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.

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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. 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 Cash Fund
Financial Statements - First Quarter FY14

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
Faysal Bank Limited
Habib Metropolitan 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)

DISTRIBUTOR
AKD Investment Management Limited

RATING
AKD CASH FUND
JCR-VIS: AA+(F) [Double A Plus (F)]

FUND MANAGER’S REPORT

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

Open - End Money Market Scheme

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

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

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

For the 1QFY14, the annualised return of the AKD Cash Fund stood at 7.99% versus the benchmark of 7.89%, thus outperforming the benchmark by 0.1%.

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 3 months T-Bills rate.

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 Cash Fund	8.25%	8.10%	7.47%
Benchmark	7.80%	7.89%	7.98%

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 investments 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 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	99.84%	86.11 %
Treasury Bills exceeding 90 days maturity	0.00%	13.71%
Other Assets Including Receivables	0.16%	0.18%

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

1QFY14 Return (annualised)	7.99%
Benchmark (annualised)	7.89%

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

Net Assets			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.)
583,614	498,046	17.18%	50.3175	50.3779

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

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) Disclosure on distribution (if any), comprising:-

- **Particulars of the income distribution or other forms of distribution made and proposed during the period**

- **Statement of effects on the NAV before and after distribution is made.**

INTERIM DISTRIBUTION

The Chief Executive Officer on behalf of Board of Directors of AKD Investment Management Limited (AKDIML) approved and declared following interim dividends payout from July 1st 2013 to Sep 30th 2013.

Distribution			
Declared on	Bonus	Cum NAV	Ex NAV
July 30 2013	0.5961%	50.29806	50
Sep 03 2013	0.7708%	50.38538	50

Subsequent to Sep 30, 2013, fund also announced following Interim Dividend payouts up to Oct 29, 2013.

Distribution			
Declared on	Bonus	Cum NAV	Ex NAV
Oct 01 2013	0.5698%	50.28488	50
Oct 29 2013	0.6470%	50.32352	50

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

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

xiii) Break down of unit holdings by size:

Range (Units)	No. of Investors
0.1 - 9,999	17
10,000 - 49,999	15
50,000 - 99,999	5
100,000 - 499,999	13
500,000 and above	7
	57

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

There were no unit split during the period.

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

Investments are subject to credit and market risk.

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

No soft 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	**5,514**	104,101
Investments	5	**579,796**	420,987
Profit receivable on bank deposits		**120**	56
Prepayments		**66**	72
Preliminary expenses and floatation costs	6	**743**	800
Total assets		**586,239**	526,016
LIABILITIES			
Payable to AKD Investment Management Limited - Management Company	7	**1,285**	1,025
Payable to Central Depository Company of Pakistan Limited - Trustee		**70**	52
Payable to Securities and Exchange Commission of Pakistan		**96**	187
Payable on redemption of units		**-**	25,790
Accrued expenses and other liabilities	8	**1,174**	916
Total liabilities		**2,625**	27,970
NET ASSETS		**583,614**	498,046
UNIT HOLDERS' FUND (as per statement attached)		**583,614**	498,046
CONTINGENCIES AND COMMITMENTS	9		
		(Number of units)	
Number of units in issue		**11,598,625**	9,886,196
		(Rupees)	
Net asset value per unit		**50.3175**	50.3779
Face value per unit		**50.00**	50.00

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

Aurangzeb Ali Naqvi
Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	Note	Quarter ended September 30 2013 (Rupees in '000)	Quarter ended September 30 2012 (Rupees in '000)
INCOME			
Income / profit on :			
- government securities		**10,946**	2,882
- bank deposits		**381**	236
Capital (loss) / gain on sale of investment		**(62)**	11
		11,265	3,129
Unrealized (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		**(110)**	30
Total income		**11,155**	3,159
EXPENSES			
Remuneration of AKD Investment Management Limited - Management Company		**238**	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee		**193**	46
Annual fee - Securities and Exchange Commission of Pakistan		**96**	21
Auditors' remuneration		**63**	53
Securities transaction cost		**10**	-
Bank charges		**9**	5
Amortization of preliminary expenses and floatation costs		**57**	56
Fees and subscription		**10**	8
Legal and professional		**35**	35
Printing and related costs		**44**	38
Sales tax and Federal Excise Duty on management fee		**82**	-
Workers' Welfare Fund		**217**	66
Total expenses		**1,054**	328
Net income from operating activities		**10,101**	2,831
Element of income and capital gains included in prices of units issued less those in units redeemed		**525**	393
Net income for the period before taxation		**10,626**	3,224
Taxation	10	**-**	-
Net income for the period after taxation		**10,626**	3,224
Other comprehensive income for the period		**-**	**-**
Total comprehensive income for the period		**10,626**	**3,224**
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

Aurangzeb Ali Naqvi
Director

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

	Quarter ended September 30 2013 (Rupees in '000)	Quarter ended September 30 2012 (Rupees in '000)
Undistributed income brought forward		
- Realised Income	**3,664**	1,011
- Unrealised Income / (loss)	**73**	(11)
	3,737	1,000
Final distribution for the year ended June 30, 2012:		
- Re. 0.49 per unit on July 09, 2012		
- Cash distribution	**-**	-
- Issue of 20,001 bonus units @ Rs. 50 per unit	**-**	(1,000)
Interim distribution:		
- Re. 0.34 per unit on July 31, 2012		
- Cash distribution	**-**	-
- Issue of 13,574 bonus units @ Rs. 50 per unit	**-**	(679)
Interim distribution:		
- Re. 0.67 per unit on September 4, 2012		
- Cash distribution	**-**	(1)
- Issue of 29,625 bonus units @ Rs. 50 per unit	**-**	(1,481)
Final distribution for the year ended June 30, 2013:		
- Re. 0.38 per unit on July 8, 2013		
- Cash distribution	**-**	-
- Issue of 74,724 bonus units @ Rs. 50 per unit	**(3,737)**	-
Interim distribution:		
- Re. 0.30 per unit on July 30, 2013		
- Cash distribution	**-**	-
- Issue of 58,171 bonus units @ Rs. 50 per unit	**(2,908)**	-
Interim distribution:		
- Re. 0.39 per unit on September 3, 2013		
- Cash distribution	**-**	-
- Issue of 80,711 bonus units @ Rs. 50 per unit	**(4,035)**	-
Net income for the period after taxation	**10,626**	3,224
Undistributed profits carried forward	**3,683**	1,063
Realized income	**3,772**	1,033
Unrealized (loss) / income	**(89)**	30
	3,683	1,063

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

Aurangzeb Ali Naqvi
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	Note	Quarter ended September 30 2013 (Rupees in '000)	Quarter ended September 30 2012 (Rupees in '000)
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the period before taxation		**10,626**	3,224
Adjustments for non-cash and other items			
Unrealized diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		**110**	(30)
Capital loss / (gain) on sale of investments		**62**	(11)
Element of income and capital gains included in prices of units issued less those in units redeemed		**(525)**	(393)
Amortization of preliminary expenses and floatation costs		**57**	56
Remuneration of AKD Investment Management Limited - Management Company		**238**	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee		**193**	46
		10,761	2,892
(Increase) / decrease in assets			
Investments		**71,938**	(12,513)
Profit receivable on bank deposits		**(64)**	(885)
Prepayments		**6**	13
		71,880	(13,385)
Increase / (decrease) in liabilities			
Payable to AKD Investment Management Limited - Management Company		**73**	-
Payable to Securities and Exchange Commission of Pakistan		**(91)**	(11)
Payable on redemption of units		**(25,790)**	-
Accrued expenses and other liabilities		**258**	150
		(25,550)	139
Remuneration paid to AKD Investment Management Limited - Management Company		**(51)**	-
Remuneration paid to Central Depository Company of Pakistan Limited - Trustee		**(175)**	(43)
Net cash generated from / (used in) operating activities		**56,865**	(10,397)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts against issuance / redemptions of units - net		**75,467**	47,691
Dividend paid		**-**	(1)
Net cash generated from financing activities		**75,467**	47,690
Net increase in cash and cash equivalents during the period		**132,332**	37,293
Cash and cash equivalents at beginning of the period		**452,978**	102,801
Cash and cash equivalents at end of the period	4.1	**585,310**	140,094

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

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 (Rupees in '000)	Quarter ended September 30 2012 (Rupees in '000)
Net assets at beginning of the period	**498,046**	102,467
Issue of units (2013: 4,119,885 ; 2012: 1,640,500)	**206,891**	82,557
Redemption of units (2013: 2,621,062 ; 2012: 694,565)	**(131,424)**	(34,866)
	75,467	47,691
Issue of 213,606 bonus units (2012: 63,200)	**10,680**	3,160
Element of income and capital gains included in prices of units issued less those in units redeemed		
- amount representing income and capital gains - transferred to Income Statement	**(525)**	(393)
Other net income for the period	**10,798**	3,183
Capital (loss) / gain on sale of investments	**(62)**	11
Unrealized (diminution) / appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	**(110)**	30
Final distribution for the year ended June 30, 2012:		
- Re. 0.49 per unit on July 09, 2012		
- Cash distribution	**-**	-
- Issue of 20,001 bonus units @ Rs. 50 per unit	**-**	(1,000)
Interim distribution:		
- Re. 0.34 per unit on July 31, 2012		
- Cash distribution	**-**	-
- Issue of 13,574 bonus units @ Rs. 50 per unit	**-**	(679)
Interim distribution:		
- Re. 0.67 per unit on September 4, 2012		
- Cash distribution	**-**	(1)
- Issue of 29,625 bonus units @ Rs. 50 per unit	**-**	(1,481)
Final distribution for the year ended June 30, 2013:		
- Re. 0.38 per unit on July 8, 2013		
- Cash distribution	**-**	-
- Issue of 74,724 bonus units @ Rs. 50 per unit	**(3,737)**	-
Interim distribution:		
- Re. 0.30 per unit on July 30, 2013		
- Cash distribution	**-**	-
- Issue of 58,171 bonus units @ Rs. 50 per unit	**(2,908)**	-
Interim distribution:		
- Re. 0.39 per unit on September 3, 2013		
- Cash distribution	**-**	-
- Issue of 80,711 bonus units @ Rs. 50 per unit	**(4,035)**	-
	(54)	63
Net assets at end of the period	**583,614**	152,988

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

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 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 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 Fund has been categorized as an Open End Money Market Fund as per criteria laid down by SECP for categorization of Collective Investment Scheme (CIS). The principal activity of the Fund is to make investments in government securities, treasury bills, cash and near cash instruments, money market placements, deposits, certificate of deposits (COD), certificate of mushrakas (COM), commercial paper, reverse repo transaction. 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 AA+(f) to the Fund dated June 19, 2013 and May 30, 2013 respectively.

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, 2013.

	Note	(Unaudited) September 30 2013	(Audited) June 30 2013
		(Rupees in '000)	
4. BANK BALANCES			
In savings accounts		**5,505**	104,091
In current accounts		**9**	10
		5,514	104,101
4.1 CASH AND CASH EQUIVALENTS			
Bank balances	4	**5,514**	104,101
Market Treasury Bills having maturity of three months	5	**579,796**	348,877
		585,310	452,978
5. INVESTMENTS			
Financial assets at fair value through profit or loss - held for trading			
- Government securities	5.1	**579,796**	420,987

5.1 Government securities

Market Treasury Bills

Issue date	Tenor	Face Value				Balance at Sep. 30, 2013			Market value as a percentage of net assets	Market value as a percentage of investments
		Balance as at July 1, 2013	Purchase during the period	Sales / matured during the period	As at Sep. 30, 2013	Cost	Market value	Appreciation / (Diminution)		
		---------- Rupees in '000 ----------								
April 18, 2013	3 Months	75,000	-	75,000	-	-	-	-	-	-
May 2, 2013	3 Months	150,000	-	150,000	-	-	-	-	-	-
May 16, 2013	3 Months	65,000	-	65,000	-	-	-	-	-	-
May 30, 2013	3 Months	20,000	-	20,000	-	-	-	-	-	-
June 13, 2013	3 Months	36,000	-	36,000	-	-	-	-	-	-
June 27, 2013	3 Months	5,500	-	5,500	-	-	-	-	-	-
May 16, 2013	6 Months	25,000	-	-	25,000	24,754	24,728	(26)	4.24	4.26
June 27, 2013	6 Months	50,000	-	50,000	-	-	-	-	-	-
January 24, 2013	6 Months	-	75,000	75,000	-	-	-	-	-	-
July 12, 2013	3 Months	-	76,500	-	76,500	76,464	76,489	25	13.11	13.19
July 12, 2013	3 Months	-	50,000	-	50,000	49,976	49,993	17	8.57	8.62
July 25, 2013	3 Months	-	45,000	-	45,000	44,829	44,818	(11)	7.68	7.73
July 25, 2013	3 Months	-	75,000	-	75,000	74,714	74,697	(17)	12.80	12.88
July 25, 2013	3 Months	-	90,000	-	90,000	89,659	89,637	(22)	15.36	15.46
August 7, 2013	3 Months	-	72,000	-	72,000	71,482	71,464	(18)	12.25	12.33
August 7, 2013	3 Months	-	25,000	-	25,000	24,819	24,814	(5)	4.25	4.28
September 5, 2013	3 Months	-	60,000	-	60,000	59,163	59,140	(23)	10.13	10.20
May 30, 2013	6 Months	-	50,000	-	50,000	49,317	49,284	(33)	8.44	8.50
September 19, 2013	3 Months	-	15,000	-	15,000	14,729	14,732	3	2.52	2.54
Total - Sep. 30, 2013					583,500	579,906	579,796	(110)	- 99.35	100.00
Total - June 30, 2013					426,500	420,914	420,987	73		

	Note	(Unaudited) September 30 2013	(Audited) June 30 2013
		(Rupees in '000)	

6. PRELIMINARY EXPENSES AND FLOATATION COSTS

	Note	September 30 2013	June 30 2013
Preliminary expenses and floatation costs opening balance	6.1	**800**	1,025
Less: amortized during the period		**(57)**	(225)
		743	800

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 2013	June 30 2013
Management fee	7.1	**187**	-
Sales tax and Federal Excise Duty on management fee		**73**	-
Preliminary expenses and floatation cost		**1,025**	1,025
		1,285	1,025

7.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations), the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. However, the Management Company with the prior approval of the Securities and Exchange Commission of Pakistan (SECP) reduced management fee from 1.25% (defined in Offering document) to 0% (Zero) from January 21, 2012 till June 30, 2013.

During the period AKD Investment Management Limited with the prior approval of SECP has decided further to charge Management Fee once the Net Assets of the Fund crosses Rs. 0.5 Billion. Since the Net Assets of the Fund crosses 0.5 Billion mark from August 23, 2013, therefore the Fund has started charging management fee as per following Slab approved by SECP.

Net Assets	Management Fee (Per annum)
Up to Rs. 1 billion	0.40%
Rs. 1 billion to Rs. 1.5 billion	0.50%
Over Rs. 1.5 billion	As per offering document i.e. 1.25%

8. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	September 30 2013	June 30 2013
Auditors' remuneration		**238**	210
Brokerage		**1**	-
Provision for workers' welfare fund	9.1	**787**	570
Other		**148**	136
		1,174	916

8.1 Provision for Worker's Welfare Fund

The Scheme has maintained provisions against Workers Welfare Fund liability to the tune of Rs 0.787 million, if the same were not made, the NAV per unit / return would have been higher by Re 0.07 per unit (0.13%).

9. CONTINGENCIES AND COMMITMENTS

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

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.

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 in issue 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:

12.1 Transactions during the period

	(Unaudited) Quarter ended September 30 2013 (Rupees in '000)	(Unaudited) Quarter ended September 30 2012 (Rupees in '000)
AKD Investment Management Limited - Management Company		
Management fee	**238**	-
Sales tax and Federal Excise Duty on management fee	**82**	-
Purchase of units (2013: 67,703 ; 2012: 37,499)	**3,400**	1,883
Issue of bonus units (2013: 600 ; 2012: Nil)	**30**	-
Redemption of units (2013: Nil ; 2012: 37,499)	**-**	1,887
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee	**193**	46
AKD Investment Management Limited - Staff Provident Fund		
Purchase of units (2013: 71,220 ; 2012: 13,343)	**3,577**	670
Issue of bonus units (2013: 134 ; 2012: 1,319)	**7**	66
Redemption of units (2013: Nil ; 2012: 88,298)	**-**	4,419
Key Management Personnel and others		
Spouse- Chief Executive Officer		
Purchase of Nil units (2012: 9,798)	**-**	492
Issue of bonus Nil units (2012: 66)	**-**	3
Redemption of Nil units (2012: 9,864)	**-**	496
Spouse- Chief Investment Officer / Company Secretary		
Purchase of Nil units (2012: Nil)	**-**	-
Issue of bonus Nil units (2012: 15)	**-**	1
Redemption of Nil units (2012: 1,496)	**-**	75
Unit holders holding 10% or more of the units in issue		
Attock Cement Pakistan Limited		
Purchase of units (2013: 1,393,372 ; 2012: Nil)	**70,000**	-
Issue of bonus units (2013: 25,158 ; 2012: Nil)	**1,258**	-
Cyan Limited		
Purchase of units (2013: 499,457 ; 2012: Nil)	**25,000**	-
Issue of bonus units (2013: 15,128 ; 2012: Nil)	**756**	-

	(Unaudited) September 30 2013	(Audited) June 30 2013
	(Rupees in '000)	
12.2 Amounts outstanding as at period end		
AKD Investment Management Limited - Management Company		
Management fee payable	**187**	-
Sales tax and Federal Excise Duty on management fee	**73**	-
Preliminary expenses and floatation costs	**1,025**	1,025
Units held (September 30, 2013 : 68,303 ; June 30, 2013 : Nil)	**3,437**	-
AKD Investment Management Limited - Staff Provident Fund		
Units held (September 30, 2013 : 71,354 ; June 30, 2013 : Nil)	**3,590**	-
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	**70**	52
AKD Aggressive Income Fund		
Payable against conversion of units	**-**	25,790
Unit holders holding 10% or more of the units in issue		
Attock Cement Pakistan Limited		
Units held (Sep. 30, 2013 : 2,021,319 ; June 30, 2013: 602,789)	**101,708**	30,367
Cyan Limited		
Units held (Sep. 30, 2013 : 1,222,290 ; June 30, 2013: 707,705)	**61,503**	35,653

13. DATE OF AUTHORIZATION FOR ISSUE

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

Aurangzeb Ali Naqvi
Director

AKD Investment
Management Ltd.

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