

Funds Managed by:
AKD Investment Management Ltd.

1st Quarter Report
September 30, 2018
(Un-audited)



quarterly report



Partner with AKD
Profit from the
Experience



**AKD Investment
Management Ltd.**

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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 Sultan, CFA

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)

Mr. Muhammad Yaqoob Sultan, CFA (Secretary)

HUMAN RESOURCE AND REMUNERATION (HR & R) COMMITTEE

Ms. Aysha Ahmed (Chairman)

Mr. Abdul Karim (Member)

Mr. Imran Motiwala (Member)

Ms. Anum Dhedhi (Member)

Mr. Saim Mustafa Zuberi (Member)

Mr. Muhammad Yaqoob Sultan, CFA (Secretary)

RATING

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

**CORPORATE
INFORMATION**

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), AKD Aggressive Income Fund (AKDAIF), AKD Islamic Income Fund (AKDISIF) and AKD Islamic Stock Fund (AKDISSF) is pleased to present its Quarterly report along with the Funds' unaudited financial statements for Quarter ended September 30, 2018.

FUNDS' FINANCIAL PERFORMANCE

AKD Opportunity Fund (AKDOF)

For the 1QFY19, the return of AKD Opportunity Fund stood at -4.74% compared to the benchmark KSE-100 Index return of -2.18%.

AKD Index Tracker Fund (AKDITF)

For the 1QFY19, the return of AKD Index Tracker Fund stood at -2.54% compared to the benchmark KSE-100 Index return of -2.18%.

AKD Cash Fund (AKDCF)

For the 1QFY19, the annualized return of AKD Cash Fund stood at 5.81% compared to benchmark return of 6.59%.

AKD Aggressive Income Fund (AKDAIF)

For the 1QFY19, the annualized return of AKD Aggressive Income Fund stood at 3.10% compared to benchmark return of 8.39%.

AKD Islamic Income Fund (AKDISIF)

For the 1QFY19, the annualized return of AKD Islamic Income Fund stood at 6.22% compared to benchmark return of 2.51%.

AKD Islamic Stock Fund (AKDISSF)

For the 1QFY19, the return of AKD Islamic Stock Fund stood at -3.72% compared to the benchmark KMI-30 Index return of -2.57%.

MACRO PERSPECTIVE

After achieving a growth rate of 5.8% in FY18 - the highest in 13 years and up from 5.3% in FY17, Gross Domestic Product (GDP) is likely to slow down to 5.0% in FY19 on the back of rising inflation, large twin deficits and lower output in the agriculture sector.

The challenges on the external front have increased to alarming levels in 1QFY19. The Current Account Deficit (CAD) reached USD 2.72 billion (5.3% of GDP) in 2MFY19 as opposed to USD 2.47 billion (4.6% of GDP) in the corresponding period last year. The primary reason for this deterioration is an upsurge in import bills by 10.92% to USD 9.95bn vs USD 8.97bn in the same period last year. Moreover, higher remittances (up by 13.44%) could not ease the Balance of Payment (BOP) issue. Consequently, foreign reserves have fallen to USD 14.89 billion (-9.23% YoY) by end of 1QFY19.

On the fiscal front, Federal Board of Revenue (FBR) collected total tax revenue of PKR 836 billion in 1QFY19 as against PKR 766 billion during the same period of the previous fiscal year. The tax collection has increased by 9.2% YoY, but fell short of first quarter target by PKR 56 billion. In

addition to disappointing collection results, the number of income tax filers also fell short of expectations due to which the Government announced a two-month extension in the deadline to file tax returns for FY18.

During 1QFY19, average Consumer Price Index (CPI) clocked in at 5.6% as compared to 3.4% in SPY. The jump is even more pronounced in core inflation (up by 7.7% YoY) - a key measure reflecting the underlying inflationary pressures in the economy. Moreover, State Bank of Pakistan (SBP) has adjusted the average inflation (CPI) projections and inflation is now expected to fall in the revised forecast range of 6.5%-7.5% in FY19. This upward revision is due to following factors: (i) Higher than anticipated increase in international Oil Prices (Up 42.32% YoY). (ii) An upward revision in domestic gas prices (Up to 143%). (iii) Further increase in regulatory duties on imports (iv) 16.92% YoY depreciation of the PKR against USD.

Therefore to ensure macroeconomic stability, State Bank of Pakistan (SBP) raised the policy rate by 100bps to 8.5% in its monetary policy statement of September 2018.

Agriculture sector growth is expected to remain below its target in FY19 mainly due to the looming water crisis, which is likely to constrain agriculture production. In addition, as per latest information, cotton production is expected to miss its FY19 target of 14.4 million bales by ~4 million bales, which will further hinder agriculture growth.

The large scale manufacturing sector (LSM) which constitutes 80% of total manufacturing and 11% of the overall GDP, exhibited a marginal growth of 0.5% YoY during the first month of FY19, yet it decently grew by 6.99% MoM. The major sectors that showed growth included electronics (11.74%), engineering products (13.18%), automobiles (9.75%), and rubber products (8.31%).

On the other hand, the LSM sectors that showed negative growth were wood products (55.64% YoY), pharmaceuticals (10.80% YoY), fertilizers (6.81% YoY), and iron and steel products (2.77% YoY).

In our view, PKR-USD depreciation of 19.89% in 9MCY18 will relieve some pressure on the Current Account. Furthermore, a possible bailout by the IMF, financial assistance from friendly countries (China, UAE) with expected improvement in remittances from overseas Pakistanis may provide a much needed breather to the external account.

Lastly, CPEC investments will continue to play a major role in attracting investment in Pakistan and provide support to the deteriorating external account. Furthermore, the circular debt situation in the power sector has again reached alarming levels and concrete steps are required. However, given the limited fiscal space, any one-off settlement seems unlikely. Overall, clarity about the economic policies and reforms of the Current government will remain a key determinant of macro performance.

EQUITY MARKET REVIEW

During 1QFY19, KSE-100 index started the fiscal year at 41,910 points and ended the period at 40,999, exhibiting a decline of 2.18%. Gains seen in the first week after elections (+5%) have reversed in the last two months of 1QFY19. This decline can be largely attributed to faltering investor confidence stemming from lack of policy clarity (Increase in gas prices and budgetary amendments regarding tax filers) and growing economic concerns (BOP, currency movement) which worsened SBP's forex reserves that fell below US\$10bn (Two-month import cover). Owing to this, Moody's downgraded outlook on Pakistan to negative and continuous foreign selling from emerging market (US \$189mn net outflow from the Pakistani stock market) resulted in reduced trading volumes.

Moving ahead, we believe that drastic and unprecedented economic reforms are on the cards under the Incumbent government. Austerity measures (curb in PSDP and unproductive spending),

strict steps against rampant corruption, call for across the board accountability, radical efforts to expand the tax base and focus on addressing core issues (health, education, justice, and unemployment) will determine the overall performance of the economy and the direction of equity markets. Furthermore, sector specific policies such as those for cements (Dam, PSDP), autos (interest rate, auto policy), fertilizer (subsidy), and steel (import duties) among others, will set the tone of the market. Recovering of wealth parked abroad and the role of overseas Pakistanis will remain a key component of government policy.

These above reforms announced by current government were unprecedented in political history of Pakistan and likely to slow down the economic growth in FY19. However, development on reforms will have positive impact in the long term.

The increasing level of inflation is expected to warrant further hikes in discount rates, where we expect another hike of 100bps in the upcoming Monetary Policy Statement (MPS). We believe this will have a negative impact on the market as investors will realign their portfolios from equity market to debt market for higher yield. However, the KSE-100 index currently trades at a forward PE of ~6.94x with a dividend yield of 7.09%, which offers a significant discount compared to MSCI Emerging Markets Index and regional economies.

MONEY MARKET REVIEW

During 1QFY19, The State Bank of Pakistan (SBP) carried out 7 T-bills auctions where the government managed to raise PKR 4.61 trillion. During this period, weighted average yield on 3, and 6 months T-bills were at 7.60% and 7.85% respectively up from 5.84% and 5.88% during the corresponding period last year.

SBP conducted auctions of PIBs and managed to raise PKR 20.59 billion during 1QFY19. The PIBs auction maintained an upward trend where weighted average maturities yield on 5-year PIB increased to 9.25%, up from 6.89% in the corresponding period of last year.

The Government announced Monetary Policy Statement on September 29, 2018, where the committee decided to change the policy rate by 100bps to 8.5%. State Bank of Pakistan conducted 15 open market operations (OMOs) of different maturities and injected average amount of PKR 855.06 billion per OMO at an average cut-off yield of 7.43%.

State Bank of Pakistan (SBP) will raise Rs 4.9 trillion by sale of three to 20-year Pakistan Investment Bonds (PIBs) and three to 12-month treasury bills during 2QFY19 to pay back the maturing debt of Rs 4.44 trillion. In addition, SBP will raise another Rs 150 billion through the auction of 10-year PIBs at a floating rate.

FUTURE OUTLOOK

Overall, we believe that the economic outlook for FY19 remains challenging. Real growth is expected to slow down its momentum as average inflation is expected to remain above its target due to recent PKR depreciation. It is also likely that an IMF program with stringent conditions will remain a major issue to deal with for the current Government. Current account deficit remains a grave concern and needs urgent remedial measures to boost foreign inflow and control unproductive imports. Key risks can stem from any increase in international oil prices and uncertainty in emerging market. There is hope that Overseas Pakistanis might support the incumbent government and increasing remittances will provide some respite. Pakistan has managed to get US\$6bn support package from Saudi Arabia. The support package comprises i) US\$3bn for balance of payment support and ii) deferred payment facility up to US\$3bn for oil imports. Aforementioned financial assistance from KSA will ease pressure to some extent pertaining to the external account in the near term. The impact of measures being announced by the Government is yet to be seen and will majorly influence any possible improvement in the economy.

Continuous surge rise in oil price and aggressive stance on interest rates in upcoming monetary policy meeting will keep the market heavy weighted sectors (Banks, Exploration & Production) in the limelight.

We believe a significant reversal in equity market will be more dependent on liquidity rather than valuations (The KSE-100 Index trading at a Price-to-earnings (P/E) and Dividend Yield (DY) of 6.94x and 7.09% respectively as compared to Emerging Market P/E and DY of 13.32x and 2.70% respectively).

On the fixed income side, the rapid surge in interest rates has made the situation severe. Yields on 6 Month T-Bills have surged from under 6% in 2017 to around 9% currently and are likely to be in double digits by the end of 2018. Therefore, equity markets will have to offer more to entice investors as competing asset classes (Pakistan Investment Bonds, Income Funds, National Saving Certificates and Bank Deposit) are beginning to offer attractive yields.

For and on behalf of the Board

Imran Motiwala
Chief Executive Officer

Abdul Karim
Chairman

Karachi: October 27, 2018

AKD Cash Fund

Financial Statements - First Quarter FY19

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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 Shakra-e-Faisal, Karachi.

BANKERS

Allied Bank Limited
Askari Bank Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
MCB 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.

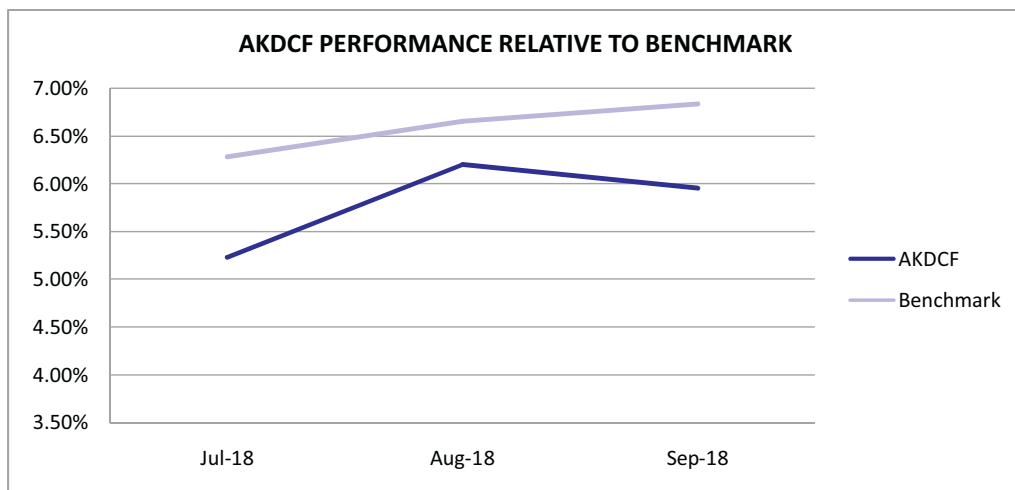
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

For the 1QFY19, the annualized return of AKD Cash Fund stood at 5.81% compared to benchmark return of 6.59%.

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-18	Aug-18	Sep-18
AKDCF	5.23%	6.20%	5.95%
Benchmark	6.28%	6.65%	6.83%

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-18	30-Jun-18
Cash and Cash Equivalents	99.85%	99.85%
Other Assets Including Receivables	0.15%	0.15%

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

1QFY19 (annualized)	5.81%
Benchmark (annualized)	6.59%

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

Net Assets Value		Change in Net Assets	NAV Per Unit	
30-Sep-18	30-June-18		30-Sep-18	30-June-18
(Rupees in 000)			(Rupees)	
155,674	163,213	-4.62%	51.0126	52.5930

- 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:

MACRO PERSPECTIVE

After achieving a growth rate of 5.8% in FY18 - the highest in 13 years and up from 5.3% in FY17, Gross Domestic Product (GDP) is likely to slow down to 5.0% in FY19 on the back of rising inflation, large twin deficits and lower output in the agriculture sector.

The challenges on the external front have increased to alarming levels in 1QFY19. The Current Account Deficit (CAD) reached USD 2.72 billion (5.3% of GDP) in 2MFY19 as opposed to USD 2.47 billion (4.6% of GDP) in the corresponding period last year. The primary reason for this deterioration is an upsurge in import bills by 10.92% to USD 9.95bn vs USD 8.97bn in the same period last year. Moreover, higher remittances (up by 13.44%) could not ease the Balance of Payment (BOP) issue. Consequently, foreign reserves have fallen to USD 14.89 billion (-9.23% YoY) by end of 1QFY19.

On the fiscal front, Federal Board of Revenue (FBR) collected total tax revenue of PKR 836 billion in 1QFY19 as against PKR 766 billion during the same period of the previous fiscal year. The tax collection has increased by 9.2% YoY, but fell short of first quarter target by PKR 56 billion. In addition to disappointing collection results, the number of income tax filers also fell short of expectations due to which the Government announced a two-month extension in the deadline to file tax returns for FY18.

During 1QFY19, average Consumer Price Index (CPI) clocked in at 5.6% as compared to 3.4% in SPLY. The jump is even more pronounced in core inflation (up by 7.7% YoY) - a key measure reflecting the underlying inflationary pressures in the economy. Moreover, State Bank of Pakistan (SBP) has adjusted the average inflation (CPI) projections and inflation is now expected to fall in the revised forecast range of 6.5%-7.5% in FY19. This upward revision is due to following factors: (i) Higher than anticipated increase in international Oil Prices (Up 42.32% YoY). (ii) An upward revision in domestic gas prices (Up to 143%). (iii) Further increase in regulatory duties on imports (iv) 16.92% YoY depreciation of the PKR against USD.

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The Government announced Monetary Policy Statement on September 29, 2018, where the committee decided to change the policy rate by 100bps to 8.5%. State Bank of Pakistan conducted 15 open market operations (OMOs) of different maturities and injected average amount of PKR 855.06 billion per OMO at an average cut-off yield of 7.43%.

State Bank of Pakistan (SBP) will raise Rs 4.9 trillion by sale of three to 20-year Pakistan Investment Bonds (PIBs) and three to 12-month treasury bills during 2QFY19 to pay back the maturing debt of Rs 4.44 trillion. In addition, SBP will raise another Rs 150 billion through the auction of 10-year PIBs at a floating rate.

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	256
10,000 - 49,999	9
50,000 - 99,999	2
100,000 - 499,999	5
500,000 and above	2
	274

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, 2018

	Note	(Unaudited) September 30 2018	(Audited) June 30 2018
---- (Rupees in '000) ----			
ASSETS			
Bank balances	4	2,718	16,743
Investments	5	154,369	147,923
Profit receivable	6	29	50
Advance Tax and Prepayments (Other receivable)		211	190
Total assets		157,327	164,906
LIABILITIES			
Payable to AKD Investment Management Limited - Management Company	7	742	759
Payable to Central Depository Company of Pakistan Limited - Trustee	8	23	20
Payable to Securities and Exchange Commission of Pakistan	9	30	93
Accrued expenses and other liabilities	10	858	821
Total liabilities		1,653	1,693
NET ASSETS		155,674	163,213
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		155,674	163,213
CONTINGENCIES AND COMMITMENTS	11		
---- (Number of units) ----			
NUMBER OF UNITS IN ISSUE		3,051,676	3,103,325
(Rupees)			
NET ASSET VALUE PER UNIT		51.0126	52.5930
FACE VALUE PER UNIT		50.0000	50.0000

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Company)

Abdul Karim
Chairman

Muhammad Munir Abdullah
Chief Financial Officer

Imran Motiwala
Chief Executive Officer

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	Note	Quarter ended September 30 2018	Quarter ended September 30 2017
		(Rupees in '000)	
INCOME			
Capital gain / (loss) on sale of investments		15	(2)
Unrealised appreciation / (diminution) on re-measurement of investments at fair value through profit or loss - net		(30)	1
Income / profit on:			
- government securities		2,704	1,652
- bank deposits		160	188
Total income		2,849	1,839
EXPENSES			
Remuneration of the Management Company		159	121
Sindh sales tax on remuneration of the Management Company		21	16
Remuneration of the Trustee		60	45
Sindh sales tax on remuneration of the Trustee		8	6
Annual fee to the Securities and Exchange Commission of Pakistan		30	23
Allocated expenses to the management company		40	30
Brokerage and settlement charges (Securitized & transaction cost)		5	3
Legal and professional charges		58	35
Bank charges		5	13
Fees and subscriptions		7	7
Auditors' remuneration		63	61
Provision against Sindh Workers' Welfare Fund		47	29
Printing and related costs		50	49
Total expenses		553	438
Net income from operating activities		2,296	1,401
Net income for the period before taxation		2,296	1,401
Taxation	12	-	-
Net income for the period after taxation		2,296	1,401
Allocation of net income for the period			
Net income for the period after taxation		2,296	1,401
Income already paid on units redeemed		(65)	(656)
		2,231	745
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		2,231	745
		2,231	745

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

**For AKD Investment Management Limited
(Management Company)**

Abdul Karim
Chairman

Muhammad Munir Abdullah
Chief Financial Officer

Imran Motiwala
Chief Executive Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	Quarter ended September 30 2018	Quarter ended September 30 2017
	(Rupees in '000)	
Net income for the period after taxation	2,296	1,401
Other comprehensive income for the period	-	-
Total comprehensive income for the period	2,296	1,401

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

For AKD Investment Management Limited
(Management Company)

Abdul Karim
Chairman

Muhammad Munir Abdullah
Chief Financial Officer

Imran Motiwala
Chief Executive Officer

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	Note	Quarter ended September 30 2018	Quarter ended September 30 2017
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period before taxation		2,296	1,401
Adjustments for non-cash and other items			
Unrealised (appreciation) / diminution on re-measurement of investments at fair value through profit or loss - net		30	(1)
Capital (gain) / loss on sale of investments - net		(15)	2
Provision against Sindh Workers' Welfare Fund		47	29
		2,358	1,431
(Increase) / decrease in assets			
Investments		(15)	(1)
Profit receivable		21	387
Advance Tax and Prepayments		(21)	(22)
		(15)	364
(Decrease) / increase in liabilities			
Payable to AKD Investment Management Limited - Management Company		(17)	(291)
Payable to Central Depository Company of Pakistan Limited - Trustee		3	(65)
Payable to the Securities and Exchange Commission of Pakistan		(63)	(91)
Payable on redemption of units		-	(9,755)
Accrued expenses and other liabilities		(10)	(637)
		(87)	(10,839)
Net cash flows from operating activities		2,256	(9,044)
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount received against issuance of units		17,564	171,018
Amount paid against redemption of units		(25,369)	(237,441)
Distributions paid during the period		(2,030)	-
Net cash used in financing activities		(9,835)	(66,423)
Net decrease in cash and cash equivalents during the period		(7,579)	(75,467)
Cash and cash equivalents at beginning of the period		164,666	177,466
Cash and cash equivalents at end of the period	13	157,087	101,999

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

**For AKD Investment Management Limited
(Management Company)**

Abdul Karim
Chairman

Muhammad Munir Abdullah
Chief Financial Officer

Imran Motiwala
Chief Executive Officer

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	2018			2017		
	(Rupees in '000)			(Rupees in '000)		
	Capital Value	Undistrib- uted income / (loss)	Total	Capital Value	Undistrib- uted income / (loss)	Total
Net assets at beginning of the period	159,857	3,356	163,213	164,467	1,326	165,793
Issue of 449,172 units (2017: 3,386,535 units)						
- Capital value (at Ex NAV per unit at the beginning of the period)	22,583	-	22,583	170,136	-	170,136
- Element of income	139	-	139	882	-	882
Total proceeds on issuance of units	22,722	-	22,722	171,018	-	171,018
Redemption of 500,821 units (2017: 4,704,270 units)						
- Capital value (at Ex NAV per unit at the beginning of the period)	25,180	-	25,180	236,338	-	236,338
- Element of loss	124	65	189	447	656	1,103
Total payments on redemption of units	25,304	65	25,369	236,785	656	237,441
Total comprehensive income for the period	-	2,296	2,296	-	1,401	1,401
Refund of Capital	(5,158)	-	(5,158)	-	-	-
Distribution during the period	-	(2,030)	(2,030)	-	-	-
Net income for the period less distribution	(5,158)	266	(4,892)	-	1,401	1,401
Net assets at end of the period	152,117	3,557	155,674	98,700	2,071	100,771
Undistributed income brought forward		3,371			1,331	
- Realised		(15)			(5)	
- Unrealised		3,356			1,326	
Accounting income available for distribution		-			-	
- Relating to capital gains		2,231			745	
- Excluding capital gains		2,231			745	
Distribution for the period		2,030			-	
Undistributed income carried forward		3,557			2,071	
Undistributed income carried forward		3,587			2,070	
- Realised income		(30)			1	
- Unrealised (loss) / income		3,557			2,071	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		52.5930			50.2391	
Net assets value per unit at end of the period		51.0126			50.8343	

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

**For AKD Investment Management Limited
(Management Company)**

Abdul Karim
Chairman

Muhammad Munir Abdullah
Chief Financial Officer

Imran Motiwala
Chief Executive Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

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) authorized 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 the 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 Pakistan Stock Exchange Limited. 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 bank 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 a "Money Market Fund".

The Pakistan Credit Rating Agency Limited (PACRA) has assigned Asset Manager Rating of 'AM3++' to the Management Company dated August 10, 2018. PACRA has also assigned fund stability rating of "AA+(f)" to the fund dated June 30, 2018.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- 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 the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the

requirements of the Trust Deed differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

These condensed interim financial statements are unaudited.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for 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, 2018 except the following.

During the current period IFRS-9 became applicable, according to the standard, all equity investments are to be measured at fair value in the statement of financial position with value change recognized in profit or loss. Standard also retains an option in respect of equity investments (other than held for trading) for which the entity may elect to report value change in 'other comprehensive income'. For the purpose of measurement of debt instruments, SECP vide its letter to MUFAP dated November 21, 2017 relaxed the applicability of IFRS-9 impairment requirements for debt securities on mutual funds and deferred it till further instructions. As at June 30, 2018 and September 30, 2018 all the investment of the Fund were classified in 'Financial assets at fair value through profit or loss'.

	Note	(Un-audited) September 30 2018	(Audited) June 30 2018
---- (Rupees in '000) ----			
4 BANK BALANCES			
- In saving accounts	4.1	2,707	16,732
- In current accounts		11	11
		2,718	16,743
4.1	The rate of return on these accounts ranges from 5.50% to 6.50% per annum (June 30, 2018 : 4.5% to 6.00%)		
5 INVESTMENTS			
Financial assets at fair value through profit or loss			
- Government securities - Market Treasury Bills	5.1	154,369	147,923

5.1 Financial assets 'at fair value through profit or loss' - net

5.1.1 Government securities - Market Treasury Bills

Tenor	Face Value				Balance as at September 30, 2018			Market value as a percentage of net assets	Market value as a percentage of investments
	At July 1, 2018	Purchased during the period	Sold / matured during the period	As at June 30, 2018	Carrying Value	Market value	Unrealised (diminution) / appreciation		
	----- Rupees in '000 '-----							----- % -----	
3 months	149,000	170,000	164,000	155,000	154,399	154,369	(30)	99.16	100.00
	149,000	170,000	164,000	155,000	154,399	154,369	(30)		
Total - September 30, 2018					154,399	154,369	(30)		
Total - June 30, 2018					147,938	147,923	(15)		

5.1.1.1 The cost of investments as at September 30, 2018 amounts to Rs 154.40 million (2018: Rs 147.938 million). These carry profit at the rate of 7.66% to 7.73% (2018: 6.17% to 6.76%) per annum and will mature on July 19, 2018 to August 30, 2018 (2018: July 19, 2018 to August 30, 2018).

AKD Cash Fund - Quarterly Report September 2018

		(Un-audited) September 30 2018	(Audited) June 30 2018
	Note		
6	PROFIT RECEIVABLE		
		----	----
		(Rupees in '000)	----
	Profit receivable on bank balances	29	50
7	PAYABLE TO AKD INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY		
	Federal excise duty and other related taxes payable on management remuneration	7.1 669	669
	Management remuneration payable	7.2 52	49
	Sindh sales tax payable on management remuneration	7.3 7	6
	Payable against allocated expenses	7.4 14	35
		742	759

- 7.1** 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 the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On September 4, 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made till September 30, 2018 amounting to Rs 0.67 million (2018: Rs 0.67 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been recorded in the financial statements of the Fund, the net asset value of the Fund as at September 30, 2018 would have been higher by Re 0.2191 per unit (2018: Re 0.2155 per unit).

- 7.2** The Management Company has charged remuneration at the rate of 0.4% per annum of the average daily Net Assets. The remuneration is paid to the Management Company on a monthly basis in arrears.
- 7.3** During the period, Sindh Sales Tax on management remuneration has been charged at the rate of 13% (2018: 13%).

- 7.4** In accordance with the provisions of the NBFC Regulations (as amended vide S.R.O 1160(I) / 2015 dated November 25, 2015), the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund up to a maximum of 0.1% of the average annual net assets of the Scheme or actual, whichever is less. Accordingly, the Management Company has charged expenses at the rate of 0.1% per annum of the average annual net assets of the Fund being lower than actual expenses chargeable to the Fund for the year.

		(Un-audited) September 30 2018	(Audited) June 30 2018
8	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	---- (Rupees in '000) ----
	Trustee remuneration payable	8.1	20
	Sindh Sales Tax payable on trustee remuneration	8.2	3
		23	20

- 8.1** Under the provisions of the Trust Deed, the Trustee is entitled to a remuneration, to be paid monthly in arrears as per the following tariff structure. There has been no change in the tariff structure during the period.

Net Assets Value (NAV)

Tariff per annum

Up to Rs 1,000 million	0.15% per annum of Net Assets
On an amount exceeding Rs 1,000 million upto Rs 10,000 million	Rs 1.5 million plus 0.075% per annum of Net Assets exceeding Rs 1,000 million
On an amount exceeding Rs 10,000 million	Rs 8.25 million plus 0.06% per annum of Net Assets exceeding Rs 10,000 million

- 8.2** During the period, Sindh Sales Tax on trustee remuneration has been charged at the rate of 13% (2018: 13%).

**9 PAYABLE TO THE SECURITIES AND EXCHANGE
COMMISSION OF PAKISTAN (SECP)**

Annual fee payable to the SECP	30	93
--------------------------------	----	----

- 9.1** Under the provisions of the NBFC Regulations, a collective investment scheme classified as a Money Market Scheme is required to pay as annual fee to the SECP, an amount equal to 0.075 percent of the average annual net assets of the Fund.

		(Un-audited) September 30 2018	(Audited) June 30 2018
10	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	---- (Rupees in '000) ----
	Provision against Sindh Workers' Welfare Fund	10.1	405
	With holding tax payable (deducted on capital gains)		6
	Auditors' remuneration payable		166
	Brokerage payable		1
	Rating fee payable		177
	Others		103
			858
			359
			31
			211
			2
			141
			77
			821

- 10.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act (i.e. starting from May 21, 2015).

In the repealed Companies Ordinance, 1984 and the now applicable Companies Act, 2017, mutual funds have not been included in the definition of "financial institutions". The MUFAP has held the view that SWWF is applicable on asset management companies and not on mutual funds.

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to September 30, 2018, the net asset value of the Fund as at September 30, 2018 would have been higher by Re 0.13 per unit (2018: Rs 0.12 per unit).

11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at September 30, 2018 and June 30, 2018.

12 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% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the NBFC Regulations, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ending June 30, 2019 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the period.

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.

13	CASH AND CASH EQUIVALENTS	Note	(Un-audited) September 30 2018	(Audited) June 30 2018
			---- (Rupees in '000) ----	
	Bank balances	4	2,718	16,743
	Market Treasury Bills (with original maturity of three months or less)	5.1.1	154,369	147,923
			157,087	164,666

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at September 30, 2018 is 1.39% (annualised) which includes 0.27% (annualised) representing government levies on the Fund such as sales taxes, annual fee payable to the SECP, etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations.

15 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Related parties / connected persons of the Fund include AKD Investment Management Limited (being the Management Company) and its related entities, Central Depository Company of Pakistan Limited (being the Trustee of the Fund), other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or trust beneficially owning (directly or indirectly) ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and key management personnel of the Management Company.

Transactions with related parties / connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed respectively.

The details of transactions carried out by the Fund with related parties / connected persons and balances with them are as follows:

	(Un-audited) Quarter ended September 30, 2018	(Un-audited) Quarter ended September 30, 2017
	----- (Rupees in '000) -----	
15.1 Details of transactions with related parties / connected persons during the period		
AKD Investment Management Limited - Management Company		
Issue of units 153 (2017: 39,585 Units)	8	1,998
Issue of Capital Refund Units: 691	35	-
Dividend paid	9	-
Redemption of 19,754 units (2017: 211,162 Units)	995	10,633
Management remuneration	159	121
Sindh sales tax on management remuneration	21	16
Allocated expenses	40	29
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration	60	45
Sindh sales tax on trustee remuneration	8	6
AKD Investment Management Limited - Staff Provident Fund		
Issue of 25 units (2017: 190,627 units)	1	9,623
Issue of Capital Refund Units: 372	19	-
Redemption of Nil units (2017: 190,627 Units)	-	9,642
Dividend paid	1	-
Hasan Ahmed - Director of the Management Company		
Issue of 3 units (2017: Nil units)	-	-
Issue of Capital Refund Units: 2	-	-

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		(Un-audited) Quarter ended September 30, 2018	(Un-audited) Quarter ended September 30, 2017
		----- (Rupees in '000) -----	
Unit holders holding 10% or more of the units in issue			
KAPCO Employees Provident Fund Trust			
Issue of 40 units (2017: 494,196 Units)		2	25,000
Issue of Capital Refund Units: 27,394		1,377	-
Dividend paid		2	-
Fauji Fertilizer Bin Qasim Limited			
Issue of 6,745 units (2017: Nil Units)		339	-
Issue of Capital Refund Units: 36,224		1,821	-
Dividend paid		399	-
PNSC Employees Contributory Provident Fund			
Issue of Capital Refund Units: 17,429		876	-
Dividend paid		5	-
		(Un-audited) September 30, 2018	(Audited) June 30, 2018
		----- (Rupees in '000) -----	
15.2	Details of balances with related parties / connected persons as at period / year end		
AKD Investment Management Limited - Management Company			
Management remuneration payable		52	49
Federal excise duty payable on management remuneration		669	669
Sindh Sales tax payable on management remuneration		7	6
Payable against allocated expenses		14	35
Units held Nil (June 30, 2018: 18,910)		-	995
Central Depository Company of Pakistan Limited - Trustee			
Trustee remuneration payable		20	18
Sindh Sales Tax payable on trustee remuneration		3	2
AKD Investment Management Limited - Staff Provident Fund			
Units held 9,020 (June 30, 2018: 8,622)		460	453
Hasan Ahmed - Director of the Management Company			
Units held 118 (June 30, 2018: 114)		6	6
Unit holders holding 10% or more of the units in issue			
KAPCO Employees Provident Fund Trust			
Units held 622,838 Nil (June 30, 2018: 595,405)		31,773	31,314
Fauji Fertilizer Bin Qasim Limited			
Units held 1001,374 (June 30, 2018: 958,405)		51,083	50,405
PNSC Employees Contributory Provident Fund			
Units held 397,802 (June 30, 2018: 380,373)		20,293	20,005

16 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is 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. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- 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 2); and
- Fair value measurements using inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets, including their levels in the fair value hierarchy.

September 30, 2018			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			
ASSETS			
At fair value through profit and loss'			
Government securities-Market Treasury Bills	-	154,369	- 154,369
June 30, 2018			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			
ASSETS			
At fair value through profit and loss'			
Government securities-Market Treasury Bills	-	147,923	- 147,923

During the period ended September 30, 2018, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements.

17 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 27, 2018 by the Board of Directors of the Management Company.

18 GENERAL

18.1 Figures have been rounded off to the nearest thousand rupees.

For AKD Investment Management Limited
(Management Company)

Abdul Karim
Chairman

Muhammad Munir Abdullah
Chief Financial Officer

Imran Motiwala
Chief Executive Officer



**AKD Investment
Management Ltd.**

Head Office:

216-217, Continental Trade Centre, Block-8, Clifton, Karachi-74000
U.A.N : 92-21-111 AKDIML (111-253-465) | Fax : 92-21-35303125

Gulshan-e-Iqbal Branch:

Bungalow No. FL-3/12,
Ground Floor Block No. 5, KDA,
Scheme No. 24, Gulshan-e-Iqbal, Karachi.
Contact # 92-21-34823003-7

Abbottabad Branch:

Office No. 1 & 2, 2nd Floor, Zaman Plaza,
Near Complex Hospital,
Main Mansehra Road, Abbottabad.
Contact # 099-2381431-2

Lahore Branch:

Plaza # 250, 2nd Floor, Phase IV,
Block-FF, D.H.A., Lahore Cantt.
Contact # 0333-0342762-4

E-mail : info@akdinvestment.com
Website : www.akdinvestment.com