and international experience providing a comprehensive blend. Prior to joining Alfalah Asset Management Limited Mr. Khaldoon was associated with Faysal Asset Management Limited as its Chief Executive Officer (CEO) and under his leadership, Faysal Asset Management has achieved significant growth during his tenure and transformed into major industry player. Earlier he was associated with BMA Asset Management Company Limited as its CEO, JS Investments Limited as its Chief Investment Officer (CIO) and KASB Funds Limited as its CEO. Before KASB Funds, he was the General Manager and Director of TSWLL Bahrain, a wholly owned subsidiary of TAIB Bank BSC, where he headed their brokerage, asset management, custody and advisory operations.

He has been a member of the Mutual Fund Association for over six years and has been the Vice Chairman from FY2021-22. He is also a non-executive director on a bank holding company out of Bahrain, IIBank LLC that has operations in Africa and Europe. He is a former board member of TRG and Pace Pakistan.

Mr. Latif also brings both buy and sell side exposure of domestic capital markets in Pakistan. Mr. Latif began his career on the sell side with AKD Securities Ltd in various capacities including Head of Foreign Institutional Sales and Equity Research in the capacity of Head of Research and Chief Economist. On the Buy side, Mr. Latif has worked with PICIC AMC as Head of Research and Product Development where his tenor also included active management of the PICIC Energy Fund. Mr. Latif is a LUMS Alumni and has done a number of capital market courses with CFA association, Daiwa, J.P. Morgan and Bahrain Institute of Banking and Finance (BIBF). He has also completed his Director Certification program from IBA.

Mr. Ayub Khoro – Chief Investment Officer

Prior to joining Alfalah, he was associated with Faysal Asset Management Limited as Chief Investment Officer. In his tenure at FAML he revamped the investment process, fund management teams and research department to significantly contribute to the company's unprecedented growth and to cater to the ever growing business needs and market dynamics.

Mr. Ayub has over 15 years of experience in banking / asset management industry in research, capital markets and fund management functions. He started his career with Pak Oman AMC in the research division before moving on to Faysal Bank Limited as Research Head in the Equity Capital Markets Division. At Faysal Bank, he was involved in managing the equity portfolio worth over USD 80mn and spearheading the research effort to provide in-depth advice and coverage across the capital markets for the Investment Committee. He was also involved in IPO's and private equity valuations for the bank.

Mr. Ayub has developed a unique understanding of equity, fixed income and money market investments. With the power to exercise all investment options for FAML, he has ensured that his investment decisions have encompassed both strategic and tactical asset allocations, implemented via thorough research and evaluation of historical performance of multiple asset classes and instruments. Mr. Ayub holds a Bachelor's of Science (BSc Hons) degree in Economics from Lahore University of Management Sciences (LUMS).

Mr. Faisal Ali Khan - Chief Financial Officer

Faisal Ali Khan is serving as Chief Financial Officer of Alfalah Investments and prior to joining he was associated with Faysal Funds where he served as CFO and Company Secretary. In past he has worked with reputed financial sector organizations including BMA Funds, Saudi Pak Industrial and Agricultural Company (Pvt.) Ltd, Attock Refinery Limited and KPMG. Mr. Khan is a fellow member of the Institute of Chartered Accountant of Pakistan having a professional experience of over nineteen years ranging from financial reporting, regulatory compliance, budgeting and taxation to corporate and secretarial practices including 15 years of experience in the asset management and investment advisory industry

Mr. Shariq Mukhtar Hashmi – Chief Compliance Officer

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.

Mr. Imad Ansari – Chief Risk Officer

Mr. Imad Ansari is a seasoned Risk Professional with overall experience of 19 years (15 in financial sector and 4 years with leading television networks as Anchor/Research Analyst). He has extensive experience in implementing risk frameworks across the entity and funds under management, by combining Financial, Operational, Information Security and Business Continuity under the ambit of Enterprise Risk Management.

Before joining Alfalah Asset Management Limited as Chief Risk Officer, he has worked with HBL Asset Management, Faysal Funds, Al Meezan Investment Management Limited, UBL Funds, CNBC, PTV & Business Plus."

Mr. Muddasir Ahmed Shaikh – Head of Equities

Mr. Shaikh is heading the Equity Investments team at Alfalah Investments. He has been an integral part of the team since 2007 and holds about two decades of professional experience. He joined the Investment Management Industry in 2004, right after his graduation with an MBA degree. Over the years, he has served various public and private financial institutions of repute. He started his career as Research Analyst and has progressed over the year to higher levels in portfolio management. Mr. Shaikh is an Alumni of the prestigious Institute of Business Administration, Karachi (IBA).

Mr. Mustafa Kamal - Head of Fixed Income

Mr. Mustafa Kamal has more than 18 years of work experience in the investment management profession out of which he has been associated with the Mutual Fund Industry for over 15 years. Prior to joining Alfalah Investments, he was working as a Chief Investment Officer with Pak Oman Asset Management Limited. Over the years, he has worked at companies like Askari Investments, National Fullerton Asset Management, Crescent Leasing & ORIX Investment Bank. He is an MBA with Majors in Finance.

Currently serving the company as a Head of Fixed Income Funds, Mr. Kamal is a key member of portfolio management team and a member of the investment committee for the mutual funds. During his career he has managed wide range of conventional and Islamic mutual funds schemes.

Ms. Sana Abdullah - Head of Research

Ms. Sana Abdullah, CFA, is the Head of Research at Alfalah Investments and has over 17 years of experience in the financial sector, primarily in equity and macroeconomic research, investment management and advisory. She has previously worked with Lakson Investments Limited, Tundra Fonder, Global Securities and other leading research and brokerage firms in Pakistan. She also previously served as Head of Separately Managed Accounts & Equity Portfolio Manager at Alfalah Investments. Sana is a CFA Charterholder and holds an MBA in MIS/Information Technology from Iqra University, Karachi, where she was a Gold Medalist.

Mr. Salman Jawaid - Fund Manager Fixed Income Fund

Mr. Salman is managing the Fixed Income Funds at Alfalah Investments. He has almost more than 12 years of work experience in the Mutual Fund Industry precisely in the Fund Management Department. He is an MBA in Finance from the Institute of Business Management (IOBM) and also pursuing his education in the CFA program. Over the years, he has worked at National Investment Trust Limited (NIT) and Faysal Asset Management in the portfolio management department.

Mr. Anil Kumar - Jr. Fund Manager Equity Funds

Mr. Anil has over 3 years of well-rounded sectoral exposure in Investment Research and Fund Management. He was earlier associated as Research Analyst with Alfalah Investments, where he has actively covered Chemical Sector, Cement Sector, Pharmaceutical sector, Textile sector and has also identified many profitable investment ideas. Prior to joining Alfalah, he was associated with UBL Fund Managers and Darson Securities Limited. Anil has done Bachelors (BBA) from Iqra University with majors in Finance and is a CFA Level 3 candidate.

(iv) MEETINGS OF BOARD OF DIRECTORS

The dates of the meetings of the Board of Directors of the Management Company of the fund and the attendance of its members are given below:

Name of Director	Meeting held on				
	August 16, 2025	October 29, 2025	January 8, 2026	February 26, 2026	April 27, 2026
Mr. Khaldoon Bin Latif	✓	✓	✓	✓	✓
Mr. Khalilullah Shaikh	✓	✓	Leave	✓	✓
Mr. Khaled Khanfer	✓	✓	✓	Leave	Leave
Ms. Ayesha Aziz	✓	✓	✓	✓	✓
Ms. Farooq Ahmed Khan	✓	✓	✓	✓	✓
Mr. Atif Bajwa	✓	✓	✓	✓	✓
Mr. Sohail Sultan	✓	✓	✓	Leave	✓
Mr. Zaigham Shariff	-	✓	✓	✓	✓

(v) **MEETINGS OF BOARD AUDIT COMMITTEE**

The dates of the meetings of the Board Audit Committee of the Management Company of the fund and the attendance of its members are given below

Name of Director	Meeting held on			
	August 15, 2025	October 28, 2025	February 25, 2026	April 23, 2026
Mr. Khaled Khanfer	✓	✓	✓	✓
Mr. Khalilullah Shaikh	✓	✓	✓	✓
Mr. Farooq Ahmed Khan	✓	✓	✓	✓

(vi) **MEETINGS OF BOARD RISK MANAGEMENT COMMITTEE**

The dates of the meetings of the Board Risk Management Committee of the Management Company of the fund and the attendance of its members are given below

Name of Director	Meeting held on			
	August 13, 2025	October 28, 2025	February 24, 2026	April 23, 2026
Mr. Khaled Khanfer	✓	✓	✓	✓
Mr. Khalilullah Shaikh	✓	✓	✓	✓
Mr. Farooq Ahmed Khan	✓	✓	✓	✓
Mr. Khaldoon Bin Latif	✓	✓	✓	✓

(vii) **MEETINGS OF BOARD HUMAN RESOURCE MANAGEMENT COMMITTEE**

The dates of the meetings of the Board Human Resource Management Committee of the Management Company of the fund and the attendance of its members are given below

Name of Director	Meeting held on		
	October 24, 2025	February 24, 2026	April 24, 2026
Mr. Zaigham Shariff	✓	✓	Leave
Mr. Farooq Ahmed Khan	✓	✓	✓
Ms. Ayesha Aziz	✓	✓	✓
Mr. Khaldoon Bin Latif	✓	✓	✓

(viii) **MEETINGS OF BOARD INVESTMENT COMMITTEE**

The dates of the meetings of the Board Investment Committee of the Management Company of the fund and the attendance of its members are given below

Name of Director	Meeting held on			
	August 15, 2025	October 28, 2025	February 23, 2026	April 20, 2026
Mr. Farooq Ahmed Khan	✓	✓	✓	✓
Mr. Sohail Sultan	✓	✓	✓	✓
Ms. Ayesha Aziz	✓	✓	✓	✓

**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**

PERFORMANCE TABLE - AAAF-

	30 June 2026	30 June 2025	30 June 2024	30 June 2023 (Rupees in '000)	30 June 2022
Net Assets	1,644,124	112,494,484	1,035,427,499	79,181,367	158,737,608
NAV per unit	63.4068	61.9750	61.5621	61.5200	61.4300
Selling price per unit	64.8652	64.1100	63.6491	63.6100	63.4300
Redemption price per unit	63.4068	61.9750	61.5621	61.5200	61.4300
Highest selling price per unit	86.6688	100.5900	144.8058	70.9200	87.3100
Highest redemption price per unit	83.7784	97.2300	141.6055	68.5900	84.4400
Lowest selling price per unit	61.6216	63.0277	63.6000	61.7400	63.3000
Lowest redemption price per unit	59.5666	61.1627	61.5100	59.7100	61.2200
1st interim distribution per unit	-	36.01	41.55	3.04	-
1st interim distribution date	-	27-Jun-25	28-Jun-24	27-Jun-23	-
Annualized returns %	2.32%	59.55%	67.65%	5.09%	-24.59%
Income distribution %	0.00%	58.49%	67.54%	4.95%	0.00%

Return since inception is **7.06 %**.

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

Summary of Actual Proxy voted by Alfalah Asset Allocation Fund

For the year from July 1, 2025 to June 30, 2026

Nature of Meeting	Meeting Date	Resolutions	Holding	%age Holding	Favour	Against	Abstain
Kohat Cement Company Limited (KOHC)							
EOGM	07-Aug-2025	To sub-divide the face value of shares from Rs. 10/- to Rs. 2/- per share (5:1) and to amend Clause V of the Memorandum of Association accordingly under Section 85(1)(c) of the Companies Act, 2017	55	0.0000%	✓		
Sazgar Engineering Works Limited (SAZEW)							
AGM	27-Aug-2026	To receive, consider and adopt the audited unconsolidated and consolidated financial statements for the year ended June 30, 2026 together with the Directors' and Auditors' reports	3.05	0.0000%	✓		
		To approve the final cash dividend of Rs. 20.00 per share (20%) for the year ended June 30, 2025 as recommended by the Board		#DIV/0!			
Lucky Cement Limited (LUCK)							
AGM	26-Sep-2025	To receive, consider and adopt the audited financial statements for the year ended June 30, 2025 together with the Board of Directors' and Independent Auditors' reports To declare and approve the final cash dividend @ 200%, i.e. PKR 4.00 per ordinary share of PKR 2.00 each, for the year ended June 30, 2025 as recommended by the Board To appoint auditors of the Company and fix their remuneration for the year ending June 30, 2026 - M/s A.F. Ferguson & Co. consented to re-appointment To authorise investments in National Resources (Private) Limited comprising equity subscription up to PKR 1.2 billion and acquisition of 250 shares from Muhammad Ali Tabba for PKR 2,500 (sub-resolutions A to D) To ratify and approve related party transactions for FY2025 and to grant advance authorisation for FY2026 related party transactions (sub-resolutions A to C)	19.8	0.0000%	✓		
Mari Energies Limited (MARI)							
AGM	26-Sep-2025	To receive, consider and adopt the audited separate and consolidated financial statements for the year ended June 30, 2025 together with the Directors', Auditors' and Chairman's reports	5.2	0.0000%	✓		
		To approve the final dividend of Rs. 21.70 per share (217%) for the year ended June 30, 2025 as recommended by the Board					
		To appoint auditors for the year 2025-26 and determine their remuneration					
Attock Cement Pakistan Limited (ACPL)							
AGM	30-Sep-2025	To receive, consider and adopt the annual audited accounts for the year ended June 30, 2025 together with the Auditors' and Directors' reports	9.351	0.0000%	✓		
		To approve the final cash dividend of 80% (Rs. 8.00 per share) for the year ended June 30, 2025 as recommended by the Board					
		To appoint auditors for the financial year 2025-26 and fix their remuneration					
Maple Leaf Cement Factory Limited (MLCF)							
AGM	16-Oct-2025	To receive, consider and adopt the audited accounts and financial statements for the year ended June 30, 2025 together with the Chairman's Review and the Directors' and Auditor's reports	500	0.0000%	✓		
		To appoint auditors for the year ending June 30, 2026 and fix their remuneration - M/s KPMG Taseer Hadi & Co. recommended by the Board					
		To approve loans/advances up to Rs. 1,000 million to Kohinoor Textile Mills Limited (holding company) for one year commencing November 1, 2025 at markup rate					
		To approve loans/advances up to Rs. 1,000 million to Maple Leaf Capital Limited (associated company) for one year commencing November 1, 2025 at markup rate					
		To ratify related party transactions for the year ended June 30, 2025 as disclosed in note 46 to the financial statements					
		To authorise the Board to approve related party transactions on a case-by-case basis for the year ending June 30, 2026, for shareholder ratification at the next AGM					
K-Electric Limited (KEL)							
EOGM	25-Mar-2026	To elect Directors in place of retiring Directors - the Board fixed the number of Directors at thirteen, of which ten positions require election	3,322,547	0.0120%	✓		
Bank Alfalah Limited (BAFL)							
AGM	27-Aug-2026	To approve the final cash dividend of Rs. 1.5 per share (30%) for the year ended Dec 31 2026	400.091	0.0000%	✓		
MCB Bank Limited (MCB)							
AGM	27-Mar-2026	To confirm the minutes of the Annual General Meeting held on March 27, 2025	51.117	0.0000%	✓		
		To receive, consider and adopt the audited financial statements, Directors' Report, Auditors' Report and Chairman's Review for the year ended December 31, 2025					
		To appoint M/s KPMG Taseer Hadi & Co. as auditors in place of M/s A.F. Ferguson & Co. on completion of their five-year term, and to fix their remuneration					
		To approve the final cash dividend of 90% (PKR 9.00 per share), in addition to interim dividends of 270% (PKR 27.00 per share), totalling 360% (PKR 36.00 per share) for 2025					
		To consider and pass an ordinary resolution approving the amended Directors' Remuneration Policy of the Bank					
International Industries Limited (INIL)							
EOGM	18-Jun-2026	To authorise equity investment of up to PKR 500,000,000 in CFS Minerals (Private) Limited, subject to regulatory approvals and the requirements of the Companies Act, 2017	11	0.0000%	✓		
		To empower the CEO, CFO and/or Company Secretary to execute the necessary documents, filings and applications with PSX, SECP and other authorities					

ALFALAH ASSET ALLOCATION FUND (FORMERLY: FAYSAL ASSET ALLOCATION FUND)
STATEMENT OF ASSETS AND LIABILITIES

As AT JUNE 30, 2026



For Alfalah Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

ALFALAH ASSET ALLOCATION FUND (FORMERLY: FAYSAL ASSET ALLOCATION FUND)
INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2026



For Alfalah Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

ALFALAH ASSET ALLOCATION FUND (FORMERLY: FAYSAL ASSET ALLOCATION FUND)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2026



For Alfalah Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

ALFALAH ASSET ALLOCATION FUND (FORMERLY: FAYSAL ASSET ALLOCATION FUND)

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS

FOR THE YEAR ENDED JUNE 30, 2026



For Alfalah Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

ALFALAH ASSET ALLOCATION FUND (FORMERLY: FAYSAL ASSET ALLOCATION FUND)

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2026



For Alfalah Asset Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

ALFALAH ASSET ALLOCATION FUND (FORMERLY: FAYSAL ASSET ALLOCATION FUND)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

FOR THE YEAR ENDED JUNE 30, 2026

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Alfalah Asset Allocation Fund (the Fund) (formerly: Faysal Asset Allocation Fund pursuant to the arrangement as mentioned in note 1.5) is an open ended collective investment scheme established through a Trust Deed under the Trust Act, 1882 entered into on January 31, 2006 between Faysal Asset Management Company Limited (former management company) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

The Trust Act, 1882 had been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trust Act, 2020" (the Sindh Trust Act). Consequently, the Fund was required to be registered under the Sindh Trust Act. Accordingly, on April 14, 2022, the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at Islamic Chamber of Commerce, Industry and Agricultural Building, 2nd Floor, ST 2/A, Block 9, KDA Scheme 5, Clifton, Karachi.

- 1.3** The Fund has been categorised as a 'Asset Allocation Scheme', by the Board of Directors of the Management Company pursuant to the provisions contained in circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs. 100 per unit. Thereafter, the units were being offered for public subscription on a continuous basis from July 24, 2006 and are transferable and redeemable by surrendering them to the Fund.

- 1.4** The objective of the Fund is to provide investors with an opportunity to earn long-term capital appreciation optimizing through broad mix of asset classes encompassing equity instruments, fixed income instruments, money market instruments, bank deposits primarily from the financial sector and any other instrument as defined in the constitutive documents and allowed by the SECP.

- 1.5** On December 31, 2024, Faysal Asset Management Limited (FAML) (the former management company) entered into Transfer of Management Rights Agreement (TMRA) with Alfalah Asset Management Limited (AAML) (the management company) to transfer the management rights of its conventional Funds to AAML. Accordingly, amended trust deed was executed on December 31, 2024 and Trust Amendment Certificate was issued on the same date. As per the agreement, the management rights of the Fund has been transferred to AAML with effect from January 01, 2025.

- 1.6** The VIS Credit Rating Company Limited has assigned an asset manager rating of AM1 to the management company on January 02, 2025 (2024: AM1 dated December 29, 2023) and PACRA assigned stability rating of AM1 dated August 30, 2024 (2024: AM2++ dated August 31, 2023).

- 1.7** The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Accounting Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
 - 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 the requirements of the Trust Deed.
-

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Accounting Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

2.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year

The Fund has adopted the following amendments to the approved accounting and reporting standards which became effective for the current period:

Amendments to approved accounting standards

Classification of Liabilities as Current or Non-current and Non-current Liabilities with covenants - Amendment to IAS 1
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16
Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

2.3 Standards, interpretations and amendments to accounting and reporting standards that are not yet effective in the current period

The following standards, amendments of IFRSs and improvements to accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretation:

Amendments	Effective date (annual periods beginning on or after)
Lack of exchangeability - Amendments to IAS 21	January 01, 2025
Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	January 01, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 01, 2026
Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7	January 01, 2026
IFRS 18 – Presentation and Disclosure in Financial Statements	January 01, 2027
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	January 01, 2027
Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:	
Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	January 01, 2004
IFRS 17 – Insurance Contracts	January 01, 2023

The Fund expects that above standards, amendments and improvements to approved accounting standards will currently not have any material impact on the Fund's financial statements in the period of initial application.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (note 3.2).

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments classified as 'at fair value through profit or loss' which are measured at their respective fair values.

**Alfalah
Financial Sector Opportunity
Fund**

FUND INFORMATION

Management Company:	Alfalsh Asset Management Limited
Board of Directors of the Management Company:	Mr. Atif Aslam Bajwa Mr. Khaled Khanfer Mr. Farooq Ahmed Khan Mr. Zaigham Sheriff Mr. Sohail Sultan Mr. Khalilullah Shaikh Ms. Ayesha Aziz Mr. Khaldoon Bin Latif (CEO)
Audit Committee (BAC)	Mr. Khaled Khanfer Mr. Farooq Ahmed Khan Mr. Khalilullah Shaikh
Business Risk Management Committee (BRMC)	Mr. Khaled Khanfer Mr. Farooq Ahmed Khan Mr. Khalilullah Shaikh Mr. Khaldoon Bin Latif (CEO)
Human Resource & Remuneration Committee (HRRC)	Mr. Farooq Ahmed Khan Mr. Zaigham Sheriff Ms. Ayesha Aziz Mr. Khaldoon Bin Latif (CEO)
Board Investment Committee (BIC)	Mr. Farooq Ahmed Khan Mr. Sohail Sultan Ms. Ayesha Aziz
Company Secretary:	Mr. Saad Haseeb Qureshi
Chief Financial Officer:	Mr. Faisal Ali Khan
Trustee:	Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', SMCHS, Main Share-e-Faisal, Karachi
Bankers to the Fund:	Allied Bank limited Bank Al-Falah Limited Bank Al-Habib Limited The Bank of Punjab Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited JS Bank Limited Soneri Bank Limited Khushhali Microfinance Bank Limited
Auditors:	A.F. Ferguson & Co. Chartered Accountants. State Life Building No. 1-C I.I. Chundrigar Road, P.O.Box 4716 Karachi.
Legal Advisor:	Mohsin Tayebaly & Co. 1st Floor, Dime Centre, BC-4, Block-9, Kehkashan, Clifton, Karachi – 75600. Pakistan.
Registrar:	Alfalsh Asset Management Limited Islamic Chamber of Commerce, Industry and Agriculture Building, 2nd Floor, ST 2/A, Block 9, KDA Scheme 5, Clifton, Karachi.
Distributor:	Bank Alfalah Limited

Alfalah Financial Sector Opportunity Fund

Annual Fund Manager`s Report

Type of Fund: Open-end Scheme
Category of Fund: Income Scheme

Investment Objective

Alfalah Financial Sector Opportunity Fund seeks to provide a competitive rate of returns to its investors by investing in money market and debt instruments with major exposure in financial sector instruments.

Accomplishment of Objective

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

Money Market Review

Pakistan's money market remained relatively resilient during the first half of 2026, although market conditions became increasingly volatile amid evolving inflation expectations, geopolitical developments, and changing monetary policy outlook. Strong liquidity in the banking system and healthy demand for government securities continued to support participation in Treasury Bill (MTB), Pakistan Investment Bond (PIB), and Government Ijarah Sukuk (GIS) auctions during the early part of the period.

However, persistent core inflation, rising imports, elevated global energy prices, and heightened geopolitical tensions in the Middle East led to renewed inflationary concerns and a reassessment of monetary policy expectations. In response, the State Bank of Pakistan (SBP) increased the policy rate by 100 basis points to 11.50% in April 2026 after having maintained the policy rate at 10.50% at the start of the year. Earlier in the period, the SBP also reduced the Cash Reserve Requirement (CRR) by 100 basis points to improve liquidity conditions within the banking system.

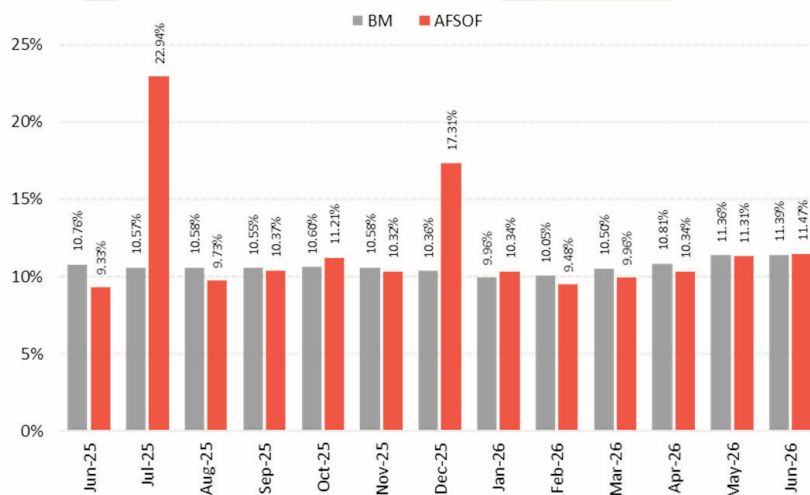
Money market yields remained volatile throughout the period. At the start of the year, Treasury Bill yields stood at 10.4859%, 10.4878%, 10.4799%, and 10.4880% for the 1-month, 3-month, 6-month, and 12-month tenors, respectively. Following a relatively stable start to the year, yields moved higher after the April policy rate hike as markets adjusted to tighter monetary conditions. Towards the end of June 2026, easing geopolitical tensions and moderating inflation expectations contributed to some correction in yields; however, they remained above the levels seen at the beginning of the year, closing at 11.7538%, 11.7031%, 11.7239%, and 11.7557% for the 1-month, 3-month, 6-month, and 12-month Treasury Bills, respectively.

Government securities continued to attract strong investor demand throughout the period, reflecting ample liquidity in the banking sector and sustained confidence in sovereign instruments. While monetary tightening temporarily lifted yields, improving macroeconomic conditions and easing external risks supported a moderation in yields by the end of June 2026.

Fund Performance

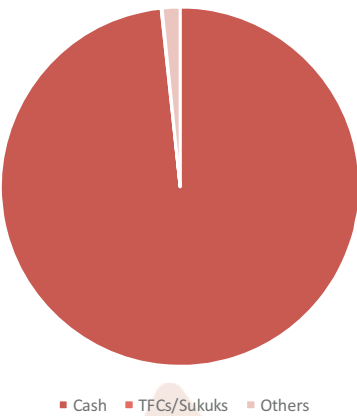
During the period, the fund generated a return of 12.79% compared to the benchmark 10.61%.

Performance comparison with Benchmark



Assets Allocation

Alfalsh Financial Sector Opportunity Fund

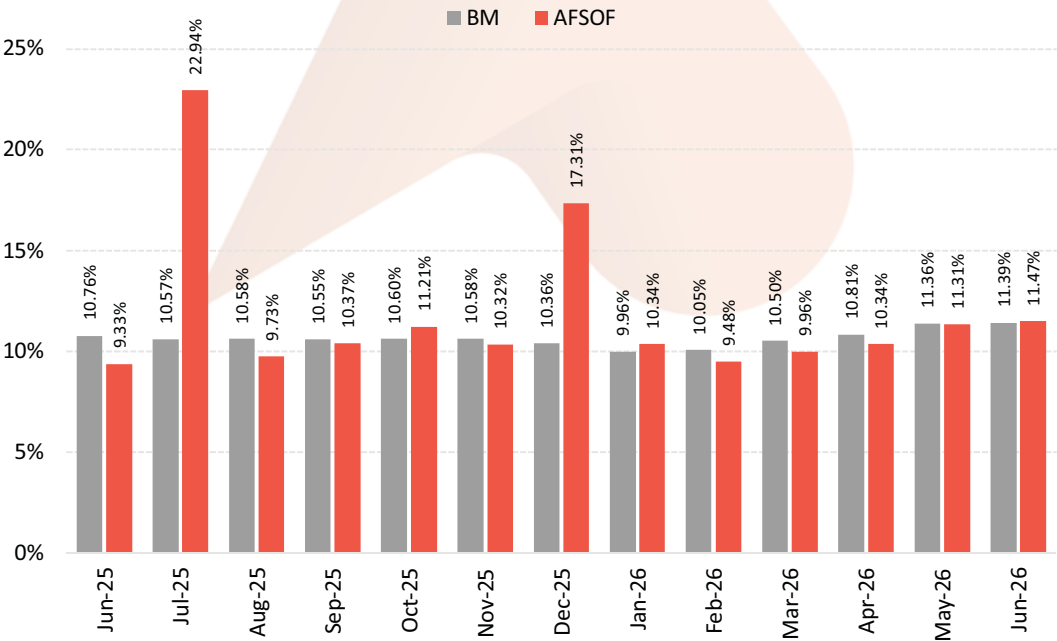


Alfalsh Financial Sector Opportunity Fund - Plan I

Fund Performance

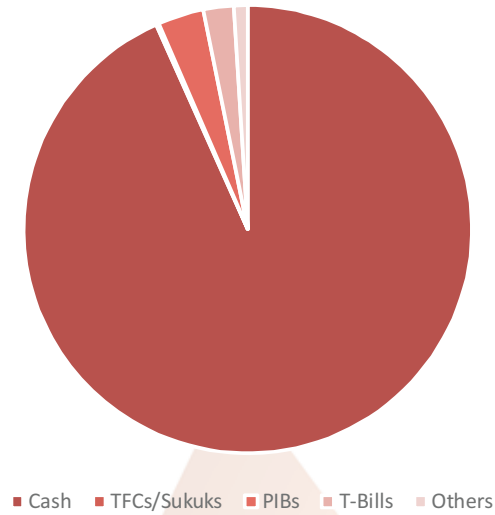
During the period, the fund generated a return of 10.55% compared to the benchmark 10.61%.

Performance comparison with Benchmark



Assets Allocation

Alfalah Financial Sector Income Fund - Plan I



⇒ **Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**

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

⇒ **Disclosure on unit split (if any), comprising:-**

There were no unit splits during the period.

⇒ **Disclosures of circumstances that materially affect any interests of unit holders**

Investments are subject to market risk.

⇒ **Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.**

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED

Head Office:

CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahr-e-Faisal
Karachi - 74400, Pakistan.
Tel : (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

ALFALAH FINANCIAL SECTOR OPPORTUNITY FUND

**Report of the Trustee pursuant to Regulation 41(h) and clause 8 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 Financial Sector Opportunity Fund (the Fund) are of the opinion that Alfalah Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2026 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;
- (iii) The management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework; and
- (iv) 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.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 01, 2026



INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Alfalah Financial Sector Opportunity Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Alfalah Financial Sector Opportunity Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2026, and the income statement, the statement of comprehensive income, statement of movements in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2026, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (NAV) (Refer notes 4 & 5 to the financial statements) Balances with banks and investments constitute the most significant components of the net asset value. Balances with banks aggregated to Rs. 17,294.75 million and investments of the Fund amounted to Rs. 23.23 million as at June 30, 2026. The existence of balances with banks and the existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2026 were considered high risk areas and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: - Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2026 and traced them with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; - Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and - Obtained bank reconciliation statements and tested reconciling items on a sample basis.



A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network, State Life Building No. 1-C, I. I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007



Information Other than the Financial Statements and Auditor's Report Thereon

The Management Company (Alfalah Asset Management Limited) is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management Company and Board of Directors of Management Company for the Financial Statements

The Management Company (Alfalah Asset Management Limited) is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting 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.

In preparing the financial statements, the Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of Directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Company.



A.F. FERGUSON & Co.

- Conclude on the appropriateness of Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Board of Directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Board of Directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) the financial statements have been properly prepared in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008;
- b) proper books and records have been kept by the Collective Investment Scheme or the financial statements prepared are in agreement with the books and records of Collective Investment Scheme; and
- c) we were able to obtain all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

Other matter

The financial statements of Alfalah Financial Sector Opportunity Fund for the year ended June 30, 2025 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion thereon, vide their report dated September 30, 2025.

The engagement partner on the audit resulting in this independent auditor's report is **Shahbaz Akbar**.

A. F. Ferguson & Co.

Chartered Accountants

Karachi

Dated: September 29, 2026

UDIN: AR2026100680rlQqo2TI

ALFALAH FINANCIAL SECTOR OPPORTUNITY FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2026

	Note	2026 ----- (Rupees) -----	2025 ----- (Rupees) -----
Assets			
Balances with banks	4	17,294,745,017	113,161,241
Investments	5	23,233,006	62,333,334
Receivable against redemption of investments		14,166,695	-
Advances, deposits and other receivables	6	41,467,228	525,903,599
Receivable from the Management Company	7	-	42,010
Total assets		17,373,611,946	701,440,184
Liabilities			
Payable to the Management Company	8	32,451,428	797,238
Payable to the Trustee	9	4,334,211	71,350
Payable to the Securities and Exchange Commission of Pakistan	10	3,718,372	11,739
Accrued expenses and other liabilities	11	63,647,817	2,909,803
Payable against redemption of units		171,242	171,242
Total liabilities		104,323,070	3,961,372
Net assets		<u>17,269,288,876</u>	<u>697,478,812</u>
Unit holders' fund (as per statement attached)		<u>17,269,288,876</u>	<u>697,478,812</u>
Contingencies and commitments	12		
		----- (Number of units) -----	
Number of units in issue		<u>150,386,640</u>	<u>6,088,218</u>
		----- (Rupees) -----	
Net asset value per unit		<u>114.8326</u>	<u>114.5600</u>

The annexed notes from 1 to 25 form an integral part of these financial statements.

For Alfalah Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

ALFALAH FINANCIAL SECTOR OPPORTUNITY FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 ----- (Rupees) -----	2025 -----
Income			
Profit on balances with banks		593,510,067	86,910,791
Income from term finance certificates		6,704,178	23,560,213
Income from sukuk certificates		-	14,848,575
Income from government securities		-	37,200,555
Other income		-	207,953
Reimbursement of expenses from management company		-	4,067,010
		600,214,245	166,795,097
Gain on sale of investments classified as financial assets 'at fair value through profit or loss' - net		3,400,000	800,807
Unrealised (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.2	(224)	(5,716,264)
Total income		603,614,021	161,879,640
Expenses			
Remuneration of Management Company			
Alfalalah Asset Management Limited	8.1	26,881,315	2,307,670
Faysal Asset Management Limited			6,291,339
Sindh sales tax on remuneration of the Management Company	8.2	4,032,197	1,289,851
Selling and marketing expenses	8.3	-	508,306
Allocated expenses	8.3	-	28,417
Remuneration of the Trustee	9.1	3,826,107	692,705
Sindh sales tax on remuneration of the Trustee	9.2	573,941	103,906
Fee to the Securities and Exchange Commission of Pakistan	10.1	3,826,028	692,705
Brokerage expenses		-	895,234
Bank charges		8,633	16,858
Auditor's remuneration	13	1,166,400	799,542
Legal and professional charges		130,681	130,645
Fees and subscription		374,201	345,618
Printing charges		-	17,198
Total expenses		40,819,503	14,119,994
Net income for the year before taxation		562,794,518	147,759,646
Taxation	15	-	-
Net income for the year after taxation		562,794,518	147,759,646
Allocation of net income for the year			
Net income for the year after taxation		562,794,518	147,759,646
Income already paid on units redeemed		(456,215,750)	(89,923,953)
		106,578,768	57,835,693
Accounting income available for distribution			
- Relating to capital gains		3,400,000	800,807
- Excluding capital gains		103,178,768	57,034,886
		106,578,768	57,835,693

The annexed notes from 1 to 25 form an integral part of these financial statements.

For Alfalah Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**ALFALAH FINANCIAL SECTOR OPPORTUNITY FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2026**

	2026 ----- (Rupees) -----	2025 -----
Net income for the year after taxation	562,794,518	147,759,646
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u><u>562,794,518</u></u>	<u><u>147,759,646</u></u>

The annexed notes from 1 to 25 form an integral part of these financial statements.

**For Alfalah Asset Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

**ALFALAH FINANCIAL SECTOR OPPORTUNITY FUND
STATEMENT OF MOVEMENTS IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2026**

	2026			2025		
	Capital value	Undistributed Income	Total	Capital value	Undistributed Income	Total
	(Rupees)			(Rupees)		
Net assets at the beginning of the year	520,050,296	177,428,516	697,478,812	8,780,395,671	171,628,136	8,952,023,807
Issuance of 612,301,746 units (2025: 16,643,594 units)						
- Capital value (at net asset value per unit at the beginning of the year)	70,145,288,022	-	70,145,288,022	1,729,435,748	-	1,729,435,748
- Element of income	6,444,842,583	-	6,444,842,583	104,002,013	-	104,002,013
Total proceeds on issuance of units	76,590,130,605	-	76,590,130,605	1,833,437,761	-	1,833,437,761
Redemption of 469,003,324 units (2025: 96,708,804 units)						
- Capital value (at net asset value per unit at the beginning of the year)	(53,614,460,797)	-	(53,614,460,797)	(10,049,011,788)	-	(10,049,011,788)
- Element of loss	(5,620,935,227)	(456,215,750)	(6,077,150,977)	(42,628,947)	(89,923,953)	(132,552,900)
Total payments on redemption of units	(59,235,396,024)	(456,215,750)	(59,691,611,774)	(10,091,640,735)	(89,923,953)	(10,181,564,688)
Total comprehensive income for the year	-	562,794,518	562,794,518	-	147,759,646	147,759,646
Distribution during the year ended 30 June 2025 @ Rs. 14.35 per unit declared on June 23, 2025 (2025: @ Rs. 1.99 per unit declared on August 5, 2024)	(803,557,950)	(85,945,335)	(889,503,285)	(2,142,401)	(52,035,313)	(54,177,714)
Net income for the year less distribution	(803,557,950)	476,849,183	(326,708,767)	(2,142,401)	95,724,333	93,581,932
Net assets at the end of the year	<u>17,071,226,927</u>	<u>198,061,949</u>	<u>17,269,288,876</u>	<u>520,050,296</u>	<u>177,428,516</u>	<u>697,478,812</u>
Undistributed income brought forward						
- Realised income		183,144,779			168,234,227	
- Unrealised (loss) / income		(5,716,263)			3,393,909	
		<u>177,428,516</u>			<u>171,628,136</u>	
Distributions during the year		(85,945,335)			(52,035,313)	
Accounting income available for distribution						
- Relating to capital gains		3,400,000			800,807	
- Excluding capital gains		103,178,768			57,034,886	
		<u>106,578,768</u>			<u>57,835,693</u>	
Undistributed income carried forward		<u>198,061,949</u>			<u>177,428,516</u>	
Undistributed income carried forward						
- Realised income		198,062,173			183,144,779	
- Unrealised loss		(224)			(5,716,263)	
		<u>198,061,949</u>			<u>177,428,516</u>	
			(Rupees)			(Rupees)
Net asset value per unit at the beginning of the year			<u>114.5600</u>			<u>103.9100</u>
Net asset value per unit at the end of the year			<u>114.8326</u>			<u>114.5600</u>

The annexed notes from 1 to 25 form an integral part of these financial statements.

**For Alfalah Asset Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

ALFALAH FINANCIAL SECTOR OPPORTUNITY FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 ----- (Rupees) -----	2025 ----- (Rupees) -----
Cash flows from operating activities			
Net income for the year before taxation		562,794,518	147,759,646
Adjustments for:			
Profit on balances with banks		(593,510,067)	(86,910,791)
Income from term finance certificates		(6,704,178)	(23,560,213)
Income from sukuk certificates		-	(14,848,575)
Income from government securities		-	(37,200,555)
Gain on sale of investments - net		(3,400,000)	(800,807)
Unrealised diminution on re-measurement of investments classified as at fair value through profit or loss - net	5.2	224	5,716,264
		(603,614,021)	(157,604,677)
Decrease / (increase) in assets			
Investments - net		42,500,104	3,148,389,508
Receivable from the Management Company		42,010	(42,010)
Receivable against redemption of investments		(14,166,695)	-
Advances, deposits, and other receivables		514,920,320	250,452
		543,295,739	3,148,597,950
(Decrease) / increase in liabilities			
Payable to the Management Company		31,654,190	(57,405,867)
Payable to the Trustee		4,262,861	(773,035)
Payable to the Securities and Exchange Commission of Pakistan (SECP)		3,706,633	(735,236)
Dividend payable		-	-
Accrued expenses and other liabilities		60,738,014	(89,906,821)
		100,361,698	(148,820,959)
Profit received on balances with bank		561,871,570	-
Profit received on term finance certificates		7,858,726	453,873,673
Net cash generated from operating activities		1,172,568,230	3,443,805,633
Cash flows from financing activities			
Receipts against issuance of units - net of refund of capital		76,590,130,605	1,318,364,695
Payments against redemption and conversion of units		(59,691,611,774)	(10,231,012,835)
Dividend paid		(889,503,285)	(54,177,714)
Net cash generated from / (used in) financing activities		16,009,015,546	(8,966,825,854)
Net decrease in cash and cash equivalents during the year		17,181,583,776	(5,523,020,221)
Cash and cash equivalents at the beginning of the year		113,161,241	5,636,181,462
Cash and cash equivalents at the end of the year	4.2	17,294,745,017	113,161,241

The annexed notes from 1 to 25 form an integral part of these financial statements.

For Alfalah Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**ALFALAH FINANCIAL SECTOR OPPORTUNITY FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026**

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Alfalah Financial Sector Opportunity Fund (The Fund) (Formerly Faysal Financial Sector Opportunity Fund pursuant to the arrangement as disclosed in note 1.5) is an open ended collective investment scheme established through a Trust Deed under the Trust Act, 1882 entered into on May 28, 2013 between Faysal Asset Management Limited (former Management Company) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

The Trust Act, 1882 had been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trust Act, 2020" (the Sindh Trust Act). Consequently, the Fund was required to be registered under the Sindh Trust Act. Accordingly, on November 16, 2021, the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at Islamic Chamber of Commerce, Industry and Agricultural Building, 2nd Floor, ST 2/A, Block 9, KDA Scheme 5, Clifton, Karachi.
- 1.3** The Fund has been categorised as a 'Income Scheme', by the Board of Directors of the Management Company pursuant to the provisions contained in circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs. 100 per unit. Thereafter, the units were being offered for public subscription on a continuous basis from July 06, 2013 and are transferable and redeemable by surrendering them to the Fund.
- 1.4** The objective of the Fund is to provide a competitive rate of return to its investors by investing in money market and debt instruments with major exposure in financial sector. The investment objectives and policies are explained in the Fund's offering document.
- 1.5** On December 31, 2024, Faysal Asset Management Limited (FAML) (the former management company) entered into Transfer of Management Rights Agreement (TMRA) with Alfalah Asset Management Limited (AAML) (the management company) to transfer the management rights of its conventional Funds to AAML. Accordingly, amended trust deed was executed on December 31, 2024 and Trust Amendment Certificate was issued on the same date. As per the agreement, the management rights of the Fund has been transferred to AAML with effect from January 01, 2025.
- 1.6** The Management Company has been assigned an 'AM1' quality rating by VIS Credit Rating Company Limited dated January 26, 2026 (2025: 'AM1' dated January 02, 2025) and by Pakistan Credit Rating Agency Limited (PACRA) dated August 29, 2025 (2025: 'AM1' dated August 30, 2024). The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes. The Fund has been given a stability rating of AA(f) by VIS Credit Rating Company Limited dated January 20, 2026 (2025: AA(f) dated October 28, 2024).
- 1.7** The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards applicable in Pakistan comprise of:

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of, directives and notifications issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of, directives and notifications issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Accounting Standards, the provisions of, directives and notifications issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations have been followed.

2.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2025. However, these are not considered to be relevant or did not have any material effect on the Fund's financial statements and have, not been disclosed in these financial statements.

2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective in the current year

There are certain new standards and amendments to the published accounting and reporting standards that will be applicable to the Fund for its annual periods beginning on or after July 1, 2026. However, these are not considered to be relevant or do not have any material effect on the Fund's financial statements except for:

- The new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) effective for annual periods beginning on or after January 1, 2027. IFRS 18 when applicable, shall impact the presentation of 'Income Statement' with certain additional disclosures in the financial statements; and
- Amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers effective for annual periods beginning on or after January 1, 2026. The amendment when applied may impact the timing of recognition and derecognition of financial assets and financial liabilities.

The management is in the process of assessing the impacts of the new standards and amendments on the financial statements of the Fund.

2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the accounting and reporting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires the management to exercise judgment in the application of the Fund's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors, including expectation of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying value of assets and liabilities. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both the current and future years.

The estimates and judgments that have a significant effect on these financial statements of the Fund relate to classification and valuation of financial assets (notes 3.2 and 5).

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments which have been classified as 'at fair value through profit or loss' which are measured at fair value. The details in respect of valuation techniques under IFRS 13 'Fair Value Measurement' used for the fair valuation of financial assets has been disclosed in note 19.

2.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented.

3.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of assets and liabilities at amortised cost. These comprise balances with banks in savings and current accounts and other short-term highly liquid investments with original maturities of three months or less.

3.2 Financial assets

3.2.1 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried at 'fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

3.2.2 Classification and subsequent measurement

a) Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified:

- at amortised cost
- fair value through other comprehensive income "(FVOCI)"
- fair value through profit or loss "(FVPL)"

based on the business model of the entity.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognised at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

b) At amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses are recognised in "Income Statement", when the asset is derecognised, modified or impaired.

c) Impairment (other than debt securities)

The fund assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Fund considers that a financial asset is in default when the counterparty fails to make contractual payments within 90 days of when they fall due. Further, financial assets are written off by the Fund, in whole or part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery.

e) Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the income statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, considering the specific credit and financial condition of the debt security issuer and in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has also been placed on the Management Company's website as required under the SECP's circular.

3.2.5 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Up to February 8, 2026, regular way purchases / sales of assets required delivery of securities within two days from the transaction date (T+2) as per the stock exchange regulations. Effective from February 9, 2026, in accordance with the revised regulations of the Pakistan Stock Exchange (PSX), the settlement cycle has transitioned to a Trade plus one day (T+1) basis, requiring delivery of securities within one day from the transaction date.

3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred, the Fund has transferred substantially all the risks and rewards of ownership or the Fund neither transfers nor retains substantially all the risks and rewards of ownership and the Fund has not retained control. Any gain or loss on derecognition of financial assets is taken to the "Income Statement"

3.3 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the income statement.

3.4 Offsetting of financial assets and financial liabilities

Financial assets and financial 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 to realise the assets and settle the liabilities simultaneously.

3.5 Provisions

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.6 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

3.7 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on the day when the application is received. The offer price represents the NAV per unit as of the close of the business day, plus the allowable sales load, provision of any duties and charges and provision for transaction costs, if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price prevalent on the date on which the Management Company / distributors receive redemption applications during business hours on that date. The redemption price represents the NAV as on the close of the business day, less any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

3.8 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

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

Element of income represents the difference between NAV per unit on the issuance or redemption date, as the case may be, of units and the NAV per unit at the beginning of the relevant accounting year. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend NAV of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

3.10 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the Income Statement, on the date when the transaction takes place;
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the year in which they arise.
- Income on Term Finance Certificates is recognized on a time proportionate basis using the effective yield method, except for the securities which are classified as non-performing asset under Circular No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis; and
- Profit on savings account with banks is recognised on time proportion basis using the effective yield method.

3.11 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company, Trustee and annual fee of SECP are recognised in the Income Statement on an accrual basis.

3.12 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

	Note	2026 ----- (Rupees) -----	2025
4 BALANCES WITH BANKS			
In savings accounts	4.1	<u>17,294,745,017</u>	<u>113,161,241</u>
4.1	These include a balance of Rs. 3.48 billion (2025: 1.39 million) maintained with Bank Alfalah Limited (a related party) that carries profit at the rate of 12.50% (2025: 8.75%) per annum. Other savings accounts of the Fund carry profit rates ranging from 11.00% to 12.75% (2025: 8.50% to 13.00%) per annum.		
4.2 CASH AND CASH EQUIVALENT			
Balances with banks	4	<u>17,294,745,017</u>	<u>113,161,241</u>
5 INVESTMENTS			
At fair value through profit or loss			
Term finance certificates	5.1	<u>23,233,006</u>	<u>62,333,334</u>
		<u>23,233,006</u>	<u>62,333,334</u>

5.1 Term finance certificates

Name of the security	Interest payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2025	Purchased during the year	Matured during the year	As at June 30, 2026	Carrying value as at June 30, 2026	Market value as at June 30, 2026	Unrealised (diminution) as at June 30, 2026	Market value as percentage of	
				(Number of certificates)			(Rupees)				net assets of the Fund	total market value of investment

Technology & communications

TPL Corporation Limited (AA-, PACRA, traded) (Face value of 100,000 per certificates)	Quarterly/ Semi-annual	June 27, 2027	3 months KIBOR plus base rate of 2.50%	850	-	-	850	23,233,230	23,233,006	(224)	3.33%	37.27%
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Total as at June 30, 2026

23,233,230 23,233,006 (224)

Total as at June 30, 2025

68,049,597 62,333,334 (5,716,264)

5.2	Unrealised (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	Note	2026 ----- Rupees -----	2025
	Market value of investments	5.1	23,233,006	62,333,334
	Less: Carrying value of investments	5.1	(23,233,230)	(68,049,597)
			<u>(224)</u>	<u>(5,716,263)</u>

6 ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Security deposits with:

National Clearing Company of Pakistan Limited	2,500,000	2,500,000
Central Depository Company of Pakistan Limited	100,000	100,000
	<u>2,600,000</u>	<u>2,600,000</u>

Profit / interest receivable on:

Pakistan investment bonds	-	-
Term finance certificates	1,522,891	2,677,439
Sukuk certificates	-	-
Balances with banks	<u>31,779,296</u>	<u>140,799</u>

Advance tax

6.1

33,302,187 2,818,238

Receivable from Alfalah Islamic Money Market Fund

6.2

5,565,041 5,406,552

- 515,078,809

41,467,228 525,903,599

- 6.1** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 150 and 151. However, withholding tax on profit on bank balances and debt securities paid to the Fund have been deducted by various withholding agents based on the interpretation issued by the FBR vide letter C. No. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. The tax withheld on profit on bank balances and profit on debt securities as at June 30, 2026 amounts to Rs. 5.57 million (2025: Rs. 5.41 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the funds being managed by the Management Company) had filed a petition in the Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan (SCP) by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the SCP granted the petitioners leave to appeal from the initial judgment of SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit on bank balances and debt securities have been shown as advance tax as at June 30, 2026 as, in the opinion of the management, the amount of tax deducted at source is likely be refunded.

- 6.2** This pertains to a receivable arising on conversion of units from the Alfalah Islamic Money Market Fund to the Fund which was received during the period.

	Note	2026 ----- (Rupees) -----	2025
7 RECEIVABLE FROM THE MANAGEMENT COMPANY			
Receivable from the management company	7.1	-	42,010

- 7.1** As per the SECP's direction No. SCD/PRDD/Direction/18/2016 all AMCs are required to calculate the Total Expense Ratio (TER) in respect of each CIS to ensure that the TER is not in breach of the required maximum percentage. The AMCs are required to adjust the NAV of the CIS on the basis of TER at the end of each quarter during the financial year for the amount of expenses in excess of the TER limit prescribed in regulation 60(5) of the NBFC Regulations.

During the year ended June 30, 2025, the Fund was in breach of the TER ratio as prescribed under NBFC Regulations for a collective investment scheme categorised as an 'Income Scheme'. As a result, the Fund has recorded receivable from the Management Company to comply with the TER.

	Note	2026 ----- (Rupees) -----	2025
8 PAYABLE TO THE MANAGEMENT COMPANY			
Remuneration Payable to the Management Company	8.1	20,804,884	156,497
Sindh sales tax payable on remuneration of the Management Company	8.2	3,120,733	23,509
Payable against selling and marketing expenses	8.3	-	584,552
Payable against allocated expenses	8.3	-	32,680
Sales load payable		8,525,811	-
		<u>32,451,428</u>	<u>797,238</u>

- 8.1** As per Regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document and subject to the capping of 1.50% for a collective investment scheme categorised as a 'Income Scheme'. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1.17% to 1.50% (2025: 0.50% to 1.17%) per annum of the average daily net assets of the Fund during the year ended June 30, 2026.

The remuneration is payable to the Management Company monthly in arrears.

- 8.2** Sindh sales tax is levied at the rate of 15% under the Sindh Sales Tax on Services Act, 2011 (2025: 15%) on the Management Company's remuneration and any reimbursable expenditure to the Management Company.

- 8.3** The SECP, vide S.R.O.600(I)/2025 dated April 10, 2025, issued amendments in respect of expenses chargeable to CISs as prescribed in Schedule XX of the NBFC Regulations, from which the chargeability of expenses related to selling and marketing and allocated expenses have been excluded.

The Management Company in pursuance of the above requirement did not charge the above-mentioned expenses during the year ended June 30, 2026.

During the year ended June 30, 2025, the Management Company had charged expenses related to selling and marketing at the rates ranging from 0% to 0.48% of the average daily net assets of the Fund and in relation to allocated expenses at the rates ranging from 0% to 0.25% of the average daily net assets of the Fund.

	Note	2026 ----- (Rupees) -----	2025
9 PAYABLE TO THE TRUSTEE			
Remuneration payable to the Central Depository Company of Pakistan Limited - Trustee	9.1	3,762,840	61,155
Sindh sales tax on remuneration of the Trustee	9.2	571,371	10,195
		<u>4,334,211</u>	<u>71,350</u>

- 9.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the rate of 0.075% (2024: 0.075%) per annum of the average daily net assets of the Fund. Therefore, the Fund has charged trustee fee on accrual basis at the aforementioned rate during the year ended June 30, 2026.

- 9.2** Sindh sales tax is levied at the rate of 15% under the Sindh Sales Tax on Services Act, 2011 (2025: 15%) on the Trustee remuneration.

10	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2026 ----- (Rupees) -----	2025 -----
	Fee payable	10.1	<u>3,718,372</u>	<u>11,739</u>

- 10.1 In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay non-refundable fee to the Securities and Exchange Commission of Pakistan (SECP). Accordingly, the Fund has charged SECP fee at the rate of 0.075% (2025: 0.075%) per annum of the daily net assets during the year ended June 30, 2026. Further, the Fund is required to pay SECP fee within fifteen days of the close of every calendar month.

11	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2026 ----- (Rupees) -----	2025 -----
	Brokerage payable		402,965	293,773
	Auditor's remuneration payable		1,099,415	732,446
	Fees and subscription payable		57,501	147,233
	Zakat payable		103,929	103,929
	Withholding tax payable		26,563,326	128,008
	Capital gain tax payable		26,402,165	286,075
	Legal and professional charges payable		299,068	373,882
	Printing charges payable		-	75,745
	Other Payable		7,950,736	-
	Provision for Federal Duty and related sindh sales tax on management fee and sales load	11.1	<u>768,712</u>	<u>768,712</u>
			<u>63,647,817</u>	<u>2,909,803</u>

- 11.1 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration and sales load were already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013, a constitutional petition was filed with the Honourable Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a civil petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution, the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 0.769 million is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at June 30, 2026 would have been higher by Rs 0.1 (2025: Rs 0.01) per unit.

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2026 and June 30, 2025.

13	AUDITOR'S REMUNERATION	2026 ----- (Rupees) -----	2025 -----
	Audit fee	540,000	517,000
	Half yearly review of condensed interim financial statements	360,000	181,500
	Fee for other certifications	100,000	-
	Out of pocket expenses	<u>80,000</u>	<u>41,817</u>
		1,080,000	740,317
	Sindh sales tax	<u>86,400</u>	<u>59,225</u>
		<u>1,166,400</u>	<u>799,542</u>

14 TOTAL EXPENSE RATIO

The SECP, vide S.R.O. 600(I)/2025 dated April 10, 2025, has removed the Total Expense Ratio (TER) limit with effect from July 1, 2025. The TER limit of 1.5% for a collective investment scheme categorised as an 'Income Scheme', applicable previously, had been replaced with the management fee cap as disclosed in note 7.1 to these financial statements for a collective investment scheme categorised as an 'Income Scheme'.

15 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by accumulated losses and capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2026 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year ended June 30, 2026.

The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

16 TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

Related parties / connected persons include Alfalah Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee of the Fund, Bank Alfalah Limited, Bank Alfalah Limited – Employees' Provident Fund, Bank Alfalah Limited – Employees' Gratuity Fund and Alfalah GHP Investment Management Limited – Staff Provident Fund being the associates of the Management Company, Funds under management of the Management Company and directors and their close family member and key management personnel of the Management Company.

As explained in note 1.5 the management rights of the fund were transferred from the Faysal Asset Management Limited (former management company) to Alfalah Asset Management Limited on December 31, 2024. Accordingly, the balances held as at June 30, 2025 and transactions undertaken, subsequent to the date of transfer of management rights, with the former management company and Faysal Bank Limited, Faysal Bank Limited – Employees' Provident Fund, Faysal Bank Limited – Employees' Gratuity Fund, Faysal Asset Management Limited – Staff Provident Fund, Faysal Asset Management Limited – Staff Gratuity Fund being the associates of the Management Company, Funds under management of the Management Company and directors and their close family member and key management personnel of the Management Company are no longer considered related party transactions and balances, therefore, not disclosed in these financial statements. Furthermore, the comparative figures for the balances held and transactions undertaken with related party determined as at June 30, 2025 have not been disclosed as these parties were not considered related parties in the prior year therefore the transaction and balances with these parties relating to the prior period are not comparable.

Connected persons also includes any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges, sale and purchase of investment and distribution payments to connected persons. The transactions with connected person are also in the normal course of business, at contracted rates and at terms determined in accordance with the market rates.

Remunerations of the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

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

16.1 Transactions during the year

	2026	2025
	----- (Rupees) -----	
Faysal Asset Management Limited - Former Management Company		
Remuneration of the Management Company	-	6,291,339
Sindh sales tax on remuneration of the Management Company	-	943,701
Allocated expenses	-	28,417
Selling and marketing expenses	-	508,306
Issuance of Nil units (2025: 480,548 units)	-	50,060,014
Redemption of Nil units (2025: 479,994 units)	-	50,240,953

	2026 ----- (Rupees) -----	2025 -----
Alfalah Asset Management Limited - Management Company		
Remuneration of the Management Company	26,881,315	2,307,670
Sindh sales tax on remuneration of the Management Company	4,032,197	346,150
Allocated expenses	-	28,417
Selling and marketing expenses	-	508,306
Reimbursement of expenses from management company	-	4,067,010
Issuance of 8,210,557 units (2025: 2,080,069 units)	934,626,533	227,951,508
Redemption of 8,204,707 units (2025: 2,080,069 units)	1,043,127,775	230,650,908
Faysal Bank Limited - Former Group Company		
Profit on balances with bank	679,262	679,262
Bank charges	5,439	5,439
Bank Alfalah Limited - Group Company		
Profit on balances with bank	29,254	29,254
Bank charges	533	533
Directors, their close family members and key management personnel of the Faysal Asset Management Limited		
Issuance of 228,784 units (2025: Nil units)	28,378,721	-
Redemption of 183,621 units (2025: Nil units)	23,598,273	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	3,826,107	692,705
Sindh sales tax on remuneration of the Trustee	573,941	103,906
Unit holders holding 10% or more units		
Issuance of 98,211,479 units (2025: Nil units)	12,101,439,743	-
Redemption of 30,546,957 units (2025: Nil units)	3,933,266,903	-
Dividend reinvested 4,033,603 units (2025: Nil units)	462,089,573	-
Amounts / balances outstanding as at year end	2026 ----- (Rupees) -----	2025 -----
Alfalah Asset Management Limited - Management Company		
Management fee payable	20,804,884	156,497
Sindh sales tax payable on remuneration of the Management Company	3,120,733	23,509
Allocated expenses payable	-	32,680
Selling and marketing expenses payable	-	584,552
Outstanding 10,717 units (4,867 units)	1,230,661	557,564
Faysal Bank Limited - Former Group Company		
Balances with bank	3,164,175,731	-
Profit receivable on balances with bank	-	-
Bank Alfalah Limited - Group Company		
Balances with bank	-	1,391,235
Central Depository Company of Pakistan Limited - Trustee		
Remuneration to the Trustee payable	3,762,840	61,155
Sindh sales tax payable on remuneration of the Trustee	571,371	10,195
Security deposit	100,000	100,000
Alfalah Islamic Money Market Fund - fund managed by Management Company		
Receivable against conversion of units	-	515,078,809
Directors, their close family members and key management personnel of the Faysal Asset Management Limited		
Outstanding units 45,167 (2025: Nil units)	5,186,644	-
Unit holders holding 10% or more units		
Outstanding 71,698,125 units (2025: Nil units)	8,233,282,109	-

17 FINANCIAL INSTRUMENTS BY CATEGORY

Particulars	2026		
	At amortised cost	At fair value through profit or loss	Total
----- Rupees -----			
Financial assets			
Balances with banks	17,294,745,017	-	17,294,745,017
Investments	-	23,233,006	23,233,006
Deposits and other receivables	35,902,187	-	35,902,187
	<u>17,330,647,204</u>	<u>23,233,006</u>	<u>17,353,880,210</u>
Financial liabilities			
Payable to the Management Company	32,451,428	-	32,451,428
Payable to the Trustee	4,334,211	-	4,334,211
Accrued expenses and other liabilities	9,809,685	-	9,809,685
Payable against redemption of units	171,242	-	171,242
	<u>46,766,566</u>	<u>-</u>	<u>46,766,566</u>

Particulars	2025		
	At amortised cost	At fair value through profit or loss	Total
----- Rupees -----			
Financial assets			
Balances with banks	113,161,241	-	113,161,241
Investments	-	62,333,334	62,333,334
Deposits and other receivables	520,497,047	-	520,497,047
Receivable from management company	42,010	-	42,010
	<u>633,700,298</u>	<u>62,333,334</u>	<u>696,033,632</u>
Financial liabilities			
Payable to Management Company	797,238	-	797,238
Payable to the Trustee	71,350	-	71,350
Accrued expenses and other liabilities	1,623,079	-	1,623,079
Payable against redemption of units	171,242	-	171,242
	<u>2,662,909</u>	<u>-</u>	<u>2,662,909</u>

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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 primarily set up to be performed 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 is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

18.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee and regulations laid down by the SECP.

Market risk comprises of three types of risks: yield / interest rate risk, currency risk, and price risk.

(i) Yield / profit rate risk

Yield / profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2026, the Fund is exposed to such risk on its balances held with banks and term finance certificates. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks, and investment in term finance certificates which expose the Fund to cash flow yield / interest rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 1.74 million (2025: Rs 1.76 million).

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2026 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

Yield / profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2026 can be determined as follows:

-----2026-----					
Effective yield / profit rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate	Total
	Up to three months	More than three months and up to one year	More than one year		
----- Rupees -----					
Financial assets					
Balances with banks	11.00% - 12.75%	17,294,745,017	-	-	17,294,745,017
Investments	13.63%	-	23,233,006	-	23,233,006
Deposits and other receivables		-	-	35,902,187	35,902,187
		17,294,745,017	-	23,233,006	17,353,880,210
Financial liabilities					
Payable to Management Company		-	-	32,451,428	32,451,428
Payable to the Trustee		-	-	4,334,211	4,334,211
Accrued expenses and other liabilities		-	-	9,809,685	9,809,685
Payable against redemption of units		-	-	171,242	171,242
		-	-	46,766,566	46,766,566
On-balance sheet gap (a)		17,294,745,017	-	23,233,006	(10,864,380)
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total profit rate sensitivity gap (a+b)		17,294,745,017	-	23,233,006	
Cumulative profit rate sensitivity gap		17,294,745,017	17,294,745,017	17,317,978,023	

-----2025-----						
Effective yield / interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate	Total	
	Up to three months	More than three months and up to one year	More than one year			
----- Rupees -----						
Financial assets						
Balances with banks	8.5% - 13.00%	113,161,241	-	-	113,161,241	
Investments	13.63%	-	-	62,333,334	62,333,334	
Receivable from management company		-	-	42,010	42,010	
Deposits and other receivables		-	-	520,497,047	520,497,047	
		113,161,241	-	62,333,334	520,539,057	696,033,632
Financial liabilities						
Payable to Management Company		-	-	-	797,238	797,238
Payable to the Trustee		-	-	-	71,350	71,350
Accrued expenses and other liabilities		-	-	-	1,623,079	1,623,079
Payable against redemption of units		-	-	-	171,242	171,242
		-	-	-	2,662,909	2,662,909
On-balance sheet gap (a)		113,161,241	-	62,333,334	517,876,148	693,370,723
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		113,161,241	-	62,333,334		
Cumulative profit rate sensitivity gap		113,161,241	113,161,241	175,494,574		

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from yield / interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

18.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, 2008, the Fund can borrow in the short-term to ensure settlement subject to the maximum limit which is fifteen percent of the net assets up to 90 days and would be secured by the assets of the Fund. However, no borrowing was required to be obtained by the Fund during the year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemption requests during the year ended June 30, 2026.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including balances with banks have been included in the maturity grouping of one month:

-----2026-----						
Within 1 month	More than one month and up to three	More than three months and up to	More than one year and up to five years	More than 5 years	Financial instruments with no fixed	Total
-----Rupees-----						

Financial liabilities

Payable to Management Company	32,451,428	-	-	-	-	-	32,451,428
Payable to the Trustee	4,334,211	-	-	-	-	-	4,334,211
Accrued expenses and other liabilities	8,710,270	1,099,415	-	-	-	-	9,809,685
Payable against redemption of units	171,242	-	-	-	-	-	171,242
	45,667,151	1,099,415	-	-	-	-	46,766,566

-----2025-----						
Within 1 month	More than one month and up to three	More than three months and up to	More than one year and up to five years	More than 5 years	Financial instruments with no fixed	Total
-----Rupees-----						

Financial liabilities

Payable to Management Company	797,238	-	-	-	-	-	797,238
Payable to the Trustee	71,350	-	-	-	-	-	71,350
Accrued expenses and other liabilities	890,633	732,446	-	-	-	-	1,623,079
Payable against redemption of units	171,242	-	-	-	-	-	171,242
	1,930,463	732,446	-	-	-	-	2,662,909

18.3 Credit risk

18.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

	2026		2025	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	Rupees			
Balances with banks	17,294,745,017	17,294,745,017	113,161,241	113,161,241
Investments	23,233,006	23,233,006	62,333,334	62,333,334
Receivable from management company	-	-	42,010	42,010
Deposits and other receivables	35,902,187	35,902,187	520,497,047	520,497,047
	<u>17,353,880,210</u>	<u>17,353,880,210</u>	<u>696,033,632</u>	<u>696,033,632</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2026 is the carrying amount of the financial assets. Investment in government securities, however, are not exposed to credit risk and have been excluded from the above analysis.

18.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks, investment in term finance certificates, and profit accrued thereon. The credit rating profile of bank balances, term finance certificates and its accrued profit is as follows:

Bank balances and profit accrued thereon	% of financial assets exposed to credit risk	
	2026	2025
AAA	57.82%	0.22%
AA+	18.30%	-
AA-	-	-
A+	-	0.01%
A-	-	0.01%
A1	15.21%	7.32%
BB	8.67%	-

Ratings	% of financial assets exposed to credit risk	
	2026	2025
Term finance certificates and profit accrued thereon		
AA-	0.13%	8.96%

Deposit with CDC and NCCPL is highly rated and risk of default is considered minimal.

18.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties and are within the regulatory limits, therefore any significant concentration of credit risk is mitigated.

All financial assets of the Fund as at June 30, 2026 and June 30, 2025 are unsecured and are not impaired.

19 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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

19.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

As at June 30, 2026 and June 30, 2025, the Fund held the following financial instruments measured at fair values:

2026				
	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Financial assets 'at fair value through profit or loss'				
Term finance certificates	-	23,233,006	-	23,233,006
	-	23,233,006	-	23,233,006
2025				
	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Financial assets 'at fair value through profit or loss'				
Term finance certificates	-	62,333,334	-	198,213,300
	-	62,333,334	-	198,213,300

During the year ended June 30, 2026, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

Item	Valuation technique
Term Finance Certificates	Fair value of investment in term finance certificates are determined from published pricing rates from MUFAP which are determined by a model based on actual market transactions, incorporating factors like the security's credit rating, maturity period, and expected rate of profit, all while adhering to guidelines set by the Securities and Exchange Commission of Pakistan (SECP) which ensures a standardized approach across the industry.

20 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 18, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

21 UNIT HOLDING PATTERN OF THE FUND

Category	2026			2025		
	Number of unit holders	Number of units held	Percentage of total	Number of unit holders	Number of units held	Percentage of total
Associated companies	1	5,942	-	-	-	-
Retirement funds	17	5,855,102	3.89%	5	9	-
Individuals	881	127,237,181	84.61%	657	5,944,122	97.63%
Others	34	17,288,415	11.50%	34	144,087	2.37%
	<u>933</u>	<u>150,386,640</u>	<u>100.00%</u>	<u>696</u>	<u>6,088,218</u>	<u>100.00%</u>

* Nil due to rounding off.

22 SUPPLEMENTARY NON-FINANCIAL INFORMATION

The information regarding top ten brokers, members of the Investment Committee, fund manager and meetings of the Board of Directors of the Management Company are required under Schedule V of the NBFC Regulations has been disclosed in Annexure to the financial statements.

23 GENERAL

23.1 Figures have been rounded off to the nearest rupee unless otherwise stated.

24 CORRESPONDING FIGURES

Corresponding figures have been re-classified and re-arranged in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

25 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 21, 2026 by the Board of Directors of the Management Company.

**For Alfalah Asset Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

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**

Annexure I

(i) UNIT HOLDING PATTERN OF THE FUND

Category	As at 30 June 2026			
	Number of unit holders	Number of units held	Amount Rupees	% of total
Individuals	853	48693359.26	5,591,585,047	37%
Associated Co./ Directors	-	-	-	1%
Insurance Co.	1	0	0	0%
Banks/ DFIs	1	5942.0025	682,336	1%
Retirement & Other Funds	27	24,406,208	2,802,628,264	3%
Others	37	77,281,131	8,874,393,229	59%
	919	150,386,640	17,269,288,875	100%

Category	As at 30 June 2025			
	Number of unit holders	Number of units held	Amount Rupees	% of total
Individuals	651	5,944,122	680,970,891	37%
Associated Co./ Directors	-	-	-	1%
Insurance Co.	1	0	0	0%
Banks/ DFIs	-	-	-	1%
Retirement & Other Funds	5	9	986	3%
Others	33	144,087	16,506,935	59%
	690	6,088,218	697,478,812	100%

(ii) TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

**30 June
2026 %**

**30 June
2025 %**

Continental Exchange (Private) Limited	63%
Next Capital Limited	32%
Sherman Securities (Private) Limited	5%
AlFalah Securities (Private) Limited	0%

(iii) PARTICULARS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

Mr. Khaldoon Bin Latif - CEO
Mr. Ayub Khoro – Chief Investment Officer
Mr. Faisal Ali Khan - Chief Financial Officer
Mr. Shariq Mukhtar Hashmi – Chief Compliance Officer
Mr. Imad Ansari – Chief Risk Officer
Mr. Muddasir Ahmed Shaikh - -- Head of Equities
Mr. Mustafa Kamal - Head of Fixed Income
Ms. Sana Abdullah - Head of Research
Mr. Salman Jawaid - Fund Manager Fixed Income Fund
Mr. Anil Kumar - Jr. Fund Manager Equity Funds

Mr. Khaldoon Bin Latif - CEO

Mr. Khaldoon has been associated with the capital markets for over 18 years, with both domestic and international experience providing a comprehensive blend. Prior to joining Alfalah Asset Management Limited Mr. Khaldoon was associated with Faysal Asset Management Limited as its Chief Executive Officer (CEO) and under his leadership, Faysal Asset Management has achieved significant growth during his tenure and transformed into major industry player. Earlier he was associated with BMA Asset Management Company Limited as its CEO, JS Investments Limited as its Chief Investment Officer (CIO) and KASB Funds Limited as its CEO. Before KASB Funds, he was the General Manager and Director of TSWLL Bahrain, a wholly owned subsidiary of TAIB Bank BSC, where he headed their brokerage, asset management, custody and advisory operations.

He has been a member of the Mutual Fund Association for over six years and has been the Vice Chairman from FY2021-22. He is also a non-executive director on a bank holding company out of Bahrain, IIBank LLC that has operations in Africa and Europe. He is a former board member of TRG and Pace Pakistan.

Mr. Latif also brings both buy and sell side exposure of domestic capital markets in Pakistan. Mr. Latif began his career on the sell side with AKD Securities Ltd in various capacities including Head of Foreign Institutional Sales and Equity Research in the capacity of Head of Research and Chief Economist. On the Buy side, Mr. Latif has worked with PICIC AMC as Head of Research and Product Development where his tenor also included active management of the PICIC Energy Fund. Mr. Latif is a LUMS Alumni and has done a number of capital market courses with CFA association, Daiwa, J.P. Morgan and Bahrain Institute of Banking and Finance (BIBF). He has also completed his Director Certification program from IBA.

Mr. Ayub Khoro – Chief Investment Officer

Prior to joining Alfalah, he was associated with Faysal Asset Management Limited as Chief Investment Officer. In his tenure at FAML he revamped the investment process, fund management teams and research department to significantly contribute to the company's unprecedented growth and to cater to the ever growing business needs and market dynamics.

Mr. Ayub has over 15 years of experience in banking / asset management industry in research, capital markets and fund management functions. He started his career with Pak Oman AMC in the research division before moving on to Faysal Bank Limited as Research Head in the Equity Capital Markets Division. At Faysal Bank, he was involved in managing the equity portfolio worth over USD 80mn and spearheading the research effort to provide in-depth advice and coverage across the capital markets for the Investment Committee. He was also involved in IPO's and private equity valuations for the bank.

Mr. Ayub has developed a unique understanding of equity, fixed income and money market investments. With the power to exercise all investment options for FAML, he has ensured that his investment decisions have encompassed both strategic and tactical asset allocations, implemented via thorough research and evaluation of historical performance of multiple asset classes and instruments. Mr. Ayub holds a Bachelor's of Science BSc (Hons) degree in Economics from Lahore University of Management Sciences (LUMS).

Mr. Faisal Ali Khan - Chief Financial Officer

Faisal Ali Khan is serving as Chief Financial Officer of Alfalah Investments and prior to joining he was associated with Faysal Funds where he served as CFO and Company Secretary. In past he has worked with reputed financial sector organizations including BMA Funds, Saudi Pak Industrial and Agricultural Company (Pvt.) Ltd, Attock Refinery Limited and KPMG. Mr. Khan is a fellow member of the Institute of Chartered Accountant of Pakistan having a professional experience of over nineteen years ranging from financial reporting, regulatory compliance, budgeting and taxation to corporate and secretarial practices including 15 years of experience in the asset management and investment advisory industry

Mr. Shariq Mukhtar Hashmi – Chief Compliance Officer

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.

Mr. Imad Ansari – Chief Risk Officer

Mr. Imad Ansari is a seasoned Risk Professional with overall experience of 19 years (15 in financial sector and 4 years with leading television networks as Anchor/Research Analyst). He has extensive experience in implementing risk frameworks across the entity and funds under management, by combining Financial, Operational, Information Security and Business Continuity under the ambit of Enterprise Risk Management.

Before joining Alfalah Asset Management Limited as Chief Risk Officer, he has worked with HBL Asset Management, Faysal Funds, Al Meezan Investment Management Limited, UBL Funds, CNBC, PTV & Business Plus."

Mr. Muddasir Ahmed Shaikh – Head of Equities

Mr. Shaikh is heading the Equity Investments team at Alfalah Investments. He has been an integral part of the team since 2007 and holds about two decades of professional experience. He joined the Investment Management Industry in 2004, right after his graduation with an MBA degree. Over the years, he has served various public and private financial institutions of repute. He started his career as Research Analyst and has progressed over the year to higher levels in portfolio management. Mr. Shaikh is an Alumni of the prestigious Institute of Business Administration, Karachi (IBA).

Mr. Mustafa Kamal - Head of Fixed Income

Mr. Mustafa Kamal has more than 18 years of work experience in the investment management profession out of which he has been associated with the Mutual Fund Industry for over 15 years. Prior to joining Alfalah Investments, he was working as a Chief Investment Officer with Pak Oman Asset Management Limited. Over the years, he has worked at companies like Askari Investments, National Fullerton Asset Management, Crescent Leasing & ORIX Investment Bank. He is an MBA with Majors in Finance.

Currently serving the company as a Head of Fixed Income Funds, Mr. Kamal is a key member of portfolio management team and a member of the investment committee for the mutual funds. During his career he has managed wide range of conventional and Islamic mutual funds schemes.

Ms. Sana Abdullah - Head of Research

Ms. Sana Abdullah, CFA, is the Head of Research at Alfalah Investments and has over 17 years of experience in the financial sector, primarily in equity and macroeconomic research, investment management and advisory. She has previously worked with Lakson Investments Limited, Tundra Fonder, Global Securities and other leading research and brokerage firms in Pakistan. She also previously served as Head of Separately Managed Accounts & Equity Portfolio Manager at Alfalah Investments. Sana is a CFA Charterholder and holds an MBA in MIS/Information Technology from Iqra University, Karachi, where she was a Gold Medalist.

Mr. Salman Jawaid - Fund Manager Fixed Income Fund

Mr. Salman is managing the Fixed Income Funds at Alfalah Investments. He has almost more than 12 years of work experience in the Mutual Fund Industry precisely in the Fund Management Department. He is an MBA in Finance from the Institute of Business Management (IOBM) and also pursuing his education in the CFA program. Over the years, he has worked at National Investment Trust Limited (NIT) and Faysal Asset Management in the portfolio management department.

Mr. Anil Kumar - Jr. Fund Manager Equity Funds

Mr. Anil has over 3 years of well-rounded sectoral exposure in Investment Research and Fund Management. He was earlier associated as Research Analyst with Alfalah Investments, where he has actively covered Chemical Sector, Cement Sector, Pharmaceutical sector, Textile sector and has also identified many profitable investment ideas. Prior to joining Alfalah, he was associated with UBL Fund Managers and Darson Securities Limited. Anil has done Bachelors (BBA) from Iqra University with majors in Finance and is a CFA Level 3 candidate.

(iv) MEETINGS OF BOARD OF DIRECTORS

The dates of the meetings of the Board of Directors of the Management Company of the fund and the attendance of its members are given below:

Name of Director	Meeting held on				
	August 16, 2025	October 29, 2025	January 8, 2026	February 26, 2026	April 27, 2026
Mr. Khaldoon Bin Latif	✓	✓	✓	✓	✓
Mr. Khalilullah Shaikh	✓	✓	Leave	✓	✓
Mr. Khaled Khanfer	✓	✓	✓	Leave	Leave
Ms. Ayesha Aziz	✓	✓	✓	✓	✓
Ms. Farooq Ahmed Khan	✓	✓	✓	✓	✓
Mr. Atif Bajwa	✓	✓	✓	✓	✓
Mr. Sohail Sultan	✓	✓	✓	Leave	✓
Mr. Zaigham Shariff	-	✓	✓	✓	✓

(v) **MEETINGS OF BOARD AUDIT COMMITTEE**

The dates of the meetings of the Board Audit Committee of the Management Company of the fund and the attendance of its members are given below

Name of Director	Meeting held on			
	August 15, 2025	October 28, 2025	February 25, 2026	April 23, 2026
Mr. Khaled Khanfer	✓	✓	✓	✓
Mr. Khalilullah Shaikh	✓	✓	✓	✓
Mr. Farooq Ahmed Khan	✓	✓	✓	✓

(vi) **MEETINGS OF BOARD RISK MANAGEMENT COMMITTEE**

The dates of the meetings of the Board Risk Management Committee of the Management Company of the fund and the attendance of its members are given below

Name of Director	Meeting held on			
	August 13, 2025	October 28, 2025	February 24, 2026	April 23, 2026
Mr. Khaled Khanfer	✓	✓	✓	✓
Mr. Khalilullah Shaikh	✓	✓	✓	✓
Mr. Farooq Ahmed Khan	✓	✓	✓	✓
Mr. Khaldoon Bin Latif	✓	✓	✓	✓

(vii) **MEETINGS OF BOARD HUMAN RESOURCE MANAGEMENT COMMITTEE**

The dates of the meetings of the Board Human Resource Management Committee of the Management Company of the fund and the attendance of its members are given below

Name of Director	Meeting held on		
	October 24, 2025	February 24, 2026	April 24, 2026
Mr. Zaigham Shariff	✓	✓	Leave
Mr. Farooq Ahmed Khan	✓	✓	✓
Ms. Ayesha Aziz	✓	✓	✓
Mr. Khaldoon Bin Latif	✓	✓	✓

(viii) **MEETINGS OF BOARD INVESTMENT COMMITTEE**

The dates of the meetings of the Board Investment Committee of the Management Company of the fund and the attendance of its members are given below

Name of Director	Meeting held on			
	August 15, 2025	October 28, 2025	February 23, 2026	April 20, 2026
Mr. Farooq Ahmed Khan	✓	✓	✓	✓
Mr. Sohail Sultan	✓	✓	✓	✓
Ms. Ayesha Aziz	✓	✓	✓	✓

**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**

PERFORMANCE TABLE - AFSOF

	30 June 2026	30 June 2025	30 June 2024	30 June 2023 (Rupees in '000)	30 June 2022
Net Assets	17,269,288,876	697,478	8,952,023	11,299,262	3,613,270
NAV per unit	114.8326	114.5621	103.9100	103.4800	102.8300
Selling price per unit	117.4737	117.2000	106.2600	105.8200	105.1600
Redemption price per unit	114.8326	114.5600	103.9100	103.4800	102.8300
Highest selling price per unit	131.8709	117.2800	112.0500	113.3400	115.4200
Highest redemption price per unit	128.9061	114.6500	109.5800	110.8300	112.8600
Lowest selling price per unit	117.2100	106.2964	105.8200	105.1600	104.5700
Lowest redemption price per unit	114.5700	103.9065	103.4800	102.8300	102.2500
1st interim distribution per unit	0	0	3.3	7.9	0
1st interim distribution date			8-Aug-2023	26-Dec-2023	
2nd interim distribution per unit	0	0	3.61	2.2	0
2nd interim distribution date			19-Oct-2023	9-Feb-2023	
3th interim distribution per unit	0	0	3.45	2.84	0
3th interim distribution date			12-Dec-2023	5-Apr-2023	
4th interim distribution per unit	0	0	6.16	0	0
4th interim distribution date			22-Mar-2024		
5th interim distribution per unit	0	0	3.97	0	0
5th interim distribution date			31-May-2024		
Final distribution per unit	0	0	1.25	4.48	10.5
Final distribution date			24-Jun-2024	26-Jun-2024	20-Jun-2022
Annualized returns %	12.79%	12.37%	23.31%	18.68%	10.92%
Income distribution %	0.00%	0.00%	3.19%	7.68%	0.00%

Return since inception is **9.68 %**.

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



Alfalah Financial Value Fund II

FUND INFORMATION

Management Company:	Alfalsh Asset Management Limited
Board of Directors of the Management Company:	Mr. Atif Aslam Bajwa Mr. Khaled Khanfer Mr. Farooq Ahmed Khan Mr. Zaigham Sheriff Mr. Sohail Sultan Mr. Khalilullah Shaikh Ms. Ayesha Aziz Mr. Khaldoon Bin Latif (CEO)
Audit Committee (BAC)	Mr. Khaled Khanfer Mr. Farooq Ahmed Khan Mr. Khalilullah Shaikh
Business Risk Management Committee (BRMC)	Mr. Khaled Khanfer Mr. Farooq Ahmed Khan Mr. Khalilullah Shaikh Mr. Khaldoon Bin Latif (CEO)
Human Resource & Remuneration Committee (HRRC)	Mr. Farooq Ahmed Khan Mr. Zaigham Sheriff Ms. Ayesha Aziz Mr. Khaldoon Bin Latif (CEO)
Board Investment Committee (BIC)	Mr. Farooq Ahmed Khan Mr. Sohail Sultan Ms. Ayesha Aziz
Company Secretary:	Mr. Saad Haseeb Qureshi
Chief Financial Officer:	Mr. Faisal Ali Khan
Trustee:	Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', SMCHS, Main Share-e-Faisal, Karachi
Bankers to the Fund:	Allied Bank limited Bank Al-Falah Limited Bank Al-Habib Limited The Bank of Punjab Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited JS Bank Limited Soneri Bank Limited Khushhali Microfinance Bank Limited
Auditors:	A.F. Ferguson & Co. Chartered Accountants. State Life Building No. 1-C I.I. Chundrigar Road, P.O.Box 4716 Karachi.
Legal Advisor:	Mohsin Tayebaly & Co. 1st Floor, Dime Centre, BC-4, Block-9, Kehkashan, Clifton, Karachi – 75600. Pakistan.
Registrar:	Alfalsh Asset Management Limited Islamic Chamber of Commerce, Industry and Agriculture Building, 2nd Floor, ST 2/A, Block 9, KDA Scheme 5, Clifton, Karachi.
Distributor:	Bank Alfalah Limited

Alfalah Financial Value Fund II

Annual Fund Manager's Report

Type of Fund: Open-end Scheme

Category of Fund: Asset Allocation Scheme

Investment Objective

The investment objective of the Fund is to seek long term capital appreciation through investments in equity stock, fixed income, Money Market, bank deposits primarily from the financial sector/segment/industry and any other instrument as defined in Constitutive documents

Accomplishment of Objective

The Fund has strived to achieve its objective as it provided the unit holders a competitive and attractive return as compared to peer funds.

Equity Market Review

1HCY26 Market Review: Navigating Through Volatility: The KSE-100 Index experienced significant volatility during the first half of 2026, reflecting a changing macroeconomic and geopolitical environment. The market entered the year on a strong footing, with the benchmark index reaching an all-time closing high of 189,167 points on 23 January 2026, supported by improving macroeconomic fundamentals, optimism surrounding external financing, and strong investor participation.

Market sentiment deteriorated sharply during the second quarter following the escalation of the Israel-Iran conflict, which heightened concerns over regional stability, rising global oil prices, and potential disruptions to shipping through the Strait of Hormuz. These developments triggered a broad-based market correction, with the KSE-100 declining to 146,480 points on 9 March 2026, representing a fall of nearly 23% from its January peak. The period also witnessed the index's largest-ever single-day decline of 9.57%, resulting in temporary trading halts.

Investor confidence gradually recovered during the latter part of the review period as geopolitical conditions improved, Saudi financial assistance and successful international debt issuances strengthened external financing prospects, and record workers' remittances reinforced macroeconomic stability. Although the State Bank of Pakistan increased the policy rate by 100 basis points to 11.50% in April 2026 to address inflationary risks, improving economic fundamentals helped restore market sentiment, allowing the KSE-100 to recover and close June at a record fiscal year-end level of 180,302 points. Trading activity remained robust throughout the period, with healthy participation from domestic investors offsetting continued foreign selling. Companies, mutual funds, and individual investors remained the primary net buyers, while foreign investors continued to reduce exposure amid global risk aversion and regional uncertainties.

By the end of June 2026, the KSE-100 was trading at a forward P/E of approximately 6.8x, remaining below its long-term historical average and indicating continued valuation attractiveness. Going forward, market performance is expected to be influenced by the implementation of the FY27 Federal Budget, the trajectory of inflation and interest rates, progress on external financing, and developments in the regional geopolitical landscape. While short-term volatility may persist, improving macroeconomic fundamentals are expected to remain supportive of the market over the medium term.

Money Market Review

Pakistan's money market remained relatively resilient during the first half of 2026, although market conditions became increasingly volatile amid evolving inflation expectations, geopolitical developments, and changing monetary policy outlook. Strong liquidity in the banking system and healthy demand for government securities continued to support participation in Treasury Bill (MTB), Pakistan Investment Bond (PIB), and Government Ijarah Sukuk (GIS) auctions during the early part of the period.

However, persistent core inflation, rising imports, elevated global energy prices, and heightened geopolitical tensions in the Middle East led to renewed inflationary concerns and a reassessment of monetary policy expectations. In response, the State Bank of Pakistan (SBP) increased the policy rate by 100 basis points to 11.50% in April 2026 after having maintained the policy rate at 10.50% at the start of the year. Earlier in the period, the SBP also reduced the Cash Reserve Requirement (CRR) by 100 basis points to improve liquidity conditions within the banking system.

Money market yields remained volatile throughout the period. At the start of the year, Treasury Bill yields stood at 10.4859%, 10.4878%, 10.4799%, and 10.4880% for the 1-month, 3-month, 6-month, and 12-month tenors, respectively. Following a relatively stable start to the year, yields moved higher after the April policy rate hike as markets adjusted to tighter monetary conditions. Towards the end of June 2026, easing geopolitical tensions and moderating inflation expectations contributed to some correction in yields; however, they remained above the levels seen at the beginning of the year, closing at 11.7538%, 11.7031%, 11.7239%, and 11.7557% for the 1-month, 3-month, 6-month, and 12-month Treasury Bills, respectively.

Government securities continued to attract strong investor demand throughout the period, reflecting ample liquidity in the banking sector and sustained

confidence in sovereign instruments. While monetary tightening temporarily lifted yields, improving macroeconomic conditions and easing external risks supported a moderation in yields by the end of June 2026.

Fund Performance

During the year, the fund generated a return of 14.53% compared to the benchmark 15.16%.



Assets Allocation



⇒ **Description and explanation of any significant changes in the state of affairs of the Collective Investment Scheme during the period and up till the date of the manager's report, not otherwise disclosed in the financial statements**

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

⇒ **Disclosure on unit split (if any), comprising:-**

There were no unit splits during the period.

⇒ **Disclosures of circumstances that materially affect any interests of unit holders**

Investments are subject to market risk.

⇒ **Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker(s) or dealer(s) by virtue of transactions conducted by the Collective Investment Scheme.**

No soft commissions are received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED

Head Office:

CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahr-e-Faisal
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
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Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

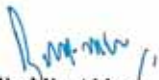
ALFALAH FINANCIAL VALUE FUND - II

**Report of the Trustee pursuant to Regulation 41(h) and clause 8 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 Financial Value Fund - II (the Fund) are of the opinion that Alfalah Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2026 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;
- (iii) The management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework; and
- (iv) 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.

For the purpose of information, we would like to draw the attention of unit holders towards clause 2.1.2 of the Offering Document which requires the Fund to maintain at least 10% of its net assets in Cash and Near Cash instruments at all times. In this regard, the Fund was non-compliant with the said requirement at different intervals during the period from January 2026 to May 2026 with maximum breach upto 8.12%. The said non-compliances have also been reported to the Securities and Exchange Commission of Pakistan.


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 01, 2026



INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Alfalah Financial Value Fund II

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Alfalah Financial Value Fund II (the Fund), which comprise the statement of assets and liabilities as at June 30, 2026, and the income statement, the statement of comprehensive income, statement of movements in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2026, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (NAV) (Refer notes 4 & 5 to the financial statements) Balances with banks and investments constitute the most significant components of the net asset value. Balances with banks aggregated to Rs. 77.99 million and investments of the Fund amounted to Rs. 606.02 million as at June 30, 2026. The existence of balances with banks and the existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2026 were considered high risk areas and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: - Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2026 and traced them with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; - Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and - Obtained bank reconciliation statements and tested reconciling items on a sample basis.



A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network, State Life Building No. 1-C, I. I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007



Information Other than the Financial Statements and Auditor's Report Thereon

The Management Company (Alfalah Asset Management Limited) is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management Company and Board of Directors of Management Company for the Financial Statements

The Management Company (Alfalah Asset Management Limited) is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting 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.

In preparing the financial statements, the Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of Directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Company.



A.F. FERGUSON & CO.

- Conclude on the appropriateness of Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Board of Directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Board of Directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) the financial statements have been properly prepared in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008;
- b) proper books and records have been kept by the Collective Investment Scheme or the financial statements prepared are in agreement with the books and records of Collective Investment Scheme; and
- c) we were able to obtain all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

Other matter

The financial statements of Alfalah Financial Value Fund II for the year ended June 30, 2025 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion thereon, vide their report dated September 30, 2025.

The engagement partner on the audit resulting in this independent auditor's report is **Shahbaz Akbar**.

A. F. Ferguson & Co.

Chartered Accountants

Karachi

Dated: September 29, 2026

UDIN: AR202610068I2Jv1pnN5

ALFALAH FINANCIAL VALUE FUND II
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2026

	Note	2026 ----- (Rupees) -----	2025 ----- (Rupees) -----
Assets			
Balances with banks	4	77,985,090	108,011,597
Investments	5	606,015,760	-
Advances, deposits, prepayments and other receivables	6	3,104,429	1,412,382
Total assets		<u>687,105,279</u>	<u>109,423,979</u>
Liabilities			
Payable to the Management Company	7	1,590,341	3,049
Payable to Central Depository Company of Pakistan Limited - Trustee	8	31,026	6,269
Payable to the Securities and Exchange Commission of Pakistan	9	47,730	6,484
Accrued expenses and other liabilities	10	5,568,809	2,407,502
Total liabilities		<u>7,237,906</u>	<u>2,423,304</u>
Net assets		<u>679,867,373</u>	<u>107,000,675</u>
Unit holders' fund (as per statement attached)		<u>679,867,373</u>	<u>107,000,675</u>
Contingencies and commitments	11		
Number of units in issue			
		<u>5,949,797</u>	<u>1,041,449</u>
Net asset value per unit			
		<u>114.2673</u>	<u>102.7421</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.

For Alfalah Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

**ALFALAH FINANCIAL VALUE FUND II
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2026**

	Note	2026 ----- (Rupees) -----	2025 ----- (Rupees) -----
Income			
Income on bank balances		6,847,568	3,591,732
Dividend income		19,930,657	-
Loss on sale of investment classified as 'financial assets at fair value through profit or loss' - net		(4,648,152)	-
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.2	10,859,187	-
Other income		-	482,810
Total income		32,989,260	4,074,542
Expenses			
Remuneration of the Management Company	7.1	5,493,393	95,485
Sindh sales tax on remuneration of the Management Company	7.2	824,009	14,322
Remuneration of the Trustee	8.1	192,246	28,645
Sindh sales tax on remuneration of the Trustee	8.2	28,837	4,291
Fee to the Securities and Exchange Commission of Pakistan	9.1	243,512	36,284
Transaction charges		2,264,607	407,327
Auditor's remuneration	12	1,166,400	658,036
Legal and professional charges		154,440	152,128
Amortisation of preliminary expenses and floatation costs		-	99,637
Bank charges		1,246	9,397
Other expenses		41,760	-
NCCPL charges		201,750	-
Total operating expenses		10,612,200	1,505,552
Net income for the year before taxation		22,377,060	2,568,990
Taxation	13	-	-
Net income for the year after taxation		22,377,060	2,568,990
Allocation of net income for the year			
Net income for the year after taxation		22,377,060	2,568,990
Income already paid on units redeemed		(5,113,094)	(2,370,000)
		17,263,966	198,990
Accounting income available for distribution			
- Relating to capital gains		6,211,035	-
- Excluding capital gains		11,052,931	198,990
		17,263,966	198,990

The annexed notes from 1 to 23 form an integral part of these financial statements.

**For Alfalah Asset Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

**ALFALAH FINANCIAL VALUE FUND II
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2026**

	2026 ----- (Rupees) -----	2025 -----
Net income for the year after taxation	22,377,060	2,568,990
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>22,377,060</u>	<u>2,568,990</u>

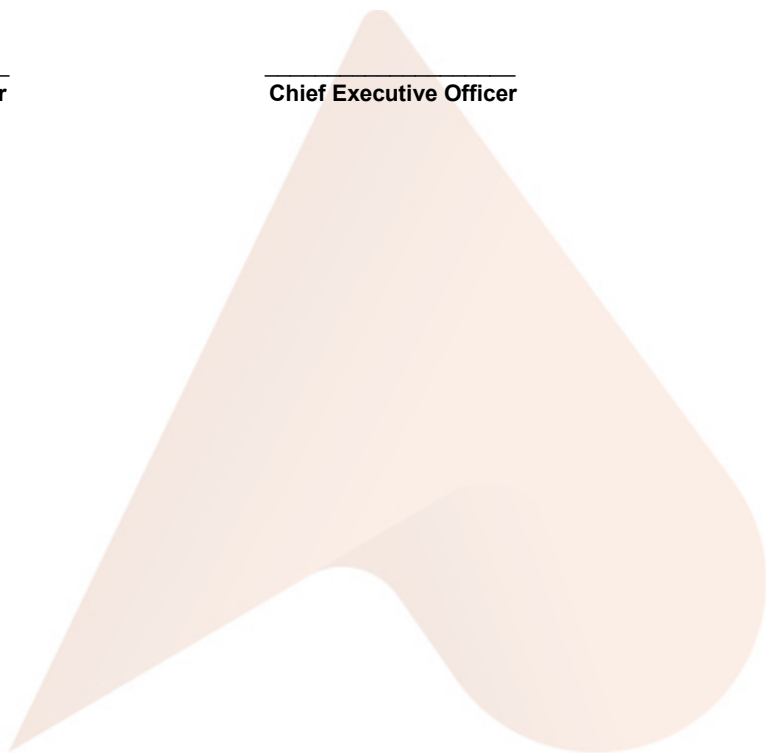
The annexed notes from 1 to 23 form an integral part of these financial statements.

**For Alfalah Asset Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

Director



ALFALAH FINANCIAL VALUE FUND II
STATEMENT OF MOVEMENTS IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2026

	2026			2025		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees)			(Rupees)		
Net assets at the beginning of the year	106,801,685	198,990	107,000,675	-	-	-
Issuance of 12,303,488 units (2025: 2,041,449 units)						
- Capital value (at net asset value per unit at the beginning of the year)	1,264,086,194	-	1,264,086,194	204,144,857	-	204,144,857
- Element of income	109,045,895	-	109,045,895	2,656,828	-	2,656,828
Total proceeds on issuance of units	1,373,132,089	-	1,373,132,089	206,801,685	-	206,801,685
Redemption of 7,395,140 units (2025: 1,000,000 units)						
- Capital value (at net asset value per unit at the beginning of the year)	(759,792,213)	-	(759,792,213)	(100,000,000)	-	(100,000,000)
- Element of loss	(38,015,761)	(5,113,094)	(43,128,855)	-	(2,370,000)	(2,370,000)
Total payments on redemption of units	(797,807,974)	(5,113,094)	(802,921,068)	(100,000,000)	(2,370,000)	(102,370,000)
Total comprehensive income for the year	-	22,377,060	22,377,060	-	2,568,990	2,568,990
Refund of capital	(3,065,644)	-	(3,065,644)	-	-	-
Distribution during the year @ Rs. 3.4029 per unit	-	(16,655,739)	(16,655,739)	-	-	-
	(3,065,644)	5,721,321	2,655,677	-	2,568,990	2,568,990
Net assets at the end of the year	<u>679,060,156</u>	<u>807,217</u>	<u>679,867,373</u>	<u>106,801,685</u>	<u>198,990</u>	<u>107,000,675</u>
Undistributed income brought forward						
- Realised income		198,990			-	
- Unrealised income		-			-	
		<u>198,990</u>			<u>-</u>	
Accounting income available for distribution						
- Relating to capital gains		6,211,035			-	
- Excluding capital gains		11,052,931			198,990	
		<u>17,263,966</u>			<u>198,990</u>	
Distribution made during the year		(16,655,739)				
Undistributed income carried forward		<u>807,217</u>			<u>198,990</u>	
Undistributed income carried forward						
- Realised income		-			198,990	
- Unrealised income		807,217			-	
		<u>807,217</u>			<u>198,990</u>	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the year		<u>102.7421</u>			<u>-</u>	
Net asset value per unit at the end of the year		<u>114.2673</u>			<u>102.7421</u>	

The annexed notes from 1 to 23 form an integral part of these financial statements.

For Alfalah Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

ALFALAH FINANCIAL VALUE FUND II
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 ----- (Rupees) -----	2025 ----- (Rupees) -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		22,377,060	2,568,990
Adjustments:			
Income on bank balances		(6,847,568)	(3,591,732)
Dividend income		(19,930,657)	-
Loss on sale of investment classified as 'financial assets at fair value through profit or loss' - net		4,648,152	
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		(10,859,187)	-
Amortisation of preliminary expenses and floatation costs		-	99,637
		(32,989,260)	(3,492,095)
		(10,612,200)	(923,105)
Increase in assets			
Investments - net		(599,804,725)	-
Advances, deposits, prepayments and other receivables		(2,424,358)	(508,330)
		(602,229,083)	(508,330)
Increase in liabilities			
Payable to the Management Company		1,587,292	3,049
Payable to Central Depository Company of Pakistan Limited - Trustee		24,757	6,269
Payable to the Securities and Exchange Commission of Pakistan		41,246	6,484
Accrued expenses and other liabilities		3,161,307	807,198
		4,814,602	823,000
Income received on bank balances		7,579,879	3,043,203
Dividend received		19,930,657	-
Net cash (used in) / generated from operating activities		(580,516,145)	2,434,768
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance of units - net		1,370,066,445	206,801,685
Dividend paid		(16,655,739)	-
Payments against redemption of units - net		(802,921,068)	(102,370,000)
Net cash generated from financing activities		550,489,638	104,431,685
Net (decrease) / increase in cash and cash equivalents during the year		(30,026,507)	106,866,453
Cash and cash equivalents at the beginning of the year		108,011,597	1,145,144
Cash and cash equivalents at the end of the year	4.2	<u>77,985,090</u>	<u>108,011,597</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.

For Alfalah Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

ALFALAH FINANCIAL VALUE FUND II
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Alfalah Financial Value Fund II (the Fund) (formerly Faysal Financial Value Fund pursuant to the arrangement as reflected in note 1.6), is an open ended collective investment scheme established through a Trust Deed entered into on October 29, 2019 between Faysal Asset Management Limited (former management company) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee.

The Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act). The Fund was required to be registered under the Sindh Trust Act. Accordingly, on November 16, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

- 1.2** The investment activities and administration of the fund are managed by Alfalah Asset Management Limited (Management Company). The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 through a certificate of registration issued by the Securities and Exchange Commission of Pakistan (SECP). The registered office of the Management Company is situated at Islamic Chamber of Commerce, Industry and Agriculture Building, 2nd Floor, ST 2/A, Block 9, KDA Scheme 5, Clifton, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

- 1.3** The Fund is an open end mutual fund categorised as an 'Asset Allocation Scheme' by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the SECP. The units of the Fund were initially offered for public subscription at a par value of Rs.100 per unit. Thereafter, the units are being offered for public subscription on a continuous basis from December 27, 2019 and are transferable and redeemable by surrendering them to the Fund.

- 1.4** The investment objective of the Fund is to seek long term capital appreciation through investments in equity instrument, fixed income instruments, money market instruments, bank deposits primarily from the financial sector and any other instrument as defined in constitutive documents of the Fund and allowed by the SECP.

- 1.5** Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

The Management Company has been assigned an 'AM1' quality rating by VIS Credit Rating Company Limited dated January 26, 2026 (2025: 'AM1' dated January 02, 2025) and by Pakistan Credit Rating Agency Limited (PACRA) dated August 29, 2025 (2025: 'AM1' dated August 30, 2024). The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes.

- 1.6** On December 31, 2024, Faysal Asset Management Limited (FAML) (the former management company) entered into Transfer of Management Rights Agreement (TMRA) with Alfalah Asset Management Limited (AAML) (the Management Company) to transfer the management rights of its conventional Funds to AAML. Accordingly, amended trust deed was executed on December 31, 2024 and Trust Amendment Certificate was issued on the same date. As per the agreement, the management rights of the Fund has been transferred to AAML with effect from January 01, 2025.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards applicable in Pakistan comprise of:

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of, directives and notifications issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of, directives and notifications issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Accounting Standards, the provisions of, directives and notifications issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations have been followed.

2.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2025. However, these are not considered to be relevant or do not have any material effect on the Fund's financial statements and have not been disclosed in these financial statements.

2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective in the current year

There are certain new standards and amendments to the published accounting and reporting standards that will be applicable to the Fund for its annual periods beginning on or after July 1, 2026. However, these are not considered to be relevant or do not have any material effect on the Fund's financial statements except for:

- The new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) effective for annual periods beginning on or after January 1, 2027. IFRS 18 when applicable, shall impact the presentation of 'Income Statement' with certain additional disclosures in the financial statements; and
- Amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers effective for annual periods beginning on or after January 1, 2026. The amendment when applied may impact the timing of recognition and derecognition of financial assets and financial liabilities.

The management is in the process of assessing the impacts of the new standards and amendments on the financial statements of the Fund.

2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the accounting and reporting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires the management to exercise judgment in the application of the Fund's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors, including expectation of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying value of assets and liabilities. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both the current and future years.

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 3.2 and 5).

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments which have been classified as 'at fair value through profit or loss' which are measured at fair value. The details in respect of valuation techniques under IFRS 13 'Fair Value Measurement' used for the fair valuation of financial assets has been disclosed in note 17.

2.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistan Rupees, which is the Fund's functional and presentation currency.

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented.

3.1 Cash and cash equivalents

These comprise balances with banks in current and savings accounts and other short-term highly liquid investments with original maturities of three months or less.

3.2 Financial assets

3.2.1 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

3.2.2 Classification and subsequent measurement

3.2.2.1 Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- at amortised cost;
- at fair value through other comprehensive income (FVOCI); or
- at fair value through profit or loss (FVPL)

based on the business model of the entity.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognised at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore, the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

3.2.2.2 Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The management considers its investment in equity securities being managed as a group of assets and hence classifies them as FVPL. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVPL, the subsequent movement in the fair value of equity securities is routed through the "Income Statement".

3.2.3 Impairment (other than debt securities)

The Fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost. The fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Fund considers that a financial asset is in default when the counterparty fails to make contractual payments within 90 days of when they fall due. Further, financial assets are written off by the Fund, in whole or part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery.

3.2.4 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Pension Fund Manager may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, considering the specific credit and financial condition of the debt security issuer and in accordance with the provisioning policy duly approved by the Board of Directors of the Pension Fund Manager. The provisioning policy approved by the Board of Directors has also been placed on the Pension Fund Manager's website as required under the SECP's circular.

3.2.5 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Company commits to purchase or sell the asset. Previously, regular way purchases / sales of assets required delivery of securities within two days (T+2) from the transaction date as per the Pakistan Stock Exchange (PSX) regulations. During the current year, PSX officially transitioned to T+1 settlement cycle which require delivery of securities within one day from the transaction date.

3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred, the Fund has transferred substantially all the risks and rewards of ownership or the Fund neither transfers nor retains substantially all the risks and rewards of ownership and the Fund has not retained control. Any gain or loss on derecognition of financial assets is taken to the "Income Statement".

3.3 Financial liabilities

3.3.1 Classification and subsequent measurement

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

3.3.2 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss arising on derecognition of financial liabilities is taken to the Income Statement.

3.4 Offsetting of financial assets and financial liabilities

Financial assets and financial 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 to realise the assets and settle the liabilities simultaneously.

3.5 Provisions

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.6 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

3.7 Issuance and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on the day when the application is received. The offer price represents the NAV per unit as of the close of the business day, plus the allowable sales load, provision of any duties and charges and provision for transaction costs, if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price prevalent on the date on which the Management Company / distributors receive redemption applications during business hours on that date. The redemption price represents the NAV as on the close of the business day, less any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

3.8 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

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

Element of income represents the difference between NAV per unit on the issuance or redemption date, as the case may be, of units and the NAV per unit at the beginning of the relevant accounting year. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend NAV of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

3.10 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the Income Statement and are recognised when the transaction takes place.
- Unrealised appreciation / (diminution) arising on revaluation of securities classified as financial assets 'at fair value through profit or loss' is included in the Income Statement in the year in which they arise.
- Dividend income is recognised when the Fund's right to receive the same is established, i.e. on the commencement of book closure of the investee company / institution declaring the dividend.
- Profit on balances with banks and other income is recognised on an accrual basis.

3.11 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and Trustee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

3.12 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over a period of 5 years in accordance with the requirements set out in the Trust Deed of the Fund.

3.13 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule of the Income Tax Ordinance, 2001.

	Note	2026	2025
4		----- (Rupees) -----	
BALANCES WITH BANKS			
Savings accounts	4.1	<u>77,985,090</u>	<u>108,011,597</u>
4.1	These include a balance of Nil (2025: 5.01 million) maintained with Bank Alfalah Limited (a related party) that carried profit at the rate of Nil (2025: 8.75%) per annum. Other saving accounts of the fund carry profit rates ranging from 11% to 12.50% (2025: 8.50% to 10.50%) per annum.		
	Note	2026	2025
4.2		----- (Rupees) -----	
Cash and cash equivalents			
Balances with banks		<u>77,985,090</u>	<u>108,011,597</u>
5			
INVESTMENTS			
Financial assets 'at fair value through profit or loss'			
Listed equity securities	5.1	<u>606,015,760</u>	<u>-</u>

5.1 Listed equity securities

Name of the investee company	As at July 1, 2025	Purchased during the year	Bonus / share split during the year	Sold during the year	As at June 30, 2026	As at June 30, 2026			Market value as a percentage of		Paid-up value of shares held as a percentage of total paid-up capital of the investee
						Carrying value	Market value	Unrealised (diminution) / appreciation	net assets	total investment s	
Number of shares						Rupees			%		
Commercial Banks											
Bank Alfalah Limited	-	483,500	103,500	60,000	527,000	31,075,964	29,865,090	(1,210,874)	4.39%	4.93%	0.02%
Bank AL Habib Limited	-	142,900	-	-	142,900	25,715,667	24,241,556	(1,474,111)	3.57%	4.00%	0.01%
Meezan Bank Limited	-	92,805	-	92,805	-	-	-	-	-	-	0.00%
National Bank Of Pakistan	-	1,240,775	-	641,324	599,451	124,311,137	118,991,024	(5,320,113)	17.50%	19.63%	0.03%
Faysal Bank Limited	-	230,000	-	50,000	180,000	15,077,607	17,863,200	2,785,593	2.63%	2.95%	0.01%
Habib Metropolitan Bank Limited	-	151,323	-	50,000	101,323	11,187,064	11,761,574	574,510	1.73%	1.94%	0.01%
MCB Bank Limited	-	115,500	-	30,000	85,500	34,605,586	34,671,105	65,519	5.10%	5.72%	0.01%
United Bank Limited	-	463,000	-	170,000	293,000	122,538,185	131,167,310	8,629,125	19.29%	21.64%	0.01%
Allied Bank Limited	-	49,500	-	-	49,500	8,311,860	8,796,150	484,290	1.29%	1.45%	0.00%
Askari Bank Limited	-	1,243,902	-	611,654	632,248	64,449,860	69,692,697	5,242,837	10.25%	11.50%	0.04%
Bank Of Punjab	-	3,896,002	-	2,620,502	1,275,500	45,660,925	44,757,295	(903,630)	6.58%	7.39%	0.04%
Habib Bank Limited	-	309,800	-	86,000	223,800	67,264,708	65,396,598	(1,868,110)	9.62%	10.79%	0.02%
						550,198,563	557,203,599	7,005,036	81.95%	91.94%	
Fertilizer											
Fauji Fertilizer Company Limited	-	6,000	-	6,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
Insurance											
Adamjee Insurance Company Limited	-	310,879	-	-	310,879	24,908,483	24,885,864	(22,619)	3.66%	4.11%	0.09%
Pakistan Reinsurance Company Limited	-	1,210,000	-	1,210,000	-	-	-	-	-	-	-
						24,908,483	24,885,864	(22,619)	3.66%	4.11%	
Oil & Gas Marketing Companies											
Pakistan State Oil Company Limited	-	6,000	-	-	6,000	2,723,656	2,054,100	(669,556)	0.30%	0.34%	0.00%
						2,723,656	2,054,100	(669,556)	0.30%	0.34%	
Investment Banks / Investment Companies / Securities Companies											
LSE Ventures Limited	-	1,965,157	-	-	1,965,157	17,325,871	21,872,197	4,546,326	3.22%	3.61%	0.49%
						17,325,871	21,872,197	4,546,326	3.22%	3.61%	
Total as at June 30, 2026						595,156,573	606,015,760	10,859,187	89.13%	100%	
Total as at June 30, 2025						-	-	-			

5.1.1 All shares have a nominal value of Rs.10 each except for the shares of Bank Alfalah Limited, United Bank Limited and LSE Ventures Limited which have a nominal value of Rs. 5 each.

5.1.2 The above investments includes shares of the following companies which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 of 2007 dated October 23, 2007 issued by the SECP. The details of shares which have been pledged are as follows:

	2026	2025	2026	2025
	----- (Number of shares) -----		----- (Rupees) -----	
Bank of Punjab	100,000	-	3,509,000	-
National Bank of Pakistan	25,000	-	4,962,500	-
Habib Bank Limited	15,000	-	4,383,150	-
United Bank Limited	15,000	-	6,715,050	-
Pakistan State Oil Company Limited	5,000	-	1,711,750	-
	160,000	-	21,281,450	-

5.2 Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net

	Note	2026	2025
		----- (Rupees) -----	
Market value of investments	5.1	606,015,760	-
Less: carrying value of investments	5.1	(595,156,573)	-
		10,859,187	-

6	ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note	2026 ----- (Rupees) -----	2025 -----
	Interest receivable on balance with banks	6.1	71,741	804,052
	Security deposit with:			
	Central Depository Company of Pakistan Limited		100,000	100,000
	National Clearing Company of Pakistan Limited (NCCPL)		2,500,000	-
	Receivable from the Management Company		-	480,444
	NCCPL margin		5,000	-
	Advance tax	6.2	214,138	27,886
	Other prepayments		213,550	-
			<u>3,104,429</u>	<u>1,412,382</u>

6.1 This includes interest receivable amounting to Nil (2025: 0.008 million) on balance held with Bank Alfalah Limited (a related party).

6.2 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 150 and 151. However, withholding tax on profit on savings accounts and dividends paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide its letter C. no.1(43) DG (WHT)/2008-Vol.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. The tax withheld on profit on savings accounts and dividends as at June 30, 2026 amounts to Rs. 0.214 million (2025: Rs. 0.027 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan (SCP) by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the SCP granted the petitioners leave to appeal from the initial judgment of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit on savings accounts and dividends has been shown as advance tax under assets as at June 30, 2026, as in the opinion of the management, the amount of tax deducted at source is likely to be refunded.

7	PAYABLE TO THE MANAGEMENT COMPANY	Note	2026 ----- (Rupees) -----	2025 -----
	Remuneration payable	7.1	1,382,905	2,651
	Sindh sales tax payable on remuneration of the Management Company	7.2	207,436	398
			<u>1,590,341</u>	<u>3,049</u>

7.1 As per Regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the capping of 3% for collective investment scheme categorised as an 'Asset Allocation Scheme'. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate ranging from 0% to 2.75% (June 30, 2025: 0.25%) per annum of the average daily net assets of the Fund during the year ended June 30, 2026. The remuneration is payable to the Management Company monthly in arrears.

7.2 During the year, an amount of Rs. 0.824 million (2025: Rs. 0.014 million) was charged on account of sales tax on remuneration of the Management Company levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 15% (2025: 15%).

8	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2026 ----- (Rupees) -----	2025 -----
	Remuneration of the Trustee	8.1	26,979	5,456
	Sindh sales tax payable on remuneration of the Trustee	8.2	4,047	813
			<u>31,026</u>	<u>6,269</u>

8.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the rate of 0.075% (2025: 0.075%) per annum of the daily net assets of the Fund.

- 8.2 During the year, an amount of Rs. 0.029 million (2025: Rs. 0.004 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 15% (2025: 15%).

9	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2026 ----- (Rupees) -----	2025 ----- (Rupees) -----
	Fee payable	9.1	<u>47,730</u>	<u>6,484</u>

- 9.1 In accordance with the NBFC Regulations, a Collective Investment Scheme is required to pay a non-refundable fee to SECP. Accordingly, the Fund has charged the SECP fee at the rate of 0.095% (2025: 0.095%) per annum of the daily net assets of the Fund during the year.

Further, the Fund is required to pay SECP fee within fifteen days of the close of every calendar month.

10	ACCRUED EXPENSES AND OTHER LIABILITIES	2026 ----- (Rupees) -----	2025 ----- (Rupees) -----
	Auditor's remuneration payable	746,496	508,119
	Printing expense payable	-	1,842
	Capital gain tax payable	133,590	592,500
	Brokerage payable	817,124	-
	Time barred cheques	586,000	586,000
	Legal and professional charges payable	155,409	692,466
	Withholding tax payable	3,089,355	-
	Preliminary expenses and flotation costs payable	10,000	10,000
	Other payable	<u>30,835</u>	<u>16,575</u>
		<u>5,568,809</u>	<u>2,407,502</u>

11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2026 and June 30, 2025.

12	AUDITOR'S REMUNERATION	2026 ----- (Rupees) -----	2025 ----- (Rupees) -----
	Annual audit fee	540,000	443,850
	Half yearly review	360,000	130,955
	Fee for other certifications	100,000	-
	Out of pocket expenses	<u>80,000</u>	<u>34,488</u>
		<u>1,080,000</u>	<u>609,293</u>
	Sindh sales tax	<u>86,400</u>	<u>48,743</u>
		<u>1,166,400</u>	<u>658,036</u>

13 TAXATION

The Fund's income is exempt from income tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the NBFC Regulations, the Fund is required to distribute not less than 90 percent of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Management Company has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2026 to the unit holders in a manner as explained above, no provision for taxation has been made in these financial statements for the year ended June 30, 2026.

The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

14 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS AND RELATED PARTIES

Related parties / connected persons include Alfalah Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee of the Fund, Bank Alfalah Limited, Bank Alfalah Limited – Employees' Provident Fund, Bank Alfalah Limited – Employees' Gratuity Fund and Alfalah GHP Investment Management Limited – Staff Provident Fund being the associates of the Management Company, Funds under management of the Management Company and directors and their close family member and key management personnel of the Management Company.

As explained in note 1.6, the management rights of the fund were transferred from the Faysal Asset Management Limited (former management company) to Alfalah Asset Management Limited on December 31, 2024. Accordingly, the balances held as at June 30, 2026 and transactions undertaken, subsequent to the date of transfer of management rights, with the former management company and Faysal Bank Limited, Faysal Bank Limited – Employees' Provident Fund, Faysal Bank Limited – Employees' Gratuity Fund, Faysal Asset Management Limited – Staff Provident Fund, Faysal Asset Management Limited - Staff Gratuity Fund being the associates of the Management Company, Funds under management of the Management Company and directors and their close family member and key management personnel of the Management Company are no longer considered related party transactions and balances, therefore, not disclosed in these financial statements. Furthermore, the comparative figures for the balances held and transactions undertaken with related party determined as at June 30, 2026 have not been disclosed as these parties were not considered related parties in the prior year therefore the transaction and balances with these parties relating to the prior period are not comparable.

Connected persons includes any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund.

Transactions with connected persons essentially comprise purchase and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges, sale and purchase of investments and distribution payments to connected persons. The transactions with connected person are also in the normal course of business, at contracted rates and at terms determined in accordance with the market rates.

Remunerations of the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

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

Transactions during the year	2026	2025
	----- (Rupees) -----	-----
Alfalah Asset Management Limited - the Management Company		
Remuneration of the Management Company	5,493,393	95,485
Sindh sales tax on remuneration of the Management Company	824,009	14,322
Issuance of units: 2,792,253 (2025: 2,041,449) units	299,708,523	206,801,686
Redemption of units: 959,693 (2025: 1,000,000) units	99,999,994	102,370,000
Dividend re-invested: 69,647 (2025: Nil) units	7,960,892	-
Bank Alfalah Limited - Group Company		
Profit on balance with bank	208,546	8,523
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	192,246	28,645
Sindh sales tax on remuneration of the Trustee	28,837	4,291
Security deposit	100,000	100,000
Unit holders holding 10% or more units*		
Issuance of units: 3,836,643 (2025: Nil) units	435,371,514	-
Redemption of units: 1,654,480 (2025: Nil) units	180,000,000	-
Dividend re-invested: 57,795 (2025: Nil) units	6,606,230	-
Directors, their close family members and Key Management Personnel of the Management Company		
Issuance of units: 258,985 (2025: Nil) units	30,400,000	-
Dividend reinvested: 6,356 (2025: Nil) units	726,457	-
Amounts / balances outstanding as at year end	2026	2025
	----- (Rupees) -----	-----
Alfalah Asset Management Limited - the Management Company		
Remuneration payable to the Management Company	1,382,905	2,651
Sindh sales tax payable on remuneration of the Management Company	207,436	398
Outstanding units: 2,943,656 (June 30, 2025: 1,041,449) units	336,363,617	107,000,717
Bank Alfalah Limited - Group Company		
Balance with bank	-	5,009,843
Profit receivable on balance with bank	-	7,736
Central Depository Company of Pakistan Limited - Trustee		
Remuneration to the Trustee payable	26,979	5,456
Sindh sales tax payable on remuneration of the Trustee	4,047	813

Amounts / balances outstanding as at year end

	2026	2025
	----- (Rupees) -----	-----
Unit holders holding 10% or more units*		
Outstanding units: 2,239,958 (June 30, 2025: Nil) units	255,953,953	-
Directors, their close family members and Key Management Personnel of the Management Company		
Outstanding units: 265,341 (2025: Nil) units	30,319,784	-

* These does not include units held by Alfalah Asset Management Limited (Management Company).

15 FINANCIAL INSTRUMENTS BY CATEGORY**Financial assets**

Balances with banks
Investments
Deposit and other receivables

Financial liabilities

Payable to Management Company
Payable to the Trustee
Accrued expenses and other liabilities

-----2026-----		
At amortised cost	At fair value through profit or loss	Total
----- (Rupees) -----		
77,985,090	-	77,985,090
-	606,015,760	606,015,760
2,676,741	-	2,676,741
<u>80,661,831</u>	<u>606,015,760</u>	<u>686,677,591</u>
1,590,341	-	1,590,341
31,026	-	31,026
2,345,864	-	2,345,864
<u>3,967,231</u>	<u>-</u>	<u>3,967,231</u>

Financial assets

Balances with banks
Deposit and other receivables

Financial liabilities

Payable to Management Company
Payable to the Trustee
Accrued expenses and other liabilities

-----2025-----		
At amortised cost	At fair value through profit or loss	Total
----- (Rupees) -----		
108,011,597	-	108,011,597
1,384,496	-	1,384,496
<u>109,396,093</u>	<u>-</u>	<u>109,396,093</u>
3,049	-	3,049
6,269	-	6,269
1,815,002	-	1,815,002
<u>1,824,320</u>	<u>-</u>	<u>1,824,320</u>

16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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 primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund 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 the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

16.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

Market risk comprises of three types of risks: yield / profit rate risk, currency risk, and price risk.

(i) Yield / profit rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2026, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

As at June 30, 2026, the Fund holds balances with banks which expose the Fund to cash flow yield / interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs. 0.77 million (2025: Rs. 1.08 million).

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2026 can be determined as follows:

-----2026-----					
Effective yield / profit rate	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
----- (Rupees) -----					

Financial assets

Balances with banks	11%-12.5%	77,985,090	-	-	-	77,985,090
Investment		-	-	-	606,015,760	606,015,760
Deposits and other receivables		-	-	-	2,676,741	2,676,741
		77,985,090	-	-	608,692,501	686,677,591

Financial liabilities

Payable to the Management Company		-	-	-	1,590,341	1,590,341
Payable to the Trustee		-	-	-	31,026	31,026
Accrued expenses and other liabilities		-	-	-	2,345,864	2,345,864
		-	-	-	3,967,231	3,967,231

On-balance sheet gap (a)		77,985,090	-	-	604,725,270	682,710,360
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Off-balance sheet financial instruments		-	-	-	-	-
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Off-balance sheet gap (b)		-	-	-	-	-
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Total interest rate sensitivity gap (a+b)		77,985,090	-	-		
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Cumulative interest rate sensitivity gap		77,985,090	77,985,090	77,985,090		
---	--	------------	------------	------------	--	--

-----2025-----					
Effective yield / profit rate	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
----- (Rupees) -----					

Financial assets

Balances with banks	8.50% - 10.50%	108,011,597	-	-	-	108,011,597
Deposit and other receivables		-	-	-	1,384,496	1,384,496
		108,011,597	-	-	1,384,496	109,396,093

Financial liabilities

Payable to the Management Company		-	-	-	3,049	3,049
Payable to the Trustee		-	-	-	6,269	6,269
Accrued expenses and other liabilities		-	-	-	1,815,002	1,815,002
		-	-	-	1,824,320	1,824,320

On-balance sheet gap (a)		108,011,597	-	-	(439,824)	107,571,773
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Off-balance sheet financial instruments		-	-	-	-	-
--	--	---	---	---	---	---

Off-balance sheet gap (b)		-	-	-	-	-
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Total interest rate sensitivity gap (a+b)		108,011,597	-	-		
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Cumulative interest rate sensitivity gap		108,011,597	108,011,597	108,011,597		
---	--	-------------	-------------	-------------	--	--

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows profit of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity price risk on investments held by the Fund and classified as 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed and the NBFC Regulations.

In case of 1% increase / decrease in KSE-100 index on June 30, 2026, with all other variables held constant, the total comprehensive profit / loss of the Fund for the year would decrease / increase by Rs. 6.06 million (2025:Nil) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as at 'financial assets at fair value through profit or loss'.

The analysis is based on the assumption that equity index had increased / decreased by 1% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE-100 index having regard to the historical volatility of KSE-100 index. The composition of the Fund's investment portfolio and the correlation thereof to the PSX is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2026 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of PSX.

16.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily settlement of equity securities and daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets up to 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summarises the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

-----2026-----						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
(Rupees)						
Financial liabilities						
Payable to Alfalah Asset Management Limited - Management Company	1,590,341	-	-	-	-	1,590,341
Payable to Trustee	31,026	-	-	-	-	31,026
Accrued expenses and other liabilities	1,013,368	746,496	-	-	586,000	2,345,864
	2,634,735	746,496	-	-	586,000	3,967,231
	2,634,735	746,496	-	-	-	3,967,231

-----2025-----						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
----- (Rupees) -----						

Financial liabilities

Payable to the Management Company
Payable to the Trustee
Accrued expenses and other liabilities

3,049	-	-	-	-	-	3,049
6,269	-	-	-	-	-	6,269
720,883	508,119	-	-	-	586,000	1,815,002
730,201	508,119	-	-	-	586,000	1,824,320
730,201	508,119	-	-	-	586,000	1,824,320

16.3 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

	-----2026-----		-----2025-----	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	----- (Rupees) -----		----- (Rupees) -----	
Balances with banks	77,985,090	77,985,090	108,011,597	108,011,597
Deposits and other receivables	2,676,741	2,676,741	1,384,496	1,384,496
Investment	606,015,760	-	-	-
	<u>686,677,591</u>	<u>80,661,831</u>	<u>109,396,093</u>	<u>109,396,093</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2026 is the carrying amount of the financial assets. Investment in equity securities, however, are not exposed to credit risk and have been excluded from the above analysis.

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent controls established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

16.3.1 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks and interest accrued thereon. The credit rating profile of bank balances and its accrued interest is as follows:

Bank balances and profit accrued thereon	Percentage of bank balances exposed to credit risk	
	2026	2025
AA	65.56%	0.06%
AA+	34.44%	5.00%
AAA	-	94.41%

Deposit with CDC is highly rated and risk of default is considered minimal.

16.3.2 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties and are within the regulatory limits, therefore any significant concentration of credit risk is mitigated.

All financial assets of the Fund as at June 30, 2026 and June 30, 2025 are unsecured and are not impaired.

17 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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

17.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2026, the Fund held following financial instruments that are measured at fair value. Further as at June 30, 2025, the Fund did not hold any financial instruments that are measured at fair value.

ASSETS

Financial assets 'at fair value through profit or loss'

Listed equity securities

2026			
Level 1	Level 2	Level 3	Total
(Rupees)			
606,015,760	-	-	606,015,760

ASSETS

Financial assets 'at fair value through profit or loss'

Listed equity securities

2025			
Level 1	Level 2	Level 3	Total
(Rupees)			
-	-	-	-

During the year ended June 30, 2026 there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

Valuation techniques used in determination of fair values

Item	Valuation approach and input used
Ordinary shares - listed	The fair value of investment in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.

18 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown in the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has maintained and complied with the requirement of minimum fund size except on September 9, 2025 and September 10, 2025 due to the fact that all of the unitholders have redeemed their respective units.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

19 UNIT HOLDING PATTERN OF THE FUND

Category	2026			2025		
	Number of unit holders	Number of units held	Percentage of total	Number of unit holders	Number of units held	Percentage of total
Associated companies	1	2,943,656	49.47%	1	1,041,449	100%
Individuals	19	2,987,185	50.21%	-	-	-
Others	1	18,956	0.32%	-	-	-
	21	5,949,797	100.00%	1	1,041,449	100%

20 SUPPLEMENTARY NON-FINANCIAL INFORMATION

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

21 GENERAL

21.1 Figures have been rounded off to the nearest Rupee unless otherwise stated.

22 CORRESPONDING FIGURES

Corresponding figures have been reclassified and rearranged in these financial statements, wherever necessary, for the purpose of better presentation. No significant rearrangements or reclassifications were made in these financial statements.

23 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 21, 2026 by the Board of Directors of the Management Company.

**For Alfalah Asset Management Limited
(Management Company)**

Chief Financial Officer

Chief Executive Officer

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**

Annexure I

(i) UNIT HOLDING PATTERN OF THE FUND

Category	As at 30 June 2026			
	Number of unit holders	Number of units held	Amount Rupees	% of total
Individuals	20	2,987,185	341,337,571	50%
Associated Co./ Directors	-	-	-	-
Insurance Co.	-	-	-	-
Banks/ DFIs	-	-	-	-
Retirement & Other Funds	-	-	-	-
Others	4	2,962,611	338,529,613	50%
	24	5,949,797	679,867,184	100%

Category	As at 30 June 2025			
	Number of unit holders	Number of units held	Amount Rupees	% of total
Individuals	-	-	-	-
Associated Co./ Directors	1	1,041,449	107,000,675	100%
Insurance Co.	-	-	-	-
Banks/ DFIs	-	-	-	-
Retirement & Other Funds	-	-	-	-
Others	-	-	-	-
	1	1,041,449	107,000,675	100%

(ii) TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

**30 June
2026 %**

Arif Habib Limited	10.55%
CHASE SECURTIES PAK	9.83%
KTRADE SECURITIES LIMITED	21.12%
Multiline Securities Limited	0.29%
Optimus Markets Pvt Ltd.	9.21%
Topline Securities Limited	49.00%

(iii) PARTICULARS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

Mr. Khaldoon Bin Latif - CEO
Mr. Ayub Khoro – Chief Investment Officer
Mr. Faisal Ali Khan - Chief Financial Officer
Mr. Shariq Mukhtar Hashmi – Chief Compliance Officer
Mr. Imad Ansari – Chief Risk Officer
Mr. Muddasir Ahmed Shaikh - -- Head of Equities
Mr. Mustafa Kamal - Head of Fixed Income
Ms. Sana Abdullah - Head of Research
Mr. Salman Jawaid - Fund Manager Fixed Income Fund
Mr. Anil Kumar - Jr. Fund Manager Equity Funds

Mr. Khaldoon Bin Latif - CEO

Mr. Khaldoon has been associated with the capital markets for over 18 years, with both domestic and international experience providing a comprehensive blend. Prior to joining Alfalah Asset Management Limited Mr. Khaldoon was associated with Faysal Asset Management Limited as its Chief Executive Officer (CEO) and under his leadership, Faysal Asset Management has achieved significant growth during his tenure and transformed into major industry player. Earlier he was associated with BMA Asset Management Company Limited as its CEO, JS Investments Limited as its Chief Investment Officer (CIO) and KASB Funds Limited as its CEO. Before KASB Funds, he was the General Manager and Director of TSWLL Bahrain, a wholly owned subsidiary of TAIB Bank BSC, where he headed their brokerage, asset management, custody and advisory operations.

He has been a member of the Mutual Fund Association for over six years and has been the Vice Chairman from FY2021-22. He is also a non-executive director on a bank holding company out of Bahrain, IIBank LLC that has operations in Africa and Europe. He is a former board member of TRG and Pace Pakistan.

Mr. Latif also brings both buy and sell side exposure of domestic capital markets in Pakistan. Mr. Latif began his career on the sell side with AKD Securities Ltd in various capacities including Head of Foreign Institutional Sales and Equity Research in the capacity of Head of Research and Chief Economist. On the Buy side, Mr. Latif has worked with PICIC AMC as Head of Research and Product Development where his tenor also included active management of the PICIC Energy Fund. Mr. Latif is a LUMS Alumni and has done a number of capital market courses with CFA association, Daiwa, J.P. Morgan and Bahrain Institute of Banking and Finance (BIBF). He has also completed his Director Certification program from IBA.

Mr. Ayub Khoro – Chief Investment Officer

Prior to joining Alfalah, he was associated with Faysal Asset Management Limited as Chief Investment Officer. In his tenure at FAML he revamped the investment process, fund management teams and research department to significantly contribute to the company's unprecedented growth and to cater to the ever growing business needs and market dynamics.

Mr. Ayub has over 15 years of experience in banking / asset management industry in research, capital markets and fund management functions. He started his career with Pak Oman AMC in the research division before moving on to Faysal Bank Limited as Research Head in the Equity Capital Markets Division. At Faysal Bank, he was involved in managing the equity portfolio worth over USD 80mn and spearheading the research effort to provide in-depth advice and coverage across the capital markets for the Investment Committee. He was also involved in IPO's and private equity valuations for the bank.

Mr. Ayub has developed a unique understanding of equity, fixed income and money market investments. With the power to exercise all investment options for FAML, he has ensured that his investment decisions have encompassed both strategic and tactical asset allocations, implemented via thorough research and evaluation of historical performance of multiple asset classes and instruments. Mr. Ayub holds a Bachelor's of Science (BSc Hons) degree in Economics from Lahore University of Management Sciences (LUMS).

Mr. Faisal Ali Khan - Chief Financial Officer

Faisal Ali Khan is serving as Chief Financial Officer of Alfalah Investments and prior to joining he was associated with Faysal Funds where he served as CFO and Company Secretary. In past he has worked with reputed financial sector organizations including BMA Funds, Saudi Pak Industrial and Agricultural Company (Pvt.) Ltd, Attock Refinery Limited and KPMG. Mr. Khan is a fellow member of the Institute of Chartered Accountant of Pakistan having a professional experience of over nineteen years ranging from financial reporting, regulatory compliance, budgeting and taxation to corporate and secretarial practices including 15 years of experience in the asset management and investment advisory industry

Mr. Shariq Mukhtar Hashmi – Chief Compliance Officer

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.

Mr. Imad Ansari – Chief Risk Officer

Mr. Imad Ansari is a seasoned Risk Professional with overall experience of 19 years (15 in financial sector and 4 years with leading television networks as Anchor/Research Analyst). He has extensive experience in implementing risk frameworks across the entity and funds under management, by combining Financial, Operational, Information Security and Business Continuity under the ambit of Enterprise Risk Management.

Before joining Alfalah Asset Management Limited as Chief Risk Officer, he has worked with HBL Asset Management, Faysal Funds, Al Meezan Investment Management Limited, UBL Funds, CNBC, PTV & Business Plus."

Mr. Muddasir Ahmed Shaikh – Head of Equities

Mr. Shaikh is heading the Equity Investments team at Alfalah Investments. He has been an integral part of the team since 2007 and holds about two decades of professional experience. He joined the Investment Management Industry in 2004, right after his graduation with an MBA degree. Over the years, he has served various public and private financial institutions of repute. He started his career as Research Analyst and has progressed over the year to higher levels in portfolio management. Mr. Shaikh is an Alumni of the prestigious Institute of Business Administration, Karachi (IBA).

Mr. Mustafa Kamal - Head of Fixed Income

Mr. Mustafa Kamal has more than 18 years of work experience in the investment management profession out of which he has been associated with the Mutual Fund Industry for over 15 years. Prior to joining Alfalah Investments, he was working as a Chief Investment Officer with Pak Oman Asset Management Limited. Over the years, he has worked at companies like Askari Investments, National Fullerton Asset Management, Crescent Leasing & ORIX Investment Bank. He is an MBA with Majors in Finance.

Currently serving the company as a Head of Fixed Income Funds, Mr. Kamal is a key member of portfolio management team and a member of the investment committee for the mutual funds. During his career he has managed wide range of conventional and Islamic mutual funds schemes.

Ms. Sana Abdullah - Head of Research

Ms. Sana Abdullah, CFA, is the Head of Research at Alfalah Investments and has over 17 years of experience in the financial sector, primarily in equity and macroeconomic research, investment management and advisory. She has previously worked with Lakson Investments Limited, Tundra Fonder, Global Securities and other leading research and brokerage firms in Pakistan. She also previously served as Head of Separately Managed Accounts & Equity Portfolio Manager at Alfalah Investments. Sana is a CFA Charterholder and holds an MBA in MIS/Information Technology from Iqra University, Karachi, where she was a Gold Medalist.

Mr. Salman Jawaid - Fund Manager Fixed Income Fund

Mr. Salman is managing the Fixed Income Funds at Alfalah Investments. He has almost more than 12 years of work experience in the Mutual Fund Industry precisely in the Fund Management Department. He is an MBA in Finance from the Institute of Business Management (IOBM) and also pursuing his education in the CFA program. Over the years, he has worked at National Investment Trust Limited (NIT) and Faysal Asset Management in the portfolio management department.

Mr. Anil Kumar - Jr. Fund Manager Equity Funds

Mr. Anil has over 3 years of well-rounded sectoral exposure in Investment Research and Fund Management. He was earlier associated as Research Analyst with Alfalah Investments, where he has actively covered Chemical Sector, Cement Sector, Pharmaceutical sector, Textile sector and has also identified many profitable investment ideas. Prior to joining Alfalah, he was associated with UBL Fund Managers and Darson Securities Limited. Anil has done Bachelors (BBA) from Iqra University with majors in Finance and is a CFA Level 3 candidate.

(iv) MEETINGS OF BOARD OF DIRECTORS

The dates of the meetings of the Board of Directors of the Management Company of the fund and the attendance of its members are given below:

Name of Director	Meeting held on				
	August 16, 2025	October 29, 2025	January 8, 2026	February 26, 2026	April 27, 2026
Mr. Khaldoon Bin Latif	✓	✓	✓	✓	✓
Mr. Khalilullah Shaikh	✓	✓	Leave	✓	✓
Mr. Khaled Khanfer	✓	✓	✓	Leave	Leave
Ms. Ayesha Aziz	✓	✓	✓	✓	✓
Ms. Farooq Ahmed Khan	✓	✓	✓	✓	✓
Mr. Atif Bajwa	✓	✓	✓	✓	✓
Mr. Sohail Sultan	✓	✓	✓	Leave	✓
Mr. Zaigham Shariff	-	✓	✓	✓	✓

(v) **MEETINGS OF BOARD AUDIT COMMITTEE**

The dates of the meetings of the Board Audit Committee of the Management Company of the fund and the attendance of its members are given below

Name of Director	Meeting held on			
	August 15, 2025	October 28, 2025	February 25, 2026	April 23, 2026
Mr. Khaled Khanfer	✓	✓	✓	✓
Mr. Khalilullah Shaikh	✓	✓	✓	✓
Mr. Farooq Ahmed Khan	✓	✓	✓	✓

(vi) **MEETINGS OF BOARD RISK MANAGEMENT COMMITTEE**

The dates of the meetings of the Board Risk Management Committee of the Management Company of the fund and the attendance of its members are given below

Name of Director	Meeting held on			
	August 13, 2025	October 28, 2025	February 24, 2026	April 23, 2026
Mr. Khaled Khanfer	✓	✓	✓	✓
Mr. Khalilullah Shaikh	✓	✓	✓	✓
Mr. Farooq Ahmed Khan	✓	✓	✓	✓
Mr. Khaldoon Bin Latif	✓	✓	✓	✓

(vii) **MEETINGS OF BOARD HUMAN RESOURCE MANAGEMENT COMMITTEE**

The dates of the meetings of the Board Human Resource Management Committee of the Management Company of the fund and the attendance of its members are given below

Name of Director	Meeting held on		
	October 24, 2025	February 24, 2026	April 24, 2026
Mr. Zaigham Shariff	✓	✓	Leave
Mr. Farooq Ahmed Khan	✓	✓	✓
Ms. Ayesha Aziz	✓	✓	✓
Mr. Khaldoon Bin Latif	✓	✓	✓

(viii) **MEETINGS OF BOARD INVESTMENT COMMITTEE**

The dates of the meetings of the Board Investment Committee of the Management Company of the fund and the attendance of its members are given below

Name of Director	Meeting held on			
	August 15, 2025	October 28, 2025	February 23, 2026	April 20, 2026
Mr. Farooq Ahmed Khan	✓	✓	✓	✓
Mr. Sohail Sultan	✓	✓	✓	✓
Ms. Ayesha Aziz	✓	✓	✓	✓

**SUPPLEMENTARY NON FINANCIAL INFORMATION
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PERFORMANCE TABLE - AFVF-II

	30 June 2026	30 June 2025	30 June 2024	30 June 2023	30 June 2022	30 June 2021
	(Rupees in '000)					
Net Assets	679,867	67,001	-	2,423,979	2,159,210	1,868,859
NAV per unit	114.2673	102.7400	100.0255	152.5400	129.6600	116.5800
Selling price per unit	116.8954	106.2900	-	152.7200	134.0600	120.5400
Redemption price per unit	114.2673	102.7400	-	152.5400	129.6600	116.5800
Highest selling price per unit	125.0917	106.9400	-	157.7200	134.0600	120.5400
Highest redemption price per unit	120.9200	103.3700	-	152.5400	129.6600	116.5800
Lowest selling price per unit	95.5844	102.3261	-	134.1100	120.5600	110.0800
Lowest redemption price per unit	92.3967	100.0255	-	129.7100	116.6000	106.4700
1st interim distribution per unit	3.4029	0	-	-	-	-
1st interim distribution date	24/06/2026	-	-	-	-	-
Annualized returns %	14.53%	3.53%	-	17.65%	11.22%	-
Income distribution %	3.31%	0.00%	-	0.00%	0.00%	0.00%
Weighted avg. portfolio duration (Days)	-	-	-	-	-	-

Return since inception is **14.53 %**.

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

**Summary of Actual Proxy voted by
Alfalah Financial Value Fund-II
For the year from July 1, 2025 to June 30, 2026**

Nature of Meeting	Meeting Date	Resolutions	Holding	%age Holding	Favour	Against	Abstain
Bank Alfalah Limited (BAFL)							
AGM	27-Aug-2026	To approve the final cash dividend of Rs. 1.5 per share (30%) for the year ended Dec 31 2026	103500	0.0033%	✓		
MCB Bank Limited (MCB)							
AGM	27-Mar-2026	To confirm the minutes of the Annual General Meeting held on March 27, 2025	88000	0.0074%	✓		
		To receive, consider and adopt the audited financial statements, Directors' Report, Auditors' Report and Chairman's Review for the year ended December 31, 2025					
		To appoint M/s KPMG Taseer Hadi & Co. as auditors in place of M/s A.F. Ferguson & Co. on completion of their five-year term, and to fix their remuneration					
		To approve the final cash dividend of 90% (PKR 9.00 per share), in addition to interim dividends of 270% (PKR 27.00 per share), totalling 360% (PKR 36.00 per share) for 2025					
		To consider and pass an ordinary resolution approving the amended Directors' Remuneration Policy of the Bank					
Habib Metropolitan Bank Limited (HMB)							
AGM	30-Mar-2026	To receive, consider and adopt the audited accounts, standalone and consolidated, for the year ended December 31, 2025 together with the Directors' and Auditors' reports	51323	0.0049%	✓		
		To approve the final dividend of 45% (Rs. 4.50 per share) in cash, in addition to the interim dividend already paid of 75% (Rs. 7.50 per share), for the year 2025					
		To elect eight (8) Directors as fixed by the Board					
		To appoint auditors for the financial year ending December 31, 2026 and determine their remuneration - M/s KPMG Taseer Hadi & Co. seek re-appointment					
		To approve revised remuneration payable to Directors for attending Board and Sub-committee meetings					
Faysal Bank Limited (FABL)							
EOGM	27-Jul-2026	To confirm the minutes of the Annual General Meeting held on July 27, 2026	230000	0.0152%	✓		