
**Alfalah
Government Securities
Fund-II**

FUND INFORMATION

Management Company:	Alfalah 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:	Alfalah 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 Government Securities Fund-II

Annual Fund Manager's Report

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

Investment Objective

The Objective of the Fund is to seek competitive returns by investing primarily in Government Securities.

Accomplishment of Objective

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

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.

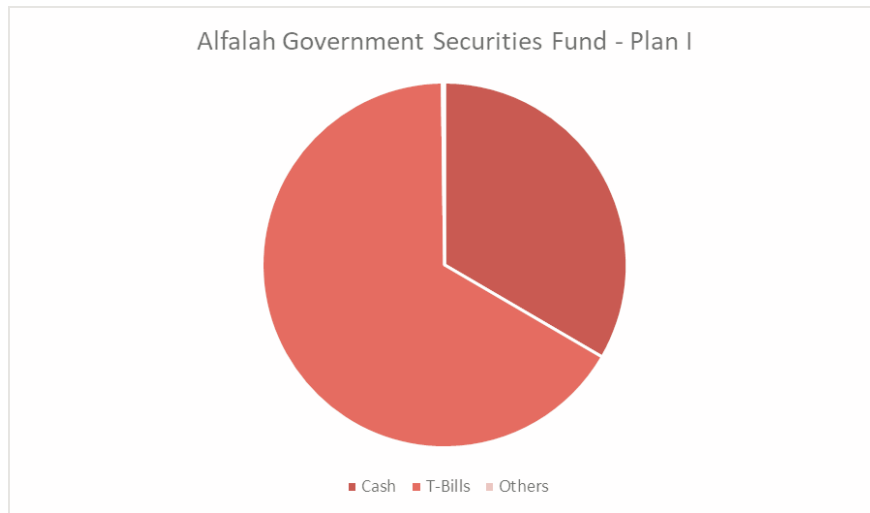
Fund Performance

During the period, the fund generated a return of 6.03% compared to the benchmark 10.82%.

Performance comparison with Benchmark



Assets Allocation



Credit Quality (as % of Total Assets)			
Govt. Securities (Rated AAA)	86.8%	A1+	0.0%
AAA	0.0%	A1	0.0%
AA+	13.1%	A-	0.0%
AA	0.0%	BBB+	0.0%
AA-	0.0%	BBB	0.0%
A+	0.0%	IG	0.0%
A	0.0%	NR/UR	0.1%

⇒ **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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CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahr-e-Faisal
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TRUSTEE REPORT TO THE UNIT HOLDERS

ALFALAH GOVERNMENT SECURITIES 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 Government Securities 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.

Badiuddin Akber

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi: September 07, 2026



INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Alfalah Government Securities Fund II

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Alfalah Government Securities 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. 299.91 million and investments of the Fund amounted to Rs. 2,252.30 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 (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 Government Securities 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: AR202610068v9T2QOGup

ALFALAH GOVERNMENT SECURITIES FUND - II
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2026

	Note	2026	2025
		----- (Rupees) -----	
Assets			
Bank balances	4	299,909,198	12,812,048
Investments	5	2,252,304,743	2,609,880,400
Advances, deposits, prepayments and other receivables	6	2,237,578	30,816,969
Receivable from Management Company		-	54,400
Total assets		2,554,451,519	2,653,563,817
Liabilities			
Payable to Management Company	8	-	2,887,717
Payable to Trustee	9	549,179	139,105
Payable to the Securities and Exchange Commission of Pakistan	10	448,208	161,908
Accrued expenses and other liabilities	11	25,776,017	37,033,170
Total liabilities		26,773,404	40,221,900
Net assets		<u>2,527,678,115</u>	<u>2,613,341,917</u>
Unit holders' fund (as per statement attached)		<u>2,527,678,115</u>	<u>2,613,341,917</u>
Contingencies and commitments	12		
		----- (Number of units) -----	
Number of units in issue		<u>18,360,040</u>	<u>20,713,748</u>
		----- (Rupees) -----	
Net asset value per unit		<u>137.6728</u>	<u>126.1600</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 GOVERNMENT SECURITIES FUND - II
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
		(Rupees)	
Income			
Profit on bank balances		13,317,391	7,089,885
Income from Market Treasury Bills		23,978,958	21,152,659
Income from Pakistan Investment Bonds		270,998,964	113,221,312
Reimbursement of expenses from Management Company		-	440,000
		308,295,313	141,903,856
Net realised (loss) / gain on sale of investments classified as financial assets at fair value through profit or loss' - net		(10,960,493)	13,881,161
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss' - net	5.3	(5,421,677)	7,720,688
Total income		291,913,143	163,505,705
Expenses			
Remuneration of Management Company			
Alfalsh Asset Management Limited	8.1	26,806,467	9,238,562
Faysal Asset Management Limited		-	61,846
Sindh sales tax on remuneration of the Management Company	8.2	4,020,970	1,395,062
Remuneration of the Trustee	9.1	1,606,330	641,830
Sindh sales tax on remuneration of the Trustee	9.2	240,950	96,275
Fee to the Securities and Exchange Commission of Pakistan	10.1	2,189,953	875,266
Auditor's remuneration	13	1,166,400	687,752
Fees and subscription		261,791	233,314
Amortisation of preliminary expenses and floatation costs	7.1	-	142,809
Bank charges		13,230	15,792
Legal and professional charges		65,053	130,646
Transaction charges		68,451	93,726
Printing charges		-	17,198
Total expenses		36,439,595	13,630,078
Net income for the year before taxation		255,473,548	149,875,627
Taxation	15	-	-
Net income for the year after taxation		255,473,548	149,875,627
Allocation of net income for the year			
Net income for the year after taxation		255,473,548	149,875,627
Income already paid on units redeemed		(245,387,009)	(130,457,957)
		10,086,539	19,417,670
Accounting income available for distribution			
- Relating to capital gains		-	19,417,670
- Excluding capital gains		10,086,539	-
		10,086,539	19,417,670

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 GOVERNMENT SECURITIES FUND - II
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2026

	2026	2025
	(Rupees)	
Net income for the year after taxation	255,473,548	149,875,627
Other comprehensive income for the year	-	-
Total comprehensive income for the year	255,473,548	149,875,627

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 GOVERNMENT SECURITIES 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	2,601,799,914	11,542,003	2,613,341,917	108,536,652	7,922,717	116,459,369
Issuance of 26,179,772 units (2025: 40,020,615 units)						
- Capital value (at net asset value per unit at the beginning of the year)	3,302,840,162	-	3,302,840,162	5,042,197,387	-	5,042,197,387
- Element of income	227,165,786	-	227,165,786	618,631,545	-	618,631,545
Total proceeds on issuance of units	3,530,005,948	-	3,530,005,948	5,660,828,932	-	5,660,828,932
Redemption of 28,533,480 units (2025: 20,231,242 units)						
- Capital value (at net asset value per unit at the beginning of the year)	(3,599,783,963)	-	(3,599,783,963)	(2,548,934,126)	-	(2,548,934,126)
- Element of loss	(25,972,326)	(245,387,009)	(271,359,335)	(257,978,324)	(130,457,957)	(388,436,281)
Total payments on redemption of units	(3,625,756,289)	(245,387,009)	(3,871,143,298)	(2,806,912,450)	(130,457,957)	(2,937,370,407)
Total comprehensive income for the year	-	255,473,548	255,473,548	-	149,875,627	149,875,627
Distribution during the year @ Rs. Nil per unit (2025: Rs. 21.20 per unit declared on June 27, 2025)	-	-	-	(360,653,220)	(15,798,384)	(376,451,604)
	-	255,473,548	255,473,548	(360,653,220)	134,077,243	(226,575,977)
Net assets at the end of the year	2,506,049,573	21,628,542	2,527,678,115	2,601,799,914	11,542,003	2,613,341,917
Undistributed income brought forward						
- Realised income		3,821,315			8,058,616	
- Unrealised loss		7,720,688			(135,899)	
		11,542,003			7,922,717	
Accounting income available for distribution						
- Relating to capital gains		-			19,417,670	
- Excluding capital gains		10,086,539			-	
		10,086,539			19,417,670	
Distribution made during the year		-			(15,798,384)	
Undistributed income carried forward		21,628,542			11,542,003	
Undistributed income carried forward						
- Realised income		27,050,219			3,821,315	
- Unrealised loss		(5,421,677)			7,720,688	
		21,628,542			11,542,003	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the year		126.1600			125.9900	
Net asset value per unit at the end of the year		137.6728			126.1600	

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 GOVERNMENT SECURITIES FUND - II
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 ----- (Rupees) -----	2025 -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		255,473,548	149,875,627
Adjustments:			
Amortisation of preliminary expenses and floatation costs		-	142,809
Profit on bank balances		(13,317,391)	(7,089,885)
Income from Market Treasury Bills		(23,978,958)	(21,152,659)
Income from Pakistan Investment Bonds		(270,998,964)	(113,221,312)
Net realised loss / (gain) on sale of investments classified as at fair value through profit or loss - net		10,960,493	(13,881,161)
Unrealised diminution / (appreciation) on re-measurement of investments classified as at fair value through profit or loss - net	5.3	5,421,677 (291,913,143)	(7,720,688) (162,922,896)
		(36,439,595)	(13,047,269)
Decrease / (increase) in assets			
Investments		194,986,321	(2,329,903,694)
Receivable from Management Company		54,400	95,600
Advances, deposits, prepayments and other receivables		(427,042)	(282,904)
		194,613,679	(2,330,090,998)
Increase in liabilities			
Payable to the Management Company		(2,887,717)	2,834,147
Payable to the Trustee		410,074	133,040
Payable to the Securities and Exchange Commission of Pakistan		286,300	155,093
Accrued expenses and other liabilities		(11,257,153) (13,448,496)	35,392,198 38,514,478
Financial income received on bank balances and investments		337,301,746	115,516,749
Net cash generated from / (used in) operating activities		482,027,334	(2,189,107,040)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance of units - net of refund of capital		3,530,005,948	5,660,828,932
Payments against redemption and conversion of units		(3,871,143,298)	(2,937,370,407)
Dividend paid		-	(376,451,604)
Net cash (used in) / generated from financing activities		(341,137,350)	2,347,006,921
Net increase / (decrease) in cash and cash equivalents during the year		140,889,984	157,899,881
Cash and cash equivalents at the beginning of the year		179,525,948	21,626,067
Cash and cash equivalents at the end of the year	4.2	320,415,932	179,525,948

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 GOVERNMENT SECURITIES 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 Government Securities Fund - II (the Fund) (Formerly : Faysal Government Securities Fund) pursuant to 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 July 31, 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 30, 2021 the above mentioned Trust Deed had been registered under the Sindh Trust Act.

- 1.2** The Management Company of the Fund has been licensed by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at Islamic Chamber of Commerce, Industry & Agriculture Building, 2nd Floor, ST-2/A, Block 9, KDA Scheme 5, Clifton, Karachi.
- 1.3** The Fund has been categorised as an 'Income 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 were being offered for public subscription on a continuous basis from March 16, 2020 and are transferable and redeemable by surrendering them to the Fund.
- 1.4** The objective of the Fund is to provide competitive returns by investing primarily in government securities. 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 Amended 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 A(f) by VIS Credit Rating Company Limited dated December 31, 2025 (2025: AA(f) dated October 28, 2024)
- 1.7** Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited 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 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 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 unless otherwise stated.

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 as:

- at amortised cost;
- at fair value through other comprehensive income (FVOCI); and
- 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.

b) 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.

c) 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.

3.2.3 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.

3.2.4 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 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 from investment in government securities is recognised on an accrual basis using the effective interest rate method;
- Profit on balances with banks is recognised on a time proportionate basis using the effective yield method;

3.11 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and the 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 and the NBFC Regulations.

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
		----- (Rupees) -----	
4 BANK BALANCES			
In savings accounts	4.1	<u>299,909,198</u>	<u>12,812,048</u>
4.1	These include a balance of Nil (2025: 0.010 million) maintained with Bank Alfalah Limited (a related party) that carries profit at the rate of 12.50% (2025: 8.50%) per annum. Other savings accounts of the Fund carry profit rates ranging from 11% to 12.25% (2025: 7.00% to 20%) per annum.		

	Note	2026	2025
		----- (Rupees) -----	
4.2 Cash and cash equivalents			
Bank balances		299,909,198	12,812,048
Market Treasury Bills		<u>20,506,734</u>	<u>166,713,900</u>
		<u>320,415,932</u>	<u>179,525,948</u>

5 INVESTMENTS

Financial assets 'at fair value through 'profit or loss'

Market Treasury Bills	5.1	20,506,734	166,713,900
Pakistan Investment Bonds	5.2	<u>2,231,798,009</u>	<u>2,443,166,500</u>
		<u>2,252,304,743</u>	<u>2,609,880,400</u>

5.1 Market Treasury Bills

Issue date	Maturity date	Yield	Tenor in months	Face value				Carrying value as at June 30, 2026	Market value as at June 30, 2026	Unrealised diminution as at June 30, 2026	Market value as a percentage of	
				As at July 1, 2025	Purchased during the year	Sold / matured during the year	As at June 30, 2026				Net assets of the	Total investments of the
(Rupees)											%	
July 10, 2025	August 7, 2025	11.15%	1	-	300,000,000	300,000,000	-	-	-	-	-	-
December 11, 2025	January 8, 2026	10.80%	1	-	250,000,000	250,000,000	-	-	-	-	-	-
March 6, 2025	March 5, 2026	10.20%	12	-	355,000,000	355,000,000	-	-	-	-	-	-
August 7, 2025	October 30, 2025	10.96%	3	-	250,000,000	250,000,000	-	-	-	-	-	-
September 4, 2025	November 27, 2025	10.83%	3	-	65,000,000	65,000,000	-	-	-	-	-	-
October 2, 2025	December 26, 2025	10.27%	3	-	250,000,000	250,000,000	-	-	-	-	-	-
April 15, 2026	July 9, 2026	11.08%	3	-	265,000,000	244,000,000	21,000,000	20,515,969	20,506,734	(9,235)	0.81%	0.91%
September 5, 2024	September 4, 2025	11.07%	12	170,000,000	-	170,000,000	-	-	-	-	-	-
Total as at June 30, 2026								20,515,969	20,506,734	(9,235)	0.81%	0.91%
Total as at June 30, 2025								167,255,794	166,713,900	(541,894)		

5.2 Pakistan Investment Bonds

Name of the security	Interest payments / principal redemptions	Issue date	Maturity Date	Yield	Face value				Carrying Value as at June 30, 2026	Market Value as on June 30, 2026	Unrealised diminution as at June 30, 2026	Market value as a	
					As at July 1, 2025	Purchased during the year	Sold / matured during the year	As at June 30, 2026				Net assets of the fund	total investments of the fund
(Rupees)											%		
Pakistan Investment Bonds	Nil / At Maturity	September 20, 2024	September 20, 2026	10.67%	2,000,000,000	-	-	2,000,000,000	1,954,033,850	1,950,130,904	(3,902,946)	77.15%	86.58%
Pakistan Investment Bonds	Nil / At Maturity	January 16, 2025	January 16, 2027	10.46%	700,000,000	1,750,000,000	2,150,000,000	300,000,000	283,176,601	281,667,105	(1,509,496)	11.14%	12.51%
Total as at June 30, 2026								2,300,000,000	2,237,210,451	2,231,798,009	(5,412,442)	88.29%	99.09%
Total as at June 30, 2025								2,700,000,000	2,434,903,917	2,443,166,500	8,262,583		

5.3 Unrealised (diminution) / appreciation 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 & 5.2	2,252,304,743	2,609,880,400
Less: carrying value of investments	5.1 & 5.2	(2,257,726,420)	(2,602,159,712)
		(5,421,677)	7,720,688

6 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Security deposit with Central Depository Company of Pakistan Limited		100,000	100,000
Profit receivable on Pakistan Investment Bonds		-	27,513,810
Profit receivable on bank balances		1,265,343	2,757,966
Advance tax	6.1	807,209	445,193
Prepaid rating fees		65,026	-
		2,237,578	30,816,969

- 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 taxes on profit on savings accounts and government securities 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 withholders. The tax withheld on profit on savings and debt securities accounts amounts to Rs. 0.807 million (2025: Rs. 0.445 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 debt securities has 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 to be refunded.

	Note	2026	2025
		----- (Rupees) -----	-----
7 PRELIMINARY EXPENSES AND FLOATATION COSTS			
At the beginning of the year		-	142,809
Less: amortisation during the year	7.1	-	(142,809)
At the end of the year		<u>-</u>	<u>-</u>

- 7.1** Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These are being amortised over five years commencing from March 16, 2020 in accordance with the Trust Deed of the Fund and the NBFC Regulations.

	Note	2026	2025
		----- (Rupees) -----	-----
8 PAYABLE TO MANAGEMENT COMPANY			
Remuneration payable to the Management Company	8.1	-	2,511,059
Sindh sales tax payable on remuneration of the Management Company	8.2	-	376,658
		<u>-</u>	<u>2,887,717</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: 0.5% 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.

	Note	2026	2025
		----- (Rupees) -----	-----
9 PAYABLE TO TRUSTEE			
Remuneration payable to the Central Depository Company of Pakistan - Trustee	9.1	477,230	120,985
Sindh sales tax payable on remuneration of the Trustee	9.2	71,949	18,120
		<u>549,179</u>	<u>139,105</u>

- 9.1** The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the rate of 0.055% (2025: 0.055%) per annum of the daily net assets of the Fund. Therefore, the Fund has charged trustee fee on accrual basis at the aforementioned rate during the year.

- 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.

	Note	2026	2025
		----- (Rupees) -----	-----
10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Fee payable	10.1	<u>448,208</u>	<u>161,908</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.

	2026	2025
	----- (Rupees) -----	-----
11 ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditor's remuneration payable	656,887	577,863
Rating fee payable	64,574	87,161
Capital gain tax payable	24,821,982	31,783,609
Withholding tax payable	-	3,949,897
Printing charges payable	-	29,243
Transaction charges payable	74,748	82,599
Legal and professional charges payable	-	414,746
Others	157,826	108,052
	<u>25,776,017</u>	<u>37,033,170</u>

12 CONTINGENCIES AND COMMITMENTS

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

	2026	2025
	----- (Rupees) -----	-----
13 AUDITOR'S REMUNERATION		
Annual audit fee	540,000	400,000
Fee for half yearly review of condensed interim financial statements	360,000	200,762
Fee for other certifications	100,000	36,046
Out of pocket expenses	80,000	-
	<u>1,080,000</u>	<u>636,808</u>
Sindh sales tax	86,400	50,944
	<u>1,166,400</u>	<u>687,752</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 8.1 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 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 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.

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, Bank Alfalah Limited, MAB Investment Incorporation, Bank Alfalah Limited - Employees' Provident Fund, Bank Alfalah Limited - Employees' Gratuity Fund and Alfalah Asset 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. Connected persons also include any person beneficially owning directly or indirectly 10% or more of the units in the issue / net assets of the Fund.

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 as related party transactions and balances are 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 year are not comparable.

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.

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

Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

The details of transactions carried out by the Fund with related parties / connected persons during the year ended June 30, 2026 and balances with them as at year end are as follows:

Transactions during the year	2026	2025
	----- (Rupees) -----	-----
Alfalah Asset Management Limited - Management Company		
Remuneration of the Management Company	26,806,467	9,238,562
Sindh Sales Tax on remuneration of the Management Company	4,020,970	1,385,785
Reimbursement from Management Company	-	440,000
Faysal Asset Management Limited - former Management Company		
Remuneration of the Management Company	-	61,846
Sindh Sales Tax on remuneration of the Management Company	-	9,277
Reimbursement from Management Company	-	440,000
Bank Alfalah Limited - Group Company		
Profit on bank balances	-	13,830
Faysal Bank Limited - former Group Company		
Profit on bank balances	9,326,886	127,770
Bank charges	13,230	2,294
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	1,606,330	641,830
Sindh Sales Tax on remuneration of the Trustee	240,950	96,275
CDS charges	8,192	4,130
Sales tax on CDS Charges	1,229	430
AGSF-Alfalah Government Securities Plan -1- Fund Managed by Management Company		
Pakistan Investment Bond - Purchased	-	1,000,000,000
Market Treasury Bills - Purchased	-	200,000,000
Alfalah GHP Sovereign Fund - Fund Managed by Management Company		
Pakistan Investment Bond - Sold	-	505,614,500
Market Treasury Bills - Sold	-	168,364,000
Alfalah Financial Sector Income Plan - I - Fund Managed by Management Company		
Pakistan Investment Bond - Sold	-	1,745,820,000
Alfalah GHP Cash Fund - Fund Managed by Management Company		
Market Treasury Bills - sold	-	269,425,440
Unit holders with more than 10% holding		
Units issued: 18,356,575 units (2025: 38,488,353 units)	2,517,033,321	5,451,907,300
Units redeemed: 20,654,682 units (2025: 20,567,205 units)	2,765,348,840	2,622,043,011
Dividend Re Invested Nil units (2025: 87,477 units)	11,021,185	11,021,185
Amounts / balances outstanding as at year end	2026	2025
	----- (Rupees) -----	-----
Alfalah Asset Management Limited - Management Company		
Remuneration payable	-	2,511,059
Sindh sales tax payable on remuneration of the Management Company	-	376,658
Receivable from Management Company	-	54,400

	2026	2025
	(Rupees)	
Bank Alfalah Limited - Group Company		
Balance with bank	-	10,046
Profit receivable on balance with bank	-	12,604
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	477,230	120,985
Sindh sales tax payable on remuneration of the Trustee	71,949	18,120
Security deposit	100,000	100,000
Unit holders with more than 10% holding		
Units outstanding: 18,356,575 units (2025: 20,652,682 units)	2,527,201,079	2,605,889,854

17 FINANCIAL INSTRUMENTS BY CATEGORY

	2026		
	At amortised cost	At fair value through profit or loss	Total
	Rupees		
Financial assets			
Balances with banks	299,909,198	-	299,909,198
Investments	-	2,252,304,743	2,252,304,743
Receivable from Management Company	-	-	-
Deposits and other receivables	1,365,343	-	1,365,343
	<u>301,274,541</u>	<u>2,252,304,743</u>	<u>2,553,579,284</u>
Financial liabilities			
Payable to Management Company	-	-	-
Payable to Trustee	549,179	-	549,179
Accrued expenses and other liabilities	954,035	-	954,035
	<u>1,503,214</u>	<u>-</u>	<u>1,503,214</u>
	2025		
	At amortised cost	At fair value through profit or loss	Total
	Rupees		
Financial assets			
Balances with banks	12,812,048	-	12,812,048
Investments	-	2,609,880,400	2,609,880,400
Receivable from Management Company	54,400	-	54,400
Deposits and other receivables	30,371,777	-	30,371,777
	<u>43,238,225</u>	<u>2,609,880,400</u>	<u>2,653,118,625</u>
Financial liabilities			
Payable to Management Company	2,887,717	-	2,887,717
Payable to Trustee	139,105	-	139,105
Accrued expenses and other liabilities	1,299,664	-	1,299,664
	<u>4,326,486</u>	<u>-</u>	<u>4,326,486</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, 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.

18.1 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 / 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 interest rates. As of June 30, 2026, the Fund is exposed to such risk on its balances held with banks and Pakistan Investment Bonds. 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 bonds which expose the Fund to cash flow 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. 4.345 million (2025: Rs. 26.221 million).

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 interest 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 w ith banks	11.00% - 12.50%	299,909,198	-	-	-	299,909,198
Investments	10.46% - 10.67%	20,506,734	-	2,231,798,009	-	2,252,304,743
Receivable from Management Company		-	-	-	-	-
Deposits and other receivable		-	-	-	1,365,343	1,365,343
		320,415,932	-	2,231,798,009	1,365,343	2,553,579,284
Financial liabilities						
Payable to Management Company		-	-	-	-	-
Payable to Trustee		-	-	-	549,179	549,179
Accrued expenses and other liabilities		-	-	-	954,035	954,035
		-	-	-	1,503,214	1,503,214
On-balance sheet gap (a)		320,415,932	-	2,231,798,009	(137,871)	2,552,076,070
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		320,415,932	-	2,231,798,009		
Cumulative interest rate sensitivity gap		320,415,932	320,415,932	2,552,213,941		

2025						
Effective interest rate (%)	Exposed to interest rate risk			Not exposed to interest rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
----- Rupees -----						
Financial assets						
Balances w ith banks	7.00% - 20%	12,812,048	-	-	12,812,048	
Investments	11.28% - 12%	-	166,713,900	2,443,166,500	2,609,880,400	
Receivable from Management Company		-	-	54,400	54,400	
Deposits and other receivable		-	-	30,371,777	30,371,777	
		12,812,048	166,713,900	2,443,166,500	30,426,177	2,653,118,625
Financial liabilities						
Payable to Management Company		-	-	2,887,717	2,887,717	
Payable to Trustee		-	-	139,105	139,105	
Accrued expenses and other liabilities		-	-	1,299,664	1,299,664	
		-	-	4,326,486	4,326,486	
On-balance sheet gap (a)		12,812,048	166,713,900	2,443,166,500	26,099,691	2,648,792,139
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		12,812,048	166,713,900	2,443,166,500		
Cumulative interest rate sensitivity gap		12,812,048	179,525,948	2,622,692,448		

(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 does not hold any instruments that expose it to price risk as of June 30, 2026.

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 upto 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 redemptions during the year.

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 liabilities that are receivable / payable on demand have been included in the maturity grouping of one month:

2026						
Within one 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 five years	Financial instruments with no fixed	Total
Rupees						

Financial liabilities

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

-	-	-	-	-	-	-
549,179	-	-	-	-	-	549,179
297,148	656,887	-	-	-	-	954,035
846,327	656,887	-	-	-	-	1,503,214

2025						
Within one 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 five years	Financial instruments with no fixed	Total
Rupees						

Financial liabilities

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

2,887,717	-	-	-	-	-	2,887,717
139,105	-	-	-	-	-	139,105
721,801	577,863	-	-	-	-	1,299,664
3,748,623	577,863	-	-	-	-	4,326,486

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		Rupees	
Balances with banks	299,909,198	299,909,198	12,812,048	12,812,048
Investments	2,252,304,743	-	2,609,880,400	-
Receivable from Management Company	-	-	54,400	54,400
Deposits and other receivable	1,365,343	1,365,343	30,371,777	2,857,966
	<u>2,553,579,284</u>	<u>301,274,541</u>	<u>2,653,118,625</u>	<u>15,724,414</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 and related profit receivable, however, are not exposed to credit risk and have been excluded from the above analysis as investment in government securities are guaranteed by the Government of Pakistan.

18.3.2 Credit quality of financial assets

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

Bank balances and profit accrued thereon	2026	2025
	%	
Rating		
AAA	-	0.15%
AA	100.00%	70.56%
AA+	-	0.09%
AA-	-	29.20%

Deposit with CDC 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 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 value:

	-----2026-----			
	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Financial assets at fair value through profit or loss				
Market Treasury Bills	-	20,506,734	-	20,506,734
Pakistan Investment Bonds	-	2,231,798,009	-	2,231,798,009
	-	2,252,304,743	-	2,252,304,743

	-----2025-----			
	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Financial assets at fair value through profit or loss				
Market Treasury Bills	-	166,713,900	-	166,713,900
Pakistan Investment Bonds	-	2,443,166,500	-	2,443,166,500
	-	2,609,880,400	-	2,609,880,400

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
Market Treasury Bills	The fair value of Market Treasury Bills are derived using PKRV rates. The PKRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from eight different pre-defined / approved dealers / brokers.
Pakistan Investment Bonds	The fair value of Pakistan Investment Bonds having fixed coupon rate are derived using PKRV rates. The PKRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from eight different pre-defined / approved dealers / brokers.

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
Individual	38	1,283	0.007%	34	905	0.004%
Others	3	18,358,757	99.993%	3	20,712,843	99.996%
	41	18,360,040	100.00%	37	20,713,748	100.00%

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

Figures have been rounded off to the nearest Rupees, 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	2208	39828723.57	114,155	0%
Associated Co./ Directors	1	12756.768	-	-
Insurance Co.	7	5716194.99	-	-
Banks/ DFIs	4	6842639.395	-	-
Retirement & Other Funds	40	21,798,444	-	-
Others	23	3346592.743	2,613,227,762	100%
	2283	77,545,352	2,613,341,917	100%

Category	As at 30 June 2025			
	Number of unit holders	Number of units held	Amount Rupees	% of total
Individuals	34	905	114,155	0%
Associated Co./ Directors	-	-	-	-
Insurance Co.	-	-	-	-
Banks/ DFIs	-	-	-	-
Retirement & Other Funds	-	-	-	-
Others	3	20,712,844	2,613,227,762	100%
	37	20,713,748	2,613,341,917	100%

(ii) TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

	30 June 2026 %
C&M Management (Private)	40.06%
Currency Market Associates	36.75%
CONTINENTAL	22.05%
KTRADE SECURITIES LIMITED	1.14%
Arif Habib Limited	0.41%
	30 June 2025 %
BMA Capital Management Ltd.	52.72%
Continental Exchange (Pvt.) Limited	46.03%
AKD Securities Limited	0.42%

(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 AGSF-II

	30 June 2025	30 June 2025	30 June 2024	30 June 2023	30 June 2022
	(Rupees in '000)				
Net Assets	2,613,341,917	20,713,748	116,459,369	126,973,215	610,361,637
NAV per unit	137.6728	126.1646	125.9900	125.4400	108.9000
Selling price per unit	140.8393	129.0600	128.8400	128.2800	111.3700
Redemption price per unit	137.6728	126.1646	125.9900	125.4400	108.9000
Highest selling price per unit	140.8393	150.6000	148.2300	128.2800	111.3700
Highest redemption price per unit	137.6728	147.2200	144.9500	125.4400	108.9000
Lowest selling price per unit	129.1000	128.8900	128.2800	109.0800	102.5900
Lowest redemption price per unit	126.2000	125.9900	125.4400	108.9500	100.3200
1st interim distribution per unit	-	21.2	19.57	-	0.42
1st interim distribution date	-	27-Jun-25	26-Jun-24	-	22-Jul-22
2nd interim distribution per unit	-	-	-	-	-
2nd interim distribution date	-	-	-	-	-
3rd interim distribution per unit	-	-	-	-	-
3rd interim distribution date	-	-	-	-	-
Annualized returns %	32.22%	16.99%	16.06%	15.19%	8.55%
Income distribution %	0.00%	16.83%	15.60%	0.00%	0.42%

Return since inception is **7.53 %**.

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



Alfalah Income And Growth 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:	EY Ford Rhodes Chartered Accountants. 601, Progressive Plaza, Beaumont Road, Civil Lines 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

Alfalsh Income and Growth Fund

Annual Fund Manager's Report

Type of Fund: Open-end Scheme

Category of Fund: Aggressive Income Scheme

Investment Objective

The prime objective of Alfalah Income & Growth Fund is to provide superior long-term risk adjusted returns by investing in a diverse pool of fixed income securities, including money market instruments. In particular, the aim is to minimize interest rate risk through duration management and default risk portfolio diversification. The Fund will employ prudent and disciplined investment management, and maximize the total investment return through systematic and informed security selection.

Accomplishment of Objective

The Fund has achieved its objective of generating regular income by investing in high 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

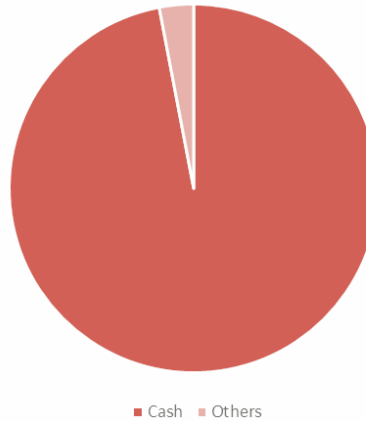
During the year, the fund generated a return of 12.09 % compared to the benchmark 11.31%.

Performance comparison with Benchmark



Assets Allocation

Alfalah Income & Growth Fund



Credit Quality (as % of Total Assets)			
Govt. Securities (Rated AAA)	0.0%	A1+	0.0%
AAA	95.3%	A1	0.0%
AA+	1.7%	A-	0.0%
AA	0.0%	BBB+	0.0%
AA-	0.0%	BBB	0.0%
A+	0.0%	IG	0.0%
A	0.0%	NR	3.0%

- ⇒ **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 Shakra-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 INCOME & GROWTH FUND

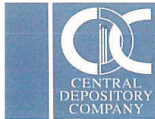
**Report of the Trustee pursuant to Regulation 41(h) and clause 8 of Schedule V of
the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of Alfalah Income & Growth 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 07, 2026





INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Alfalah Income & Growth Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Alfalah Income & Growth 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 note 4 to the financial statements) Balances with banks constitute the most significant component of the net asset value. Balances with banks aggregated to Rs. 1,312.40 million as at June 30, 2026. The existence of balances with banks for the determination of NAV of the Fund as at June 30, 2026 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: - Obtained independent confirmations for verifying the 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; and - Obtained bank reconciliation statements and tested reconciling items on a sample basis.

Alfalah



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 Income & Growth 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: AR202610068ixyRDTamZ

ALFALAH INCOME & GROWTH FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2026

	Note	2026 ----- (Rupees) -----	2025 -----
Assets			
Balances with banks	4	1,312,404,205	118,403,493
Investments	5	-	-
Advances, deposits and profit receivable	6	5,314,058	5,364,762
Total assets		<u>1,317,718,263</u>	<u>123,768,255</u>
Liabilities			
Payable to the Management Company	7	-	884
Payable to the Trustee	8	91,061	25,605
Payable to the Securities and Exchange Commission of Pakistan	9	62,476	5,777
Accrued expenses and other liabilities	10	37,999,708	21,331,344
Total liabilities		<u>38,153,245</u>	<u>21,363,610</u>
Net assets		<u>1,279,565,018</u>	<u>102,404,645</u>
Unit holders' fund (as per statement attached)		<u>1,279,565,018</u>	<u>102,404,645</u>
Contingencies and commitments	11		
		----- (Number of units) -----	
Number of units in issue		<u>10,824,160</u>	<u>880,074</u>
		----- (Rupees) -----	
Net asset value per unit		<u>118.2138</u>	<u>116.3600</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

For Alfalah Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

ALFALAH INCOME & GROWTH FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 ----- (Rupees) -----	2025 ----- (Rupees) -----
Income			
Profit on balances with banks		75,397,345	91,365,454
Income from market treasury bills		-	10,857,652
Income from pakistan investment bonds		-	9,778,656
Income from term deposit receipts		-	949,181
Income from term finance certificates		-	8,638,700
Reimbursement from the Management Company		-	5,278,000
		75,397,345	126,867,643
Gain on sale of investments classified as financial assets at 'fair value through profit or loss' - net		-	3,946,734
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	5.2	-	-
Total income		<u>75,397,345</u>	<u>130,814,377</u>
Expenses			
Remuneration of the Management Company			
Alfalah Asset Management Limited	7.1	1,474,722	4,127
Faysal Asset Management Limited		-	1,160,742
Sindh sales tax on remuneration of the Management Company	7.2	221,208	174,730
Remuneration of the Trustee	8.1	511,569	470,338
Sindh sales tax on remuneration of the Trustee	8.2	76,750	70,550
Fee to the Securities and Exchange Commission of Pakistan	9.1	511,565	470,338
Auditors' remuneration	12	1,166,400	988,535
Fees and subscription		79,416	390,074
Legal and professional charges		261,346	261,288
Transaction charges		-	786,824
Bank charges		-	20,330
Printing charges		-	15,497
Other expenses		125,695	-
Total expenses		<u>4,428,671</u>	<u>4,813,374</u>
Net operating income for the year		<u>70,968,674</u>	<u>126,001,002</u>
Provision against non-performing term finance certificates	5.1.2	-	(19,910,702)
Net income for the year before taxation		<u>70,968,674</u>	<u>106,090,300</u>
Taxation	14	-	-
Net income for the year after taxation		<u><u>70,968,674</u></u>	<u><u>106,090,300</u></u>
Allocation of net income for the year			
Net income for the year after taxation		70,968,674	106,090,300
Income already paid on units redeemed		(67,598,631)	(108,071,914)
		<u>3,370,043</u>	<u>(1,981,614)</u>
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		3,370,043	-
		<u>3,370,043</u>	<u>-</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

For Alfalah Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

ALFALAH INCOME & GROWTH FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2026

	2026 ----- (Rupees) -----	2025 -----
Net income for the year after taxation	70,968,674	106,090,300
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>70,968,674</u>	<u>106,090,300</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

For Alfalah Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



ALFALAH INCOME & GROWTH 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	(24,378,955)	126,783,600	102,404,645	5,141,878,169	126,783,600	5,268,661,769
Issuance of 21,882,309 units (2025: 32,270,397 units)						
- Capital value (at net asset value per unit at the beginning of the year)	2,546,225,475	-	2,546,225,475	3,528,906,675	-	3,528,906,675
- Element of income	91,127,751	-	91,127,751	47,584,415	-	47,584,415
Total proceeds on issuance of units	2,637,353,226	-	2,637,353,226	3,576,491,090	-	3,576,491,090
Redemption of 11,938,223 units (2025: 79,570,070 units)						
- Capital value (at net asset value per unit at the beginning of the year)	(1,389,131,628)	-	(1,389,131,628)	(8,701,329,306)	-	(8,701,329,306)
- Element of loss	(71,550,626)	(67,598,631)	(139,149,257)	(39,437,294)	(108,071,914)	(147,509,208)
Total payments on redemption of units	(1,460,682,254)	(67,598,631)	(1,528,280,885)	(8,740,766,600)	(108,071,914)	(8,848,838,514)
Decrease in capital value*	-	-	-	(1,981,614)	1,981,614	-
Total comprehensive income for the year	-	70,968,674	70,968,674	-	106,090,300	106,090,300
Distribution during the year @ Rs. 12.03 per unit declared on June 23, 2026	(350,761)	(2,529,881)	(2,880,642)	-	-	-
(2025: Rs. Nil per unit for the year ended June 30, 2025)	(350,761)	68,438,793	68,088,032	(1,981,614)	108,071,914	106,090,300
Net assets at the end of the year	<u>1,151,941,256</u>	<u>127,623,762</u>	<u>1,279,565,018</u>	<u>(24,378,955)</u>	<u>126,783,600</u>	<u>102,404,645</u>
Undistributed income brought forward						
- Realised income		126,783,600			138,759,181	
- Unrealised loss		-			(11,975,581)	
		<u>126,783,600</u>			<u>126,783,600</u>	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		3,370,043			-	
		<u>3,370,043</u>			-	
Distributions during the year		(2,529,881)			-	
Undistributed income carried forward		<u>127,623,762</u>			<u>126,783,600</u>	
Undistributed income carried forward						
- Realised income		127,623,762			126,783,600	
- Unrealised income		-			-	
		<u>127,623,762</u>			<u>126,783,600</u>	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the year		<u>116.3600</u>			<u>109.3500</u>	
Net asset value per unit at the end of the year		<u>118.2138</u>			<u>116.3600</u>	

* Represents the excess of income paid to redeeming unit-holders over the income earned during the period, adjusted against the capital value of units.

The annexed notes from 1 to 24 form an integral part of these financial statements.

For Alfalah Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

ALFALAH INCOME & GROWTH FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2026

	2026	2025
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	70,968,674	106,090,300
Adjustments:		
Profit on balances with banks	(75,397,345)	(91,365,454)
Income from market treasury bills	-	(10,857,652)
Income from pakistan investment bonds	-	(9,778,656)
Income from term deposit receipts	-	(949,181)
Income from term finance certificates	-	(8,638,700)
Gain on sale of investments classified as financial assets at 'fair value through profit or loss' - net	-	(3,946,734)
	(75,397,345)	(125,536,377)
	(4,428,671)	(19,446,077)
(Increase) / decrease in assets		
Investments	-	1,614,868,936
Advances, deposits and profit receivable	50,704	(123,312)
	50,704	1,614,745,624
Increase / (decrease) in liabilities		
Payable to the Management Company	(884)	(13,572,697)
Payable to the Trustee	65,456	(362,940)
Payable to the Securities and Exchange Commission of Pakistan	56,699	(337,762)
Accrued expenses and other liabilities	16,668,364	(10,392,281)
	16,789,635	(24,665,680)
Income / profit received	75,397,345	398,165,524
Net cash flows generated from operating activities	87,809,013	1,968,799,391
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issuance and conversion of units	2,637,353,226	3,576,492,654
Payments against redemption and conversion of units	(1,528,280,885)	(8,848,838,514)
Distribution during the year	(2,880,642)	-
Net cash generated from / (used in) financing activities	1,106,191,699	(5,272,345,860)
Net increase / (decrease) in cash and cash equivalents during the year	1,194,000,712	(3,303,546,469)
Cash and cash equivalents at the beginning of the year	118,403,493	3,421,949,962
Cash and cash equivalents at the end of the year	4.2 1,312,404,205	118,403,493

The annexed notes from 1 to 24 form an integral part of these financial statements.

For Alfalah Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

ALFALAH INCOME & GROWTH 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 Income & Growth (the Fund) (formerly Faysal Income & Growth Fund pursuant to the arrangement as disclosed in note 1.5) is an open ended collective investment scheme established through a Trust Deed executed under the Trust Act, 1882, entered into on November 17, 2015 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 April 13, 2022, the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

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 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.

- 1.2** The Fund has been categorised as an 'Aggressive Fixed Income Scheme', by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the SECP 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 October 10, 2005 and are transferable and redeemable by surrendering them to the Fund.
- 1.3** The objective of the Fund is to provide superior long-term risk adjusted returns by investing in a diverse pool of fixed income securities, including money market instruments. In particular, the aim is to minimize interest rate risk through duration management and default risk portfolio diversification.
- 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 A(f) by VIS Credit Rating Company Limited dated January 20, 2026 (2025: AA(f) dated October 28, 2024)
- 1.7** Title to the assets of the Funds is held in the name of Central Depository Company of Pakistan Limited 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 did 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 18.

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 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 unless otherwise stated.

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

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); and
- 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.

3.2.3 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 and at 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.

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 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 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 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 value 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 circulation 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 / (loss) 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 period. 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 net asset value 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 Income Statement and are recognised 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 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; and
- 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 to 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 ----- (Rupees) -----	2025 -----
4 BALANCES WITH BANKS			
In savings accounts	4.1	<u>1,312,404,205</u>	<u>118,403,493</u>

- 4.1** These include a balance of Rs. 0.02 million (2025: Rs. 0.17 million) 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.

	Note	2026 ----- (Rupees) -----	2025 -----
4.2 Cash and cash equivalents			
Balances with banks	4	<u>1,312,404,205</u>	<u>118,403,493</u>

5 INVESTMENTS

At 'fair value through profit or loss'

Term Finance Certificates	5.1	<u>-</u>	<u>-</u>
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5.1 Term finance certificates

Name of the security	Profit payments / principal redemptions	Issue date	Maturity date	Profit rate	As at July 1, 2025	Purchased during the year	Sold / matured during the year	As at June 30, 2026	Carrying value as at June 30, 2026	Market value as at June 30, 2026	Unrealised appreciation / (diminution) as at June 30, 2026	Percentage in relation to	
												net assets of the	total market value of
					----- (Number of certificates) -----			----- (Rupees) -----			----- % -----		
MICROFINANCE BANKS													
Khushhali Microfinance Bank Limited * (B, VIS, non-traded) (note 5.1.1) (Face value of 100,000 per certificate)	Semi-annually	March 19, 2018	March 19, 2026	6 months KIBOR plus base rate of 2.05%	500	-	-	500	-	-	-	-	-
Total as at June 30, 2026									-	-	-	-	-
Total as at June 30, 2025									-	-	-	-	-

* In case of debt securities against which provision has been made, these are carried at carrying value less provision.

5.1.1 Investments - non-compliance

The Securities and Exchange Commission of Pakistan vide Circular no. 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. Alfalah Asset Management Limited (the Management Company) classified Alfalah Income & Growth Fund (the Fund) as an 'Aggressive Fixed Income 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 that the rating of any security in the portfolio shall not be lower than the investment grade.

Following investments of the Fund are in term finance certificates which are non-compliant securities. At the time of investment, these were compliant as per SECP criteria and the investment policy of the Fund.

Name of non-compliant investment	Type of investment	Value of investment before provision	Provision held (if any)	Value of investment after provision	Percentage of	
					net assets	total assets
			(Rupees)			%
Khushhali Microfinance Bank Limited (note 5.1.1.1)	Non-traded term finance certificates	50,477,850	50,477,850	-	-	-
Total - June 30, 2026		50,477,850	50,477,850	-	-	-
Total - June 30, 2025		50,477,850	50,477,850	-		

5.1.2 Movement of provision

	Note	2026 ----- (Rupees) -----	2025
Balance as at July 1 2025		50,477,850	30,567,148
Charge for the year	5.1.3	-	19,910,702
Balance as at June 30 2026		<u>50,477,850</u>	<u>50,477,850</u>

5.1.3 On April 7, 2023, term finance certificates of Khushhali Microfinance Bank Limited have been classified as non-performing by Mutual Funds Association of Pakistan (MUFAP). Therefore, in accordance with the requirement of SECP's Circular No.33 of 2012, the term finance certificate have been classified as non-performing asset and no further profit has been accrued thereafter. Further, in accordance with the said Circular, an amount of Rs. 50.48 million (2025: Rs. 50.48 million) has also been held as provision. The face value of these term finance certificates is Rs. Nil as at June 30, 2026 (2025: Rs. 50 million).

5.2 Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets 'at fair value through profit and loss' - net

	Note	2026 ----- (Rupees) -----	2025
Market value of investments	5.1	-	-
Less: carrying value of investments	5.1	-	-
		<u>-</u>	<u>-</u>

6 ADVANCES, DEPOSITS AND PROFIT RECEIVABLE

Security deposit with:

Central Depository Company of Pakistan Limited
National Clearing Company of Pakistan Limited

Profit / interest receivable on balances with bank
Receivable against sales of investment
Advance tax

100,000	100,000
2,500,000	2,500,000
2,600,000	2,600,000
2,332,158	2,407,745
14,805	-
367,095	357,017
<u>5,314,058</u>	<u>5,364,762</u>

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 savings accounts 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 profits on savings accounts amounting to Rs. 0.37 million (2025: Rs. 0.36 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 profit receivable 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	2025
			----- (Rupees) -----	-----
	Remuneration payable to the Management Company	7.1	-	769
	Sindh Sales Tax payable on remuneration of the Management Company	7.2	-	115
			<u>-</u>	<u>884</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 1.5% for a collective investment scheme categorised as an 'Aggressive Income Scheme'. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 0.00% to 1.50% (2025: 0.01% to 2.00%) per annum of the average daily net assets of the Fund during the year ended June 30, 2026.			
7.2	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.			
8	PAYABLE TO THE TRUSTEE	Note	2026	2025
			----- (Rupees) -----	-----
	Remuneration payable	8.1	75,086	18,182
	Sindh sales tax payable on remuneration of the Trustee	8.2	15,975	7,423
			<u>91,061</u>	<u>25,605</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 average daily net assets of the Fund.			
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 Trustee remuneration.			
9	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2026	2025
			----- (Rupees) -----	-----
	Fee payable	9.1	<u>62,476</u>	<u>5,777</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 0.075% (2025: 0.075%) per annum of the average daily net assets 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	Note	2026	2025
			----- (Rupees) -----	-----
	Auditor's remuneration payable		1,125,422	947,557
	Printing charges payable		201,402	213,050
	Legal and professional charges payable		853,662	707,316
	Zakat payable		35,211	35,211
	Withholding tax and capital gain tax payable		16,787,943	47,521
	Fees and subscription payable		68,995	196,579
	Provision for Federal Excise Duty and related Sindh sales tax on remuneration of the Management Company	10.1	4,050,717	4,050,717
	Others		<u>14,876,356</u>	<u>15,133,393</u>
			<u>37,999,708</u>	<u>21,331,344</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% 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 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 and related sales tax made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 4.05 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 NAV per unit of the Fund would have been higher by Rs. 0.37 (2025: Rs. 4.60) per unit.

11 CONTINGENCIES AND COMMITMENTS

- 11.1** During the year ended June 30, 2022 an income tax order dated October 20, 2021 was passed for tax year 2017 through which a tax demand of Rs. 18,611,554 was raised by the concerned Additional Commissioner Inland Revenue (ACIR) of Federal Board of Revenue (FBR) by rejecting the Funds' claim for income tax exemption under clause (99) contained in Part I of the Second Schedule to the Income Tax Ordinance, 2001.

On appeal, the Commissioner Inland Revenue (Appeals) through Appellate Order dated February 28, 2022 vacated the tax demand and remanded back the matter for re-adjudication. Based on the advice of the tax advisor and merits of the case the Management Company believes that the remand back proceedings are now time-barred therefore, the matter is deemed to be decided in favour of the Fund. No provision has been recognised in these financial statements.

- 11.2** There were no other contingencies or commitments outstanding as at June 30, 2026 and June 30, 2025.

12 AUDITORS' REMUNERATION	2026	2025
	----- (Rupees) -----	-----
Annual audit fee	540,000	591,250
Half yearly review	360,000	272,250
Fee for other certifications	100,000	-
Out of pocket expenses	80,000	51,810
	<u>1,080,000</u>	<u>915,310</u>
Sindh sales tax	86,400	73,225
	<u><u>1,166,400</u></u>	<u><u>988,535</u></u>

13 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 'Aggressive Fixed 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 'Aggressive Fixed Income Scheme'.

14 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 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 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.

15 TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

- 15.1** 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.
- 15.2** 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 Management Company, Funds under management of the Management Company and directors and their close family member and key management personnel of the former 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 are not considered related parties in the current year.
- 15.3** Connected persons includes any person beneficially owing directly or indirectly 10% or more of the units in the issue / net assets of the Fund.
- 15.4** 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.
- 15.5** 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.
- 15.6** 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 -----
Faysal Asset Management Limited - former Management Company		
Remuneration of the Management Company	-	1,160,742
Sindh sales tax on remuneration of the Management Company	-	174,111
Reimbursement from the Management Company	-	5,278,000
Alfalah Asset Management Limited - the Management Company		
Remuneration of the Management Company	1,474,722	4,127
Sindh sales tax on remuneration of the Management Company	221,208	619
Units issued: 1,414 units (2025: 659,108 units)	178,143	80,000,000
Units redeemed: 660,522 units (2025: Nil units)	80,715,077	-
Faysal Bank Limited - former Group Company		
Profit on balances with bank	-	605,862
Bank charges	-	4,004
Alfalah Bank Limited - Group Company		
Profit on balances with bank	-	13,139
Bank charges	-	243
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of Central Depository Company of Pakistan Limited - Trustee	511,569	470,338
Sindh sales tax on remuneration of the Trustee	76,750	70,550
Settlement charges	6,900	13,307

Transactions during the year

	2026 ----- (Rupees) -----	2025 -----
Unit holders with more than 10% holding		
Units issued: 20,406,456 units (2025: 659,108 units)	2,448,892,467	80,000,000
Units redeemed: 9,838,697 units (2025: Nil units)	1,247,361,020	-
Dividend paid	-	-

Amounts / balances outstanding as at year end

	2026 ----- (Rupees) -----	2025 -----
Alfalah Asset Management Limited - Management Company		
Remuneration payable	-	769
Sindh sales tax payable on remuneration of the Management Company	-	115
Units outstanding: Nil units (2025: 659,108 units)	-	76,693,807

Faysal Bank Limited - former Group Company

Balances with banks	1,270,050,411	-
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Alfalah Bank Limited - Group Company

Balances with banks	44,187	173,434
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Central Depository Company of Pakistan Limited - Trustee

Remuneration payable	75,086	18,182
Sindh sales tax payable on remuneration of the Trustee	15,975	7,423
Security deposit	100,000	100,000

Unit holders with more than 10% holding

Outstanding 10,658,556 units (2025: 90,797 units)	1,259,988,407	10,565,139
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16 FINANCIAL INSTRUMENTS BY CATEGORY

	2026		
	At amortised cost	At fair value through profit or loss	Total
	----- Rupees -----		
Financial assets			
Balances with banks	1,312,404,205	-	1,312,404,205
Investments	-	-	-
Deposits and profit receivable	4,946,963	-	4,946,963
	<u>1,317,351,168</u>	<u>-</u>	<u>1,317,351,168</u>
Financial liabilities			
Payable to the Management Company	-	-	-
Payable to the Trustee	91,061	-	91,061
Accrued expenses and other liabilities	17,125,837	-	17,125,837
	<u>17,216,898</u>	<u>-</u>	<u>17,216,898</u>

	2025		
	At amortised cost	At fair value through profit or loss	Total
	----- Rupees -----		
Financial assets			
Balances with banks	118,403,493	-	118,403,493
Investments	-	-	-
Deposits and profit receivable	5,007,745	-	5,007,745
	<u>123,411,238</u>	<u>-</u>	<u>123,411,238</u>
Financial liabilities			
Payable to the Management Company	884	-	884
Payable to the Trustee	25,605	-	25,605
Accrued expenses and other liabilities	17,197,895	-	17,197,895
	<u>17,224,384</u>	<u>-</u>	<u>17,224,384</u>

17 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 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.

17.1 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 risk management policies and investment guidelines approved by the Investment Committee and the 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 its balances with banks and investments in 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 KIBOR based term finance certificates which expose the Fund to cash flow 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. 13.12 million (2025: Rs. 1.18 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 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	11.00% - 12.75%	1,312,404,205	-	-	1,312,404,205
Deposits and profit receivable		-	-	4,946,963	4,946,963
		1,312,404,205	-	4,946,963	1,317,351,168
Financial liabilities					
Payable to the Management Company		-	-	-	-
Payable to the Trustee		-	-	91,061	91,061
Accrued expenses and other liabilities		-	-	17,125,837	17,125,837
		-	-	17,216,898	17,216,898
On-balance sheet gap (a)		1,312,404,205	-	(12,269,935)	1,300,134,270
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total interest rate sensitivity gap (a+b)		1,312,404,205	-	-	
Cumulative interest rate sensitivity gap		1,312,404,205	1,312,404,205	1,312,404,205	

-----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% - 13.00%	118,403,493	-	-	-	118,403,493
Deposits and profit receivable		-	-	-	5,007,745	5,007,745
		118,403,493	-	-	5,007,745	123,411,238

Financial liabilities

Payable to the Management Company		-	-	-	884	884
Payable to the Trustee		-	-	-	25,605	25,605
Accrued expenses and other liabilities		-	-	-	17,197,895	17,197,895
		-	-	-	17,224,384	17,224,384

On-balance sheet gap (a)		118,403,493	-	-	(12,216,639)	106,186,854
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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)		118,403,493	-	-		
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Cumulative interest rate sensitivity gap		118,403,493	118,403,493	118,403,493		
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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 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.

17.2 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 redemptions during the year ended June 30, 2026.

The table below summaries the maturity profile of the Fund's financial liabilities. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, the liabilities that are payable on demand 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 the Management Company
Payable to the Trustee
Accrued expenses and other liabilities

-	-	-	-	-	-	-
91,061	-	-	-	-	-	91,061
16,000,415	1,125,422	-	-	-	-	17,125,837
16,091,476	1,125,422	-	-	-	-	17,216,898

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

884	-	-	-	-	-	884
25,605	-	-	-	-	-	25,605
16,250,338	947,557	-	-	-	-	17,197,895
16,276,827	947,557	-	-	-	-	17,224,384

17.3 Credit risk

17.3.1 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. Credit risk arises from balances with banks and financial institutions, profit receivable on bank deposits, credit exposure arising as a result of investment in debt securities, profit receivable on debt securities and receivable against conversion of units. Credit risk arising on financial assets is monitored through regular analysis of financial position of brokers and other parties. In accordance with the risk management policy of the Fund, investment manager monitors the credit position on daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

Credit risk arising on the debt instruments other than government securities is mitigated by investing in rated instruments or instruments issued by rated counterparties with credit ratings of at least investment grade by the recognised rating agencies.

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	1,312,404,205	1,312,404,205	118,403,493	118,403,493
Deposits and profit receivable	4,946,963	4,946,963	5,007,745	5,007,745
	<u>1,317,351,168</u>	<u>1,317,351,168</u>	<u>123,411,238</u>	<u>123,411,238</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2026 is the carrying amount of the financial assets.

17.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks and related profit receivable thereon. The credit rating profile of balances with banks is as follows:

Bank balance and profit accrued thereon	% of financial assets exposed to credit risk	
	2026	2025
AAA	3.11%	0.59%
AA+	96.77%	0.03%
AA	0.01%	2.16%
AA-	-	1.16%
A+	-	0.16%
A	0.11%	95.90%
BB	-	-

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

17.3.3 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 except those mentioned in note 5.1 to the financial statements.

18 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 that are measured at fair value:

ASSETS

Financial assets at fair value through profit or loss

Term finance certificates

2026			
Level 1	Level 2	Level 3	Total
(Rupees)			
-	-	-	-
-	-	-	-

ASSETS

Financial assets at fair value through profit or loss

Term finance certificates

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

There were no transfers between levels during the period.

19 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 Movements 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. During the year, the Fund for a certain period of time did not fully comply with the requirement of minimum fund size for 7 days from June 23, 2026 to June 29, 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 17, 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.

20 UNIT HOLDING PATTERN OF THE FUND

Category	2026		
	Number of unit holders	Number of units held	Percentage of total
Individuals	499	110,918	1.02%
Associate company	-	-	-
Other corporates	20	10,603,965	97.97%
Retirement funds	11	109,277	1.01%
	530	10,824,160	100%

Category	2025		
	Number of unit holders	Number of units held	Percentage of total
Individuals	489	83,025	9.43%
Associate company	1	659,108	74.90%
Other corporates	20	36,113	4.10%
Retirement funds	11	101,829	11.57%
	521	880,075	100%

21 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.

22 GENERAL

Figures have been rounded off to the nearest Rupees, unless otherwise stated.

23 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.

24 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	502	152,151	17,986,351	1%
Associated Co./ Directors	-	-	-	0%
Insurance Co.				
Banks/ DFIs	1	1.60	190	0%
Retirement & Other Funds	20	104,236	12,322,156	1%
Others	7	10,567,771	1,249,256,322	98%
	530	10,824,160	1,279,565,018	100%

Category	As at 30 June 2025			
	Number of unit holders	Number of units held	Amount Rupees	% of total
Individuals	489	83,025	9,660,719	9%
Associated Co./ Directors	1	659,108	76,693,184	75%
Insurance Co.	-	-	-	-
Banks/ DFIs	1	0	0	0%
Retirement & Other Funds	11	101,829	11,848,689	12%
Others	20	36,113	4,202,054	4%
	522	880,074	102,404,646	100%

(ii) TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

**30 June
2026 %**

0%
0%
0%
0%
0%

**30 June
2025 %**

Next Capital Limited	36%
Currency Markets Associates (Pvt) Limited	36%
C&M Management (Private) Limited	27%
Al Falah Securities (Private) Limited	1%
Continental Exchange (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 - AIGF

	30 June 2026	30 June 2025	30 June 2024	30 June 2023 (Rupees in '000)	30 June 2022
Net Assets	1,279,565,018	102,404,646	5,268,661,769	3,850,488,170	4,831,367,005
NAV per unit	118.2138	116.3591	109.3500	108.9600	107.0800
Selling price per unit	120.9327	119.0400	111.8300	111.4300	109.5100
Redemption price per unit	118.2138	116.3591	109.3500	108.9600	107.0800
Highest selling price per unit	131.3386	126.5016	121.2500	129.3100	120.3200
Highest redemption price per unit	128.3857	123.6574	118.5700	126.4500	117.6600
Lowest selling price per unit	110.5308	61.3622	111.4200	109.5500	109.2500
Lowest redemption price per unit	108.0457	59.3158	108.9600	107.1200	106.8300
1st interim distribution per unit	12.0257	-	9.67	-	-
1st interim distribution date	24-Jun-26	-	17-Nov-23	-	-
2nd interim distribution per unit	-	-	1.9	-	-
2nd interim distribution date	-	-	22-Dec-23	-	-
3rd interim distribution per unit	-	-	2.85	-	-
3rd interim distribution date	-	-	30-Jan-24	-	-
4th interim distribution per unit	-	-	5.59	-	-
4th interim distribution date	-	-	29-Apr-24	-	-
Final distribution per unit	-	-	3.44	-	10.81
Final distribution date	-	-	24-Jun-24	-	22-Jun-22
Annualized returns %	12.09%	6.41%	23.66%	18.95%	10.38%
Income distribution %	10.33%	0.00%	8.87%	0.00%	0.00%

Return since inception is **10.49%**

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