Funds Managed by:

AKD Investment Management Ltd.

1st Quarter Report
September 30, 2016
(Un-audited)



quarterly report

AKD OPPORTUNITY FUND

AKD INDEX TRACKER FUND

AKD CASH FUND

AKD AGGRESSIVE INCOME FUND

Partner with AKD
Profit from the Experience

AKD Investment Management Ltd.

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CORPORATE INFORMATION

MANAGEMENT COMPANY

AKD Investment Management Limited
216-217, Continental Trade Centre, Block-8,
Clifton, Karachi-74000

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Chairman
Mr. Abdul Karim Memon

Director & Chief Executive Officer
Mr. Imran Motiwala

Directors
Mr. Ali Wahab Siddiqui
Mr. Hasan Ahmed
Mr. Saim Mustafa Zuberi
Ms. Aysha Ahmed
Mr. Nadeem Saulat Siddiqui

CHIEF FINANCIAL OFFICER OF THE MANAGEMENT COMPANY

Mr. Muhammad Munir Abdullah

CHIEF OPERATING OFFICER AND COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Mr. Muhammad Yaqoob

HEAD OF INTERNAL AUDIT AND RISK MANAGEMENT OF THE MANAGEMENT COMPANY

Ms. Noureen Nadir Ali

HEAD OF COMPLIANCE OF THE MANAGEMENT COMPANY

Mr. Rashid Ahmed

AUDIT COMMITTEE

Mr. Ali Wahab Siddiqui (Chairman)
Mr. Hasan Ahmed (Member)
Mr. Saim Mustafa Zuberi (Member)
Ms. Noureen Nadir Ali (Secretary)

HUMAN RESOURCE AND REMUNERATION (HR & R) COMMITTEE

Mr. Abdul Karim Memon (Chairman)
Mr. Imran Motiwala (Member)
Mr. Saim Mustafa Zuberi (Member)

RATING

AKD Investment Management Ltd. (AMC)
AM3+ (AM Three Plus) issued by PACRA

Vision

To serve investors in Pakistan's capital markets with diligence, integrity and professionalism, thereby delivering consistent superior returns and unparalleled customer service.

Mission Statement

AKD Fund shall continuously strive to:

- *Keep primary focus on investing clients' interest*
- *Achieve highest standards of regulatory compliance and good governance*
- *Prioritize risk management while endeavoring to provide inflation adjusted returns on original investment*
- *Enable the investing public and clients to make AKDIML Funds a preferred part of their overall savings and investment management strategy*
- *Distinguish themselves and compete on the basis of unparalleled service quality while setting industry standards for professionalism, transparency and consistent superior performance*
- *Foster and encourage technical, professional, ethical development of human capital to provide our people the best opportunities and environment for their personal growth*

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of AKD Investment Management Limited (AKDIML), the Management Company of AKD Opportunity Fund (AKDOF), AKD Index Tracker Fund (AKDITF), AKD Aggressive Income Fund (AKDAIF) and AKD Cash Fund (AKDCF) is pleased to present its interim report along with the Funds' accounts for the 1st Quarter of fiscal year 2017, ended September 30, 2016.

FUNDS' FINANCIAL PERFORMANCE

AKD Opportunity Fund (AKDOF)

For the 1QFY17, the return of AKD Opportunity Fund stood at 25.76% compared to the benchmark KSE-100 Index return of 7.30%, thus significantly outperforming the benchmark by 18.46%

AKD Index Tracker Fund (AKDITF)

For the 1QFY17, the return of AKD Index Tracker Fund stood at 6.65% compared to the benchmark KSE-100 Index return of 7.30%.

AKD Cash Fund (AKDCF)

For the 1QFY17, the annualized return of AKD Cash Fund stood at 4.67% compared to benchmark return of 5.07%.

AKD Aggressive Income Fund (AKDAIF)

For the 1QFY17, the annualized return of AKD Aggressive Income Fund stood at 7.54% compared to the benchmark return of 6.33%, thus outperforming the benchmark by 1.21%.

MACRO PERSPECTIVE

The major macroeconomic indicators continued to exhibit improvements in the first quarter of FY17 on the back of slight uptick in inflation, stable exchange rate, all time high foreign exchange reserves, and low current and fiscal account deficits. Moreover, foreign direct investment from China under China Pakistan Economic Corridor (CPEC) and upgradation of Pakistan market from MSCI Frontier Markets (FM) Index to MSCI Emerging Markets (EM) Index is expected to further improve the stance of Pakistan in the global market.

In the period under review, the country successfully completed International Monetary Fund's (IMF) Extended Fund Facility (EFF), receiving a total loan of 4.3bn/6.01bn/628bn SDR/USD/PKR over three years. This is Pakistan's first fund program, out of 11, to have reached completion since it started receiving IMF bailouts in 1988. Pakistan had declined last two tranches of another program under Musharraf-Shaukat Aziz tenure while all nine other programs ended in failures.

CPI inflation during 1QFY17 clocked in 3.86%YoY as compared to 1.66%YoY for the corresponding period last year. The major uptick in inflation came from the Food group which contributes 37% in the CPI basket where food prices rose 4%YoY last month. SBP kept the interest rate unchanged at 5.75% in the two monetary policies announced in July and September owing to inflation which remained on the lower side in 1QFY17. Commodities prices, especially oil price, will continue to be the main determinant factor of any foreseeable changes in the CPI.

In this regard the recent meeting of Organization of Petroleum Exporting Countries (OPEC) in Nigeria on September 28th has in-principle proposed to cut production by upto 1mn barrels per day (BPD). The upcoming official meeting in Vienna on 30th November will remain the key focus, as actual details of this understanding will be agreed upon. Meanwhile Russia, a major non-OPEC producer, has endorsed these efforts.

Although lower oil and commodity prices have benefited consumers, they have also had an adverse impact on commodity-producing sectors of the economy, such as in the agricultural sector, lower product prices have hit farmer incomes and affected cropping decisions. In addition, corporate profits have also been affected due to inventory losses caused by depressed commodity prices.

Going forward, it is expected that inflation will start picking up in the upcoming quarter of FY17 on the back of increasing oil prices, but we believe it will remain in the SBP's target range of average CPI between 4.5% and 5.5% for FY17 due to oversupply of commodities in the international market.

According to the latest SBP reports, the current account deficit clocked in at USD 1.316bn in the first two months of FY17 compared to USD 0.686bn in the corresponding period last year. The increase of USD 630mn or 92% in the current account deficit during the first two months of current fiscal year was mainly due to 7.81% fall in exports, primarily textile exports (since the textile sector is the largest contributor of exports with a 60% share) and 3.1% reduction in remittances on the back of tighter regulatory measures in US and the toll of lower oil prices on GCC countries.

The total liquid foreign exchange reserves of Pakistan reached USD 23.612bn by the end of 1QFY17, reaching an all-time high as compared to USD 20.074bn in the corresponding period last year. During 1QFY17, International Monetary Fund (IMF) released the final 13th tranche of USD 102mn under the 3 year Extended Fund Facility program .

The Federal Board of Revenue (FBR) was able to collect PKR 637bn in 1QFY17 as compared to PKR 600bn in the corresponding period last year, according to provisional figures. Despite this collection, the target of 705bn for 1QFY17 could not be achieved. However, FBR remains optimistic that revenue collections are on track and the target collections for FY17 can be met. From the total tax receipts, PKR 246bn (246bn in FY16) was collected as Income Tax, PKR 257bn (258bn in FY16) as Sales Tax, PKR 31bn (28bn in FY16) as Federal Excise Duty and PKR 99bn (81bn in FY16) as Custom Duty.

EQUITY MARKET REVIEW

The KSE-100 index gained 4% (1,562 points) during July FY'17 closing in at around 39,528 points on 31st July 2016. While in the subsequent two months the index crossed a major psychological barrier of 40,000 points closing at around 40,542 points on 30th September 2016. Overall KSE-100 index grew by 7.3% in 1QFY17 against 13% growth in 4QFY16. Moreover volumes picked up, as average daily volume for 1QFY17 were around PKR 240 million against PKR 172 million for 4QFY16.

The outperformance of the index in 1QFY17 can be mainly attributed to:

1. Renewed investor confidence due to Morgan Stanley Capital International (MSCI)'s re-classification of Pakistan into the Emerging Market Index.

2. Expected oil price stability, as OPEC producers informally agreed to their first oil output cut in 8 years.

3. Sales uptick in the Pakistani auto sector, on the back of renewed consumer spending and rise in consumer financing.

4. FBR's revaluation of properties and regularization of the real estate sector increasing the tax net, as many investors seem to be switching from real estate to other asset classes.

5. Country's successful completion of the IMF program.

6. Positive developments on CPEC projects, which are expected to reduce the power shortage and revitalize the economy.

MONEY MARKET REVIEW

During 2MFY17, the SBP carried out 5 T-bills auctions where the government managed to raise PKR 1.586 trillion. During the period, weighted average yields on 3, 6 and 12 months T-bills were at 5.84%, 5.88% and 5.89% respectively down from 6.92%, 6.94% and 6.95% during the corresponding period last year. SBP also conducted two auctions of PIB's and managed to raise PKR 436bn during 2MFY17. The PIB auctions' weighted average maturity yields on 3, 5 and 10 years PIB declined to 6.92%, 6.94% and 6.95% respectively from 7.80%, 8.73% and 9.40% in the corresponding period last year. The Government announced Monetary Policy Statement on September 24, 2016, where the policy rate was decided to remain unchanged at 5.75%. SBP conducted 19 open market operations (OMO's) of different maturities and injected average amount of PKR 553bn per OMO at an average cut off yield of 5.79%.

FUTURE OUTLOOK

We expect positive trend in equities to continue, on the back of:

1. **Further Oil Price Stability:**

   As OPEC hammers out the details of oil output cut in November, the Oil Heavy PSX-100(~20% weight in PSX-100 index) index stands to gain significantly from this development.

2. **PSX Divestment:**

   The sale of 40% stake in the bourse will be the next big liquidity event after MSCI re-classification, assuming 3x of book transaction price (against global average of 3.8x) the 40% selloff and 20% IPO could inject US$136m in the brokers' cash balances and US$60m revaluation gains on freely held 40% PSX shares by Jun 2016, resulting in higher capital adequacy and proprietary trading. Shanghai Stock Exchange has reportedly shown interest, while a NASDAQ delegation also visited PSX indicating interest in the acquisition. Furthermore the foreign management is expected to add operational efficiencies and introduce new products.

3. **Export Incentivisation :**

   In order to revive textile exports, the GoP is considering amendments in textile policy FY 14-19 to provide incentives to exporters and revitalize the textile industry. This is also expected to add renewed interest in the Textile sector.

Furthermore, up-to-speed construction of both CPEC and non-CPEC related energy projects will play a significant role in curbing the energy crises. We also expect further foreign investment due to MSCI re-classification effective May CY17 as global emerging market equity funds adjust their portfolio investments to reflect the change.

For and on behalf of the Board

Imran Motiwala
Chief Executive Officer

Karachi: October 22, 2016

مینجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ

اے کے ڈی انویسٹمنٹ مینجمنٹ لمیٹڈ(AKDIML) جو اے کے ڈی اپر چونٹی فنڈ(AKDOF)، اے کے ڈی انڈیکس ٹریکر فنڈ(AKDITF)، اے کے ڈی ایگریسیو انکم فنڈ(AKDAIF) اور اے کے ڈی کیش فنڈ(AKDCF) کی مینجمنٹ کمپنی ہے کہ ڈائریکٹرز مالی سال 2017 کی 30 ستمبر 2016 کو ختم ہونے والی پہلی سہ ماہی کے لیے فنڈز کے اکاؤنٹ کے ساتھ اپنی عبوری رپورٹ پیش کررہے ہیں۔

فنڈز کی مالی کارکردگی

اے کے ڈی اپر چونٹی فنڈ (AKDOF)

مالی سال 17 کی پہلی سہ ماہی کے لیے بنچ مارک KSE-100 انڈیکس کے منافع 7.30% کے مقابلے میں اے کے ڈی اپر چونٹی فنڈ کا منافع 25.76% رہا، جو کہ بنچ مارک کے مقابلے میں واضح طور پر 18.46% فیصد زیادہ ہے۔

اے کے ڈی انڈیکس ٹریکر فنڈ (AKDITF)

مالی سال 17 کی پہلی سہ ماہی کے لیے بنچ مارک KSE-100 انڈیکس کے منافع 7.30% کے مقابلے میں اے کے ڈی انڈیکس ٹریکر فنڈ کا منافع 6.65% رہا۔

اے کے ڈی کیش فنڈ (AKDCF)

مالی سال 17 کی پہلی سہ ماہی کے لیے بنچ مارک کے سالانہ منافع 5.07% کے مقابلے میں اے کے ڈی کیش فنڈ کا منافع 4.67% رہا۔

اے کے ڈی ایگریسیو انکم فنڈ (AKDAIF)

مالی سال 17 کی پہلی سہ ماہی کے لیے بنچ مارک کے سالانہ منافع 6.33% کے مقابلے میں اے کے ڈی ایگریسیو انکم فنڈ کا منافع 7.54% رہا جو کہ بنچ مارک کے مقابلے میں واضح طور پر 1.21% زیادہ ہے۔

وسیع تناظر

اہم معاشی اشارے افراط زر میں معمولی اضافے، مستحکم شرح تبادلہ، ہمہ وقت اعلیٰ زرمبادلہ کے ذخائر، اور مالی کھاتے کے کم موجودہ خسارے کے ساتھ مالی سال 17 کی پہلی سہ ماہی میں بہتری ظاہر کرتے رہے۔ اس کے علاوہ چین پاکستان اقتصادی راہداری(CPEC) کے تحت غیر ملکی براہِ راست سرمایہ کاری اور پاکستان مارکیٹ کی MSCI فرنٹیئر مارکیٹس(FM) انڈیکس سے MSCI ایمرجنگ مارکیٹس(EM) انڈیکس میں اپ گریڈیشن سے عالمی مارکیٹ میں پاکستان کے موقف میں مزید بہتری کی توقع ہے۔

زیر جائزہ عرصہ کے دوران ملک نے تین سال میں4.3 ارب SDR / 6.01 ارب امریکی ڈالر/628 ارب روپے وصول کر کے بین الاقوامی مالیاتی فنڈ(IMF) کی ایکسٹنڈڈ فنڈ فیسلٹی(EFF) کامیابی سے مکمل کی۔1988ء میں آئی ایم ایف سے مالی امداد لینے کی شروعات سے لے کر اب تک یہ 11 میں سے تکمیل کو پہنچنے والا پاکستان کا پہلا فنڈ پروگرام ہے۔ پاکستان نے مشرف-شوکت عزیز دور میں آخری دو قسطیں لینے سے انکار کر دیا تھا جبکہ دیگر تمام 9 پروگرام ناکام ہوگئے۔ مالی سال 17 کی پہلی سہ ماہی کے دوران CPI افراط زر گزشتہ سال کی اسی مدت کیلئے 1.66% سالانہ کے مقابلے میں 3.86% سالانہ رہی۔ افراط زر میں اہم اضافہ فوڈ گروپ کی طرف سے ہوا جس کا CPI میں 37% حصہ ہے جبکہ گزشتہ ماہ فوڈ کی قیمتوں میں 4% سالانہ اضافہ ہوا۔ سٹیٹ بینک آف پاکستان نے جولائی اور ستمبر میں اعلان کردہ دو مالیاتی پالیسیوں میں شرح سود 5.75% پر برقرار رکھی جو افراط زر کی وجہ بنی اور یہ مالی سال 17 کی پہلی سہ ماہی کے دوران کمی کی طرف رہی۔ اشیاء کی قیمتیں، خاص طور پر تیل کی قیمت، CPI میں کسی قابل قیاس تبدیلیوں کا اہم عنصر بنی رہے گی۔

اس سلسلے میں تیل برآمد کرنے والے ممالک کی تنظیم(OPEC) نے 28 ستمبر کو نائیجیریا میں ہونے والے حالیہ اجلاس میں تیل کی پیداوار میں یومیہ 1 ملین بیرل تک کمی کی تجویز پیش کی ہے۔30 نومبر کو ویانا میں آنے والے سرکاری اجلاس میں بھی اسی پر توجہ مرکوز رہے گی، جیسا کہ اس افہام وتفہیم کی اصل تفصیلات پر اتفاق کیا جائے گا۔ دریں اثناء روس جیسے بڑے غیر اوپیک پروڈیوسر نے بھی ان کوششوں کی توثیق کی ہے۔

اگرچہ تیل اور اجناس کی قیمتوں میں کمی سے صارفین کو فائدہ پہنچا ہے لیکن اس سے معیشت کے اجناس پیدا کرنے والے شعبوں، جیسے کہ زرعی شعبہ پر منفی اثرات بھی مرتب ہوئے ہیں، مصنوعات کی قیمتوں میں کمی سے کسانوں کی آمدنی اور کھیتی کے فیصلوں پر اثر پڑا ہے۔ اس کے علاوہ دباؤ کی شکار اشیاء کی قیمتوں سے ہونے والے انونٹری خساروں کی وجہ سے کارپوریٹ منافع بھی متاثر ہوا ہے۔

آگے چل کر تیل کی بڑھتی ہوئی قیمتوں کی بنیاد پر مالی سال 17 کی آنے والی سہ ماہی میں افراط زر کی شرح میں بہتری کی توقع ہے۔ لیکن ہمیں یقین ہے کہ بین الاقوامی مارکیٹ میں اجناس کی زیادہ رسد کی وجہ سے یہ مالی سال 17 کیلئے اسٹیٹ بینک آف پاکستان کی 4.5% اور 5.5% کی اوسط CPI کے ہدف کی حد میں رہے گی۔

اسٹیٹ بینک آف پاکستان کی تازہ ترین رپورٹس کے مطابق مالی سال 17 کے پہلے دو ماہ میں کرنٹ اکاؤنٹ خسارہ گزشتہ سال کی اسی مدت کیلئے 0.686 ارب ڈالر کے مقابلے میں 1.316 ارب ڈالر رہا۔ رواں مالی سال کے پہلے دو ماہ کے دوران کرنٹ اکاؤنٹ خسارہ میں 630 ملین ڈالر یا 92% کا اضافہ بنیادی طور پر برآمدات میں 7.81% کمی کی وجہ سے اور بنیادی طور پر ٹیکسٹائل برآمدات (کیونکہ ٹیکسٹائل سیکٹر کا برآمدات میں سب سے زیادہ 60% حصہ ہے) اور امریکہ میں نگرانی کے سخت اقدامات کی وجہ سے ترسیلات زر میں 3.1% کمی اور GCC ممالک پر کم قیمت تیل پر راہداری میں کمی کی وجہ سے ہوا۔

پاکستان کے کل لیکوئڈ زرمبادلہ کے ذخائر مالی سال 17 کی پہلی سہ ماہی کے اختتام تک گزشتہ سال کی اسی مدت کیلئے 20.075 ارب ڈالر کے مقابلے میں اب تک کی بلند ترین سطح 23.612 ارب ڈالر تک پہنچ گئے۔ مالی سال 17 کی پہلی سہ ماہی کے دوران بین الاقوامی مالیاتی فنڈ (IMF) نے تین سالہ ایکسٹنڈڈ فنڈ فیسلٹی پروگرام کے تحت 102 ملین ڈالر کی 13 ویں قسط جاری کی۔

ابتدائی اعداد وشمار کے مطابق فیڈرل بورڈ آف ریونیو (FBR) نے مالی سال 17 کی پہلی سہ ماہی میں گزشتہ سال کی اسی مدت کیلئے 600 ارب روپے کے مقابلے میں 637 ارب روپے اکٹھے کئے۔ اس کے باوجود مالی سال 17 کی پہلی سہ ماہی کیلئے 705 ارب ڈالر کا ہدف حاصل نہ ہوسکا۔ تاہم ایف بی آر اب بھی پُر امید ہے کہ ریونیو جمع کرنے کا عمل درست سمت میں جارہا ہے اور وہ مالی سال 17 کا مجموعی ہدف حاصل کرلے گا۔ کل ٹیکس وصولی میں سے 246 ارب روپے (مالی سال 16 میں 246 ارب روپے) انکم ٹیکس، 257 ارب روپے (مالی سال 16 میں 258 ارب روپے) سیلز ٹیکس، 31 ارب روپے (مالی سال 16 میں 28 ارب روپے) فیڈرل ایکسائز ڈیوٹی اور 99 ارب روپے (مالی سال 16 میں 81 ارب روپے) کسٹم ڈیوٹی کے مد پر جمع کئے گئے۔

ایکویٹی مارکیٹ کا جائزہ

مالی سال 17 جولائی کے دوران KSE-100 انڈیکس نے 4% منافع حاصل کیا اور 31 جولائی 2016ء کو 39,528 پوائنٹس پر بند ہوا۔ جبکہ بعدازاں دو مہینوں میں انڈیکس نے 40,000 پوائنٹس کی اہم نفسیاتی رکاوٹ عبور کرلی اور 30 ستمبر 2016ء کو 40,542 پوائنٹس پر بند ہوا۔ مجموعی طور پر KSE-100 انڈیکس میں مالی سال 16 کی چوتھی سہ ماہی میں 13% بڑھوتری کے برخلاف مالی سال 17 کی پہلی سہ ماہی میں 7.3% اضافہ ہوا۔ مزید برآں حجم میں اضافہ ہوا، جیسا کہ مالی سال 16 کی چوتھی سہ ماہی میں 172 ملین ڈالر کے برخلاف مالی سال 17 کی پہلی سہ ماہی میں روزانہ اوسط حجم لگ بھگ 240 ملین روپے رہا۔

مالی سال 17 کی پہلی سہ ماہی میں انڈیکس کی بہتری کو بنیادی طور پر درج ذیل سے منسوب کیا جاسکتا ہے:

1- مورگن سٹینلی کیپٹل انٹرنیشنل (MSCI) کی ایمرجنگ مارکیٹ انڈیکس میں پاکستان کی دوبارہ درجہ بندی کی وجہ سے پاکستان پر سرمایہ کاروں کے اعتماد کی تجدید۔

2- تیل کی قیمتوں میں متوقع استحکام، جیسا کہ اوپیک پروڈیوسرز کی 8 برسوں میں اپنی پہلی تیل کی پیداوار میں کمی کیلئے غیر رسمی طور پر آمادگی۔

3- کنزیومر فنانسنگ میں بہتری اور صارفین کے خرچ کرنے کی بدولت پاکستانی آٹو سیکٹر کی سیلز میں اضافہ۔

4- ایف بی آر کی املاک پر نظر ثانی اور ٹیکس نیٹ میں اضافے کے ذریعے رئیل اسٹیٹ سیکٹر کی ریگولرائزیشن، جیسا کہ کئی سرمایہ کاروں کی رئیل اسٹیٹ سے دوسرے اثاثہ طبقات میں منتقلی۔

5- ملک کی آئی ایم ایف پروگرام کی کامیابی سے تکمیل۔

6- سی پیک (CPEC) منصوبوں میں مثبت پیش رفت سے بجلی کی قلت میں کمی اور معیشت کی متوقع بحالی۔

مستقبل کا جائزہ

درج ذیل کی بنیاد پر ہم ایکوئیٹیز میں مثبت رجحان کے جاری رہنے کی توقع کرتے ہیں:

1- تیل کی قیمتوں میں مزید استحکام

جیسا کہ OPEC نے نومبر میں تیل کی پیداوار میں کمی کی تفصیلات طے کرلی ہیں، آئل ہیوی PSX-100 انڈیکس (PSX-100 انڈیکس میں 20%) کو اس پیش رفت سے نمایاں فائدہ پہنچے گا۔

2- PSX ڈائیوسٹمنٹ

PSX کی 40% حصص کی فروخت MSCI کی دوبارہ درجہ بندی کے بعد تحلیل کا اگلا بڑا واقعہ ہوگا، بک ٹرانزیکشن قیمت میں 3x (عالمی اوسط 3.8x کے برخلاف) فرض کرلیں تو جون 2016ء تک 40% فروخت اور 20% IPO سے بروکرز کے نقد بیلنسز میں 136 ملین ڈالر اور آزادانہ طور پر حاصل کئے گئے PSX 40% حصص پر 60 ملین ڈالر ریویلیویشن منافع حاصل ہوسکتا ہے۔ شنگھائی اسٹاک ایکسچینج مبینہ طور پر دلچسپی کا اشارہ دے چکی ہے، جبکہ NASDAQ کے ایک وفد نے بھی PSX کا دورہ کیا اور حصول میں دلچسپی ظاہر کی۔ مزید برآں غیر ملکی مینجمنٹ کی طرف سے عملی اہلیت شامل کرنے اور نئی مصنوعات متعارف کرانے کی توقع ہے۔

3- برآمدات کی ترغیبات

ٹیکسٹائل برآمدات کو بحال کرنے کی خاطر حکومت پاکستان برآمدکنندگان کو ترغیبات فراہم کرنے اور ٹیکسٹائل کی صنعت کو زندہ کرنے کیلئے ٹیکسٹائل پالیسی مالی سال 14-19 میں ترامیم پر غور کررہی ہے۔ اس سے بھی ٹیکسٹائل کے شعبہ میں نئی دلچسپی پیدا ہونے کی توقع ہے۔

مزید برآں CPEC اور اس کے علاوہ دیگر توانائی کے منصوبوں کی تیزی سے ہونے والی تعمیر توانائی کے بحران کے خاتمے میں اہم کردار ادا کرے گی۔ ہمیں متوقع طور پر CY17 میں موثر ہونے والی MSCI کی دوبارہ درجہ بندی کی بدولت مزید غیر ملکی سرمایہ کاری کی امید ہے کیونکہ عالمی ابھرتی ہوئی مارکیٹ ایکویٹی فنڈز اس تبدیلی کے مطابق اپنے پورٹ فولیو سرمایہ کاری میں ردوبدل کرتے ہیں۔

برائے اور منجانب بورڈ

عمران موتی والا

چیف ایگزیکٹو آفیسر

کراچی: 22 اکتوبر، 2016ء

AKD Aggressive Income Fund
Financial Statements - First Quarter FY17

Contents

AKD Aggressive Income Fund

MANAGEMENT COMPANY
AKD Investment Management Limited
216-217, Continental Trade Centre, Block-8,
Clifton, Karachi-74000

TRUSTEE
Central Depository Company
of Pakistan Limited
CDC House 99-B, Block-B
S.M.C.H.S.,
Main Shahra-e-Faisal,
Karachi.

BANKERS
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
BankIslami Pakistan Limited
Bank Al-Habib Limited
Dubai Islamic Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
NIB Bank Limited
Soneri Bank Limited
Summit Bank Limited
Tameer Microfinance Bank Limited
The Bank of Khyber
The Bank of Punjab
U Microfinance Bank Limited
United Bank Limited

AUDITORS
A.F. Ferguson & Co.
Chartered Accountants
State Life Building No. 1-C
I.I. Chundrigar Road, P.O. Box 4716
Karachi-74000

LEGAL ADVISER
Sattar & Sattar Attorneys -at -law
3rd Floor, UBL Building,
I.I. Chundrigar Road, Karachi

REGISTRAR
AKD Investment Management Limited.
216 - 217, Continental Trade Centre,
Block-8, Clifton Karachi-74000
UAN: 111-253-465 (111-AKDIML)

DISTRIBUTORS
AKD Investment Management Limited
AKD Securities Limited
BMA Capital Management Limited
First Street Capital (Pvt.) Limited
IGI Investment Bank Limited
KASB Securities Limited
Savings Lounge (Pvt.) Limited

RATING
AKD Aggressive Income Fund
PACRA: BBB+(f) [Triple B Plus (f)]

FUND MANAGER'S REPORT

i) Description of the Collective Investment Scheme Category and type:

Open - end Aggressive Fixed Income Scheme

ii) Statement of Collective Investment Scheme's investment objective:

AKDAIF is a dedicated fund that focuses primarily on fixed income securities and instruments. The objective of AKDAIF is to offer investors a convenient vehicle to invest in a diversified portfolio of fixed income securities / instruments that provide consistent returns with concern for preservation of capital over the longer term.

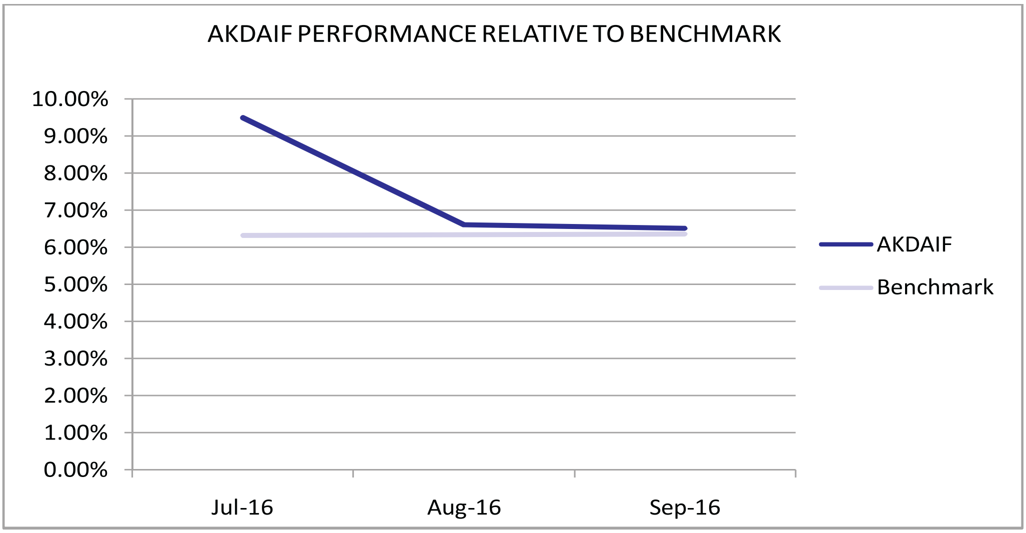
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

For the 1QFY17, the annualized return of AKD Aggressive Income Fund stood at 7.54% compared to the benchmark return of 6.33%, thus outperforming the benchmark by 1.21%.

iv) Statement of benchmark (s) relevant to the Collective Investment Scheme:

1 Year KIBOR

v) Comparison of the Collective Investment Scheme's performance during the period compared with the said benchmark:



Monthly yield (annualized)	Jul-16	Aug-16	Sep-16
AKDAIF	9.49%	6.62%	6.52%
Benchmark	6.31%	6.33%	6.35%

vi) Description of the strategies and policies employed during the period under review in relation to the Collective Investment Scheme's performance:

AKD Aggressive Income Fund is an open end aggressive fixed income schemes, the return of the funds are generated through investment in T-bills, Margin Trading System, Spread transaction and corporate debt instruments. AKDAIF is fully complied with the relevant policies and procedures as per fund's regulatory requirement.

vii) Disclosure of Collective Investment Scheme's asset allocation as the date of the report and particulars of significant changes in asset allocation since the last report (if applicable):

Asset Allocation (% of Total Asset)	30-September-2016	30-June-2016
Cash and Cash Equivalents	23.83%	24.94%
Placement with Banks	29.21%	23.62%
Preference Shares	0.43%	0.59%
MTS	0.15%	7.44%
TFCs / SUKUK	12.27%	16.35%
Spread Transaction (Cost)	10.39%	21.91%
Other assets including receivables	23.72%	5.15%

viii) Non-Compliant Investment

Name of Non Compliant Investment	Type of Investment	Value of Investment before Provision	Provision made during the period	Value of Investment after Provision	Percentage of Net Assets	Percentage of Gross Assets
		-------------- Rupees in "000" --------------				
Security Leasing Corporation Limited	Preference Shares	5,099	-	5,099	0.48%	0.43%

ix) Analysis of the Collective Investment Scheme's performance:

FY17 Return (annualized)	7.54%
Benchmark (annualized)	6.33%

x) Changes in total NAV and NAV per unit since the last reviewed period:

Net Asset Value			NAV per Unit	
30-September-2016	30-June-2016	Change	30-September-2016	30-June-2016
(Rupees in '000)			(Rupees)	
1,058,752	841,320	25.84%	52.6345	51.6527

xi) Disclosure on the markets that the Collective Investment Scheme has invested in including-reviews of the market (s) invested in and return during the period:

Economy

In the 1QFY17, there was a slight uptick in inflation coupled with stable exchange rate, all time high foreign exchange reserves and low current and fiscal deficit. It is expected that macro-economic conditions will further improve on the back of FDI flows from CPEC and FIPI flows from MSCI up gradation of Pakistan.

In the period under review, the country successfully completed International Monetary Fund's (IMF) Extended Fund Facility (EFF), receiving a total loan of 4.3bn/6.01bn/628bn SDR/USD/PKR over three years. This is Pakistan's first fund program, out of 11, to have reached completion since it started receiving IMF bailouts in 1988. Pakistan had declined last two tranches of another program under Musharraf-Shaukat Aziz tenure while all nine other programs ended in failures. CPI inflation during 1QFY17 clocked in 3.86%YoY as compared to 1.66%YoY for the corresponding period last year. The major uptick in inflation came from the Food group which contributes 37% in the CPI basket where food prices rose 4%YoY last month. SBP kept the interest rate unchanged at 5.75% in the two monetary policies announced in July and September owing to inflation which remained on the lower side in 1QFY17. Commodities prices, especially oil price, will continue to be the main determinant factor of any foreseeable changes in the CPI.

In this regard the recent meeting of Organization of Petroleum Exporting Countries (OPEC) in Nigeria on September 28thhas in-principle proposed to cut production by up to 1mn barrels per day (BPD). The upcoming official meeting in Vienna on 30th November will remain the key focus, as actual details of this understanding will be agreed upon. Meanwhile Russia, a major non-OPEC producer, has endorsed these efforts.

Although lower oil and commodity prices have benefited consumers, they have also had an adverse impact on commodity-producing sectors of the economy, such as in the agricultural sector, lower product prices have hit farmer incomes and affected cropping decisions. In addition, corporate profits have also been affected due to inventory losses caused by depressed commodity prices.

Going forward it is expected that inflation will start picking up in the upcoming quarter of FY17 on the back of increasing oil prices, but we believe it will remain in the SBP's target range of average CPI between 4.5% and 5.5% for FY17 due to oversupply of commodities in the international market.

According to the latest SBP reports, the current account deficit clocked in at USD 1.316bn in the first two months of FY17 compared to USD 0.686bn in the corresponding period last year. The increase of USD 630mn or 92% in the current account deficit during the first two months of current fiscal year was mainly due to 7.81% fall in exports, primarily textile exports (since the textile sector is the largest contributor of exports with a 60% share) and 3.1% reduction in remittances on the back of tighter regulatory measures in US and the toll of lower oil prices on GCC countries.

The total liquid foreign exchange reserves of Pakistan reached USD 23.612bn by the end of 1QFY17, reaching an all-time high as compared to USD 20.074bn in the corresponding period last year. During 1QFY17, International Monetary Fund (IMF) released the final 13th tranche of USD 102mn under the 3 year Extended Fund Facility program .

The Federal Board of Revenue (FBR) was able to collect PKR 637bn in 1QFY17 as compared to PKR 600bn in the corresponding period last year, according to provisional figures. Despite this collection, the target of 705bn for 1QFY17 could not be achieved. However, FBR remains optimistic that revenue collections are on track and the target collections for FY17 can be met. From the total tax receipts, PKR 246bn (246bn in FY16) was collected as Income Tax, PKR 257bn (258bn in FY16) as Sales Tax, PKR 31bn (28bn in FY16) as Federal Excise Duty and PKR 99bn (81bn in FY16) as Custom Duty.

Money Market

During 2MFY17, The SBP carried out 5 T-bills auctions where the government managed to raise PKR 1.586 trillion. During the period, weighted average yields on 3, 6 and 12 months T-bills were at 5.84%, 5.88% and 5.89% respectively down from 6.92%, 6.94% and 6.95% during the corresponding period last year. SBP also conducted two auctions of PIB's and managed to raise PKR 436bn during 2MFY17. The PIB auctions' weighted average maturity yields on 3, 5 and 10 years PIB declined to 6.92%, 6.94% and 6.95% respectively from 7.80%, 8.73% and 9.40% in the corresponding period last year. The Government announced Monetary Policy Statement on September 24, 2016, where the policy rate was decided to remain unchanged at 5.75%.

SBP conducted 19 open market operations (OMO's) of different maturities and injected average amount of PKR 553bn per OMO at an average cut off yield of 5.79%.

Future outlook

It is expected that the overall positive trend will continue, on the back of Further Oil Price Stability. As OPEC hammers out the details of oil output cut in November, the Oil heavy PSX 100 index stands to gain significantly from this development; PSX Divestment: The sale of 40% stake in bourse will be the next big liquidity event after MSCI re-classification, assuming 3x of book transaction price (against global average of 3.8x) the 40% selloff and 20% IPO could inject US$136m in the brokers' cash balances and US$60m revaluation gains on freely held 40% PSX shares by Jun 2016, resulting in higher capital adequacy and proprietary trading. Shanghai Stock Exchange has reportedly shown interest, while a NASDAQ delegation also visited PSX indicating interest in the acquisition. Furthermore the foreign management is expected to add operational efficiencies and introduce new products; Amendments in Textile Policy. Meanwhile in order to revive exports, Government is considering amendments in textile policy FY 14-19 to incentivize exporters and revitalize textile industry. This is also expected to add renewed interest in Textile sector.

Furthermore, rigorous and upbeat construction of both CPEC and non-CPEC related energy projects will play a significant role in curbing the energy crises which will greatly benefit the economy. We also expect further foreign investment to enter in economy due to MSCI re-classification effective May CY17, as global emerging market equity funds adjust their portfolio investments to reflect the change.

xii) Description and explanation of any significant changes in the state of the 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 period under review.

xiii) Disclosure on unit split (if any), comprising:

There were no unit splits during the period.

xiv) Breakup of unit holding by size:

Range (Units)	No. of Investors
0.1 - 9,999	38
10,000 - 49,999	13
50,000 - 99,999	6
100,000 - 499,999	10
500,000 and above	7
	74

xv) Disclosure of circumstances that materially affect any interest of unit holders:

Investments are subject to credit and market risk.

xvi) 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 dealers by virtue of transaction conducted by the Collective Investment Scheme:

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

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2016

	Note	(Un-audited) September 30, 2016	(Audited) June 30, 2016
ASSETS		----------- (Rupees in '000)	-----------
Bank balances	4	**529,890**	277,235
Investments	5	**371,529**	474,931
Receivable against Margin Trading System		**1,750**	64,602
Loans and receivables	6	**5,099**	5,099
Profit and dividend receivable	7	**12,935**	6,197
Deposits, prepayments and other receivables		**46,958**	9,528
Future contract receivable		**-**	1,841
Receivable from AKD Investment Management Limited - Management Company		**604**	-
Receivable against sale of investment		**206,258**	-
Receivable on conversion of units		**11,339**	28,405
Total Assets		**1,186,362**	867,838
LIABILITIES			
Payable to AKD Investment Management Limited - Management Company		**5,847**	5,518
Payable to Central Depository Company of Pakistan Limited - Trustee		**171**	204
Payable to Securities and Exchange Commission of Pakistan		**175**	542
Payable against purchase of investment		**111,613**	-
Accrued expenses and other liabilities	8	**9,804**	20,254
Total Liabilities		**127,610**	26,518
NET ASSETS		**1,058,752**	841,320
UNIT HOLDERS' FUND (as per statement attached)		**1,058,752**	841,320
CONTINGENCIES AND COMMITMENTS	9		
		---------- (Number of units)	----------
Number of units in issue		**20,115,169**	16,288,015
		--------------- (Rupees)	---------------
Net asset value per unit		**52.6345**	51.6527

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Nadeem Saulat Siddiqui
Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016

	Note	Quarter ended September 30 2016	2015
		-------- (Rupees in '000) --------	
INCOME			
Profit / income on			
- government securities		**1,570**	12,580
- term finance and sukuk certificates		**3,114**	783
- spread transactions		**1,165**	-
- term deposit receipts		**6,288**	-
- bank deposits		**1,957**	842
- Margin Trading System		**1,503**	889
		15,597	15,094
Dividend income		**3,826**	
Capital gain / (loss) on sale of investments - net		**(10)**	50
Unrealized diminution on re-measurement of listed equity securities sale in future (for spread transactions)		**(3,199)**	-
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.4	**6,944**	6,583
Total Income		**23,158**	21,727
EXPENSES			
Remuneration of AKD Investment Management Limited - Management Company		**3,496**	2,752
Remuneration of Central Depository Company of Pakistan Limited - Trustee		**395**	312
Annual fee - Securities and Exchange Commission of Pakistan		**175**	138
Securities transaction cost		**527**	3
Reversal of Impairment on investments classified as 'available for sale' - net		**-**	(120)
Auditors' remuneration		**92**	88
Settlement and bank charges		**113**	32
Fees and subscription		**369**	218
Legal and professional charges		**143**	127
Allocated expenses from Management Company		**(371)**	-
Sales Tax and Federal Excise Duty on management fee	8.2	**455**	887
Sales Tax on Trustee fee		**51**	44
Printing and related costs		**42**	44
Total Expenses		**5,487**	4,525
Net Income from operating activities		**17,671**	17,202
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed		**2,078**	3
Net income for the period before taxation		**19,749**	17,205
Taxation	10	**-**	-
Net income for the period after taxation		**19,749**	17,205
OTHER COMPREHENSIVE INCOME			
Unrealised appreciation on re-measurement of investments classified as 'available for sale'		**-**	-
Total comprehensive income for the period		**19,749**	**17,205**
Earnings per unit	11		

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Nadeem Saulat Siddiqui
Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016

	Quarter ended September 30 2016	Quarter ended September 30 2015
	-------- (Rupees in '000)	--------
Undistributed Profit / (loss) brought forward		
- Realised income	**68,356**	15,022
- Unrealised loss	**(36,325)**	(5,284)
	32,031	9,738
Net income for the period after taxation	**19,749**	17,205
Undistributed income / (loss) carried forward	**51,780**	26,943
Undistributed income / (loss) comprising of:		
- Realised income	**79,801**	25,607
- Unrealised income / (loss)	**(28,021)**	1,336
	51,780	26,943

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Nadeem Saulat Siddiqui
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016

	Note	Quarter ended September 30 2016	Quarter ended September 30 2015
CASH FLOW FROM OPERATING ACTIVITIES		----------- (Rupees in '000)	-----------
Net income for the period before taxation		**19,749**	17,205
Adjustments for non-cash and other items			
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		**(6,944)**	(6,583)
Capital (gain) / loss on sale of investments - net		**10**	(50)
Reversal of Impairment on investments classified as 'available for sale' - net		**-**	(120)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		**(2,078)**	(3)
		10,737	10,449
(Increase) / decrease in assets			
Receivable against Margin Trading System		**62,852**	(10,885)
Investments - net		**160,048**	(376)
Profit and dividend receivable		**(6,738)**	5,603
Future contract receivable		**1,841**	-
Receivable from AKD Investment Management Limited		**(604)**	-
Receivable against sale of investment		**(206,258)**	-
Receivable on conversion of units		**17,066**	-
Deposits, prepayments and other receivables		**(37,430)**	(127)
		(9,223)	(5,785)
Increase / (decrease) in liabilities			
Payable to AKD Investment Management Limited - Management Company		**329**	594
Payable to Central Depository Company of Pakistan Limited - Trustee		**(33)**	51
Payable to Securities and Exchange Commission of Pakistan		**(367)**	(242)
Payable against purchase of investment		**111,613**	-
Accrued expenses and other liabilities		**(10,450)**	108
		101,092	511
Net cash generated from operating activities		**102,606**	5,175
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts / (Payments) on issuance / redemption of units - net		**199,761**	169,953
Net cash inflow on financing activities		**199,761**	169,953
Net increase in cash and cash equivalents during the period		**302,367**	175,128
Cash and cash equivalents at the beginning of the period		**302,099**	202,747
Cash and cash equivalents as at the end of the period	4.3	**604,466**	377,875

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Nadeem Saulat Siddiqui
Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016

	Quarter ended September 30 2016	Quarter ended September 30 2015
	-------(Rupees in '000)------	
Net assets at the beginning of the period	**841,320**	536,274
Issue of 10,334,750 units (2015: 7,213,696 units)	**539,219**	366,366
Redemption of 6,507,596 units (2015: 3,833,891 units)	**(339,458)**	(196,413)
	199,761	169,953
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		
- amount representing (income) / loss and capital (gains) / losses - transferred to Income Statement	**(2,078)**	(3)
	(2,078)	(3)
Other net income for the period	**12,815**	10,572
Capital gain / (loss) on sale of investments - net	**(10)**	50
Unrealised appreciation on re-measurement of investments at fair value through profit or loss - net	**6,944**	6,583
	19,749	17,205
Net assets at the end of the period	**1,058,752**	723,429

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Nadeem Saulat Siddiqui
Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016

1 LEGAL STATUS AND NATURE OF BUSINESS

AKD Aggressive Income Fund (the Fund) was established under a Trust Deed executed between AKD Investment Management Limited (AKDIML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Securities and Exchange Commission of Pakistan (SECP) authorized constitution of the Trust Deed on September 11, 2006 and it was executed on October 2, 2006 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Fund commenced operations from March 23, 2007.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 216-217, Continental Trade Centre, Block 8, Clifton, Karachi, in the province of Sindh.

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

The Fund is classified as 'Aggressive Income Fund'. The principal activity of the Fund is to make investments in government securities, money market placements, deposits, certificate of deposits (CODs), certificate of musharika (COM), term depository receipts (TDRs), commercial paper, reverse repo, term finance certificates (TFCs), sukuk certificates, spread transactions and transactions under Margin Trading System. Title of the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned Asset Manager Rating of "AM3+" to the Management Company dated June 8, 2016. PACRA has also assigned fund stability rating of "BBB+(f)" to the Fund dated August 16, 2016.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail. The disclosure made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34; 'Interim Financial Reporting'.

2.2 These condensed interim financial statements are unaudited.

3 ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the published annual financial statements of the Fund for the year ended June 30, 2016.

	Note	(Un-audited) September 30, 2016	(Audited) June 30, 2016
4 BANK BALANCES		(Rupees in '000)	
In current accounts		**16**	16
In savings accounts	4.1	**183,375**	72,219
		183,391	72,235
Term deposit receipts	4.2	**346,499**	205,000
		529,890	277,235

4.1 These carry mark-up at the rates ranging from 3.75% to 5.5% per annum (June 30, 2016 : 3.75% to 5.5% per annum).

4.2 These carry mark-up at the rate ranging from 6.50% to 11% per annum having tenor ranging from 1 to 3 months. (June 30, 2016: mark-up at the rate ranging from 6.75% to 10% per annum).

	Note	(Un-audited) September 30, 2016	(Audited) June 30, 2016
4.3 CASH AND CASH EQUIVALENTS			
Bank balances		**529,890**	277,235
Market treasury bills having original maturity of upto three months		**74,576**	24,864
		604,466	302,099
5 INVESTMENTS			
Financial assets at fair value through profit or loss - held for trading			
- Debt securities	5.1	**244,984**	286,137
- Listed equity securities	5.2	**126,545**	188,794
Available for sale			
- Debt securities	5.3	-	-
		371,529	474,931
5.1 'Financial assets at fair value through profit or loss' - held for trading (fixed income and other debt securities)			
Term finance certificates	5.1.1	**145,568**	141,927
Government Securities	5.1.2	**99,416**	144,210
		244,984	286,137

5.1.1 Term Finance Certificates

Name of the Investee Company	Face value per certificate	Number of certificates----- As at July 1, 2016	Purchases during the period	Sales / redeemed during the period	As at Sept. 30,2016	Profit / mark-up rate	Balance as at September 30, 2016 Carrying value	Market value	Appreciation / (diminution)	Market value as a percentage of total investments	Market value as a percentage of Net Assets
	--- Rupees ---						-----------Rupees in '000-----------				
Term Finance Certificates - Listed											
Dewan Cement Limited (note 5.1.1.1)	5,000	20,000	-	-	20,000	6 months KIBOR + 2.00%	-	-	-	-	-
Worldcall Telecom Limited (07-10-2008)	5,000	20,000	-	-	20,000	6 months KIBOR + 1.60%	-	-	-	-	-
Pace Pakistan Limited (15-02-2008)	5,000	115	-	-	115	6 months KIBOR + 2.00%	-	-	-	-	-
Summit Bank Limited (27-10-2011)	5,000	5,000	-	-	5,000	6 months KIBOR + 3.25%	25,154	25,075	(79)	6.75%	2.37%
							25,154	25,075	(79)		
Sukuk certificates*											
* applied for listing in Pakistan Stock Exchange											
Hascol Petroleum Limited (07.01.2016)	5,000	11,000	-	-	11,000	3 months KIBOR + 1.50%	56,774	56,788	14	15.28%	5.36%
Sukuk certificates - unlisted											
TPL Trakker Limited (13.04.2016)	1,000,000	60	-	-	60	1 Year KIBOR + 3.00%	60,000	63,705	3,705	17.15%	6.02%
Total - Sept. 30, 2016							141,928	145,568	3,640		
Total - June 30, 2016							139,948	141,927	1,979		

5.1.1.1 The Fund had advanced an amount of Rs 100 million in respect of Pre-IPO placement of Dewan Cement Limited (DCL) under an agreement, which required public offering to be completed within 270 days of the date of agreement (which was January 9, 2008). Dewan Cement Limited (DCL) failed to complete the public offering within the said time period and has also defaulted in payment of principal and profit for the said period. As a matter of prudence, the Fund has provided for the amount of the investment by 100 percent in accordance with the provisioning policy approved by the Board of Directors of the Management Company.

5.1.2 Government Securities

Issue date		Tenor	Face Value				Balance as at Sept. 30, 2016			Market value as a percentage of total investments	Market value as percentage of Net Assets
			As at July 1, 2016	Purchases during the period	Sales / Matured during the period	As at Sept. 30, 2016	Cost	Market value	Appreciation / (diminution)		
			--------(Rupees in '000)--------								
Market Treasury Bills											
August 6, 2015		12 months	120,000	-	120,000	-	-	-	-	-	-
May 12, 2016		3 months	25,000	-	25,000	-	-	-	-	-	-
May 12, 2016	(refer 5.1.2.1)	6 months	-	25,000	-	25,000	24,845	24,840	(5)	6.69%	2.35%
August 4, 2016	(refer 5.1.2.1)	3 months	-	25,000	-	25,000	24,897	24,896	(1)	6.70%	2.35%
August 18, 2016		3 months	-	100,000	50,000	50,000	49,684	49,680	(4)	13.37%	4.69%
							99,426	**99,416**	**(10)**		
Total - Sept. 30, 2016											
Total - June 30, 2016							144,205	144,210	5		

5.1.2.1 On July 26, 2016 & August 08, 2016 , the Fund transferred treasury bills amounting to Rs. 25 million (face value) each into National Clearing Company of Pakistan Exposure Margin account maintained with Bank Alfalah Limited in respect of Exposure Margin and Mark-to-Market losses in MTS and Ready Market respectively.

5.2 Listed equity securities (financial assets at fair value through profit or loss - held for trading)

Name of Investee Company	Number of Shares					Balance as at September 30, 2016			Market value as a percentage of total investments	Market value as a percentage of net assets
	As at July 1, 2016	Purchased during the year	Bonus / right issue	Sold during the period	As at September 30, 2016	Carrying value	Market value	Appreciation / (diminution)		
						------------------Rupees in '000'---------------			-------------- % --------------	
Attock Refinery Limited	-	84,500	-	84,500	-	-	-	-	-	-
The Bank of Punjab	-	98,000	-	98,000	-	-	-	-	-	-
Dewan Cement Limited	-	2,461,500	-	2,461,500	-	-	-	-	-	-
Engro Fertilizers Limited	50,000	1,539,500	-	1,589,500	-	-	-	-	-	-
Engro Foods Limited	-	112,500	-	85,500	27,000	3,816	3,950	134	1.06%	0.37%
Engro Corporation Limited	251,500	318,000	-	569,500	-	-	-	-	-	-
Fauji Cement Company Limited	10,000	-	-	10,000	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	207,500	-	133,500	74,000	3,826	3,802	(24)	1.02%	0.36%
International Steels Limited	-	347,000	-	347,000	-	-	-			
K-Electric Limited	1,858,500	1,685,000	-	3,393,500	150,000	1,353	1,382	29	0.37%	0.13%
National Bank of Pakistan	-	50,000	-	-	50,000	3,662	3,661	(1)	0.99%	0.35%
Nishat Chunian Limited	-	160,000	-	160,000	-	-	-	-	-	-
Nishat Mills Limited	200,000	302,000	-	502,000	-	-	-	-	-	-
Oil & Gas Development Company Limited	-	30,000	-	30,000	-	-	-	-	-	-
Pak Elektron Limited	-	1,044,500	-	844,500	200,000	14,590	14,154	(436)	3.81%	1.34%
Pakcem Limited	-	22,000	-	22,000	-	-	-			
Pakistan State Oil Company Limited	50,000	90,000	-	110,000	30,000	12,369	12,424	55	3.34%	1.17%
Sui Northern Gas Pipelines Limited	300,000	362,000	-	662,000	-	-	-	-	-	-
Sui Southern Gas Company Limited	151,500	39,500	-	191,000	-	-	-			-
TPL Trakker Limited	368,000	303,000	-	386,000	285,000	3,914	3,973	59	1.07%	0.38%
TRG Pakistan Limited	788,500	3,619,000	-	2,594,500	1,813,000	79,701	83,199	3,498	22.39%	7.86%
Total - September 30, 2016						**123,231**	**126,545**	**3,314**		
Total - June 30, 2016						190,157	188,794	(1,363)		

The above equity securities were purchased and sold in the ready/future market, resulting in spread income due to difference in ready and future stock prices.

	Note	(Un-audited) September 30, 2016	(Audited) June 30, 2016
		--------- (Rupees in '000) ---------	
5.3 Available-for-sale (Debt securities)			
Sukuk Certificates	5.3.1	-	-

5.3.1 Sukuk Certificates

Name of the Investee Company	---Number of certificates ---				Profit / mark-up rate	Balance as at September 30, 2016			Market Value as a percentage of net assets	Market Value as a percentage of total investments
	As at July 1, 2016	Purchases during the period	Sales / redeemed during the period	As at Sept. 30,2016		Carrying value	Market value	Appreciation / (diminution)		
						-----------Rupees in '000'-----------				
Sukuk Certificates - Unlisted										
New Allied Electronics Industries (Pvt.) Limited certificate of Rs. 312.5 each (25-7-2007)	96,000	-	-	96,000	3 months KIBOR + 2.60%	30,000	-	(30,000)	-	-
						30,000	-	(30,000)		
Less: Impairment Loss recognised						(30,000)	-	30,000		
Total-Sept. 30, 2016						-	-	-		
Total-June 30, 2016						-	-	-		

		Note	(Un-audited) September 30 2016	(Audited) June 30 2016
			--------(Rupees in '000)--------	
5.3.2	**Unrealised appreciation / (diminution) in value of investments classified as available-for-sale - net**			
	Market value of investments	5.3.1	-	-
	Less:			
	Cost of investments		**30,000**	30,000
	Impairment loss recognised		**(30,000)**	(30,000)
			-	-
			-	-
	Less: Net unrealised diminution in fair value of investments classified as available-for-sale at the beginning of the period		-	-
			-	-
5.3.3	**Movement in Impairment**			
	Opening		**130,000**	130,686
	Less: reversal due to disposal and reclassification		**-**	(686)
	Closing		**130,000**	130,000
5.3.3.1	**The breakup of impairment loss is as follows:**			
	Financial assets at fair value through profit or loss - held for trading	5.1.1.1	**100,000**	-
	Available for sale	5.2.1	**30,000**	130,000
			130,000	130,000
5.4	**Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net**			
	Market value of securities	5.1.1 & 5.1.2 & 5.2	**371,529**	474,931
	Less: carrying value of securities	5.1.1 & 5.1.2 & 5.2	**(364,585)**	(474,310)
			6,944	621

6 LOANS AND RECEIVABLES

	Note	(Un-audited) September 30 2016	(Audited) June 30 2016
Preference Shares			
- Security Leasing Corporation Limited	**6.1**	**5,099**	5,099
Less: impairment recognized during the period / year		**-**	-
		5,099	5,099

6.1 In view of the adverse financial position, Security Leasing Corporation Limited (SLCL) had deferred the payment of 3rd redemption pertaining to 1,722,625 shares (face value of Rs. 10 each) due in November 2009 and 4th redemption pertaining to 1,722,625 shares (face value of Rs. 10 each) due in November 2010. Provision amounting to Rs. 6.25 million was made during 2015 on the basis of breakup value per share as per the financial statements of SLCL for the nine months ended March 31, 2015. The management believes that no further provision is required against this amount.

6.1.1 Non-compliance with the investment criteria as specified by the Securities and Exchange Commission of Pakistan

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 categorization criteria laid down in the circular. AKD Investment Management Limited (Management Company) classified AKD Aggressive Income Fund (the Fund) as 'Aggressive Fixed Income Scheme' in accordance with the said circular. As at September 30, 2016, the Fund is compliant with all the requirements of the said circular except for investment in preference shares of Security Leasing Corporation Limited.

		Note	(Un-audited) September 30, 2016	(Audited) June 30 2016
			---------- (Rupees in '000)	----------
7	**PROFIT AND OTHER RECEIVABLES**			
	Profit / income receivable on:			
	- term finance and sukuk certificates		**3,284**	2,715
	- Margin Trading System		**26**	435
	- term deposit receipts		**4,761**	2,772
	- bank deposits		**1,038**	275
	- dividend receivable		**3,826**	-
			12,935	6,197
8	**ACCRUED EXPENSES AND OTHER LIABILITIES**			
	Auditors' remuneration		**366**	274
	National Clearing Company of Pakistan Limited charges		**27**	91
	Withholding tax		**191**	8,886
	Others		**4,373**	6,156
	Provision for Workers' Welfare Fund	8.1	**4,847**	4,847
			9,804	20,254

8.1 Provision for Worker's Welfare Fund

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance), whereby the definition of 'Industrial Establishment' had been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs.0.5 million in a tax year had been brought within the scope of the WWF Ordinance thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain Collective Investment Schemes (CISs) through their trustees in the Honorable Sindh High Court (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequent to the year ended June 30, 2011, the Honourable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. In March 2013 a larger bench of the SHC in various constitutional petitions declared that amendments brought in the WWF Ordinance through the Finance Act, 2006 and 2008, do not suffer from any constitutional or legal infirmity.

However, as per advice of legal counsel the stay granted to CISs remains intact and the constitution petitions filed by the CISs to challenge the WWF contribution have not been affected by the SHC judgment. In view of the aforementioned developments and uncertainties created by the decision of SHC, Management Company, as a matter of abundant precaution, has decided to charge the entire provision for WWF in these financial statements.

Furthermore, in the Finance Act, 2015, the Mutual Funds have been excluded from the levy of WWF. As this change has been made in the definition of the term 'Industrial Establishment' as defined in the WWF Ordinance, the change may appear to apply prospectively. Accordingly, the management is of the view that this change is applicable from July 01, 2015. Hence, the matter regarding previous years would either need to be clarified by Federal Board of Revenue (FBR) or would be resolved through courts. The Management Company, as a matter of prudence, has decided to retain the provision for WWF amounting to Rs. 4.847 million in these financial statements pertaining to period July 01, 2011 to June 30, 2015 and have not recognized any further provision after June 30, 2015. Had the said provision of WWF not been recorded in the books of account of the Fund, the Net Assets Value (NAV) of the Fund would have been higher by Re. 0.2410 (0.46%) per unit as at September 30, 2016 (June 30, 2016: 0.2976 (0.58%).

8.2 Federal Excise Duty on management remuneration

The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company is of the view that further levy of FED was not justified.

On September 4, 2013, a constitutional petition was filed in Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustee, challenging the levy of FED.

The Federal Government vide Finance Act, 2016 has excluded asset management companies and other non banking finance companies from the charge of FED on their services.

The Sindh High Court in its decision dated July 16, 2016 maintained the previous order passed against other constitutional petition whereby levy of FED is declared to be 'Ultra Vires' the Constitution. The management is however of the view that since the Federal Government has appealed against the order, the previous balance of FED shall not be reversed.

In view of the pending decision and as a matter of prudence, the Management Company of the Fund has made a provision for FED in the books of accounts of the Fund with effect from June 13, 2013 to June 30, 2016 aggregating to Rs. 4.14 million. Had the said provision of FED not been recorded in the books of account of the Fund, the Net Assets Value (NAV) of the Fund would have been higher by Re. 0.2059 (0.39%) per unit as at September 30, 2016 (June 30, 2016: Re 0.2542 (0.49%) per unit.

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There were no contingencies outstanding as at September 30, 2016 and June 30, 2016.

9.2 Commitments

	(Un-audited) September 30, 2016	(Audited) June 30 2016
	------(Rupees in '000)------	
Margin Trading System (MTS) transactions entered into by the Fund in respect of which the purchase transactions have not been settled as at period / year end	-	15,976
Margin Trading System (MTS) transactions entered into by the Fund in respect of which the sale transactions have not been settled as at period / year end	**1,728**	8,854
Sale of listed equity securities in future (for spread transactions)	**123,849**	191,931

10 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 ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11 of part IV of the second schedule to the Income Tax Ordinance, 2001.

11 EARNINGS PER UNIT

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

11.1 Disclosure of Total Expense Ratio (TER)

As per SECP Direction No. 23 of 2016 dated July 20, 2016, the AMC shall disclose TER in respect of each CIS managed by it in the monthly Fund Managers Report ("FMR") and also in periodic financial statement of the CIS.

The Total Expense Ratio (TER) of AKD Aggressive Income Fund during the period from July 01, 2016 to September 30, 2016 is 2.35% p.a. Total Expense Ratio (TER) includes 0.35% p.a. representing government levy and SECP fee.

12 TRANSACTIONS WITH CONNECTED PERSONS

Connected persons as at September 30, 2016 include AKD Investment Management Limited, being the Management Company of the Fund, Aqeel Karim Dhedhi Securities (Private) Limited, Central Depository Company of Pakistan Limited being the Trustee, other collective schemes managed by the Management Company, AKD Investment Management Limited

- Staff Provident Fund, directors and officers of the Management Company, Unit holder's holding more than 10% of the units outstanding and entities having common directorship with the Management Company. The transactions with connected persons are in the normal course of business.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

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

Details of transactions and balances with connected persons are as follows:

		(Un-audited) Quarter ended September 30	
12.1	**Transactions during the period**	**2016**	**2015**
		(Rupees in '000)	
	AKD Investment Management Limited - Management Company		
	Management fee	**3,496**	2,752
	Sales Tax on management fee	**454**	447
	Federal Excise Duty on management fee	**-**	440
	Allocated expenses by Management Company	**233**	-
	Purchase of units (2016: 61,146; 2015:154,216)	**3,200**	7,781
	Redemption of units (2016:74,546 ; 2015:125,816)	**3,904**	6,400
	AKD Investment Management Limited - Staff Provident Fund		
	Purchase of units (2016: Nil ; 2015: 233,290)	**-**	11,840
	Redemption of units (2016:Nil ; 2015: 98,875)	**-**	5,000
	Central Depository Company of Pakistan Limited - Trustee		
	Trustee fee	**395**	312
	Sales Tax on Trustee fee	**51**	44
	AKD Securities Limited		
	Brokerage	**102**	-
	Key Management Personnel and others		
	Spouse- Chief Executive Officer		
	Purchase of units (2016: Nil ; 2015: 568,688)	**-**	29,129
	Head of Internal Audit		
	Purchase of units (2016: 952 ; 2015:Nil)	**50**	-
	Unit holder holding 10% or more of the units in issue		
	Askari General Insurance Co. Limited		
	Purchase of units (2016:1,414,984 ; 2015: 1,787,947)	**74,065**	90,035
	Redemption of units (2016:Nil ; 2015: 486,475)	**-**	25,025

		(Un-audited) September 30, 2016	(Audited) June 30 2016
		(Rupees in '000)	
12.2	**Amounts outstanding as at the period / year end**		
	AKD Investment Management Limited - Management Company		
	Management fee payable	**1,179**	1,057
	Sales load payable	**-**	7
	Sales tax on management fee payable	**153**	172
	Federal excise duty on management fee payable	**4,141**	4,141
	Allocated expenses by Management Company payable	**374**	141
	Allocated expenses from Management Company receivable	**604**	-
	Units held (Sep. 30, 2016 : Nil ; June 30, 2016: 13,400)	**-**	692
	AKD Investment Management Limited - Staff Provident Fund		
	Units held (Sep. 30, 2016 : 55,558 ; June 30, 2016: 55,558)	**2,924**	2,870
	Central Depository Company of Pakistan Limited - Trustee		
	Trustee fee payable	**133**	120
	CDS charges Payable	**18**	59
	Sales tax on trustee fee and CDS charges payable	**20**	25
	Security Deposit	**100**	100
	AKD Opportunity Fund		
	Receivable on conversion of units	**11,339**	2,026
	AKD Cash Fund		
	Receivable on conversion of units	**-**	26,379
	AKD Securities Limited		
	Brokerage payable on purchase of listed equity securities for spread transaction	**75**	90
	Key Management Personnel and others		
	Chief Financial Officer		
	Units held (Sep. 30, 2016: 5,330 ; June 30, 2016: 5,330)	**281**	275
	Head of Internal Audit		
	Units held (Sep. 30, 2016: 952 ; June 30, 2016: Nil)	**50**	-
	Unit holder holding 10% or more of the units in issue		
	National Bank of Pakistan Employees Pension Fund		
	Units held (Sep. 30, 2016 : 7,428,558 ; June 30, 2016: 7,428,558)	**390,998**	383,705
	Askari General Insurance Co. Limited		
	Units held (Sep. 30, 2016 : 2,765,595 ; June 30, 2016: 1,350,611)	**145,566**	69,763

13 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 22, 2016 by the Board of Directors of the Management Company.

14 GENERAL

14.1 Figures have been rounded off to the nearest thousand rupees.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala Chief Executive Officer	**Nadeem Saulat Siddiqui** Director

AKD Investment
Management Ltd.

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Contact # 099-2408187

Lahore Branch:
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