Funds Managed by:

AKD Investment Management Ltd.

Half Yearly Report
December 31, 2018
(Un-audited)

half yearly report

AKD OPPORTUNITY FUND

AKD INDEX TRACKER FUND

AKD CASH FUND

AKD AGGRESSIVE INCOME FUND

AKD ISLAMIC INCOME FUND

AKD ISLAMIC STOCK FUND

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 Half Yearly report along with the Funds' reviewed financial statements for first half ended December 31, 2018.

FUNDS' FINANCIAL PERFORMANCE

AKD Opportunity Fund (AKDOF)

For the 1HFY19, the return of AKD Opportunity Fund stood at -10.22% compared to the benchmark KSE-100 Index return of -11.56%.

AKD Index Tracker Fund (AKDITF)

For the 1HFY19, the return of AKD Index Tracker Fund stood at -12.17% compared to the benchmark KSE-100 Index return of -11.56%.

AKD Cash Fund (AKDCF)

For the 1HFY19, the annualized return of AKD Cash Fund stood at 6.35% compared to benchmark return of 7.51%.

AKD Aggressive Income Fund (AKDAIF)

For the 1HFY19, the annualized return of AKD aggressive income fund stood at -2.39% compared to benchmark return of 9.52%.

AKD Islamic Income Fund (AKDISIF)

For the 1HFY19, the annualized return of AKD Islamic income fund stood at 7.10% compared to benchmark return of 2.84%.

AKD Islamic Stock Fund (AKDISSF)

For the 1HFY19, the return of AKD IslamicStock Fund stood at -11.65% compared to the benchmark KMI-30 Index return of -13.91%.

MACRO PERSPECTIVE

The newly elected Government continued to face severe challenges in 1HFY19 (July-December), as the country remained under the shadow of political uncertainty, degradation from global money-laundering watchdog (FATF) over regulatory concerns, and large twin deficits (fiscal and current).

The Current Account Deficit (CAD) for 1HFY19 stood at $7.983 billion (5.4% of GDP) as compared to $8.353 billion in the same period last year (SPLY), exhibiting a decline of 4.43% YoY. This improved performance was on the back of an increase in exports of goods by 0.08% YoY to

$11.840 billion from $11.831 billion, along with an increase in remittances, which increased by 10% YoY to $10.718 billion from $9.744 billion. However, imports of goods increased by 5.87%, from $12.993 billion to $13.756 billion, which combined with swelling debt servicing, eroded the foreign exchange reserves by 31.8% YoY to $13.57 billion.

On the fiscal front, the Federal Bureau of Revenue (FBR) managed to collect PKR1.788 trillion during the 1HFY19 which was around 4% higher as compared to the tax collection of PKR1.720 trillion, same period last year. Despite this increase, FBR failed to meet the 1HFY19 target by PKR172 billion, making it difficult for the Government to achieve its desired target of PKR4.40 trillion for FY19.

As per the Pakistan Bureau of Statistics (PBS), during the 1HFY19, average Consumer Price Index (CPI) was recorded at 6.05% compared to 3.75% same period last year. Average Core Inflation, calculated by non-food and non-energy CPI, clocked in at an alarming 8.03%, compared to 5.47% same period last year. Moreover, the State Bank of Pakistan (SBP) had upward revised its target of CPI between 6.5-7.5% for FY19, in its Monetary Policy Statement (MPS) on 30th November 2018, on the basis of higher international oil prices, further PKR/USD devaluation and increase in gas tariffs. Due to this higher expected inflation, and burgeoning twin deficits, SBP further increased the policy rate by 150 bps, to 10%, effective from 3rd December 2018.

The Agriculture sector is expected to underperform, and remain below its target in FY19, due to the increasing water crisis, which is likely to hamper agricultural output production. The slowdown in the services sector, along with manufacturing sector has caused the SBP to expect a real GDP growth of approximately 4% for FY19.

The Large Scale Manufacturing (LSM) sector, which constitutes 80% of the total manufacturing and 11% of the overall GDP, witnessed a decrease of 0.90% for 5MFY19 (July-November). Major growth was witnessed in sectors such as engineering products (19.93%), paper & board (8.76%), fertilizers (5.87%), and rubber products (4.2%). On the other hand, LSM sectors that exhibited major negative growth were wood products (47.09%), electronics (9.46%), pharmaceuticals (7.62%), and iron & steel products (6.13%).

During the 1HFY19, Pakistan was able to attract $1.32 billion in Foreign Direct Investment (FDI) which is 19.2% lower as compared to the corresponding period last year. This massive plunge is mainly due to decrease in Chinese inflows by 31% YoY as major investments in power generation projects from the Chinese IPPs has been already undertaken whereas, the inflows from other countries remained insignificant.

In our view, PKR-USD depreciation of 14.84% in 1HFY19 and funds received through bailout package from friendly countries like UAE ($1 billion), and Saudi Arabia ($3 billion) will provide some relief to the CAD. A prospective bailout package by IMF is looking very plausible and issuance of Diaspora bonds for overseas Pakistanis and increasing remittances would provide a much needed cushion to the external account.

Lastly, CPEC investments will continue to play a vital role in attracting investment in Pakistan and provide support to the deteriorating external account. Overall, clarity about the economic policies and reforms of the current government will remain a key determinant of macro performance.

EQUITY MARKET REVIEW

During 1HFY19, KSE-100 index exhibited a decline of 11.56%, ending the period at 37,067 points. The equity market remained under pressure on the back of faltering investor confidence stemming from weak economic conditions (balance of payment crisis, currency fluctuation and widening fiscal deficit) and continued foreign investor selling during the period (FIPI recorded net selling of $403.67 million as compared to $155.17 million in SPLY). Moreover, growing inflationary pressures led to the State Bank of Pakistan increasing the policy rate by 250 bps to 10% in the 1HFY19, prompting investors to realign their portfolios from equity market to fixed income instruments (T-bills, National Savings Schemes, PIBs, bank deposits) in pursuit of attractive returns.

Going forward, we believe that the second supplementary budget of the incumbent Government is expected to lift the market dynamics. Measures including abolishment of 0.02% on brokers for shares transactions and allowance to carry forward of capital losses over the period of three years would help improve trading activity in the market. Furthermore, sector specific measures are mainly positive for export-oriented sectors in the form of reduced duties and input costs and also settlement of refunds through promissory notes, Autos (non-filers allowed to purchase locally assembled vehicles up to 1300cc engine capacity), and Cements (allocation of loans for housing scheme). On the other hand, continuation of super tax (flat 4%) on banks (sector weight age: 25.23%) would keep the index in check.

However, improved liquidity emerging from the renewed investor confidence would still be a major driver of market performance. Improvement in macro-performance (fiscal and external deficits) and entry into an IMF program along would bring more clarity to the direction of market and possibly recover the market confidence in the remaining FY19. Upcoming monetary policies by SBP in 2HFY19 would also be crucial in determining the market performance. Currently, the KSE -100 Index is trading at an attractive multiple of 7.9x at a discount of 46% from emerging markets, offering potential upside for investors.

MONEY MARKET REVIEW

During 1HFY19, six T-Bill auctions were carried out by the SBP, where government successfully managed to raise PKR9.92 trillion. Weighted average yield on the 3-month and 6-month period were 8.38% and 9.01% respectively, as compared to 5.99%, and 6.01%, same period last year. There were no 12-month T-bill auctioned during the period.

To further address the need of liquidity, SBP conducted six auctions of Pakistan Investment Bonds (PIBs) and was successful in raising PKR59.87 billion during 1HFY19. The yields maintained an upward trend as weighted average maturity yield on 3-year, 5-year, and 10-year maturity rose to 8.25%, 9.70%, and 9.44%, as compared to 6.4%, 6.89%, and 7.95%, same period last year.

The government announced two Monitory Policy Statements (MPS) in 1HFY19, one on 29th September 2018, and the other on 30th November 2018. The policy rate was increased by 100bps to 8.5% in the first MPS, and further by 150bps subsequently, taking the policy rate to 10%. State Bank of Pakistan conducted 23 Open Market Operations (OMO) in 1HFY19 of different maturities, and injected average amount of PKR802.26 billion per OMO at an average cut-off yield of 8.49%.

As per the auction calendar of the SBP, it will raise PKR100 billion by issuing 3 to 20-year tenor Pakistan Investment Bonds (PIBs) and PKR3.3 trillion by issuing 3 to 12-month tenor T-Bills to pay back the maturing debt of PKR3.43 trillion. In addition, SBP will raise another PKR150 billion through the auction of a 10-Year Floating PIB.

FUTURE OUTLOOK

Keeping in view the current economic situation, it is expected that Pakistan would continue to face severe challenges in FY19. On the external front, while recent aid (Saudi, Chinese, and UAE) should provide funding support over FY19, but an IMF program remains of paramount importance as the financial assistance would not be able to solve liquidity concerns as forex reserves SBP stand at $7.2 billion for the 1HFY19.

Despite a gradual improvement in Current Account Deficit during 1HFY19, it still remains a major concern of the incumbent Government and needs urgent remedial measures to decelerate imports and further improve foreign inflows. However, shifting towards less costly alternative for power production, currency devaluation (14.84% in IHFY19), and incentives provided to export oriented industries (reduced duties & Rebates) would likely further improve the external account. Oil credit facility from Saudi Arabia and U.A.E. of $6 billion and $6.2 billion respectively will further support the CAD situation. Moreover, remittances are also expected to increase further and support the ailing economy as factors such as the weakening currency and stringent measures being taken by the government to curb money laundering, thus forcing this money to flow through official channels.

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 7.9x and 7.09% respectively as compared to Emerging Market P/E and DY of 11.52x and 2.70% respectively). The investor confidence level and foreign participation will play a major role in this regard.

On the Fixed Income side, the rapid surge in interest rates has made the situation severe and has led to an economic slowdown. Yields on 6 Month T-Bills have surged from under 6% in 2018 to around 10.5% currently and are likely increase further by the end of 2019. Therefore, equity markets will have to offer more to entice investors as competing asset classes (Pakistan Investment Bonds, Income Funds, National Savings Certificates and Bank Deposits) are beginning to offer attractive yields.

Furthermore, the recent visit of the Saudi Crown Prince Mohammad Bin Salman accompanied by a high powered Saudi business delegation (as per media reports) concluded a series of multi-billion dollar agreements (~$20 billion in next 5 years) that would help Pakistan in regaining its FDI momentum.

For and on behalf of the Board

Imran Motiwala
Chief Executive Officer

Abdul Karim
Chairman

Karachi: February 22, 2019.

AKD Islamic Income Fund
Financial Information - First Half FY19

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AKD Islamic Income Fund

MANAGEMENT COMPANY
AKD Investment Management Limited
216-217, Continental Trade Centre, Block-8,
Clifton, Karachi-74000

TRUSTEE
MCB Financial Services Limited
4th Floor, Perdesi House,
2/1 R-Y Old Queens Road,
Karachi-74200

BANKERS
BankIslami Paskistan Limited
Dubai Islamic Bank Pakistan Limited
Summit Bank Limited (Islamic Banking)

AUDITORS
Deloitte Yousuf Adil
Chartered Accoutants
Cavish Court A-35, Block 7 & 8
KCHSU, Sharah-e-Faisal,
Karachi-75350, Pakistan

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)

DISTRIBUTORS
AKD Investment Management Limited
Investomate (Private) Ltd.
Metro Capital (Private) Ltd.

RATING
AKD Islamic Income Fund
PACRA: A+(f) [A Plus(f)]

FUND MANAGER'S REPORT

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

Open - end Islamic Income scheme.

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

AKD Islamic income fund (AKDISIF) is a fund that primarily focuses on Shariah compliant income securities and instruments. The objective of AKDISIF is to provide investors with an investment Vehicle that strives to enhance capital coupled with regular halal income by investing in Shariah compliant income investments.

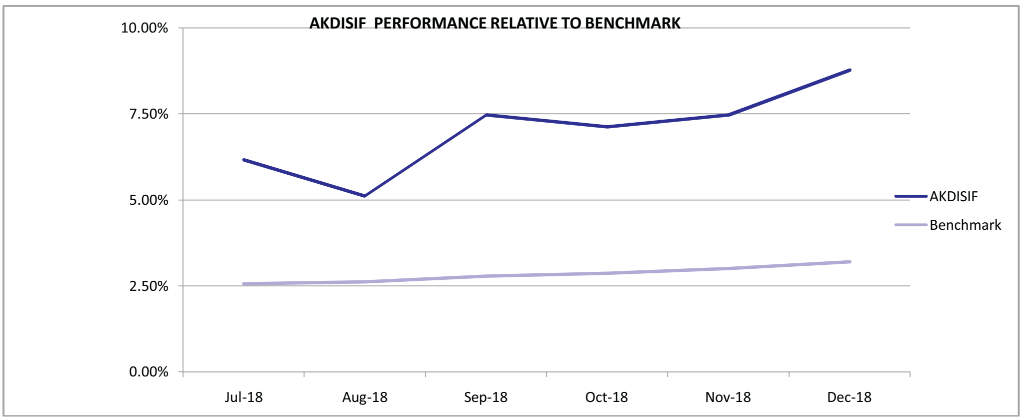
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

For the 1HFY19, the annualized return of AKD Islamic Income Fundstood at 7.10% compared to benchmark return of 2.84%.

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

Six (6) months average deposit rates of three (3)A Rated Scheduled Islamic Banks or Islamic Windows of Conventional 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	Oct-18	Nov-18	Dec-18
AKDISIF	6.16%	5.11%	7.47%	7.12%	7.47%	8.78%
Benchmark	2.56%	2.61%	2.78%	2.86%	3.01%	3.20%

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

AKD Islamic income fund is an open - end Islamic income scheme. The returns of the funds are generated through investment in high quality Shariah complaint securities and Islamic Bank deposit.AKDISIF 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)	31-Dec-18	30-Sep-18
Cash and Cash Equivalents	70.78%	72.74%
Sukuk	27.16%	25.34%
Other Assets Including Receivables	2.06%	1.92%

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

1HFY19(annualized)	7.10%
Benchmark (annualized)	2.84%

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

Net Assets Value			NAV Per Unit	
31-Dec-18	30-Sep-18	Change in Net Assets	31-Dec-18	30-Sep-18
(Rupees in 000)			(Rupees)	
127,097	134,561	-5.55%	51.7950	50.7899

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

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On the fiscal front, the Federal Bureau of Revenue (FBR) managed to collect PKR1.788 trillion during the 1HFY19 which was around 4% higher as compared to the tax collection of PKR1.720trillion, same period last year. Despite this increase, FBR failed to meet the 1HFY19 target by PKR172 billion, making it difficult for the Government to achieve its desired target of PKR4.40 trillion for FY19.

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During the 1HFY19, Pakistan was able to attract $1.32 billion in Foreign Direct Investment (FDI) which is 19.2% lower as compared to the corresponding period last year. This massive plunge is mainly due to decrease in Chinese inflows by 31% YoY as major investments in power generation projects from the Chinese IPPs has been already undertaken whereas, the inflows from other countries remained insignificant.

In our view, PKR-USD depreciation of 14.84% in 1HFY19 and funds received through bailout package from friendly countries like UAE ($1 billion), and Saudi Arabia ($3 billion) will provide some relief to the CAD. A prospective bailout package by IMF is looking very plausible and issuance of Diaspora bonds for overseas Pakistanis and increasing remittances would provide a much needed cushion to the external account.

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As per the auction calendar of the SBP, it will raise PKR100 billion by issuing 3 to 20-year tenor Pakistan Investment Bonds (PIBs) and PKR3.3 trillion by issuing 3 to 12-month tenor T-Bills to pay back the maturing debt of PKR3.43 trillion. In addition, SBP will raise another PKR150 billion through the auction of a 10-Year Floating PIB.

FUTURE OUTLOOK

Keeping in view the current economic situation, it is expected that Pakistan would continue to face severe challenges in FY19. On the external front, while recent aid (Saudi, Chinese, and UAE) should provide funding support over FY19, but an IMF program remains of paramount importance as the financial assistance would not be able to solve liquidity concerns as forex reserves SBP stand at $7.2 billion for the 1HFY19.

Despite a gradual improvement in Current Account Deficit during 1HFY19, it still remains a major concern of the incumbent Government and needs urgent remedial measures to decelerate imports and further improve foreign inflows. However, shifting towards less costly alternative for power production, currency devaluation (14.84% in IHFY19), and incentives provided to export oriented industries (reduced duties & Rebates) would likely further improve the external account. Oil credit facility from Saudi Arabia and U.A.E. of $6 billion and $6.2 billion respectively will further support the CAD situation. Moreover, remittances are also expected to increase further and support the ailing economy as factors such as the weakening currency and stringent measures being taken by the government to curb money laundering, thus forcing this money to flow through official channels.

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 7.9x and 7.09% respectively as compared to Emerging Market P/E and DY of 11.52x and 2.70% respectively). The investor confidence level and foreign participation will play a major role in this regard.

On the Fixed Income side, the rapid surge in interest rates has made the situation severe and has led to an economic slowdown. Yields on 6 Month T-Bills have surged from under 6% in 2018 to around 10.5% currently and are likely increase further by the end of 2019. Therefore, equity markets will have to offer more to entice investors as competing asset classes (Pakistan Investment Bonds, Income Funds, National Savings Certificates and Bank Deposits) are beginning to offer attractive yields.

Furthermore, the recent visit of the Saudi Crown Prince Mohammad Bin Salman accompanied by a high powered Saudi business delegation (as per media reports) concluded a series of multi-billion dollar agreements (~$20 billion in next 5 years) that would help Pakistan in regaining its FDI momentum.

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	219
10,000 - 49,999	20
50,000 - 99,999	2
100,000 - 499,999	5
500,000 and above	1
Total	**247**

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.

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

AKD ISLAMIC INCOME FUND

Report of the Trustee Pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

AKD Islamic Income Fund, an open-end Scheme established under a Trust Deed dated August 30, 2017 executed between AKD Investment Management Limited, as the Management Company and MCB Financial Services Limited, as the Trustee. The Fund commenced its operations on February 21, 2018.

1. AKD Investment Management Limited, the Management Company of AKD Islamic Income Fund has, in all material respects, managed AKD Islamic Income Fund during the period ended 31st December 2018 in accordance with the provisions of the following:

    (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;

    (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;

    (iii) the creation and cancellation of units are carried out in accordance with the deed;

    (iv) and any regulatory requirement

Khawaja Anwar Hussain
Chief Executive Officer
MCB Financial Services Limited

Karachi, February 20, 2019

AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **AKD Islamic Income Fund** (the Fund)as at December 31, 2018, and the related condensed interim income statement, condensed interim statement of other comprehensive income, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statementand notes to the condensed interim financial information for the half year ended December 31, 2018 (here-in-after referred to as the 'condensed interim financial information'). **AKD Investment Management Limited** (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of other comprehensive income, for the quarter ended December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Deloitte Yousuf Adil
Chartered Accountants
Engagement Partner: Nadeem Yousuf Adil

Karachi: February 28, 2019

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2018

	Note	(Un-Audited) December 31, 2018	(Audited) June 30, 2018
		------- (Rupees in '000) -------	
Assets			
Bank balances	4	**91,282**	144,188
Investments	5	**35,019**	35,016
Profit receivable on bank deposits and sukuk certificates		**1,198**	1,143
Deposits, prepayments and other receivables	6.	**272**	52,043
Preliminary expenses and floatation cost	7.	**1,186**	1,331
Total Assets		**128,957**	233,721
Liabilities			
Payable to the Management Company	8.	**1,442**	1,712
Payable to the Trustee	9.	**13**	21
Payable to Securities and Exchange Commission of Pakistan	10.	**50**	43
Payable against Redemption of Units		**-**	1,250
Accrued expenses and other liabilities	11.	**355**	323
Total Liabilities		**1,860**	3,349
Net Assets		**127,097**	230,372
Unit Holders' Fund (as per statement attached)		**127,097**	230,372
Contingencies and Commitments	12.		
		------- Number of units -------	
Number of units in issue		**2,453,848**	4,536,064
		------- (Rupees) -------	
Net assets value per unit		**51.7950**	50.7868

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

For AKD Investment Management Limited
(Management Company)

Imran Motiwala	**Muhammad Munir Abdullah**	**Anum Dhedhi**
Chief Executive Officer	Chief Financial Officer	Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2018

	Note	Half year ended December 31, 2018	Quarter ended December 31, 2018
Income		------('Rupees in '000) ------	
Net unrealised appreciation / (diminuition) on remeasurement of investments classified as 'financial assets at fair value through profit and loss'	5.1	3	(17)
Income from sukuk certificates		1,599	859
Profit on bank deposits		3,664	1,721
Total income / (loss)		5,266	2,563
Expenses			
Remuneration of the Management Company	8.1	-	-
Sales tax on the remuneration of the Management Company	8.2	-	-
Remuneration of the Trustee	9.1	80	35
Sales tax on the Trustee remuneration	9.2	11	5
Annual fee to the Securities and Exchange Commission of Pakistan	10.1	50	22
Expenses allocated by the Management Company	8.3	66	28
Securities transaction costs		-	-
Auditors' remuneration	13	62	17
Settlement and bank charges		30	16
Amortisation of preliminary expenses and floatation costs		145	72
Fee and subscription		96	47
Printing and related cost		48	8
Legal and professional charges		95	74
Provision against Sindh Workers' Welfare Fund		92	45
Total expenses		775	369
Net income for the period before taxation		4,491	2,194
Taxation	14.	-	-
Net income for the period after taxation		4,491	2,194
Allocation of net income for the period			
Net income for the period after taxation		4,491	2,194
Income already paid on units redeemed		(1,340)	(539)
		3,151	1,655
Accounting income available for distribution			
- Relating to capital gains		3	-
- Excluding capital gains		3,148	1,655
		3,151	1,655

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

For AKD Investment Management Limited
(Management Company)

Imran Motiwala	**Muhammad Munir Abdullah**	**Anum Dhedhi**
Chief Executive Officer	Chief Financial Officer	Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2018

	Half year ended December 31, 2018	Quarter ended December 31, 2018
	------('Rupees in '000) ------	
Net income for the period after taxation	**4,491**	2,194
Other comprehensive income for the period	**-**	-
Total comprehensive income for the period	**4,491**	2,194

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

For AKD Investment Management Limited
(Management Company)

Imran Motiwala	**Muhammad Munir Abdullah**	**Anum Dhedhi**
Chief Executive Officer	Chief Financial Officer	Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	For the half year ended December 31, 2018		
	---------------- Rupees in '000 ----------------		
	Capital value	Undistributed income	Net assets / Total
Net assets at beginning of the period	**228,503**	**1,869**	**230,372**
Issue of 3,268,488 units			
- Capital value (at Ex-Net asset value per unit at beginning of the period)	163,443	-	163,443
- Element of income	2,795	-	2,795
Total proceeds on issuance of units	166,238	-	166,238
Redemption of 5,350,704 units			
- Capital value (at Ex-Net asset value per unit at beginning of the period)	267,566	-	267,566
- Element of income	1,555	1,340	2,895
Total payments on redemption of units	269,121	1,340	270,461
Total comprehensive income for the period	-	4,491	4,491
Distribution during the period	-	(1,869)	(1,869)
Refund of Capital	(1,674)	-	(1,674)
Net income for the period less distribution	(1,674)	2,622	948
Net assets at end of the period	**123,946**	**3,151**	**127,097**
Undistributed income brought forward			
- Realised income		2,033	
- Unrealised income		(164)	
		1,869	
Accounting income available for distribution			
- Relating to capital gains		3	
- Excluding capital gains		3,148	
		3,151	
Distribution during the period at Rs. 0.78101 per unit i.e. 1.56% of the par value of Rs. 50/- each (July 6, 2018)		(1,869)	
Undistributed income carried forward		3,151	
Undistributed income carried forward			
- Realised income		3,148	
- Unrealised gain		3	
		3,151	

	(Rupees)
Net assets value per unit at beginning of the period	50.7868
Net assets value per unit at end of the period	51.7950

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

For AKD Investment Management Limited
(Management Company)

Imran Motiwala	Muhammad Munir Abdullah	Anum Dhedhi
Chief Executive Officer	Chief Financial Officer	Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2018

	Note	Half year ended December 31, 2018	Quarter ended December 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		------('Rupees in '000)	------
Net income for the period before taxation		4,491	2,194
Adjustments			
Amortisation of preliminary expenses and floatation costs	7.	145	72
Net unrealised (appreciation) / diminution on remeasurement of investments classified as 'financial assets at fair value through profit and loss'	5.2	(3)	17
		4,633	2,283
(Increase) / decrease in assets			
Profit receivable on bank deposits and sukuk certificates		(55)	(131)
Deposits, prepayments and other receivables		51,771	51
		51,716	(80)
Increase / (decrease) in liabilities			
Payable to the Management Company		(270)	(11)
Payable to the Trustee		(8)	(1)
Payable against Redemption of units		(1,250)	(1,811)
Payable to Securities and Exchange Commission of Pakistan		7	22
Accrued expenses and other liabilities		32	(20)
		(1,489)	(1,821)
Net cash generated from operating activities		54,860	382
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount received on issue of units		164,564	64,613
Payment against redemption of units		(270,461)	(74,271)
Dividend Paid		(1,869)	
Net cash generated from financing activities		(107,766)	(9,658)
Net increase / (decrease) in cash and cash equivalents		(52,906)	(9,276)
Cash and cash equivalents at beginning of the period		144,188	100,558
Cash and cash equivalents at end of the period	4	91,282	91,282

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

For AKD Investment Management Limited
(Management Company)

Imran Motiwala	Muhammad Munir Abdullah	Anum Dhedhi
Chief Executive Officer	Chief Financial Officer	Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

AKD Islamic Income Fund (the Fund) was established under a Trust Deed, dated August 30, 2017, executed between AKD Investment Management Limited (AKDIML) as the Management Company and MCB Financial Services Limited (MCBFSL) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan (SECP) as a unit trust scheme on May 30, 2017. The initial Public Offering (IPO) of the Fund was made during the period from February 19, 2018 to February 20, 2018 and the Fund commenced operations from February 21, 2018. 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. February 19, 2018.

The Management Company of the Fund has been registered as a Non-Banking Finance Company (NBFC) under the NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. 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 offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.

The Fund is categorised as an open end Shariah Complaint (Islamic) Income Scheme in accordance with Circular 7 of 2009, issued by the Securities and Exchange Commission of Pakistan (SECP). Al-Hilal Shariah Advisors (Pvt.) Limited acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

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 "A+(f)" to the fund dated December 28, 2018.

As the funds accounting period commence from February 19, 2018 therefore, the comparative figures in the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of movement in unitholder's fund are not presented.

Title to the assets of the Fund are held in the name of MCB Financial Services Limited as trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 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

- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and 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 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 requirements of the Trust Deed have been followed.

2.1.2 The disclosures made in these condensed interim financial information have, however, been limited based on the requirements of IAS 34. These condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.

2.1.3 In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company hereby declare that these condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2018.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention, except that certain investments are measured at fair value.

2.3 Functional and presentation currency

These condensed interim financial information are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

2.4 Use of judgments and estimates

The preparation of the condensed interim financial statements in conformity with the approved accounting standards requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

Areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements as a whole are as follows:

(i) classification and valuation of financial assets ; and
(ii) impairment of financial assets

3. SIGNIFICANT ACCOUNTING POLICIES, RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES THEREIN

3.1 The accounting policies adopted in the preparation of these condensed interim financial information are consistent with those applied in the preparation of the annual audited financial statements of the Fund for the period ended June 30, 2018, and for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

3.2 The preparation of these condensed interim financial information in conformity with the approved accounting standards requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of its accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

3.3 The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements of the Fund for the period ended June 30, 2018, except for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

3.4 There are certain new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2018 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these condensed interim financial information

3.5 On application of IFRS - 9 'Financial Instruments', there is no material change in the Fund’s financial risk management objectives and policies and are consistent with those disclosed in the annual audited financial statements of the Fund for the period ended June 30, 2018.

3.6 Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Fund has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after July 01, 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Fund has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

Additionally, the Fund adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to the disclosures for the half year ended December 31, 2018.

IFRS 9 introduced new requirements for:

1) The classification and measurement of financial assets and financial liabilities;
2) Impairment of financial assets; and
3) General hedge accounting.

Details of these new requirements as well as their impact on the Fund's financial statements are described below except the General Hedge Accounting which are not applicable on the operations of the Fund. The Fund has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Fund has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is July 01, 2018. Accordingly, the Fund has applied the requirements of IFRS 9 to instruments that continue to be recognised as at July 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 01, 2018. Comparative amounts in relation to instruments that continue to be recognised as at July 01, 2018 have not been restated as allowed by IFRS 9.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

. debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;

. debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);

. all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). Despite the aforegoing, the Fund may make the following irrevocable election/designation at initial recognition of a financial asset;

. the Fund may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and

. the Fund may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. Please see para (b) below for applicability of impairment requirements of IFRS 9.

The Management has reviewed and assessed the Fund's existing financial assets as at July 01, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Fund's financial assets as regards their classification and measurement:

- there is no change in the measurement of the Fund's investments in debt instruments that are held for trading; those instruments were and continue to be measured at FVTPL;

Para (d) below tabulates the change in classification of the Fund's financial assets upon application of IFRS 9.

None of the other reclassifications of financial assets have had any impact on the Fund's financial position, profit or loss, other comprehensive income or total comprehensive income for the period.

(b) Impairment of financial assets

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore the Fund will not be subject to the impairment provisions of IFRS 9.

(c) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Fund's financial liabilities because the Fund does not have any financial liabilities designated as FVTPL.

Please refer to para (d) below for further details regarding the change in classification upon the application of IFRS 9.

(d) Disclosures in relation to the initial application of IFRS 9

There were no financial assets or financial liabilities under IAS 39 that were subject to reclassification or which the Fund has elected to reclassify upon the application of IFRS 9.

The table below shows information relating to financial assets that have been reclassified as a result of transition to IFRS 9.

	Carrying amount as per IAS 39 as on June 30, 2018	Reclassific-ations	Remeasure-ments	Carrying amount on initial adoption of IFRS 9 on July 01, 2018	Effect on retained earnings on July 1, 2018
		------------------ Rupees ('000')------------------			
Financial assets					
Fair value through profit or loss					
From held for trading (IAS - 39)	35,016	35,016	-	35,016	-
	35,016	**35,016**	**-**	**35,016**	**-**

		Note	(Unaudited) December 31, 2018	(Audited) June 30, 2018
			------ (Rupees in '000) ------	
4.	**BANK BALANCES**			
	In saving accounts	4.1	**91,282**	144,188

4.1 This represent bank accounts held with different banks. Mark-up rates on these accounts range between 6.50% to 10% per annum (June 30, 2018 4.50% to 6.50% per annum).

		Note	(Unaudited) December 31, 2018	(Audited) June 30, 2018
5.	**INVESTMENTS**		------ (Rupees in '000) ------	
	At fair value through profit and loss' - Listed sukuk certificates	5.1	**35,019**	35,016

5.1 Investments 'at fair value through profit or loss'
Listed sukuk certificates

Name of security	Rate of return (per anum)	Number of Units				Carrying value as at Dec 31, 2018	Market value as at Dec 31, 2018	Unrealised appreciation / (diminution) as at Dec 31, 2018	Market value as a percentage of net assets	Market value as a percentage of total investments
		Opening	Purchased during the period	Sold / Matured during the period	As at Dec 31, 2018					
						------------------ Rupees in '000 ------------------				
Dawood Hercules Corporation Limited	10.39%	200	-	-	200	20,040	20,001	(39)	15.74%	57.11%
BYCO Petroleum Pakistan Limited	10.05%	150	-	-	150	14,976	15,018	42	11.82%	42.89%
Total listed debt securities as at December 31, 2018						**35,016**	**35,019**	**3**		
Total listed debt securities as at June 30, 2018						35,180	35,016	(164)		

		Note	(Unaudited) December 31, 2018	(Audited) June 30, 2018
			-------- (Rupees in '000) --------	
5.2	**Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'**			
	Market value of investments	5.1	**35,019**	35,016
	Carrying amount of investments	5.1	**35,016**	35,180
			3	(164)
6.	**DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Security deposits with Central Depository Company of Pakistan Limited		**100**	100
	Prepaid Shairah Advisor fee		**22**	105
	Prepaid KSE Annual Listing Fee		**14**	-
	Prepaid Rating Fee		**56**	-
	Receivable against conversion of units		**26**	51,784
	Advance tax	6.1	**54**	54
			272	52,043

6.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, during the year ended June 30, 2018, withholding tax on profit on debt paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholdee. The tax withheld on profit on debt amounts to Rs 0.054 million.

		Note	(Unaudited) December 31, 2018	(Audited) June 30, 2018
7.	**PRELIMINARY EXPENSES AND FLOATATION COST**		-------- (Rupees in '000) --------	
	Preliminary expenses and floatation cost		**1,331**	1,433
	Less: Amortised during the period	7.1	**(145)**	(102)
			1,186	1,331

7.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulation, 2008.

		Note	(Unaudited) December 31, 2018	(Audited) June 30, 2018
			-------- (Rupees in '000) --------	
8.	**PAYABLE TO MANAGEMENT COMPANY**			
	Remuneration	8.1	**-**	-
	Sales tax on management fees	8.2	**-**	-
	Expenses allocated by the management company	8.3	**9**	57
	Formation cost		**1,433**	1,433
	Sales load payable		**-**	10
	Others		**-**	212
			1,442	1,712

8.1 The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the amended NBFC Regulations dated November 25, 2015, of an amount not exceeding 1.5 percent of the average daily net assets of the Fund. During the period the management Company has charged 0% management fees with effect from July 01, 2018 to Dec 31, 2018 in order to benefit the unit holders.

8.2 Sindh sales tax at the rate of 13% (June 30, 2018: 13%) on gross value of management fee is charged under the provisions of Sindh Sales Tax on Services Act, 2011.

8.3 This represents the amount payable to the Management Company under NBFC Regulation 60(3)(s), wherein the Management Company is allowed to charge their cost to Collective Investment Schemes (CIS) in respect of fees and expenses related to registrar, accounting, and other services related to CIS. The maximum cost that can be charged in this regard is up to 0.1% of the average annual net assets of that CIS or actual, whichever is less.

		Note	(Unaudited) December 31, 2018	(Audited) June 30, 2018
9.	**PAYABLE TO THE TRUSTEE**		-------- (Rupees in '000) --------	
	Trustee fee	9.1	**11**	18
	Sindh Sales Tax	9.2	**2**	3
			13	21

9.1 The Trustee is entitled to a monthly remuneration to be paid monthly in arrears for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets of the Fund.

The tariff structure applicable to the fund is as follows:

Amount of Funds Under Management [Average Net Assets Value (NAV)]	**Tariff per annum**
Upto Rs 1,000 million	0.12% of Net Assets
Exceeding Rs 1,000 million and up to Rs.5,000 million	Rs. 1.2 million plus 0.065% per anum of the amount exceeding Rs. 1,000 million
Exceeding Rs. 5,000 million and up to Rs. 10,000 million	Rs. 3.8 million plus 0.06% per anum of the amount exceeding Rs. 5,000 million

9.2 Sindh Sales Tax is charged at 13% on the Trustee fee.

	Note	(Unaudited) December 31, 2018	(Audited) June 30, 2018
		-------- (Rupees in '000) --------	
10. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)			
Annual fee payable to SECP	10.1	**50**	43

10.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 a collective investment scheme categorised as an income scheme is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.075 percent of the average annual net assets of the scheme. The fee is payable annually in arrears.

	Note	(Unaudited) December 31, 2018	(Audited) June 30, 2018
		-------- (Rupees in '000) --------	
11. ACCRUED EXPENSES AND OTHER LIABLITIES			
Auditors remuneration		**89**	145
Printing charges payable		**81**	70
Provision for Sindh Workers' Welfare Fund	11.1	**144**	52
Others		**41**	55
		355	322

11.1 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, the MUFAP recommended that as a matter of abundant caution provision in respect of SWWF should be made with effect from the date of enactment of the SWWF Act, 2014 (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 July 01, 2018 to Dec 31, 2018, the net asset value of the Fund as at Dec 31, 2018 would have been higher by Re. 0.059 per unit (June 30, 2018: 0.01 per unit).

12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2018 (June 30, 2018: Nil)

13. TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the half year ended December 31, 2018 is 0.59%, which includes 0.12% representing government levy, Sindh Worker's Welfare Fund and SECP fee.

14. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed to the unit holders in cash. 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.

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.

15. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include AKD Investment Management Limited, being the Management MCB Financial Services Limited, being the Trustee, Aqeel Karim Dhedhi Securities (Private) Limited, AKD Securities Limited, directors, officers and other connected persons of the Management Company, and directors of the Company and their connected persons.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates. Details of transactions and balances with connected persons are as follows:

15.1 Transactions during the period	(Unaudited) For the period ended December 31, 2018 Rupees in 000
AKD Investment Management Limited - Management Company	
Remuneration to Management Company	-
Expenses allocated by the Management Company	**66**
Issue of 4,814 units	**245**
Redemption of 4,814 units	**247**
MCB Financial Services Limited - Trustee	
Trustee remuneration	**80**
Sindh Sales Tax on trustee remuneration	**11**
Chief Financial Officer of the Management Company	
Issue of 44 capital refund units	**2**
Dividend paid	**3**
Company Secretary and Chief Operating Officer of the Management Company	
Issue of 660 units	**34**
Issue of 229 capital refund units	**11**
Dividend paid	**1**
Redemption of 645 units	**33**
Fund Manager of AKDITF and AKDISSF	
Issue of 9 capital refund units	**1**
Issue of 8 units	**-**
Redemption of 1,133 units	**58**
TPL Insurance Limited - Connected person due to holding of more than 10% units	
Units issued : 6,656	**333**
Chief Executive Officer of the Management Company	
Issue of 16,293 units	**820**
Redemption of 16,293 units	**825**
Spouse of the Chief Executive Officer of the Management Company	
Issue of 85,876 units	**4,330**
Redemption of 85,876 units	**4,341**
Hina Aqeel - Close relative of the Sponsor of the Management Company	
Issue of 38,089 units	**1,917**
Redemption of 38,089 units	**1,942**
Afsheen Aqeel Dhedhi- Close relative of the Sponsor of the Management Company	
Issue of 19,045 units	**959**
Redemption of 19,045 units	**971**
Muhammad Farid Alam - Key Management Personnel of Associated Company	
Issue of 72 units	**4**
Attock Cement Pakistan Ltd.Employees Provident Fund - Connected person due to holding of more than 10% units	
Units issued : 5,969	**298**
Askari General Insurance Co. Ltd. - Connected person due to holding of more than 10% units	
Units issued : 483,216	**25,000**

15.2 Balances outstanding at the period / year end

	(Un-Audited) December 31, 2018 Rs in 000's	(Audited) June 30, 2018 Rs in 000's
AKD Investment Management Limited - Management Company		
Payable against expenses allocated by the Management Company	**9**	57
Payable against formation cost	**1,433**	1,433
Sales load payable	**-**	10
Other payable to Management Company	**-**	212
MCB Financial Services Limited - Trustee		
Remuneration payable	**11**	18
Sindh Sales Tax on trustee remuneration payable	**2**	3
AKD Opportunity Fund		
Receivable against conversion of units	**27**	51,784
Chief Financial Officer of the Management Company		
Outstanding 6,800 units (June 2018: 6,756 units)	**352**	343
Company Secretary and Chief Operating Officer of the Management Company		
Outstanding 16,013 units (June 2018:15,769 units)	**829**	801
Fund Manager of AKDITF and AKDISSF		
Outstanding Nil units (June 2018:1,116 units)	**-**	57
Muhammad Farid Alam - Key Management Personnel of Associated Company		
Outstanding 72 units (June 2018: Nil units)	**4**	-
Syed Masood-ul-Hasan* - Connected person due to holding of more than 10% units		
Outstanding Nil units (June 2018: 1,029,317 units)	**-**	52,276
Sakrand Sugar Mills Limited Employees Provident Fund* - Connected person due to holding of more than 10% units		
Outstanding Nil units (June 2018: 699,283 units)	**-**	35,514
TPL Insurance Limited - Connected person due to holding of more than 10% units		
Outstanding 507,995 (June 2018: 501,339 units)	**26,312**	25,461
Attock Cement Pakistan Ltd. Employees Provident Fund - Connected person due to holding of more than 10% units**		
Outstanding 388,120 (June 2018: Nil units)	**20,103**	-
Askari General Insurance Co. Ltd. - Connected person due to holding of more than 10% units**		
Outstanding 483,216 (June 2018: Nil units)	**25,028**	-

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

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 (i.e. listed securities) are based on the quoted market prices at the close of trading on the reporting 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.

IFRS 13, 'Fair Value Measurements' requires the Fund to classify 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

		December 31, 2018 (Un-Audited)								
		Carrying amount					Fair Value			
On-balance sheet financial instruments	Note	Fair value through profit or loss	Fair value through other comprehensive income	At amortised cost	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)								
Financial assets measured at fair value										
Investments										
- Listed Sukuk Certificates		35,019	-	-	-	35,019	-	35,019	-	35,019
		35,019	-	-	-	35,019	-	35,019	-	35,019
Financial assets not measured at fair value	16.1									
Bank balances		-	-	-	91,282	91,282				
Profit receivable on bank deposits and sukuk certificates		-	-	-	1,198	1,198				
Deposits, prepayments and other receivables		-	-	-	126	126				
			-	-	92,606	92,606				
Financial liabilities not measured at fair value	16.1									
Payable to the Management Company		-	-	-	1,442	1,442				
Payable to the Trustee		-	-	-	13	13				
Payable against Redemption of Units		-	-	-	-	-				
Accrued expenses and other liabilities		-	-	-	211	211				
			-	-	1,666	1,666				

		June 30, 2018 (Audited)								
		Carrying amount					Fair Value			
		Available-for-sale	Held-for-trading	Loans and receivables	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total
On-balance sheet financial instruments		(Rupees in '000)								
Financial assets measured at fair value										
Investments - Listed Sukuk certificates		-	35,016	-	-	35,016	-	35,016	-	35,016
		-	35,016	-	-	35,016	-	35,016	-	35,016
Financial assets not measured at fair value	16.1									
Bank balances		-	-	-	144,188	144,188				
Profit receivable on bank deposits and sukuk certificates		-	-	-	1,143	1,143				
Deposits, prepayments and other receivables					51,884	51,884				
		-	-	-	197,215	197,215				
Financial liabilities not measured at fair value	16.1									
Payable to the Management Company		-	-	-	1,712	1,712				
Payable to Trustee		-	-	-	21	21				
Payable against Redemption of Units		-	-	-	1,250	1,250				
Accrued expenses and other liabilities		-	-	-	270	270				
		-	-	-	3,253	3,253				

16.1 The Fund has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

17. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue by the Board of Directors of the Management Company on February 22, 2019.

18. GENERAL

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

18.2 This condensed interim financial information are unaudited and have been reviewed by the auditors. Further, the figures of the condensed interim income statement and statement of comprehensive income for the quarter ended December 31, 2018 have not been reviewed.

18.3 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala	Muhammad Munir Abdullah	Anum Dhedhi
Chief Executive Officer	Chief Financial Officer	Director

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