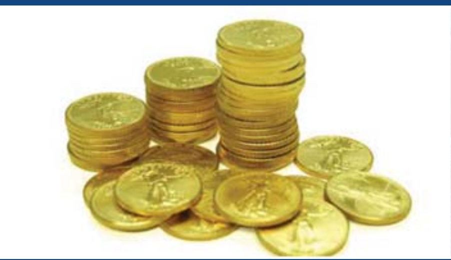
Funds Managed by:

AKD Investment Management Ltd.

1st Quarter Report
September 30, 2013
(Un-audited)



Quarterly report

AKD AGGRESSIVE INCOME FUND

AKD CASH FUND

AKD OPPORTUNITY FUND

AKD INDEX TRACKER FUND

Partner with AKD Profit from the Experience

AKD Investment Management Ltd.

TABLE OF CONTENTS

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. M. Ramzan Sheikh
Mr. Aurangzeb Ali Naqvi
Mr. Ahmed Abdul Sattar*
Mr. Nadeem Saulat Siddiqui

CHIEF FINANCIAL OFFICER OF THE MANAGEMENT COMPANY

Mr. Muhammad Munir Abdullah

COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Mr. Muhammad Yaqoob

HEAD OF INTERNAL AUDIT & COMPLIANCE OF THE MANAGEMENT COMPANY

Mr. Mohammad Yasir Khan Ghouri

AUDIT COMMITTEE

Mr. M. Ramzan Sheikh (Chairman)
Mr. Aurangzeb Ali Naqvi (Member)
Mr. Ali Wahab Siddiqui (Member)
Mr. Muhammad Yaqoob (Secretary)

HUMAN RESOURCE & REMUNERATION COMMITTEE (HR & R)

Mr. Abdul Karim Memon (Chairman)
Mr. Imran Motiwala (Member)
Mr. Ahmed Abdul Sattar (Member)

RATING

AKD Investment Management Ltd. (AMC)
JCR-VIS: AM3- (AM Three Minus)

*Approval pending from SECP.

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, the Management Company of AKD Aggressive Income Fund (AKDAIF), AKD Cash Fund (AKDCF), AKD Opportunity Fund (AKDOF)and AKD Index Tracker Fund (AKDITF) is pleased to present its quarterly report along with the Funds' accounts for the first quarter ended September 30, 2013.

Funds' Financial Performance

AKD Aggressive Income Fund (AKDAIF)

For the quarter ended September 30, 2013, AKDAIF posted annualised return of 7.74% versus Benchmark return of 9.55%, hence underperforming the benchmark by 1.81%. The reason for underperformance is mainly due to certain portion of investments in nonperforming assets, while the management continues as far as possible to reposition the portfolio by reducing exposure in such nonperforming assets going forward.

AKDAIF posted a net income of Rs. 9.077 million as compared to a net income of Rs. 7.9 million in the corresponding period last year.

AKD Cash Fund (AKDCF)

For the quarter ended September 30, 2013, AKDCF posted annualised return of 7.99% versus the Benchmark return of 7.89%, an outperformance of 0.1% viz-a-viz benchmark.

AKDCF posted a net income of Rs. 10.626 million as compared to a profit of Rs. 3.224 million in the corresponding period last year.

AKD Opportunity Fund (AKDOF)

For the quarter ended September 30, 2013, AKDOF posted a return of 4.52% versus KSE-100 return of 3.94%, an outperformance of 0.58% viz-a-viz benchmark.

AKDOF posted a net income of Rs. 35.452 million as compared to a net income of Rs. 47.503 million in the same period last year.

AKD Index Tracker Fund (AKDITF)

For the quarter ended September 30, 2013, AKDITF posted a return of 3.40% versus KSE-100 return of 3.94%.

AKDITF posted a profit of Rs. 5.861 million as compared to a profit of Rs. 3.386 million in the corresponding period last year.

Macro Perspective

In the absence of external flows, the Current Account (CA) depicted dismal performance of the economy. The CA recorded deficit of US$1.2bn in first quarter of FY14, against a surplus of US$439mn in 1QFY13. This is mainly attributable to considerable pick-up in imports (primarily driven by higher oil prices and rising energy demand in summer) which increased by sizeable 8.9% to US$10.6bn. On the flip side, exports registered an increase of meager 1.3%QoQ to US$6.2bn. Widening current account deficit coupled with large debt payments have led to sharp depletion in State Bank's foreign exchange reserves which stood at US$4.402bn at the end of Sep'13.Total foreign exchange reserves amounted to US$9.923bn. Reserves slipped the level of US$10bn as Pakistan repaid a total of US$720mn to IMF in the first quarter. Home remittances amounted to US$3.927bn in 1QFY14, depicting a growth of 9.14%YoY to US$3.599bn, which gave some respite to the CA. CPI in 1QFY14 averaged a moderate 8.06%YoY against 9.04% in the same period last year. Stable inflation numbers came on the back of lower than expected inflation in the month of September which dropped by 0.29%MoM to clock in at 7.39% YoY. This is mainly attributable to decline in food and non-alcoholic beverages inflation (dropped by 2% MoM). However core inflation on the other hand is heading upward, clocking in at 8.7% YoY in September 2013 versus a low of 7.8% in June 2013. Going forward, we believe that inflationary pressures in coming quarters to persist on the back of a depreciating currency making imports expensive (fueling inflation) and an increase in gas and electricity tariffs coupled with the hike in oil prices due to unrest in oil producing countries.

The SBP in its latest monetary policy has raised its inflation estimate for FY14 to 11%, versus government's estimate of 8%, repositioning its monetary stance and raised the discount rate by 50 basis points to 9.5%. This is expected to set a stage for the discount rate to inch up further in coming months.

On the global front, episodes like a proposed US military strike on Syria haunted the investors and forced commodity prices to remain volatile. In the absence of foreign inflows coupled with mounting debt repayments to the IMF and other donor agencies, the Pak Rupee remained under pressure and after touching an all-time high of PkR112 as of September 25, 2013 to close at in the range of Rs105 further fueling inflation.

Equity Market

During the 1QFY14, equity market witnessed mixed sentiments. Where on one hand, staff level agreements between IMF and Pakistan regarding US$6.7bn loan under Extended Fund Facility (EFF) to help the country rebuild its reserves and resolve of the newly elected PML-N government to clear circular debt issue spurred new hopes for the investors. However, volatility of PkR/US$ parity, unanticipated hike in discount rate by the State bank of Pakistan by 50 basis point, increase in power tariffs for industrial consumers, rumors of breakup of informal marketing arrangement of cement manufacturers and SBP's regime of linking saving account deposit rates to the Discount rate window kept investor optimism in check. The KSE -100 in last month of the preceding quarter depicted the worst performance in comparison to the regional markets, declining by 4.8%MoM in Frontier Market Index against regional market average return of 3.4% MoM. The benchmark KSE-100 Index gained 3.94% during the 1QFY14 to close at 22,387 points against 16% in last quarter of FY13. Top performing sectors during the quarter were Tobacco (+87.3%), Health Care Equipment and Services (+82%), Software and Computer (+39%), Media (+26%), Commercial Banks (+17%) and Fixed Line Telecommunication (+16.5%). On the flip side, laggards were Food Producers (-32%), Equity Investment Instruments (-25%), Travel and Leisure (-22%), Real Estate Investment and Services (-16%), Technology Hardware and Equipment (-15%) and Leisure Goods (-15%).

Money Market Review

SBP auctioned T-Bills and PIBs of various maturities in 1QFY14. In total five T-Bills auction conducted during the period, government could only raise PkR835bn against target of PkR1.35 trillion. This was on account of decline in cut off yields in first four auctions conducted by the SBP. Following the hike in policy rate, some improvement was seen in cut off yields for MTBs. Government in last auction of the quarter raised impressive PkR506bn against target of PkR250bn. 3 month cut off yield of T bills surged by some 45 basis points to 9.4114%. Against the expectations, PIBs on other hand could not fetch targeted participation. Despite the enticing increase of 54, 50 and 60 basis points in cut off yields of 3-year, 5-year and 10-year government bonds, participation remained highly subdued. It stood at PkR28.89bn against target of PkR50bn.

The Central Directorate of National Savings (CDNS) revised the profit rates on all National Saving Schemes (NSS) by 183bps to 450bps after the SBP announced policy rate hike. The rates were increased to foster savings and reduce government's reliance to borrow from commercial banks. Higher rates offered is expected to compel investors to withdraw their savings from commercial banks which offer a minimum return of 6.5% p.a and into National Saving schemes.

Future Outlook

Although the government has been able to strike a new funding facility with the International Monetary Fund, the amount shall be disbursed in quarterly tranches subsequent to meeting pre-defined targets, not providing immediate liquidity to our cash starved economy. Funding from other bi-lateral and multi-lateral agencies, have yet to materialize. Any positives from recent visit by the newly elected prime minister to China, Saudi Arabia and United States of America may also take some time to mature. This has led to the import cover reduced from 2.7 months of imports in June 2013 to 1.2 months as of Sep 2013. In the absence of these the Government is solely dependent to finance the gap from internal sources where the government has increased the rate on savings schemes ranging from 183bps to 450bps. Further, the government has also taken one of the most unpopular decisions to increase gas and electricity tariffs in order to extinguish the non productive subsidies. The government has also accelerated its process for privatization which coupled with subsidies continues to drain state finances. The government is also actively pursuing and is hopeful for a successful auction of the much awaited 3G licenses which should add respite to the local currency and economy. These positive developments are expected to result in a more stable Pak Rupee.

While the economic scenario is expected to remain volatile, securities listed on the Karachi Stock Exchange have continued to show resilience as broad valuations remain attractive, most of the listed equity securities continue to show strong growth. The Karachi Stock Exchange trades at an attractive P/E of 7.5x, EPS growth of 17%, ROE of 21.75% and a dividend yield of 6.82%.

For and on behalf of the Board

Imran Motiwala
Chief Executive Officer

Karachi: October 29, 2013

AKD Aggressive Income Fund
Financial Statements - First Quarter FY14

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
Bank Alfalah Limited
Bank Al-Habib Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
KASB Bank Limited
MCB Bank Limited
NIB Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
The Bank of Khyber
The Bank of Punjab
United Bank Limited

AUDITORS
M. Yousuf Adil Saleem & Co.
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
Karachi-75350

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
IGI Investment Bank Limited
KASB Securities Limited
The Bank of Punjab
Accesss Financial Services (Private) Limited
Al-Falah Securities (Private) Limited
Reliance Financial Products (Private) Limited
Bulls & Bulls (Private) Limited

RATING
AKD Aggressive Income Fund (Fund)
JCR-VIS: BBB(F) [Triple B (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 1QFY14, the return of the AKD Aggressive Income Fund stood at a 7.74% (annualized) versus the benchmark return of 9.55%, thus underperforming the benchmark by 1.81%.

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 (annualised)	July 2013	Aug 2013	Sep 2013
AKD Aggressive Income Fund	6.67%	4.57%	11.99%
Benchmark	9.40%	9.52%	9.72%

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 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 Assets)	30 Sep 2013	30 Jun 2013
Cash and Cash Equivalents	58.33%	36.68%
Placement with NBFCs	1.71%	2.18%
Preference Shares	2.39%	2.30%
MTS	17.16%	33.24%
TFCs / SUKUK	17.52%	17.84%
Other assets including receivables	2.89%	7.76%

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

1QFY14 Return (annualized)	7.74%
Benchmark (annualized)	9.55%

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

Net Asset Value			NAV per Unit	
30 Sep 2013 (Rupees in '000)	30 Jun 2013 (Rupees in '000)	Change in Net Assets	30 Sep 2013 (Rs.)	30 Jun 2013 (Rs.)
468,619	487,517	-3.88%	48.3376	50.3121

x) 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

FY14 started with the government pinning hopes on a successful negotiation of a three year $6.68 billion package from the IMF to help build up reserves and address the alarming Balance of Payment situation. Subsequent to the successful negotiations, IMF released the first tranch of US$581 million which has inadvertently cleared the way for further inflows from bilateral and multilateral donor agencies. However, in a surprise move the State Bank of Pakistan in its recent monetary policy statement increased the discount rate by 50bps to 9.5% in contrast to the preceding policy statement which was a cut-off 50bps. This may have been a result of a condition set by the IMF to keep the real rates positive. As the SBP rational was a foreseeable increase in CPI numbers going forward.

CPI inflation remained subdued in 1QFY-14 at 8.06% (9.14% in the corresponding period last year). September 2013 head line inflation witnessed a slight dip and clocked in at 7.39% YoY as compared to August 2013. During the quarter, Government borrowing once again shifted to the Central Bank. On the fiscal front, the Government was able to collect amount of PkR800bn on account of tax and non tax revenue. This quarter FBR had collected a record amount of PkR480bn (both tax and non tax revenue), which was also higher by 17% from last year.

Trade deficit showed an increasing trend and narrowed by 5.15%. It stood at US$ 4.47 billion during the period ended September 2013 against the deficit of US$ 4.0 billion in the corresponding period last year. This was mainly due to severe energy crisis and crowding out of the private sector due to unprecedented government borrowing.

MONEY MARKET REVIEW

Recent hike in discount rate by a 50 basis point raised the 6 month KIBOR rates by a 42 basis point to stand at 9.51% against 9.09% in June 2013. In anticipation of a recent interest rate hike banking sector participation in T-bill auction remained low during the quarter.

During the quarter SBP auctioned T-Bills and PIBs of various maturities. In total five T-Bill auctions were conducted during the period, where the Government could only raise PkR835bn against target of PkR1.35 trillion, while the majority of the amount of PkR506bn was raised in the last auction of the quarter subsequent to the rate hike. 6 months cut-off yield of T-Bills surged by 53 basis points to 9.45%. Against the expectations, PIBs on other hand could not fetch targeted participation. Despite the enticing increase of 54, 50 and 60 basis points to 12%, 12.40% and 12.95% respectively in cut-off yields of 3-year, 5-year and 10-year Government Bonds, participation remained highly subdued. It stood at PkR28.89bn against target of PkR50bn. There were no auctions of GoP Ijarah Sukuk during the quarter which in turn increases the prices in secondary market.

The Central Directorate of National Savings (CDNS) revised the profit rates on all National Saving Schemes (NSS) by 183bps to 450bps after the SBP announced policy rate hike. The rates were increased to foster savings and reduce government's reliance to borrow from commercial banks and the central bank. Higher rates offered would compel the investors to withdraw their savings from commercial banks which offer return of 6.5% and invest in national saving accounts.

FUTURE OUTLOOK

We believe that further monetary tightening is on the cards going forward due to widening of fiscal deficit coupled with depreciation of Pak rupee against US dollar making imports expensive and increase in gas and power tariffs all fueling inflation, while the new IMF program will certainly provide some respite on the external account front and bring fiscal discipline.

xi) 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 changed in the state of affairs during the period and up till the date of the Fund Manager's report under review.

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

There were no unit splits during the period.

xiii) Breakup of unit holding by size:

Range (Units)	No. of Investors
0.1 - 9,999	28
10,000 - 49,999	7
50,000 - 99,999	2
100,000 - 499,999	1
500,000 and above	4
	42

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

Investments are subject to credit and market risk.

xv) 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 commission has 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, 2013

	Note	(Unaudited) September 30, 2013	(Audited) June 30, 2013
		(Rupees in '000)	
ASSETS			
Bank balances	4	**13,860**	7,248
Investments	5	**345,744**	261,391
Receivable against Margin Trading System		**81,375**	163,775
Loans and receivables	6	**19,448**	22,114
Profit and other receivables	7	**10,533**	35,153
Deposits and prepayments		**3,141**	3,027
Total Assets		**474,101**	492,708
LIABILITIES			
Payable to AKD Investment Management Limited - Management Company		**1,031**	734
Payable to Central Depository Company of Pakistan Limited - Trustee		**83**	85
Payable to Securities and Exchange Commission of Pakistan		**91**	336
Payable on redemption of units		**-**	24
Accrued expenses and other liabilities	8	**4,277**	4,012
Total Liabilities		**5,482**	5,191
NET ASSETS		**468,619**	487,517
UNIT HOLDERS' FUND (as per statement attached)		**468,619**	487,517
CONTINGENCIES AND COMMITMENTS	9		
		(Number of units)	
Number of units in issue		**9,694,717**	9,689,849
		(Rupees)	
Net asset value per unit		**48.3376**	50.3121
Face value per unit		**50.00**	50.00

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

Aurangzeb Ali Naqvi
Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	Note	Quarter ended September 30 2013	Quarter ended September 30 2012
		-------- (Rupees in '000) -------	
INCOME			
Capital (loss) / gain on sale of investments - net		**(39)**	29
Profit on bank deposits		**766**	696
Income from Margin Trading System		**4,413**	4,290
Income from Term Finance Certificates and Sukuk Bonds		**4,157**	5,886
Income from Government Securities		**4,484**	2,555
		13,781	13,456
Unrealised (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.3	**(1,190)**	(167)
Total Income		**12,591**	13,289
EXPENSES			
Remuneration of AKD Investment Management Limited - Management Company		**1,814**	1,636
Remuneration of Central Depository Company of Pakistan Limited - Trustee		**206**	185
Annual fee - Securities and Exchange Commission of Pakistan		**91**	82
Securities transaction cost		**2**	6
(Reversal of Impairment) / Impairment loss on investments classified as 'available for sale' - net		**(308)**	1,451
Auditors' remuneration		**81**	81
Settlement and bank charges		**60**	37
Fees and subscription		**452**	443
Legal and professional charges		**50**	49
Provision for Workers Welfare Fund		**185**	161
Sales Tax and Federal Excise Duty on management fee		**627**	262
Printing and related costs		**44**	38
Total Expenses		**3,304**	4,431
Net Income from operating activities		**9,287**	8,858
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed		**(210)**	(958)
Net income for the period before taxation		**9,077**	7,900
Taxation	10	**-**	-
Net income for the period after taxation		**9,077**	7,900
OTHER COMPREHENSIVE INCOME			
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'available for sale'		**(97)**	556
Total comprehensive income for the period		**8,980**	**8,456**
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	**Aurangzeb Ali Naqvi**
Chief Executive Officer	Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	Quarter ended September 30 2013	Quarter ended September 30 2012
	-------- (Rupees in '000)	-------
Undistributed Profit brought forward		
- Realised income	**16,656**	15,882
- Unrealised loss	**(9,879)**	(627)
	6,777	15,255
Final distribution for the year ended June 30, 2013 : Rs. 2.90 per unit (2012: Final distribution for the year ended June 30, 2012 : Rs. 4.50 per unit)		
- Cash distribution	**(3,694)**	(7,078)
- Issue of bonus units	**(24,407)**	(30,067)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed -amount representing income / (losses) that form part of the unit holders fund	**(8)**	(5)
Net income for the period after taxation	**9,077**	7,900
Accumulated losses carried forward	**(12,255)**	(13,995)
Accumulated losses comprising of		
- Realised loss	**(1,149)**	(13,032)
- Unrealised loss	**(11,106)**	(963)
	(12,255)	(13,995)

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

Aurangzeb Ali Naqvi
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	Note	Quarter ended September 30 2013	2012
		-------- (Rupees in '000) --------	
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the period before taxation		**9,077**	7,900
Adjustments for non-cash and other items			
Unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		**1,190**	167
Capital loss / (gain) on sale of investments - net		**39**	(29)
(Reversal of Impairment) / Impairment loss on investments classified as 'available for sale' - net		**(308)**	1,451
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		**210**	958
Remuneration of AKD Investment Management Limited - Management Company		**1,814**	1,636
Remuneration of Central Depository Company of Pakistan Limited - Trustee		**206**	185
		12,228	12,268
(Increase) / decrease in assets			
Receivable against Margin Trading System		**82,400**	(21,207)
Investments - net		**3,812**	(8,372)
Loans and receivables		**2,666**	-
Profit and other receivables		**24,620**	8,433
Deposits and prepayments		**(114)**	(111)
		113,384	(21,257)
Increase / (decrease) in liabilities			
Payable to AKD Investment Management Limited - Management Company		**297**	974
Payable to Central Depository Company of Pakistan Limited - Trustee		**(2)**	4
Payable to Securities and Exchange Commission of Pakistan		**(245)**	(241)
Payable on redemption of units		**(24)**	929
Accrued expenses and other liabilities		**265**	277
		291	1,943
Remuneration paid to AKD Investment Management Limited - Management Company		**(1,814)**	(1,613)
Remuneration paid to Central Depository Company of Pakistan Limited - Trustee		**(206)**	(183)
Net cash generated from / (used) in operating activities		**123,883**	(8,842)
CASH FLOW FROM FINANCING ACTIVITIES			
Payments on issuance / redemption of units - net		**(24,394)**	(20,635)
Dividend paid		**(3,694)**	(7,078)
Net cash outflow on financing activities		**(28,088)**	(27,713)
Net increase / (decrease) in cash and cash equivalents during the period		**95,795**	(36,555)
Cash and cash equivalents at the beginning of the period		**180,749**	72,669
Cash and cash equivalents as at the end of the period	4.1	**276,544**	36,114

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

Aurangzeb Ali Naqvi
Director

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

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	Quarter ended September 30 2013	Quarter ended September 30 2012
	-------(Rupees in '000)------	
Net assets at the beginning of the period	**487,517**	426,950
Issue of 43 units (2012: 949,021 units)	**2**	44,829
Redemption of 509,957 units (2012: 1,365,599 units)	**(24,396)**	(65,464)
	(24,394)	(20,635)
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	**210**	958
- amount representing (income) / loss that form part of unit holders' fund - transferred to Distribution Statement	**8**	5
	218	963
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'available-for-sale'	**(97)**	556
Issue of 514,782 bonus units (2012: Issue of 636,669 bonus units)	**24,407**	30,067
Other net income for the period	**10,306**	8,038
Capital (loss) / gain on sale of investments	**(39)**	29
Unrealised diminution on re-measurement of investments at fair value through profit or loss - net	**(1,190)**	(167)
Element of Income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - amount representing income / (losses) that form part of the unit holders fund	**(8)**	(5)
Final distribution for the year ended June 30, 2013: Rs. 2.90 per unit (2012: Final distribution for the year ended June 30, 2012: Rs. 4.50 per unit)		
- Issue of bonus units	**(24,407)**	(30,067)
- Cash distribution	**(3,694)**	(7,078)
	(19,032)	(29,250)
Net assets at the end of the period	**468,619**	408,651

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

Aurangzeb Ali Naqvi
Director

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

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

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 ended mutual fund and is listed on the 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 principal activity of the Fund is to make investments in government securities, cash in bank account, money market placements, deposits, certificate of deposits (COD), certificate of musharika (COM), TDRs, commercial paper, reverse repo, TFC/Sukuk, 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.

JCR-VIS Credit Rating Company Limited has assigned a management quality rating of 'AM3-' to the Management Company and fund stability rating of "BBB(f)" to the Fund dated June 19, 2013 .

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, 2013.

	Note	(Unaudited) September 30, 2013	(Audited) June 30, 2013
		(Rupees in '000)	
4 BANK BALANCES			
In current accounts		**15**	14
In savings accounts		**13,845**	7,234
		13,860	7,248
4.1 CASH AND CASH EQUIVALENTS			
Bank balances		**13,860**	7,248
Market treasury bills having maturity of three months		**262,684**	173,501
		276,544	180,749
5 INVESTMENTS			
Financial assets at fair value through profit or loss - held for trading			
- Fixed income and other debt securities	5.1	**327,800**	242,839
Available for sale			
- Debt securities	5.2	**17,944**	18,552
		345,744	261,391
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	**65,116**	69,338
Government Securities	5.1.2	**262,684**	173,501
		327,800	242,839

5.1.1 Term Finance Certificates

Name of the Investee Company	----- Number of certificates-----				Profit / mark-up rate	Carrying cost	Market value as at Sept. 30, 2013	Appreciation / (diminution)	Market Value as Percentage of net assets	Market Value percent-age of total investment
	As at July 1, 2013	Purchases during the period	Sales / redeemed during the period	As at Sept. 30,2013						
						----------Rupees in '000---------				
Certificates of Rs 5,000 each unless otherwise stated										
Term Finance Certificates - Listed										
Dewan Cement Limited (note 5.1.1.1)	20,000	-	-	20,000	6 months KIBOR+2.00%	-	-	-	-	-
Engro Fertilizer Limited (30-11-2007)	25	-	-	25	6 months KIBOR+1.55%	123	122	(1)	0.03%	0.04%
Worldcall Telecom Limited (07-10-2008)	20,000	-	-	20,000	6 months KIBOR+1.6%	25,635	25,635	-	5.47%	7.41%
Pace Pakistan Limited (15-02-2008)	115	-	-	115	6 months KIBOR+2%	60	24	(36)	0.01%	0.01%
Summit Bank Limited (27-10-2011)	5,000	-	-	5,000	6 months KIBOR+3.25%	24,394	23,125	(1,269)	4.93%	6.69%
						50,212	48,906	(1,306)		
Term Finance Certificates - Unlisted										
Al-Abbas Sugar Mills Limited (21-11-2007)	11,000	-	-	11,000	6 months KIBOR+1.75%	5,481	5,479	(2)	1.17%	1.58%
JDW Sugar Mills Limited (23-06-2008)	10,246	-	-	10,246	3 months KIBOR+1.25%	9,095	9,074	(21)	1.94%	2.62%
Kohat Cement Company Limited (20-06-2007)	4,000	-	-	4,000	3 months KIBOR + 1.50%	1,451	1,657	206	0.35%	0.48%
						16,027	16,210	183		
Total - Sept. 30, 2013						66,239	65,116	(1,123)		
Total - June 30, 2013						75,286	69,338	(5,948)		

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, 2013			Market value as a percentage of net assets	Market value as a percentage of total
		As at July 1, 2013	Purchased during the period	Disposed during the period	Matured during the period	As at Sept 30, 2013	Cost	Market value	Appreciation / (diminution)		
		(Rupees in '000)									
Market Treasury Bills											
May 16, 2013	3 months	155,000	-	20,000	135,000	-	-	-	-	-	-
January 10, 2013	6 months	20,000	-	-	20,000	-	-	-	-	-	-
July 12, 2013	3 months	-	20,400	20,400	-	-	-	-	-	-	-
August 7, 2013	3 months	-	140,000	-	-	140,000	138,992	138,958	(34)	29.65%	40.19%
August 7, 2013	3 months	-	75,000	-	-	75,000	74,456	74,442	(14)	15.89%	21.53%
September 5, 2013	3 months	-	50,000	-	-	50,000	49,303	49,284	(19)	10.52%	14.25%
Total - Sept. 30, 2013							262,751	262,684	(67)		
Total - June 30, 2013							173,463	173,501	38		

	Note	(Unaudited) September 30, 2013	(Audited) June 30, 2013
		(Rupees in '000)	
5.2 Available-for-sale (Debt securities)			
Term Finance Certificates and Sukuk Bonds	5.2.1	**17,944**	18,552

5.2.1 Term Finance Certificates and Sukuk Bonds

Name of the Investee Company	---Number of certificates / Bonds ---				Profit / mark-up rate	Balance as at Sept. 30, 2013			Market Value as a percentage of net assets	Market Value as a percentage of total investments
	As at July 1, 2013	Purchases during the period	Sales / redeemed during the period	As at Sept. 30,2013		Cost	Market value	Appreciation / (diminution)		
						----------Rupees in '000'---------				
Certificates / Bonds of Rs 5,000 each unless otherwise stated										
Term Finance Certificates - Unlisted										
Avari Hotels Limited (1-11-2007)	7,093	-	-	7,093	1 year KIBOR+2.5%	13,204	13,553	349	2.89%	3.92%
Al-Abbas Sugar Mills Limited (21-11-2007)	600	-	-	600	6 months KIBOR + 1.75%	299	299	-	0.06%	0.09%
						13,503	13,852	349		
Sukuk Bonds - 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)	-	-
Kohat Cement Company Limited (20-06-2007)	2,763	-	-	2,763	3 months KIBOR + 1.50%	1,526	1,144	(382)	0.24%	0.33%
Maple Leaf Cement Factory Limited (3-12-2007)	2,000	-	-	2,000	3 months KIBOR + 1.0%	8,729	2,948	(5,781)	0.63%	0.85%
						40,255	4,092	(36,163)		
						53,758	17,944	(35,814)		
Less: Impairment Loss recognised						(36,162)	-	36,162		
Total-Sept. 30, 2013						17,596	17,944	348		
Total-June 30, 2013						18,107	18,552	445		

		Note	(Unaudited) September 30, 2013	(Audited) June 30, 2013
			(Rupees in '000)	
5.2.2	**Unrealised appreciation / (diminution) in value of investments classified as available-for-sale - net**			
	Market value of investments	5.2.1	**17,944**	18,552
	Less:			
	Cost of investments		**53,758**	54,577
	Impairment loss recognised		**(36,162)**	(36,470)
			17,596	18,107
			348	445
	Less: Net unrealised appreciation / (diminution) in fair value of investments classified as available-for-sale at the beginning of the period		**445**	(807)
			(97)	1,252
5.2.3	**Movement in Impairment**			
	Opening balance		**136,470**	136,161
	Add: charge for the period		**-**	1,204
	Less: reversal due to disposal and reclassification		**(308)**	(895)
			(308)	309
	Closing balance		**136,162**	136,470
5.2.3.1	***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**	100,000
	Available for sale	5.2.1	**36,162**	36,470
			136,162	136,470
5.3	**Unrealised (diminution) 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	**327,800**	242,839
	Less: carrying value of securities	5.1.1 & 5.1.2	**(328,990)**	(248,749)
			(1,190)	(5,910)

5.4 NON-COMPLIANCE WITH THE INVESTMENT CRITERIA AS SPECIFIED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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

Name of non-compliant investment	Type of investment	Value of investment before provision	Provision held if any	Value of investment after provision	% of Net Assets	% of Gross Assets	Remarks
		-----------Rupees in '000'-----------					
Security Leasing Corporation Limited	Preference shares	11,352	-	11,352	2.42%	2.39%	Preference shares do not fall within the purview of prescribed securities as specified in para 10 of SECP Circular No. 07 of 2009

	Note	(Unaudited) September 30, 2013	(Audited) June 30 2013
6 LOANS AND RECEIVABLES		(Rupees in '000)	
Certificates of Investment			
- Saudi Pak Leasing Company Limited	6.1	**8,096**	10,762
Preference Shares			
- Security Leasing Corporation Limited	6.2	**11,352**	11,352
		19,448	22,114

6.1 In December 2012, the Saudi Pak Leasing Company Limited had agreed to settle the obligation by upfront payments of Rs. 1.24 million and payment of Rs. 16 million in 12 equal monthly installments commencing from January 31, 2013 alongwith 425,000 shares of Pace Baraka Limited at an agreed value of Rs. 2.76 million, the fund accepted the proposal subject to fulfillment of all conditions. As of June 30, 2013, six monthly installments have been received in full as per agreed terms.

During the current period the fund also received further three installments cheques of Rs.1.333 each. Out of which one cheque of Rs. 1.333 was cleared subsequent to the period end.

6.2 Security Leasing Corporation Limited 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 in view of the adverse financial position of the company. As per the terms of the preference shares, the redemption amount will be the lower of par value and breakup value as per the latest audited financial statements available at the time of redemption. The breakup values per share of Security Leasing Corporation Limited as per the financial statements for the year ended June 30, 2009 and June 30, 2010 were Rs. 5.44 and Rs. 1.27 respectively, which are lower than the face value. Further, the breakup value of the shares as per the financial statements of the company for the nine months ended March 31, 2010 was Rs 1.15. Therefore, the redemption of 1,722,625 shares due on November 30, 2009 has been valued at Rs 5.44 per share and the remaining shares have been valued at Rs 1.15 per share on prudence basis. As these preference shares had been delisted from the Karachi Stock Exchange Limited on August 19, 2011, the Management Company reclassified the said investment into loans and receivables.

7 PROFIT AND OTHER RECEIVABLES

Profit receivable on bank deposits	**151**	144
Income accrued on Term Finance Certificates and Sukuk Bonds	**9,926**	8,484
Income accrued on Margin Trading System	**456**	735
Receivable on conversion of units	**-**	25,790
	10,533	35,153

8 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	(Unaudited) September 30, 2013	(Audited) June 30 2013
		(Rupees in '000)	
National Clearing Company Charges		**44**	68
Withholding tax payable		**5**	5
Auditors' remuneration		**341**	260
Provision for Worker's Welfare Fund	8.1	**3,002**	2,817
Others		**885**	862
		4,277	4,012

8.1 Provision for Worker's Welfare Fund

The Scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs 3.002 million, if the same were not made, the NAV per unit / return would have been higher by Re 0.31 per unit (0.64%).

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There were no contingencies outstanding as at September 30, 2013 and June 30, 2013

9.2 Commitments

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	**10,565**	18,180
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	**13,269**	32,857

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.

12 TRANSACTIONS WITH CONNECTED PERSONS

Connected persons 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	**2013**	**2012**
	(Rupees in '000)	
AKD Investment Management Limited - Management Company		
Management fee	**1,814**	1,636
Sales Tax and Federal Excise Duty on management fee	**627**	262
Purchase of units (2013: Nil ; 2012: 84,204)	**-**	4,000
Redemption of units (2013: 501,884 ; 2012: 84,204)	**24,006**	4,033
Issue of bonus units (2013: 28,929 ; 2012: Nil)	**1,372**	-
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee	**206**	185
AKD Investment Management Limited Staff Provident Fund		
Purchase of units (2013: Nil ; 2012: 146,379)	**-**	6,864
Issue of bonus units (2013: Nil ; 2012: 2,211)	**-**	104
Redemption of units (2013: NIl ; 2012: 171,788)	**-**	8,207
Key Management Personnel and others		
Spouse - Chief Executive Officer		
Purchase of units (2013: Nil ; 2012: 8,529)	**-**	400
Redemption of units (2013: Nil ; 2012: 8,529)	**-**	405

	(Un-audited) Quarter ended September 30 2013	2012
Unit holder holdings 10% or more of the units in issue	(Rupees in '000)	
Sindh Province Pension Fund		
Issue of bonus units (2013: 57,684 ; 2012: Nil)	**2,735**	-
The Bank of Khyber		
Cash Dividend	**3,660**	7,025
National Bank of Pakistan Employees Pension Fund		
Issue of bonus units (2013: 354,906 ; 2012: 504,801)	**16,827**	23,839

12.2 Amounts outstanding as at the period end

	(Unaudited) September 30, 2013	(Audited) June 30 2013
	(Rupees in '000)	
AKD Investment Management Limited - Management Company		
Management fee payable	**578**	578
Sales Tax - Provinicial on Management Remuneration	**107**	101
Federal Excise Duty on Management Remuneration	**346**	55
Units held (Sep. 30, 2013 : Nil; June 30, 2013: 472,955)	**-**	23,795
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	**61**	66
CDS charges Payable	**18**	19
Security Deposit receivable	**100**	100
AKD Cash Fund		
Receivable against conversion of units	**-**	25,790
Unit holders holding 10% or more of the units in issue		
Sindh Province Pension Fund		
Units held (Sep. 30, 2013 : 1,000,763 ; June 30, 2013: 943,079)	**48,374**	47,448
The Bank of Khyber		
Units held (Sep. 30, 2013 : 1,261,904 June 30, 2013: 1,261,904)	**60,997**	63,489
National Bank of Pakistan Employees Pension Fund		
Units held (Sep. 30, 2013 : 6,157,270 ; June 30, 2013: 5,802,364)	**297,627**	291,929

13 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 29, 2013 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

Aurangzeb Ali Naqvi
Director

AKD Investment
Management Ltd.

216-217, Continental Trade Centre, Block-8, Clifton, Karachi-74000
U.A.N : 92-21-111 AKDIML (111-253-465) Fax : 92-21-35373217, 35303125
E-mail : info@akdinvestment.com Website : www.akdinvestment.com