Funds Managed by:

AKD Investment Management Ltd.

1st Quarter Report
September 30, 2014
(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. M. Ramzan Sheikh*
Mr. Hasan Ahmed*
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 OF THE MANAGEMENT COMPANY

Mr. Abdul Qadir Sultan

HEAD OF COMPLIANCE OF THE MANAGEMENT COMPANY

Mr. Rashid Ahmed

AUDIT COMMITTEE

Mr. M. Ramzan Sheikh (Chairman)
Mr. Hasan Ahmed (Member)
Mr. Ali Wahab Siddiqui (Member)
Mr. Abdul Qadir Sultan (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)
PACRA: AM3 (AM Three)

*Election of Directors took place on October 11, 2014 and the 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 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 its report along with the financial statements for the quarter ended September 30, 2014.

Funds' Financial Performance

AKD Opportunity Fund (AKDOF)

For the quarter ended September 30, 2014, AKDOF posted a return of 1.36% vs. the KSE-100 Index return of 0.25%, an outperformance of 1.11% against its benchmark.

AKD Index Tracker Fund (AKDITF)

For the quarter ended September 30, 2014, AKDITF posted a return of -0.19% vs. KSE-100 Index of 0.25%.

AKD Cash Fund (AKDCF)

For the quarter ended September 30, 2014, AKDCF posted an annualised return of 8.85% vs. benchmark annualised return of 8.79%, outperforming the benchmark by 0.06%.

AKD Aggressive Income Fund (AKDAIF)

For the quarter ended September 30, 2014, AKDAIF posted an annualised return of 1.11% vs. benchmark annualised return of 10.48%, underperforming the benchmark by 9.37%.

Economic Overview

1QFY15 got off to a bumpy start buffeted with political challenges derailing the economic recovery. Flash floods in Punjab, though less severe than 2010 floods, proved to be the final blow to an already perilous situation thus raising alarms over the Government's ability to meet its economic targets. Improving foreign reserves was one of the key developments last year, however, with the IMF Extended Fund Facility tranches in doldrums, foreign reserves have come off by 6.5% from FY14 end to US $13.21 billion (import cover ~ 3.5 months) at the current Quarter end. Some respite to the foreign reserves can come in the form of expected two tranches by IMF in December'14, SPO of OGDCL and Sukuk offering.

On the external account front, brunt of the on-going political impasse can be felt. Trade deficit has shown an adverse trend in the Quarter, with YoY increase of 36%, primarily led by 5% decline in exports despite attaining GSP plus status and an uptick of 12% in imports.With expectations of softer commodity prices particularly Crude oil (Arab Light as on 15 October'14 was trading at ~$88/bbl down by 20% from $110.7/bbl as of 30th Jun'14), pressure on import bill is expected to relinquish thus improving trade deficit.

CPI inflation during the month remained muted with 1QFY15 CPI inflation clocking in at 7.52%, as compared to 8.62% last year. Lower inflation registered in the month of August'14 of 7% kept the overall inflation numbers subdued, however, inflation picked up again in September'14 on the back of pre-Eid perishable items price increase and flood impact. Keeping in view the expected blow up in inflation following floods, delay in OGDCL issue and IMF tranche, SBP decided to maintain the discount rate at 10%. Going forward, inflation may pick up pace in October due to an uptick in food inflation, rental expenses and increase in power tariff. SBP is expected to maintain status quo in the upcoming monetary policy statement.

Economic recovery is dependent upon growth in the manufacturing sector. In this regard, credit off take to private sector increased by 11% YoY in FY14, however, the momentum could not be carried over to the next year as total credit to private sector at August'14 end stood at PKR 3.28

trillion, FYTD decline of 0.91%. Pakistan economy has been marred by chronic power deficit and sustained development for a considerable time now is contingent on the Government to resolve the energy crisis.

Equity Market

The KSE-100 Index recorded a return of 0.25% in 1QFY15, despite posting a 5.8% decline during the month of August'14. Investors faced uncertainty as the opposition parties prepared to march in the Capital declaring to topple the government. Overtime, the sit-ins in the Capital lost excitement and investor's regained confidence, the KSE-100 Index rose 4.1% in September'14, recovering from the slide witnessed in the preceding month.

Foreigners and local mutual funds continued to support the market since Moody's upgraded its outlook for Pakistan from negative to stable while keeping its ratings unchanged, followed by another upgrade in the outlook on the Big-5 commercial banks. The market reacted positively to these developments and the KSE-100 Index surged and crossed the 30,000 mark, reaching an all time high of 30,474 points.

With high political instability, the SBP kept the discount rate unchanged due to decreasing foreign exchange reserves and upside risk to inflation following the recent floods. Activity in the bourses remained subdued with low volumes and turnover in 1QFY15 due to Eid-ul-Azha and Eid-ul-Fitr along with shorter trading hours that prevailed during the month of Ramadan. Thus, average daily volume fell 39% QoQ to 132.94 million shares while average daily turnover declined by 28% QoQ to PKR 6.93 billion.

Two new scrips "Engro Powergen Qadirpur" and "Saif Power" were brought to the market during the period and were well received by investors. Furthermore, M&A activity was also witnessed in the cement sector as Bestway Cement completed its acquisition (75.9% stake) in Lafarge Cement, making it the largest cement manufacturer in Pakistan. More offerings are to follow in FY15 with transactions for OGDCL, HBL and ABL expected to materialize.

In terms of sector wise performance, the Automobile industry led the market with 31% QoQ returns, driven by high earnings growth expected in FY15. High corporate profitability also led to growth in Pharma sector with 17% QoQ returns. Weak oil prices and concerns regarding the pending privatization transaction of OGDCL resulted in the Oil and Gas sector underperforming the market.

Money Market Review

1QFY15 got off to a bumpy start buffeted with political challenges derailing the economic recovery. Flash floods in Punjab, though less severe than 2010 floods, proved to be the final blow to an already perilous situation thus raising alarms over the Governments' ability to meet its economic targets. Improving foreign reserves was one of the key developments last year, however, with the IMF Extended Fund Facility tranches in doldrums, foreign reserves have come off by 6.5% from FY14 to US $13.21 billion (import cover ~ 3.5 months) at the current Quarter end.

Following on the actual number of 8.6% percent in FY14, the average CPI inflation during Jul-Aug 2014 is recorded at 7.4 percent. This declining trend is broad based since both measures of core inflation, Non-Food Non-Energy (NFNE) and trimmed mean, also decelerated YoY to 7.8 percent and 7.14 percent in August 2014 as compared to 8.7 percent and 7.9 percent in June 2014, respectively.

SBP issued T-Bills and PIB's of different maturities, in total eight T-Bills and one PIB's auction were conducted in these three months. Government managed to realize PKR 640.55 billion through T-Bills and PKR 313.58 billion through PIB's. Currently T-Bills rates for different papers are as follows 3-month 9.9564% and 6-month 9.9791%.

Future Outlook

The South-Asian region has been an attractive investment destination for foreign asset managers looking to maximize their portfolio returns, and Pakistan has been one of the key reasons underlying the region's attractiveness. The current year started off with a healthy note as KSE reached its all-time high of 30,474.75 points on 24th July '14. However ever-since the anti-government movement picked up pace earlier this quarter, multiple incidents have shed light on the Government's inability to manage criticism in a temperate manner.

Tremors of global economic slowdown were also felt as international oil prices touched the $80 mark in intraday trading, only to retreat and settle around the $83 average. Alongside cutting down on its quantitative easing program, the United States is also expected to raise its policy rate for first time since 2008 as the economy embraces itself for a historic revival after it got hit by the worst financial meltdown in recent years. With the USD all set to book gains going forward, the future of gold seems to be a question of concern as investors replace their gold holding with dollars. Not very surprisingly, the metal witnessed its four year low during the current quarter.

The IMF forecast sees Pakistan's GDP growing at 4.3% in FY15, well below the government forecast of 5.1%, with the decline primarily being attributed to floods that hit the agro-based economy, but above our in-house expectation of 4.2%. Net equity foreign portfolio investment for the quarter in concern stood at $178.5mn as compared to $38.7mn in the same period last year, representing the confidence of foreign investors in Pakistan's bourses despite the political crisis.

We believe the future performance of our market is dependent on various factors including the future of IMF tranches (which are currently delayed by government's failure to comply with the terms of the supranational body), the outcome of ongoing privatization activity and the international commodity prices as the country relies heavily on energy based commodity imports.

For and on behalf of the Board

Imran Motiwala
Chief Executive Officer

Karachi: October 29, 2014

AKD Cash Fund
Financial Statements - First Quarter FY15

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
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 1QFY15, the annualised return of AKD Cash Fund stood at 8.85% versus the benchmark of 8.79% (annualised), thus outperforming the benchmark by 0.06%.

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)	Jul-14	Aug-14	Sep-14
AKD Cash Fund	8.72%	8.97%	8.67%
Benchmark	8.77%	8.78%	8.79%

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-Sept-2014	30-June-2014
Cash and Cash Equivalents	99.86%	90.50%
Treasury Bills exceeding 90 days maturity	-	9.35%
Other assets including receivables	0.14%	0.15%

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

1QFY15 Return (annualised)	8.85%
Benchmark (annualised)	8.79%

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

Net Asset Value		NAV per Unit		
30-Sept-2014	30-June-2014	Change	30-Sept-2014	30-June-2014
(Rupees in '000)			(Rupees)	
461,129	511,036	-9.77%	51.1838	50.0667

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

Political turmoil during the 1QFY15 put a damper on the Government's ability to meet its macroeconomic objectives. From the start of the Quarter, Government's political ability was put to test with the political impasse putting the IMF tranche in jeopardy, and the floods in Punjab coming in as a final blow. However despite such dire circumstances, the Government stayed firm on its commitment to economic reform. Foreign reserves came off by 6.5% FYTD in the backdrop of downward pressure on reserves due to stalled IMF tranche with the USD-PKR parity clocking in at PKR 102.74, FYTD decline of 4%. Foreign reserves received a boost from remittances recording a growth of 20% YoY from the two Eid seasons falling in the first Quarter.

With exports being adversely affected by the continued political chaos in the country, external account was in for a beating in 1QFY15. Current account deficit was recorded at US $1.33 billion, an uptick of 5% from preceding year quarter. This was on account of sharp deterioration in trade balance, with trade deficit for the Quarter surging by 36% YoY to US $5.9 billion, led by 12% increase in imports and a 5% decline in exports. Looking ahead, with oil imports constituting 33% of the total import bill, softer oil prices will ease trade deficit.

CPI inflation for the 1QFY15 remained muted at 7.52%, compared to 8.62% in the previous year, with the high base dragging the inflation downward. After recording a 15 month low inflation of 7% in August'14, with hike in food prices in the run up to Eid and railways fares uptick September'14 inflation witnessed a marginal increase of 0.35%, clocking in at 7.68%. CPI inflation for FY15 was set at 8% by SBP, however, with the oil prices coming off in the global market, low growth in M2 (decline of 2%); this target seems to be on the higher scale. While acknowledging improvement in broad economic measures, SBP prudently kept the discount rate unchanged at 10% voicing apprehensions regarding potential fallout of floods, dwindling FDI and constrained LSM growth (3.19%) due to power outages which continue to plague the manufacturing sector.

Manufacturing sector provides the much needed impetus for economic reforms to take momentum in a developing country. However, 1QFY15 saw Private sector credit off take contracting by 0.94% FYTD, illustrating diminishing investors' confidence. On the flip side, foreign investors continue to be lured by the allure of high returns in Pakistan market, with foreign capital flows of US $157 million in the ongoing fiscal year. Looking ahead, 2QFY15 is of immense significance to Pakistan economy with the resolution of OGDC and power tariff increase deciding the fate of two tranches of IMF review in December'15.

Money Market Review

In 1QFY15 political and economic challenges began to derail the growth recovery counter effective to the efforts of Government. Recent floods in Punjab, though less severe than 2010 floods, proved to be the final blow to an already perilous situation thus raising alarms over the Governments' ability to meet its economic targets. Declining private capital inflows, foreign direct investments in particular, would present continued challenge in managing balance of payments position. In this regard, realization of expected privatization receipts and issuance of dollar-denominated Eurobond/Sukuks would be important.

CPI inflation in this quarter fell to 7.52 percent from 8.6 percent in FY14. Similar trend was seen in core inflation figures of Food Non-Energy (NFNE) and trimmed mean decelerated YoY to 7.8 percent and 7.14 percent from 8.7 percent and 7.9 percent in June 2014.

During these three months SBP conducted eight T-Bills and one PIB auction realizing PKR 640.55 billion in T-Bills and PKR 313.58 billion PIB auction. In this quarter yield rates for 3-month and 6-month stood at 9.9564% and 9.9791% respectively.

Future Outlook

Even though the flash flood of Punjab caused substantial damage to the agro-based economy, the IMF forecasts Pakistan's GDP to clock in at 4.3%, well below the Government's estimates of 5.1% but fairly above our house estimate of 4.2%. However, the resolution of war against terrorism in North, the future of IMF tranches and the prices of commodities imported into Pakistan would play an essential role in the performance of the Pakistani markets going forward.

On the monetary front inflation is likely to pick in FY14 as the government initiates flood reconstruction efforts. The current outlook of around 8% average CPI inflation for FY15 might be adversely affected if the current subsidy to the power sector is withdrawn and Gas Infrastructure Development Cess (GIDC) is levied on industrial consumers.

With the rupee dollar parity expected to reach PKR 105 by the end of FY15, Pakistani exporters stand a chance to benefit from increased exports as depreciating PKR would make exports more competitive. It is of pivotal importance to understand that the depreciation of the rupee would come in at the cost of increased inflation as commodity prices rise up North on back of high import cost.

Bond yields can be expected to remain between the same range in the future, whereas the yield on T-Bill are likely to be in line with the discount rate, which we believe is expected to remain the same for the rest of the year.

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

No dividends were declared or paid out between 30 June 2014 and 30 September 2014.

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

There were no significant changes in the state of affairs during the period and up till the date of the Fund Manager's report under review.

xiii) Break down of unit holdings by size:

Range (Units)	No. of Investors
0.1 - 9,999	23
10,000 - 49,999	19
50,000 - 99,999	1
100,000 - 499,999	10
500,000 and above	6
	59

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

There were no unit splits 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, 2014

	Note	(Unaudited) September 30 2014	(Audited) June 30 2014
		-------------(Rupees in '000)-------------	
ASSETS			
Bank balances	4	**13,545**	3,516
Investments	5	**452,184**	511,151
Profit receivable on bank deposits		**47**	118
Prepayments		**70**	64
Preliminary expenses and floatation costs	6	**519**	575
Total assets		**466,365**	515,424
LIABILITIES			
Payable to AKD Investment Management Limited - Management Company	7	**1,100**	1,241
Payable to Central Depository Company of Pakistan Limited - Trustee		**56**	53
Payable to Securities and Exchange Commission of Pakistan		**89**	373
Payable on redemption of units		**1,994**	1,027
Accrued expenses and other liabilities	8	**1,997**	1,694
Total liabilities		**5,236**	4,388
NET ASSETS		**461,129**	511,036
UNIT HOLDERS' FUND (as per statement attached)		**461,129**	511,036
CONTINGENCIES AND COMMITMENTS	9		
		-----------(Number of units)-----------	
Number of units in issue		**9,009,269**	10,207,097
		----------------(Rupees)----------------	
Net asset value per unit		**51.1838**	50.0667
Face value per unit		**50.00**	50.00

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

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Ahmed Abdul Sattar
Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

	Note	Quarter ended September 30 2014	2013
		-----------(Rupees in '000)-----------	
INCOME			
Income / profit on :			
- government securities		**11,631**	10,946
- bank deposits		**136**	381
Capital gain / (loss) on sale of investment		**4**	(62)
		11,771	11,265
Unrealized diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		**(69)**	(110)
Total income		**11,702**	11,155
EXPENSES			
Remuneration of AKD Investment Management Limited - Management Company		**474**	238
Remuneration of Central Depository Company of Pakistan Limited - Trustee		**178**	193
Annual fee - Securities and Exchange Commission of Pakistan		**89**	96
Auditors' remuneration		**55**	63
Securities transaction cost		**-**	10
Bank charges		**13**	9
Amortization of preliminary expenses and floatation costs		**56**	57
Fees and subscription		**18**	10
Legal and professional		**32**	35
Printing and related costs		**44**	44
Sales tax and Federal Excise Duty on management fee		**158**	82
Workers' Welfare Fund		**205**	217
Total expenses		**1,322**	1,054
Net income from operating activities		**10,380**	10,101
Element of (loss) / income and capital (losses) / gain included in prices of units issued less those in units redeemed		**(315)**	525
Net income for the period before taxation		**10,065**	10,626
Taxation	10	**-**	-
Net income for the period after taxation		**10,065**	10,626
Other comprehensive income for the period		**-**	**-**
Total comprehensive income for the period		**10,065**	**10,626**
Earnings per unit - basic and diluted	11		

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

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Ahmed Abdul Sattar
Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

	Quarter ended September 30 2014	2013
	----------(Rupees in '000)----------	
Undistributed income brought forward		
- Realised Income	**711**	3,664
- Unrealised (loss) / Income	**(30)**	73
	681	3,737
Final distribution for the year ended June 30, 2013:		
- Re. 0.38 per unit on July 8, 2013		
- Issue of 74,724 bonus units @ Rs. 50 per unit	**-**	(3,737)
Interim distribution:		
- Re. 0.30 per unit on July 30, 2013		
- Issue of 58,171 bonus units @ Rs. 50 per unit	**-**	(2,908)
Interim distribution:		
- Re. 0.39 per unit on September 3, 2013		
- Issue of 80,711 bonus units @ Rs. 50 per unit	**-**	(4,035)
Net income for the period after taxation	**10,065**	10,626
Undistributed profits carried forward	**10,746**	3,683
Realised income	**10,829**	3,772
Unrealised loss	**(83)**	(89)
	10,746	3,683

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

For AKD Investment Management Limited
(Management Company)

Imran Motiwala	**Ahmed Abdul Sattar**
Chief Executive Officer	Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

	Note	Quarter ended September 30 2014	2013
		-----------(Rupees in '000)-----------	
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the period before taxation		**10,065**	10,626
Adjustments for non-cash and other items			
Unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		**69**	110
Capital (gain) / loss on sale of investments		**(4)**	62
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed		**315**	(525)
Amortization of preliminary expenses and floatation costs		**56**	57
Remuneration of AKD Investment Management Limited - Management Company		**474**	238
Remuneration of Central Depository Company of Pakistan Limited - Trustee		**178**	193
		11,153	10,761
(Increase) / decrease in assets			
Investments		**266,226**	71,938
Profit receivable on bank deposits		**71**	(64)
Prepayments		**(6)**	6
		266,291	71,880
Increase / (decrease) in liabilities			
Payable to AKD Investment Management Limited - Management Company		**(149)**	73
Payable to Securities and Exchange Commission of Pakistan		**(284)**	(91)
Payable on redemption of units		**967**	(25,790)
Accrued expenses and other liabilities		**303**	258
		837	(25,550)
Remuneration paid to AKD Investment Management Limited - Management Company		**(466)**	(51)
Remuneration paid to Central Depository Company of Pakistan Limited - Trustee		**(175)**	(175)
Net cash generated from operating activities		**277,640**	56,865
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts / (Payments) against issuance / redemptions of units - net		**(60,287)**	75,467
Net cash (used in) / generated from financing activities		**(60,287)**	75,467
Net increase in cash and cash equivalents during the period		**217,353**	132,332
Cash and cash equivalents at beginning of the period		**218,728**	452,978
Cash and cash equivalents at end of the period	4.1	**436,081**	585,310

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

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Ahmed Abdul Sattar
Director

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

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

	Quarter ended September 30 2014	Quarter ended September 30 2013
	-----------(Rupees in '000)-----------	
Net assets at beginning of the period	**511,036**	498,046
Issue of units (2014:1,097,503; 2013: 4,119,885)	**55,556**	206,891
Redemption of units (2014: 2,295,331 ; 2013: 2,621,062)	**(115,843)**	(131,424)
	(60,287)	75,467
Issue of Nil bonus units (2013: 213,606)	**-**	10,680
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed		
- amount representing loss / (income) and capital losses / (gains) - transferred to Income Statement	**315**	(525)
Other net income for the period	**10,130**	10,798
Capital gain / (loss) on sale of investments	**4**	(62)
Unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit or loss - net	**(69)**	(110)
Final distribution for the year ended June 30, 2013: - Re. 0.38 per unit on July 8, 2013 - Issue of 74,724 bonus units @ Rs. 50 per unit	**-**	(3,737)
Interim distribution: - Re. 0.30 per unit on July 30, 2013 - Issue of 58,171 bonus units @ Rs. 50 per unit	**-**	(2,908)
Interim distribution: - Re. 0.39 per unit on September 3, 2013 - Issue of 80,711 bonus units @ Rs. 50 per unit	**-**	(4,035)
	10,065	(54)
Net assets at end of the period	**461,129**	583,614

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

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Ahmed Abdul Sattar
Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

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.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned asset manager rating of 'AM3' to the Management Company and JCR-VIS Credit Rating Company Limited assigned fund stability rating of 'AA+(f)' to the Fund dated September 26, 2014.

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, 2014.

	Note	(Unaudited) September 30 2014	(Audited) June 30 2014
		(Rupees in '000)	
4. BANK BALANCES			
In savings accounts		**13,536**	3,506
In current accounts		**9**	10
		13,545	3,516
4.1 CASH AND CASH EQUIVALENTS			
Bank balances	4	**13,545**	3,516
Market Treasury Bills having original maturity of upto three months	5	**422,536**	215,212
		436,081	218,728
5. INVESTMENTS			
Financial assets at fair value through profit or loss - held for trading			
- Government securities	5.1	**452,184**	511,151

5.1 Government securities

Market Treasury Bills

Issue date	Tenor	Face Value				Balance at Sep. 30, 2014			Market value as a percentage of net assets	Market value as a percentage of investments
		Balance as at July 1, 2014	Purchase during the period	Sales / matured during the period	As at Sep. 30, 2014	Cost	Market value	Appreciation / (Diminution)		
		---------- Rupees in '000 ----------								
January 23, 2014	6 Months	200,000	-	200,000	-	-	-	-	-	-
March 20, 2014	6 Months	50,000	-	50,000	-	-	-	-	-	-
April 17, 2014	3 Months	45,000	-	45,000	-	-	-	-	-	-
April 17, 2014	3 Months	50,000	-	50,000	-	-	-	-	-	-
April 17, 2014	3 Months	46,000	-	46,000	-	-	-	-	-	-
May 2, 2014	3 Months	60,000	-	60,000	-	-	-	-	-	-
May 2, 2014	3 Months	15,000	-	15,000	-	-	-	-	-	-
May 15, 2014	6 Months	50,000	-	20,000	30,000	29,650	29,648	(2)	6.43	6.56
July 10, 2014	3 Months	-	45,000	45,000	-	-	-	-	-	-
July 10, 2014	3 Months	-	95,000	-	95,000	94,974	94,973	(1)	20.60	21.00
June 12, 2014	3 Months	-	263,000	263,000	-	-	-	-	-	-
June 12, 2014	3 Months	-	15,000	15,000	-	-	-	-	-	-
March 20, 2014	6 Months	-	18,000	18,000	-	-	-	-	-	-
March 20, 2014	6 Months	-	15,000	15,000	-	-	-	-	-	-
September 4, 2014	3 Months	-	250,000	-	250,000	246,200	246,148	(52)	53.38	54.44
September 18, 2014	3 Months	-	70,000	-	70,000	68,675	68,663	(12)	14.89	15.18
September 18, 2014	3 Months	-	13,000	-	13,000	12,754	12,752	(2)	2.77	2.82
Total - Sep. 30, 2014					458,000	452,253	452,184	(69)	98.06	100.00
Total - June 30, 2014					516,000	511,181	511,151	(30)		

	Note	(Unaudited) September 30 2014	(Audited) June 30 2014
		(Rupees in '000)	
6. PRELIMINARY EXPENSES AND FLOATATION COSTS			
Preliminary expenses and floatation costs opening balance	6.1	**575**	800
Less: amortized during the period / year		**(56)**	(225)
		519	575

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 - MANAGEMENT COMPANY

	Note	(Unaudited) September 30 2014	(Audited) June 30 2014
Management fee	7.1	**149**	141
Preliminary expenses and floatation cost		**575**	800
Sales tax payable		**26**	26
Federal Excise Duty on management remuneration	7.2	**350**	274
		1,100	1,241

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 August 22, 2013 subject to a restriction that the net assets of the fund should not exceed Rs. 0.5 billion. Therefore from August 23 2013, the Management Company with the prior approval of the SECP vide letter No. SCD/AMCW/AKDCF/657/2013 dated July 23, 2013 charged management fee as per the following slab:

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%

7.2 The Finance Act 2013 introduced an amendment to Federal Excise Act 2005 where by Federal Excise Duty (FED) has been imposed at the rate of 16% of the services rendered by assets management companies. However the MUFAP has filed a petition in the Sindh High Court (SHC) challenging the levy of FED on assets management services. The SHC in its short order dated September 4, 2013 directed the FBR not to take any coercive action against the petitioners pursuant to impugned notices till next date of hearing. In view of uncertainty regarding the applicability of FED on asset management services, the management, as a matter of abundant caution, has decided to make the provision of FED in these condensed interim financial statements which aggregates to Rs. 0.350 million as at September 30, 2014. Had the said provision of FED not been recorded in the books of account of the Fund, the NAV of the Fund would have been higher marginally by Re. 0.0389 per unit.

8. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	(Unaudited) September 30 2014	(Audited) June 30 2014
		(Rupees in '000)	
Auditors' remuneration		**231**	176
Provision for workers' welfare fund	8.1	**1,619**	1,413
Other		**147**	105
		1,997	1,694

8.1 Provision for Worker's Welfare Fund

The Scheme has maintained provisions against Workers Welfare Fund liability to the tune of Rs. 1.619 million, if the same were not made, the NAV per unit / return would have been higher by Re 0.18 per unit (0.35%).

9. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at September 30, 2014 and June 30, 2014.

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 realised or unrealised, is distributed amongst the unit holders.

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

11. EARNINGS PER UNIT

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

12. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons include AKD Investment Management Limited, being the Management Company of the Fund, Aqeel Karim Dhedhi Securities (Private) Limited, Central Depository Company of Pakistan Limited, being the Trustee, other collective schemes managed by the Management Company, AKD investment Management Limited - Staff Provident Fund, directors and officers of the Management Company, unit holder's holding more than 10 % of the units 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:

	(Unaudited) Quarter ended September 30 2014	2013
	-----------(Rupees in '000)-----------	
12.1 Transactions during the period		
AKD Investment Management Limited - Management Company		
Management fee	**474**	238
Sales tax on management fee	**82**	44
Federal Excise Duty on management fee	**76**	38
Purchase of units (2014: 88,898 ; 2013: 67,703)	**4,500**	3,400
Issue of bonus units (2014: Nil ; 2013: 600)	**-**	30
Redemption of units (2014: 459,719 ; 2013: Nil)	**23,195**	-
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee	**178**	193
AKD Investment Management Limited - Staff Provident Fund		
Purchase of units (2014: 5,897 ; 2013: 71,220)	**300**	3,577
Issue of bonus units (2014: Nil ; 2013: 134)	**-**	7
Redemption of units (2014: 2,954 ; 2013: Nil)	**150**	-
Unit holder holding 10% or more of the units in issue		
Arabian Sea Enterprises Limited		
Issue of bonus units (2014: Nil ; 2013: 20,585)	**-**	1,029
Fauji Fertilizer Bin Qasim Limited		
Purchase of units (2014: Nil ; 2013: 996,661)	**-**	50,000
Issue of bonus units (2014: Nil ; 2013: 13,669)	**-**	683
Cyan Limited		
Purchase of units (2014: Nil ; 2013: 499,457)	**-**	25,000
Issue of bonus units (2014: Nil ; 2013: 15,128)	**-**	756

12.2 Amounts outstanding as at period / year end	(Unaudited) September 30 2014	(Audited) June 30 2014
	(Rupees in '000)	
AKD Investment Management Limited - Management Company		
Management fee payable	**149**	141
Sales tax on management fee	**26**	26
Federal Excise Duty on management fee	**350**	274
Preliminary expenses and floatation costs	**575**	800
Units held (September 30, 2014 : Nil ; June 30, 2014 : 370,821)	**-**	18,566
AKD Investment Management Limited - Staff Provident Fund		
Units held (September 30, 2014 : 25,944 ; June 30, 2014 : 23,001)	**1,328**	1,152
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	**56**	53
Unit holder holding 10% or more of the units in issue		
Arabian Sea Enterprises Limited		
Units held (September 30, 2014 : 1,053,922 ; June 30, 2014 : 1,053,922)	**53,944**	52,766
Fauji Fertilizer Bin Qasim Limited		
Units held (September 30, 2014 : 1,033,968 ; June 30, 2014 : 1,033,968)	**52,922**	51,767
Cyan Limited		
Units held (September 30, 2014 : 1,001,928 ; June 30, 2014 : 1,001,928)	**51,282**	50,163

13. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 29, 2014 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

Ahmed Abdul Sattar
Director

AKD Investment
Management Ltd.

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