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 کر رہے 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 مارکKSE-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 زر مبادلہ 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 میں 4.3 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 ہو گئے۔ 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 و تفہیم 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 کیلئے600ارب روپے کے مقابلے میں637ارب روپے اکٹھے کئے۔اس کے باوجود مالی سال 17 کی پہلی سہ ماہی کیلئے705ارب 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 سے246ارب روپے(مالی سال16 میں246ارب روپے)انکم ٹیکس،257ارب روپے(مالی سال16 میں258ارب روپے)سیلز ٹیکس،31ارب روپے(مالی سال16 میں28ارب روپے)فیڈرل ایکسائز ڈیوٹی اور99ارب روپے(مالی سال16 میں81ارب روپے)کسٹم ڈیوٹی کے مد پر جمع کئے گئے۔

ایکویٹی مارکیٹ کا جائزہ

مالی سال17 جولائی کے دورانKSE-100انڈیکس نے4% منافع حاصل کیا اور31 جولائی2016ءکو39,528پوائنٹس پر بند ہوا۔جبکہ بعدازاں دومہینوں میں انڈیکس نے40,000پوائنٹس کی اہم نفسیاتی رکاوٹ عبور کرلی اور30 ستمبر2016ءکو40,542پوائنٹس پر بند ہوا۔ مجموعی طور پرKSE-100انڈیکس میں مالی سال16 کی چوتھی سہ ماہی میں13% بڑھوتری کے برخلاف مالی سال17 کی پہلی سہ ماہی میں 7.3%اضافہ ہوا۔مزید برآں حجم میں اضافہ ہوا،جیسا کہ مالی سال16 کی چوتھی سہ ماہی میں172 ملین ڈالر کے برخلاف مالی سال17 کی پہلی سہ ماہی میں روزانہ اوسط حجم لگ بھگ240 ملین روپے رہا۔

مالی سال17 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 کی8 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 19-14 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 Cash Fund
Financial Statements - First Quarter FY17

Contents

AKD Cash 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
Faysal Bank Limited
Habib Metropolitan 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)

DISTRIBUTOR
AKD Investment Management Limited
AKD Securities Limited
BMA Capital Management Limited
First Street Capital (Pvt.) Limited
Savings Lounge (Pvt.) Limited

RATING
AKD CASH FUND
PACRA: AA+(f) [Double A Plus (f)]

FUND MANAGER'S REPORT

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

Open - end Money Market Scheme

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

The investment objective of the Fund is to provide optimum return consistent with minimal risk from a portfolio constituted of high quality short term securities / instruments, which will provide liquidity to investors. The fund exclusively invest in highly secure ('AA' and above) debt instruments such that the weighted average maturity of its assets stay below 90 days.

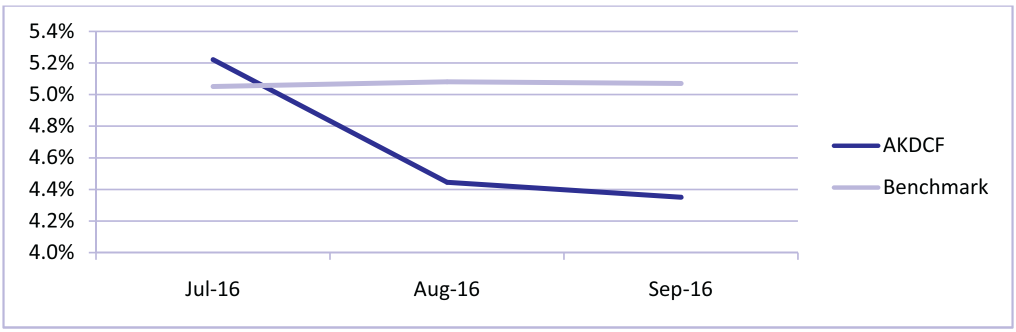
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

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

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

50% Average return of 3 months term deposit rates of AA and above rated scheduled commercial Bank (s), and 50% average 3months T-Bills rate.

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
AKDCF	5.22%	4.44%	4.35%
Benchmark	5.05%	5.08%	5.07%

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

AKD Cash Fund is an open - end Money Market Scheme. The returns of the funds are generated through investment in high quality short term government securities. AKDCF 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 report and particulars of significant changes in asset allocation since the last report (if applicable):

Asset Allocation (% of Total Assets)	30-Sep-16	30-Jun-16
Cash and Cash Equivalents	98.95%	99.58%
Other Assets Including Receivables	1.05%	0.42%

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

1QFY17 (annualized)	4.67%
Benchmark (annualized)	5.07%

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

Net Assets Value			NAV Per Unit	
30-Sep-16	30-Jun-16	Change in Net Assets	30-Sep-16	30-Jun-16
(Rupees in 000)			(Rupees)	
114,107	262,647	-56.55	50.7188	50.1283

x) Disclosure on the markets that the Collective Investment Scheme has invested in including review 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 28th has 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 3/6/12 months T-bills were at 5.84/5.88/5.89% respectively down from 6.92/6.94/6.95 % 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 maturities yield on 3/5/10 years PIB declined to 6.92/6.94/6.95% respectively from 7.80/8.73/9.40% in the corresponding period last year. The Government announced Monetary Policy Statement on September 24, 2016, where committee decided to keep the policy rate unchanged at 5.75%. SBP conducted 19 open market operations (OMO's) of different maturities and injected average amount of PKR 553bn per OMO's 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.

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 Fund Manager's report, not otherwise disclosed in the financial statements:

There was no significant change in the state of affairs during the period under review.

xii) Break down of unit holding by size:

Range (Units)	No. of Investors
0.1 - 9,999	14
10,000 - 49,999	4
50,000 - 99,999	2
100,000 - 499,999	3
500,000 and above	2
	25

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

There were no unit splits during the period.

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 broker or dealer by virtue of transactions conducted by the Collective Investment Scheme.

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

	Note	(Unaudited) September 30 2016	(Audited) June 30 2016
		(Rupees in '000)	
ASSETS			
Bank balances	4.	**1,761**	15,472
Investments	5.	**114,520**	282,990
Profit receivable on bank deposits		**14**	229
Advance Tax and Prepayments		**336**	-
Preliminary expenses and floatation costs	6.	**69**	125
Receivable on conversion of units		**809**	907
Total assets		**117,509**	299,723
LIABILITIES			
Payable to AKD Investment Management Limited - Management Company	7.	**1,190**	1,119
Payable to Central Depository Company of Pakistan Limited - Trustee		**16**	30
Payable to Securities and Exchange Commission of Pakistan		**27**	149
Payable on redemption of units		**-**	33,396
Accrued expenses and other liabilities	8.	**2,169**	2,382
Total liabilities		**3,402**	37,076
NET ASSETS		**114,107**	262,647
UNIT HOLDERS' FUND (as per statement attached)		**114,107**	262,647
CONTINGENCIES AND COMMITMENTS	9.		
		(Number of units)	
Number of units in issue		**2,249,795**	5,239,506
		(Rupees)	
Net asset value per unit		**50.7188**	50.1283

The annexed notes from 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	Quarter ended September 30 2015
		(Rupees in '000)	
INCOME			
Income / profit on :			
- government securities		**2,069**	2,861
- bank deposits		**79**	226
Capital loss on sale of investment		**(1)**	(6)
		2,147	3,081
Unrealized appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		**(7)**	24
Total income		**2,140**	3,105
EXPENSES			
Remuneration of AKD Investment Management Limited - Management Company		**143**	171
Remuneration of Central Depository Company of Pakistan Limited - Trustee		**54**	64
Annual fee - Securities and Exchange Commission of Pakistan		**27**	32
Auditors' remuneration		**59**	57
Securities transaction cost		**1**	-
Bank charges		**9**	10
Amortization of preliminary expenses and floatation costs		**56**	56
Fees and subscription		**13**	10
Legal and professional		**45**	68
Printing and related costs		**42**	44
Sales tax and Federal Excise Duty on management fee		**19**	55
Sales tax on Trustee fee		**7**	9
Allocated Expenses by the Management Company	7.4	**36**	-
Total expenses		**511**	576
Net income from operating activities		**1,629**	2,529
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed		**(300)**	(413)
Net income for the period before taxation		**1,329**	2,116
Taxation	10.	**-**	-
Net income for the period after taxation		**1,329**	2,116
Other comprehensive income for the period		**-**	**-**
Total comprehensive income for the period		**1,329**	**2,116**
Earnings per unit - basic and diluted	11.		

The annexed notes from 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	2015
	(Rupees in '000)	
Undistributed income brought forward		
- Realised Income	**955**	871
- Unrealised Income / (loss)	**5**	2
	960	873
Net income for the period after taxation	**1,329**	2,116
Undistributed profits carried forward	**2,289**	2,989
Realized income	**2,296**	2,965
Unrealized income / (loss)	**(7)**	24
	2,289	2,989

The annexed notes from 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 beginning of the period	**262,647**	213,268
Issue of units (2016: 203,729; 2015: 2,665,430)	**10,238**	134,130
Redemption of units (2016: 3,193,440; 2015: 4,114,290)	**(160,407)**	(207,148)
	(150,169)	(73,018)
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	**300**	413
Other net income for the period	**1,337**	2,098
Capital loss on sale of investments	**(1)**	(6)
Unrealized appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss - net	**(7)**	24
	1,329	2,116
Net assets at end of the period	**114,107**	142,779

The annexed notes from 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	2015
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the period before taxation		**1,329**	2,116
Adjustments for non-cash and other items			
Unrealized (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		**7**	(24)
Capital loss on sale of investments		**1**	6
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		**300**	413
Amortization of preliminary expenses and floatation costs		**56**	56
Remuneration of AKD Investment Management Limited - Management Company		**143**	171
Remuneration of Central Depository Company of Pakistan Limited - Trustee		**54**	64
		1,890	2,802
(Increase) / decrease in assets			
Investments		**138,235**	18
Profit receivable on bank deposits		**215**	90
Advance Tax and Prepayments		**(336)**	4
Receivable on conversion of units		**98**	-
		138,212	112
Increase / (decrease) in liabilities			
Payable to AKD Investment Management Limited - Management Company		**105**	(207)
Payable to Central Depository Company of Pakistan Limited - Trustee		**(2)**	2
Payable to Securities and Exchange Commission of Pakistan		**(122)**	(281)
Payable on redemption of units		**(33,396)**	(66,613)
Accrued expenses and other liabilities		**(213)**	(967)
		(33,628)	(68,066)
Remuneration paid to AKD Investment Management Limited - Management Company		**(177)**	(228)
Remuneration paid to Central Depository Company of Pakistan Limited - Trustee		**(66)**	(85)
Net cash generated from / (used in) operating activities		**106,231**	(65,465)
CASH FLOW FROM FINANCING ACTIVITIES			
Payments against issuance / redemptions of units - net		**(150,169)**	(73,018)
Net cash used in financing activities		**(150,169)**	(73,018)
Net decrease in cash and cash equivalents during the period		**(43,938)**	(138,483)
Cash and cash equivalents at beginning of the period		**160,219**	283,998
Cash and cash equivalents at end of the period	4.2	**116,281**	145,515

The annexed notes from 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 Cash 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) authorised constitution of the Trust Deed on August 15, 2011 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Initial Public Offering (IPO) of the Fund was made during the period from January 19, 2012 to January 20, 2012. The Fund commenced operations from January 21, 2012. In accordance with the Trust Deed, the first accounting period of the fund commenced on the date on which the Fund property was first transferred to the Trustee i.e. January 19, 2012.

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 principal activity of the Fund is to make investments in market treasury bills and deposits. 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 Fund is classified as "Money Market 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 "AA+(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 financial statements of the Fund for the year ended June 30, 2016.

	Note	(Unaudited) September 30 2016	(Audited) June 30 2016
		(Rupees in '000)	
4. BANK BALANCES			
In savings accounts	4.1	**1,751**	15,462
In current accounts		**10**	10
		1,761	15,472

4.1 These carry markup at the rates ranging from 3.75% to 5.50% (June 30, 2016: 4% to 5.75%)

4.2 CASH AND CASH EQUIVALENTS

	Note	(Unaudited) September 30 2016	(Audited) June 30 2016
Bank balances	4	**1,761**	15,472
Market Treasury Bills having original maturity of upto three months	5	**114,520**	144,747
		116,281	160,219

5. INVESTMENTS

	Note	(Unaudited) September 30 2016	(Audited) June 30 2016
Financial assets at fair value through profit or loss - held for trading			
- Government securities	5.1	**114,520**	282,990

5.1 Government securities

Market Treasury Bills

Issue date	Tenor	Face Value				Balance at Sep. 30, 2016			Market value as percentage of net assets	Market value as a percentage of investments
		Balance as at July 1, 2016	Purchase during the period	Sales / matured during the period	As at Sep. 30, 2016	Carrying value	Market value	Appreciation / (Diminution)		
		-- Rupees in '000 --								
August 6, 2015	1 Year	49,000	-	49,000	-	-	-	-	-	-
August 6, 2015	1 Year	90,000	-	90,000	-	-	-	-	-	-
April 14, 2016	3 Months	35,000	-	35,000	-	-	-	-	-	-
April 14, 2016	3 Months	85,000	-	85,000	-	-	-	-	-	-
May 12, 2016	3 Months	25,000	-	25,000	-	-	-	-	-	-
January 21, 2016	6 Months	-	100,000	100,000	-	-	-	-	-	-
August 20, 2015	1 Year	-	100,000	100,000	-	-	-	-	-	-
August 4, 2016	3 Months	-	55,000	-	55,000	54,774	54,770	(4)	48.00	47.83
June 9, 2016	3 Months	-	35,000	35,000	-	-	-	-	-	-
March 3, 2016	6 Months	-	25,000	25,000	-	-	-	-	-	-
September 1, 2016	3 Months	-	25,000	25,000	-	-	-	-	-	-
August 4, 2016	3 Months	-	60,000	-	60,000	59,753	59,750	(3)	52.36	52.17
Total - Sep. 30, 2016		284,000	400,000	569,000	115,000	114,527	114,520	(7)	100.36	100.00
Total - June 30, 2016					284,000	282,985	282,990	5		

	Note	(Unaudited) September 30 2016	(Audited) June 30 2016
		(Rupees in '000)	
6. PRELIMINARY EXPENSES AND FLOATATION COSTS			
Preliminary expenses and floatation costs opening balance	6.1	**125**	350
Less: amortized during the period / year		**(56)**	(225)
		69	125

6.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and are being amortized over a period of five years commencing from January 21, 2012.

7. PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMANT COMPANY

	Note	September 30 2016	June 30 2016
Management fee	7.1	**37**	71
Federal excise duty on management fee	7.2	**669**	669
Sindh sales tax on management fee	7.3	**5**	11
Allocated expenses by the Management Company payable		**129**	18
Preliminary expenses and floatation costs		**350**	350
		1,190	1,119

7.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations), the Management Company of the Fund with respect to the Fund's classification is entitled to a remuneration of an amount not exceeding 1 percent of average annual net assets of the Fund, or may charge performance based, fixed fee or combination of both which shall not exceed the limit prescribed in the Regulations as above. In the current period, the Management Company has charged management fee at the rate of 0.4 percent per annum, of the average annual net assets of the Fund.

7.2 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. 0.67 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. 0.2973 (0.59%) per unit as at September 30, 2016 (June 30, 2016: Re. 0.1277 (0.25%) per unit).

7.3 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (June 30, 2016: 14%) on the fee of Management Company through the Sindh Sales Tax on Services Act, 2011.

7.4 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations), the Management Company of the Fund is entitiled to receive fees and expenses related to registrar services, accounting, operation and valuation services related to the Fund maximum up to 0.1% per annum, of the average annual net assets of the Fund or actual, whichever is less. The Management Company has been charging the said fees and expenses at the rate of 0.1% per annum, of the average annual net assets of the Fund, which is less than their actual expense.

	Note	(Unaudited) September 30 2016	(Audited) June 30 2016
		(Rupees in '000)	
8 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		**238**	179
Provision for workers' welfare fund	8.1	**1,699**	1,699
Other		**232**	504
		2,169	2,382

8.1 Provision for Worker's Welfare Fund

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes (CISs) / Mutual Funds whose income exceeds Rs. 0.5 million in a tax year have been brought within the scope of the WWF Ordinance thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by the CISs through their trustees in the Honourable Sindh High Court (SHC), challenging the applicability of WWF to the CISs, which is pending for 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. 1.699 million in these financial statements pertaining to period July 01, 2011 to June 30, 2015 and have not recognised 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. 0.7552 (1.49%) per unit as at June 30, 2016.(June 30, 2016: Re. 0.3243 (0.65%) per unit).

9. CONTINGENCIES AND COMMITMENTS

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

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 90 percent of its accounting income for the year, as reduced by capital gains, whether realized or unrealized, 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 Cash Fund during the period from July 01, 2016 to September 30, 2016 is 1.43% p.a. Total Expense Ratio (TER) includes 0.15% 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.

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:

	(Unaudited) Quarter ended September 30 2016	2015
12.1 Transactions during the period	(Rupees in '000)	
AKD Investment Management Limited - Management Company		
Management fee	**143**	171
Sales tax on management fee	**19**	28
Federal Excise Duty on management fee	**-**	27
Allocated Expenses by the Management Company	**36**	-
Purchase of units (2016: Nil ; 2015: 142,376)	**-**	7,176
Redemption of units (2016: Nil ; 2015: 132,512)	**-**	6,700
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee	**54**	64
Sales tax on Trustee fee	**7**	9
AKD Investment Management Limited - Staff Provident Fund		
Purchase of units (2016: Nil ; 2015: 229,595)	**-**	11,575
Redemption of units (2016: Nil ; 2015: 147,977)	**-**	7,458
Key Management Personnel and others		
Spouse- Chief Executive Officer		
Purchase of units (2016: Nil ; 2015: 575,612)	**-**	29,080
Redemption of units (2016: Nil ;2015: 575,612)	**-**	29,135

	(Unaudited) September 30 2016	(Audited) June 30 2016
12.2 Amounts outstanding as at the period / year end	(Rupees in '000)	
AKD Investment Management Limited - Management Company		
Management fee payable	**37**	71
Federal excise duty payable on management fee	**669**	669
Sales tax payable on management tee	**5**	11
Allocated expenses by the Management Company payable	**129**	18
Preliminary expenses and floatation costs	**350**	350
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	**14**	26
Sindh sales tax payable on trustee fee	**2**	4
AKD Aggressive Income Fund		
Payable on Conversion of units	**-**	26,379
AKD Opportunity Fund		
Payable on Conversion of units	**-**	6,999
Receivable on Conversion of units	**809**	907

Unit holders holding 10% or more of the units in issue	(Unaudited) September 30 2016	(Audited) June 30 2016
	(Rupees in '000)	
National Bank of Pakistan		
Units held 1,023,414 (June 30, 2016: 1,023,414)	**51,906**	51,302
Summit Bank Limited		
Units held 608,791 (June 30, 2016: 608,791)	**30,877**	30,518

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

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

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Management Ltd.

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