Funds Managed by:

AKD Investment Management Ltd.

1st Quarter Report
September 30, 2017
(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

***Director & Chief Executive Officer**
Mr. Imran Motiwala

Directors
Ms. Anum Dhedhi
Mr. Ali Wahab Siddiqui
Mr. Hasan Ahmed
Mr. Saim Mustafa Zuberi
Ms. Aysha Ahmed

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 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 (Chairman)
Mr. Imran Motiwala (Member)
Mr. Saim Mustafa Zuberi (Member)

RATING

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

*Election of Directors was held on October 10, 2017.
Approval is 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 (AKDIML), the Management Company of AKD Opportunity Fund (AKDOF), AKD Index Tracker Fund (AKDITF), AKD Cash Fund (AKDCF) and AKD Aggressive Income Fund (AKDAIF) is pleased to present interim report along with the Funds' accounts for the 1st quarter ended September 30, 2017.

FUNDS' FINANCIAL PERFORMANCE

AKD Opportunity Fund (AKDOF)

For the 1QFY18, the return of AKD Opportunity Fund stood at -4.22% compared to the benchmark KSE-100 Index return of -8.93%, thus outperforming the benchmark by 4.71%.

AKD Index Tracker Fund (AKDITF)

For the 1QFY18, the return of AKD Index Tracker Fund stood at -9.19% compared to the benchmark KSE-100 Index return of -8.93%.

AKD Cash Fund (AKDCF)

For the 1QFY18, the annualized return of AKD Cash Fund stood at 4.70% compared to benchmark return of 5.18%.

AKD Aggressive Income Fund (AKDAIF)

For the 1QFY18, the annualized return of AKD Aggressive Income Fund stood at 1.73% compared to the benchmark return of 6.46%.

MACRO PERSPECTIVE

After achieving growth rate of 5.3% in FY17, Gross Domestic Product (GDP) continued its growth trajectory in 1QFY18 on the back of healthy private sector credit growth (+21% YoY in August'17), impressive LSM numbers (+13% growth in July'17) and decelerating inflation (average 3.3% in 1QFY18).

On the fiscal front, there have been encouraging developments. The budget deficit has come down to 0.9% of GDP in 1QFY18 whereas it was 1.3% in the same period last year. This is due to better tax collection and controlled spending by the Government. As per Ministry of Finance, tax collection in 1QFY18 is 20% higher YoY due to aggressive efforts of FBR and reduction of 2% YoY in fiscal expenditures.

The challenges on the external front have increased to alarming levels in the 1QFY18. The Current Account Deficit (CAD) reached USD 2.6 billion (4.6% of GDP) in 2MFY18 as opposed to USD 1.2 billion (2.5% of GDP) in the corresponding period last year. The primary reasons include: worsening trade deficit (+38% YoY), and falling remittances (-20% MoM to USD 4.8 billion, +2% YoY due to Eid). Consequently, foreign reserves have fallen to USD 19.7 billion (-16% YoY) by end of 1QFY18. Foreign Direct Investment (FDI) provided support to CAD, reaching USD 456 million in 2MFY18. Despite this, the external financing needs stand at USD 18 billion for FY18 including IMF loan repayments beginning by next year. The Government plans to use Sukuk bonds and commercial/multilateral foreign loans. The PKR-USD parity has remained within 104-105, but going forward we see mounting pressures on currency if CAD woes persist.

Average CPI clocked in at 3.4% in 1QFY18 as compared to 3.9% in the same period last year. The stable oil prices, influx of commodities and smooth agricultural supply have kept the inflation within target. Therefore, State Bank of Pakistan maintained the policy rate at 5.75% in 1QFY18. Going forward, we expect average CPI to remain within target of 5% and 6% and hence no major change in monetary policy in FY18.

Large scale manufacturing has exhibited impressive performance, growing by 13% YoY in July'17. The growth is largely attributed to healthy performance of automobiles, steel, food, beverages & tobacco, engineering and non-metallic products. This performance is expected to continue in upcoming quarters of FY18, due to improved security conditions, better energy supplies, CPEC driven activity and low cost of borrowing. Similarly, the agricultural sector has been resilient and we expect it to pose growth in FY18 with healthy initial crop estimates.

Overall, we believe that economic outlook for FY18 remains uncertain. Real growth is expected to maintain its momentum as CPEC activities gear up and average inflation to remain within its target due to improved supplies and subdued oil prices. However, current account deficit remains a serious concern and needs urgent remedial measures to boost foreign inflow and control unnecessary imports. Key risks can stem from any increase in international oil prices and unexpected currency depreciation in future. Moreover, fiscal deficit is expected to exceed its target as political parties continue their bid to finish development projects in election year. Rising political turmoil as elections draw nearer will also be a matter of concern in our view.

EQUITY MARKET REVIEW

During the quarter under review KSE 100 index declined by 8.9%, comparatively MSCI Emerging Markets Index rose by 7.89% in the same period. The decline can be mainly attributed to faltering investor confidence stemming from political noise and economic situation.

Geopolitical scenario also contributed to the downturn, as United States unveiled its new militarized Afghanistan Policy insisting that Pakistan must "do more" to rein in Islamist militants.

Sector specific events also played a significant part in steering the direction of the equity markets; Cement sector underperformed after price decreases in the north, raising doubts over the sustainability of industry's pricing power and price setting mechanism.

In the banking sector, company specific one-off events (i.e. Disciplinary action against HBL's US branch and NBP vs Pensioners court case) deteriorated investors' confidence in the sector. While Fertilizer sector saw a rebound after international Urea prices rose on the back rising coal prices led by high energy demand going in to the winter season and cut down in Chinese coal production.

Oil Production Sector remained resilient to the downward trend, mainly due to stability in international crude prices and in-built currency hedge provided by the sector. Oil marketing sector also performed better than the broader index on the back of encouraging volumetric growth.

MONEY MARKET REVIEW

During 1QFY18, The State Bank of Pakistan (SBP) carried out 7 T-bills auctions where the government managed to raise PKR 4.32 trillion. During this period, weighted average yield on 3, 6, and 12 months T-bills were at 5.99%, 6.01% and 6.03% respectively down from 5.84%, 5.88% and 5.90% during the corresponding period last year.

SBP also accepted 1 auctions of PIB's managed to raise PKR 52.40 billion during 1QFY18. The PIB auctions started upward trend where weighted average maturities yield on 3, 5 and 10 years PIB increased to 6.40%, 6.89% and 7.93% respectively from 6.17%, 6.67% and 7.75% in the corresponding period last year.

The Government announced Monetary Policy Statement on September 29, 2017, where the committee decided to keep the policy rate unchanged at 5.75%. State Bank of Pakistan conducted 20 open market operations (OMOs) of different maturities and injected average amount of PKR 973 billion per OMOs at an average cut off yield of 5.77%.

FUTURE OUTLOOK

Going forward we believe that the current downtrend has opened up attractive valuations. Despite decade low interest rates, the debt level in the corporate sector is still very low. A cash rich corporate sector with healthy profits, operating in an economy with a domestic market of 207 million consumers, trading at a Price-to-earnings (PE) and Dividend Yield (DY) of 9x and 6.33% (compared to Emerging Market PE and DY of 13x and 2.4% respectively), offers a great investment opportunity.

For and on behalf of the Board

Imran Motiwala
Chief Executive Officer

Karachi: October 28, 2017

AKD Cash Fund
Financial Statements - First Quarter FY18

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
United Bank Limited

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

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

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

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.

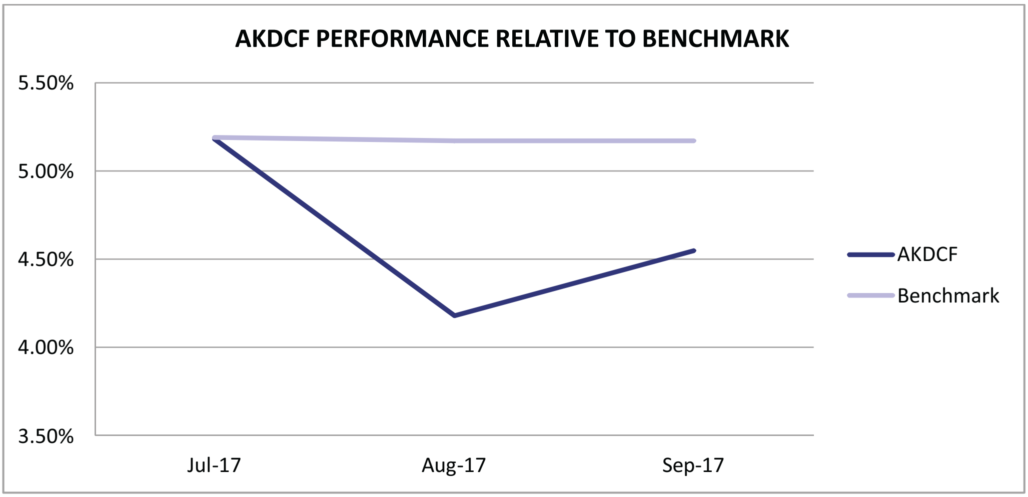
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

For the 1QFY18, the annualized return of AKD Cash Fund stood at 4.70% compared to benchmark return of 5.18%.

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

70% three (3) months PKRV rate + 30% three (3) months average deposit rate of three (3) AA rated scheduled Banks as selected by MUFAP.

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



Monthly yield (annualized)	Jul-17	Aug-17	Sep-17
AKDCF	5.18%	4.18%	4.55%
Benchmark	5.19%	5.17%	5.17%

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-17	30-Jun-17
Cash and Cash Equivalents	99.74 %	99.65%
Other Assets Including Receivables	0.26%	0.35%

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

1QFY18 (annualized)	4.70%
Benchmark (annualized)	5.18%

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

Net Assets Value			NAV Per Unit	
30-Sep-17	30-Jun-17	Change in Net Assets	30-Sep-17	30-Jun-17
(Rupees in 000)			(Rupees)	
100,771	165,793	-39.22%	50.8343	50.2391

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:

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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	40
10,000 - 49,999	17
50,000 - 99,999	9
100,000 - 499,999	2
500,000 and above	1
	69

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, 2017

	Note	(Unaudited) September 30, 2017	(Audited) June 30, 2017
		(Rupees in '000)	
ASSETS			
Bank balances	4	**3,817**	72,748
Investments	5	**98,182**	104,718
Profit receivable on bank deposits		**49**	436
Advance Tax and Prepayments		**212**	190
Total assets		**102,260**	178,092
LIABILITIES			
Payable to AKD Investment Management Limited - Management Company	6	**729**	1,020
Payable to Central Depository Company of Pakistan Limited - Trustee		**15**	80
Payable to Securities and Exchange Commission of Pakistan		**22**	113
Payable on redemption of units		**-**	9,755
Accrued expenses and other liabilities	7	**723**	1,331
Total liabilities		**1,489**	12,299
NET ASSETS		**100,771**	165,793
UNIT HOLDERS' FUND (as per statement attached)		**100,771**	165,793
CONTINGENCIES AND COMMITMENTS	8		
		(Number of units)	
Number of units in issue		**1,982,342**	3,300,077
		(Rupees)	
Net asset value per unit		**50.8343**	50.2391

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Anum Dhedhi
Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

	Note	Quarter ended September 30, 2017 (Rupees in '000)	Quarter ended September 30, 2016 (Rupees in '000)
INCOME			
Income / profit on :			
- government securities		**1,652**	2,069
- bank deposits		**188**	79
Capital loss on sale of investment		**(2)**	(1)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	3.	**-**	(300)
Unrealized appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		**1**	(7)
Total income		**1,839**	1,840
EXPENSES			
Remuneration of AKD Investment Management Limited - Management Company		**121**	143
Remuneration of Central Depository Company of Pakistan Limited - Trustee		**45**	54
Annual fee - Securities and Exchange Commission of Pakistan		**23**	27
Auditors' remuneration		**61**	59
Securities transaction cost		**3**	1
Bank charges		**13**	9
Amortization of preliminary expenses and floatation costs		**-**	56
Fees and subscription		**7**	13
Legal and professional		**35**	45
Printing and related costs		**49**	42
Sales tax and Federal Excise Duty on management fee		**16**	19
Sales tax on Trustee fee		**6**	7
Allocated Expenses by the Management Company		**30**	36
Provision for Sindh Workers Welfare Fund	7.1	**29**	-
Total expenses		**438**	511
Net income for the period before taxation		**1,401**	1,329
Taxation	9.	**-**	-
Net income for the period after taxation		**1,401**	1,329
Allocation of Net Income for the period:			
Income already paid on units redeemed		**656**	
Accounting income available for distribution:			
- Relating to capital gains	**1**		
- Excluding capital gains	**744**	**745**	

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Anum Dhedhi
Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

	Quarter ended September 30, 2017 (Rupees in '000)	Quarter ended September 30, 2016 (Rupees in '000)
Net income for the period after taxation	**1,401**	1,329
Other comprehensive income for the period	-	-
Total comprehensive income for the period	**1,401**	**1,329**

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Anum Dhedhi
Director

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

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

		Quarter ended September 30, 2017			Quarter ended September 30, 2016		
		Capital Value	**Undistributed Income**	**Net Assets**	Capital Value	Undistributed Income	Net Assets
	Note	**----------- (Rupees in '000) -----------**			----------------- (Rupees in '000) -----------------		
Net assets at beginning of the period [Rs. (2016: Rs. 50.1283) per unit] (Includes unrealised loss on investment of Rs. 0.005 million) (2016: unrealised gain on investments of Rs. 0.005 million)		**164,467**	**1,326**	**165,793**	261,687	960	262,647
Amount received on issue of 3,386,535 (2016: 203,729) units		**171,018**	**-**	**171,018**	10,238	-	10,238
Amount paid on redemption of 4,704,270 (2016: 3,193,440) units		**(236,785)**	**-**	**(236,785)**	(160,407)	-	(160,407)
		(65,767)	**-**	**(65,767)**	(150,169)	-	(150,169)
Element of income and capital gains included in prices of units sold less those in units redeemed - net	3.	**-**	**-**	**-**	300	-	300
Accounting income available for distribution:							
- Relating to capital gains		**-**	**1**	**1**	-	-	-
- Excluding capital gains		**-**	**744**	**744**	-	1,329	1,329
		-	**745**	**745**	-	1,329	1,329
Net assets at the end of the period [Rs. (2016: Rs. 50.7188) per unit] (Includes unrealised gain on investment of Rs. 0.001 million) (2016: unrealised loss on investments of Rs. 0.007 million)		**98,700**	**2,071**	**100,771**	111,818	2,289	114,107

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Anum Dhedhi
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

	Note	Quarter ended September 30, 2017 (Rupees in '000)	Quarter ended September 30, 2016 (Rupees in '000)
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the period before taxation		**1,401**	1,329
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		**(1)**	7
Capital loss on sale of investments		**2**	1
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed		**-**	300
Amortization of preliminary expenses and floatation costs		**-**	56
Remuneration of AKD Investment Management Limited - Management Company		**121**	143
Remuneration of Central Depository Company of Pakistan Limited - Trustee		**45**	54
		1,568	1,890
(Increase) / decrease in assets			
Investments		**(1)**	138,235
Profit receivable on bank deposits		**387**	215
Advance Tax and Prepayments		**(22)**	(336)
Receivable on conversion of units		**-**	98
		364	138,212
Increase / (decrease) in liabilities			
Payable to AKD Investment Management Limited - Management Company		**(212)**	105
Payable to Central Depository Company of Pakistan Limited - Trustee		**(7)**	(2)
Payable to Securities and Exchange Commission of Pakistan		**(91)**	(122)
Payable on redemption of units		**(9,755)**	(33,396)
Accrued expenses and other liabilities		**(608)**	(213)
		(10,673)	(33,628)
Remuneration paid to AKD Investment Management Limited - Management Company		**(200)**	(177)
Remuneration paid to Central Depository Company of Pakistan Limited - Trustee		**(103)**	(66)
Net cash flows from operating activities		**(9,044)**	106,231
CASH FLOW FROM FINANCING ACTIVITIES			
Payments against issuance / redemptions of units - net		**(66,423)**	(150,169)
Net cash flows from financing activities		**(66,423)**	(150,169)
Net decrease in cash and cash equivalents during the period		**(75,467)**	(43,938)
Cash and cash equivalents at beginning of the period		**177,466**	160,219
Cash and cash equivalents at end of the period	4.2	**101,999**	116,281

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Anum Dhedhi
Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

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, 2017. PACRA has also assigned fund stability rating of "AA+(f) to the fund dated July 12, 2017.

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, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case the requirements differ, the requirements of the Rules, the Regulations and the directives issued by the SECP shall prevail. These Condensed Interim financial statements are unaudited.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements of the Fund for the year ended June 30, 2017 except for change in accounting policy for recognition of Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed (Element of Income).

In view of the amendments made in the NBFC Regulations vide SRO 756(I)/2017 the accounting policy for the recognition of Element of Income has been changed from July 1, 2017 with prospective effect. Previously the Element of Income was recognized in the income statement to the extent that it is represented by income earned during the year and unrealized appreciation / (diminution) arising during the year on 'available for sale' securities was included in the Distribution Statement. However, due to said changes in the NBFC Regulations, Element of Income is a transaction of capital nature and the receipt and payment of element of income will now be recognized directly in to the Unit Holders' Fund.

The preparation of the condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision. In preparing the condensed interim financial information, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2017. The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2017.

		Note	(Unaudited) September 30, 2017	(Audited) June 30, 2017
			(Rupees in '000)	
4.	**BANK BALANCES**			
	In savings accounts	4.1	**3,807**	72,738
	In current accounts		**10**	10
			3,817	72,748

4.1 These carry markup rates ranging from 3.75% to 4.75% (June 30, 2017: 3.75% to 4.75%)

		Note	(Unaudited) September 30, 2017	(Audited) June 30, 2017
4.2	**CASH AND CASH EQUIVALENTS**			
	Bank balances	4	**3,817**	72,748
	Market Treasury Bills having original maturity of upto three months	5	**98,182**	104,718
			101,999	177,466
5.	**INVESTMENTS**			
	Financial assets at fair value through profit or loss - held for trading			
	- Government securities	5.1	**98,182**	104,718

5.1 Government securities

Market Treasury Bills

Tenor	Face Value				Balance at Sep. 30, 2017			Market value as a percentage of net assets	Market value as a percentage of investments
	Balance as at July 1, 2017	Purchase during the period	Sales / matured during the period	As at Sep. 30, 2017	Carrying value	Market value	Appreciation / (Diminution)		
	-- Rupees in '000 --								
12 months	-	-	-	-	-	-	-	-	-
6 months	-	50,000	50,000	-	-	-	-	-	-
3 months	105,500	168,360	174,900	98,960	98,181	98,182	1	97.43	100.00
Total - Sep. 30, 2017	105,500	218,360	224,900	98,960	98,181	98,182	1	97.43	100.00
Total - June 30, 2017				105,500	104,723	104,718	(5)		

6. PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMANT COMPANY	Note	(Unaudited) September 30, 2017	(Audited) June 30, 2017
		(Rupees in '000)	
Management fee	6.1	**36**	115
Federal excise duty on management fee	6.2	**669**	669
Sindh sales tax on management fee	6.3	**5**	15
Allocated expenses by the Management Company payable	6.4	**19**	96
Preliminary expenses and floatation costs		**-**	125
		729	1,020

6.1 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.

6.2 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 an asset management services rendered by the Management Company 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 04, 2013, a constitutional petition was filed in Sindh High Court (SHC) jointly by various asset management companies, together with Collective Investment Schemes through their trustees, challenging the levy of FED.

The SHC vide its Order dated June 30, 2016 has disposed of the petition by referring its judgment dated June 02, 2016 whereby it rendered the FED on certain services to be 'Ultra Vires' in the presence of Sindh Sales Tax Act 2011. However, the Federal Board of Revenue (FBR) has filed an appeal in the Supreme Court of Pakistan against this judgment of the SHC.

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

In view of the above mentioned facts and the pending decision by the Supreme Court of Pakistan, the Management Company has not made any further provision for FED in the books of accounts of the Fund with effect from July 1, 2016 and decided to retain the provision for FED already made in the books of account of the Fund. Had this provision not been made, the NAV of the Fund would have been higher by Re. 0.34 per unit.

6.3 The Provincial Government of Sindh has levied Sindh Sales Tax at the rate of 13% (June 30, 2017: 13%) on the fee of Management Company through the Sindh Sales Tax on Services Act, 2011.

6.4 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.

7. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	(Unaudited) September 30, 2017	(Audited) June 30, 2017
		(Rupees in '000)	
Auditors' remuneration		**239**	178
Provision for Sindh Workers' Welfare Fund	7.1	**270**	242
Other		**214**	911
		723	1,331

7.1 Provision for Sindh Workers' Welfare Fund

The Sindh Revenue Board (SRB) had asked to mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. MUFAP reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are neither financial institutions as required by SWWF Act, 2014, nor establishments but only pass through vehicles and hence, do not have any worker and no SWWF is payable by them. This fact has been communicated to SRB who have responded on November 11, 2016 that as mutual funds are included in definition of financial institutions in The Financial Institutions (Recovery of Finance) Ordinance, 2001, SWWF is payable by them. MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from SWWF.

MUFAP has also obtained a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e. May 21, 2015. Accordingly, on January 12, 2017, MUFAP decided to provide for SWWF with effect from May 21, 2015, while the efforts to exclude mutual funds from SWWF continue. The aggregated provision as at September 30, 2017 is Rs. 0.270 million. Had this provision not been made, the NAV of the Fund would have been higher by Re. 0.14 per unit as at September 30, 2017.

The SECP has also concurred with the directions issued by MUFAP through its letter no. SCD/AMCW/MUFAP/2017 - 405 dated February 01, 2017.

8. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at September 30, 2017 and June 30, 2017.

9. TAXATION

The Fund's income is exempt from Income Tax as per clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realized or unrealized is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113(minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance,2001. Since the Management Company intends to distribute the income earned by the Fund during the year to the unit holders in the manner as explained above, no provision for taxation has been made in these condensed interim financial statements.

10. EXPENSE RATIO

The expense ratio of the Fund from July 01, 2017 to September 30, 2017 is 0.37%, the total expense ratio includes 0.06% representing government levy and SECP fee.

11. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons as at September 30, 2017 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:

11.1 Transactions during the period	(Unaudited) Quarter ended September 30, 2017	(Unaudited) Quarter ended September 30, 2016
	(Rupees in '000)	
AKD Investment Management Limited - Management Company		
Management fee	**121**	143
Sales tax on management fee	**16**	19
Allocated Expenses by the Management Company	**29**	36
Purchase of units 39,585 (2016: Nil)	**1,998**	-
Redemption of units 211,162 (2016: Nil)	**10,633**	-
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee	**45**	54
Sales tax on Trustee fee	**6**	7
AKD Investment Management Limited - Staff Provident Fund		
Purchase of units 190,627 (2016: Nil)	**9,623**	-
Redemption of units 190,627 (2016: Nil)	**9,642**	-
KAPCO Employees Provident Fund Trust **		
Purchase of units 494,196 (2016: Nil)	**25,000**	-

** Current period connected party, prior period figures not shown

11.2 Amounts outstanding as at the period / year end	(Unaudited) September 30, 2017	(Audited) June 30, 2017
	(Rupees in '000)	
AKD Investment Management Limited - Management Company		
Management fee payable	**36**	115
Federal excise duty payable on management fee	**669**	669
Sales tax payable on management fee	**5**	15
Allocated expenses by the Management Company payable	**19**	96
Preliminary expenses and floatation costs	**-**	125
Outstanding units 7,061 (June 30, 2017: 178,638)	**359**	8,975
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	**13**	71
Sindh sales tax payable on trustee fee	**2**	9
AKD Index Tracker Fund		
Payable on Conversion of units	**-**	4,830
AKD Opportunity Fund		
Payable on Conversion of units	**-**	4,925
Unit holders holding 10% or more of the units in issue		
KAPCO Employees Provident Fund Trust **		
Units held 595,405 (June 30, 2017: Nil)	**30,260**	-
Amna Hafeez ***		
Units held Nil (June 30, 2017: 474,588)	**-**	23,843

** Current period connected party, prior period figures not shown

*** Prior period connected party, current period figures not shown

12. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). Adoption of IFRS 13, has no affect on the financial statements.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyse financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	----------------- As at September 30, 2017 -----------------			
	Level 1	**Level 2**	**Level 3**	**Total**
ASSETS	------------------- (Rupees in '000) -------------------			
Investment in securities -				
at fair value through profit or loss	**-**	**98,182**	**-**	**98,182**
	-	**98,182**	**-**	**98,182**

	----------------- As at June 30, 2017 -----------------			
	Level 1	Level 2	Level 3	Total
ASSETS	------------------- (Rupees in '000) -------------------			
Investment in securities -				
at fair value through profit or loss	-	104,718	-	104,718
	-	104,718	-	104,718

13. CORRESPONDING FIGURES

Corresponding figures have been re-classified, re-arranged or additionally incorporated in these condensed interim financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current period. No significant rearrangements or reclassifications were made in these condensed interim financial statements.

14. GENERAL

Figures have been rounded off to the nearest thousand rupees.

15. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on October 28, 2017 by the Board of Directors of the Management Company.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Anum Dhedhi
Director