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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CORPORATE INFORMATION

MANAGEMENT COMPANY

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Chairman
Mr. Abdul Karim

Director & Chief Executive Officer
Mr. Imran Motiwala

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

CHIEF FINANCIAL OFFICER OF THE MANAGEMENT COMPANY

Mr. Muhammad Munir Abdullah

CHIEF OPERATING OFFICER AND COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Mr. Muhammad Yaqoob 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

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 Stock Fund
Financial Information - First Half FY19

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AKD Islamic Stock 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
Asset Management Company
PACRA: AM3++(AM-Three Plus Plus)

FUND MANAGER'S REPORT

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

Open -end Islamic Equity Scheme

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

AKD Islamic Stock Fund (AKDISSF) is designed to earn competitive returns by investing in the stock market. The objective of AKD Islamic Stock Fund is to invest in the capital Markets through an optimal combination of strategies in Shariah compliant equities providing growth and dividends.

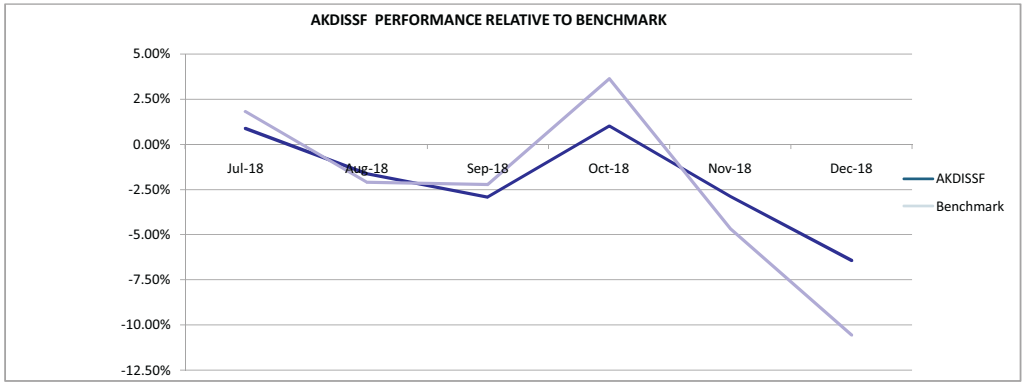
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

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

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

KMI-30 index

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



Monthly yield	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
AKDISSF	0.87%	-1.64%	-2.94%	0.99%	-2.90%	-6.43%
Benchmark	1.80%	-2.11%	-2.24%	3.62%	-4.67%	-10.55%

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

AKD Islamic Stock Fund is an open - end Islamic equity scheme; the return of the Fund is generated through investment in Islamic stocks which have strong growth potential. AKDISSF is fully complied with the relevant policies and procedures as per Fund's regulatory requirements.

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
Equities	97.04%	83.64%
Cash	1.04%	14.07%
Other Assets	1.92%	2.29%

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

1HFY19 Return	-11.65%
Benchmark Return	-13.91%

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

Net Asset Value			NAV Per Unit	
31-Dec-18	30-Sep-18	Change in Net Assets	31-Dec-18	30-Sep-18
(Rupees In "000")			Rs.	Rs.
198,929	214,180	-7.12%	41.5239	45.2479

x) Disclosure on the markets that the Collective Investment Scheme has invested in including - review of the market (s) invested in and returns 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 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.

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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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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.

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

xii) Disclosure of any split (if any), comprising:

There were no unit splits during the period.

xiii) Break down of unit holding size:

Range (Units)	No. of Investors
0.1 - 9,999	254
10,000 - 49,999	43
50,000 - 99,999	5
100,000 - 499,999	8
500,000 and above	1
Total	**311**

xiv) Disclosure of circumstances that materially affect any interests 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 STOCK FUND

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

AKD Islamic Stock 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 Stock Fund has, in all material respects, managed AKD Islamic Stock 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 Stock 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	**2,097**	3,822
Investments	5	**195,431**	210,611
Dividend and Profit receivable on bank deposits		**334**	17
Deposits, prepayments and other receivables	7.	**2,692**	2,705
Preliminary expenses and floatation cost	8.	**848**	951
Total Assets		**201,402**	218,106
Liabilities			
Payable to the Management Company	9.	**1,444**	1,741
Payable to the Trustee	10.	**24**	25
Payable to Securities and Exchange Commission of Pakistan	11.	**103**	73
Payable against purchase of investment		**113**	-
Accrued expenses and other liabilities	12.	**789**	576
Total Liabilities		**2,473**	2,415
Net Assets		**198,929**	215,691
Unit Holders' Fund (as per statement attached)		**198,929**	215,691
Contingencies and Commitments	13.		
		-------- Number of units --------	
Number of units in issue		**4,790,705**	4,589,409
		--------- Rupees ---------	
Net assets value per unit		**41.5239**	**46.9975**

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

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
		------('Rupees in '000) ------	
Income			
Capital gain on sale of investments classified as 'financial assets at fair value through profit and loss'		**5,153**	**3,255**
Net unrealised diminution on remeasurement of investments classified as 'financial assets at fair value through profit and loss'	5.2	**(32,896)**	**(22,765)**
Dividend income		**5,511**	**3,354**
Profit on bank deposits		**602**	**187**
Total loss		**(21,630)**	**(15,969)**
Expenses			
Remuneration of the Management Company	9.1	**2,173**	**1,065**
Sales tax on the remuneration of the Management Company	9.2	**282**	**138**
Remuneration of the Trustee	10.1	**130**	**63**
Sales tax on the Trustee remuneration	10.2	**17**	**8**
Annual fee to the Securities and Exchange Commission of Pakistan	11.1	**103**	**50**
Expenses allocated by the Management Company	9.3	**109**	**54**
Securities transaction costs		**357**	**141**
Auditors' remuneration	14	**62**	**17**
Settlement and bank charges		**31**	**18**
Amortisation of preliminary expenses and floatation costs		**103**	**51**
Fee and subscription		**317**	**172**
Printing and stationary		**48**	**8**
Legal and professional charges		**94**	**28**
Charity		**381**	**166**
Total expenses		**4,207**	**1,979**
Net loss for the year before taxation		**(25,837)**	**(17,948)**
Taxation	15.	**-**	**-**
Net loss for the period after taxation		**(25,837)**	**(17,948)**
Allocation of net income for the period			
Net Income for the period after taxation		**-**	**-**
Income already paid on units redeemed		**-**	**-**
Accounting income available for distribution:			
Relating to capital gain		-	**-**
Excluding capital gains		**-**	**-**
		-	**-**

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

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 loss for the period after taxation	**(25,837)**	**(17,948)**
Other comprehensive income for the period	-	-
Total comprehensive income for the period	**(25,837)**	**(17,948)**

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

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 / (Accumulated Loss)	Net assets / Total
Net assets at beginning of the period	**232,689**	**(16,998)**	**215,691**
Issuance of 593,817 units			
- Capital value (at net asset value per unit at the beginning of period)	**27,908**	**-**	**27,908**
- Element of income	**(1,007)**	**-**	**(1,007)**
Total proceeds on issuance of units	**26,901**	**-**	**26,901**
Redemption of 392,521 units			
- Capital value (at net asset value per unit at the beginning of period)	**18,448**	**-**	**18,448**
- Element of Income	**(622)**	**-**	**(622)**
Total payments on redemption of units	**17,826**	**-**	**17,826**
Total comprehensive income / (loss) for the period	**-**	**(25,837)**	**(25,837)**
Distribution during the period	**-**	**-**	**-**
Net loss for the period less distribution	**-**	**(25,837)**	**(25,837)**
Net assets at end of the period	**241,764**	**(42,835)**	**198,929**
Accumulated loss brought forward			
- Realised		**(1,315)**	
- Unrealised		**(15,683)**	
		(16,998)	
Net loss for the period		**(25,837)**	
Distribution during the period		**-**	
Accumulated loss carried forward		**(42,835)**	
Accumulated loss carried forward			
- Realised		**(9,939)**	
- Unrealised		**(32,896)**	
		(42,835)	
Net assets value per unit at beginning of the period			**46.9975**
Net assets value per unit at end of the period			**41.5239**

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

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
		------('Rupees in '000) ------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period before taxation		**(25,837)**	**(17,948)**
Adjustments			
Amortisation of preliminary expenses and floatation costs		**103**	**51**
Capital gain on sale of investments		**(5,153)**	**(3,255)**
Net unrealised diminution on remeasurement of investments classified as 'financial assets at fair value through profit and loss'		**32,896**	**22,765**
		2,009	**1,613**
(Increase) / decrease in assets			
Investments		**(12,563)**	**(32,871)**
Dividend and Profit receivable on bank deposits		**(317)**	**1,001**
Deposits, prepayments and other receivables		**13**	**76**
		(12,867)	**(31,794)**
Increase / (decrease) in liabilities			
Payable to the Management Company		**(297)**	**(161)**
Payable to Securities and Exchange Commission of Pakistan		**30**	**50**
Payable to the Trustee		**(1)**	**(1)**
Payable against Redemption of Units		**-**	**(4)**
Payable against purchase of investment		**113**	**(810)**
Accrued expenses and other liabilities		**213**	**(114)**
		58	**(1,040)**
Net cash used in operating activities		**(10,800)**	**(31,221)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount received on issue of units		**26,901**	**11,261**
Payment against redemption of units		**(17,826)**	**(8,564)**
Net cash generated from financing activities		**9,075**	**2,697**
Net increase / (decrease) in cash and cash equivalents		**(1,725)**	**(28,524)**
Cash and cash equivalents at beginning of the period		**3,822**	**30,621**
Cash and cash equivalents at end of the period	4	**2,097**	**2,097**

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

For AKD Investment Management Limited
(Management Company)

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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

AKD Islamic Stock 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) Equity 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 Company Limited (PACRA) has assigned asset manager rating of 'AM3++' to the Management Company dated 10 August 2018.

Since these are first reviewed financial information 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 This condensed interim financial information 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 requirement 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 Regulation and requirements of the Trust Deed have been followed.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS-34. This 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 this 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 financial statements have been prepared under the historical cost convention, except that investments are measured at fair value.

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

The preparation of the 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.

The 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 (notes 5.1); and
(ii) impairment of financial assets

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

3.1 The accounting policies adopted in the preparation of this 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, except for the application of IFRS - 9 'Financial Instruments' disclosed in note 3.6.

3.2 The preparation of this 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 this 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 to 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:

- the Fund's investments in equity instruments (neither held for trading nor a contingent consideration arising from a business combination) that were previously classified as available-for-sale financial assets and were measured at fair value at each reporting date under IAS 39 have been reclassified as at FVTPL. The change in fair value on these equity instruments will be recorded in the profit or loss account;

- there is no change in the measurement of the Fund's investments in equity 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 the 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	Reclassifi-cations	Remeasu-rements	Carrying amount on initial adoption of IFRS 9 on July 01, 2018	Effect on July 01, 2018 on Retained Earnings
	----------	----------	----------	Rupees ----------	----------
Financial assets					
Fair Value through Profit or Loss					
From held for trading (IAS 39)	210,611	210,611	-	210,611	-
	210,611	**210,611**	**-**	**210,611**	-

	Note	(Unaudited) December 31, 2018	(Audited) June 30, 2018
		-------- (Rupees in '000) --------	
4. BANK BALANCES			
In saving accounts	4.1	**2,097**	3,822

4.1 This represent bank accounts held with different banks. Mark-up rates on these accounts range between 6.5% to 10% per annum (June 30, 2018: 4.50% to 6.50% per annum).

	Note	(Unaudited) December 31, 2018	(Audited) June 30, 2018
		-------- (Rupees in '000) --------	
5. INVESTMENTS			
Financial assets at fair value through profit or loss account			
- Listed equity securities	5.1	**195,431**	**210,611**

5.1 **Listed Equity Securities - financial assets at 'fair value through profit or loss'**

Name of the investee company	Face value per share	Number of shares					Balance as at December 31, 2018			Percentage in relation to		
		Opening balance	Purchases during the period	Bonus / right issue	Sales during the period	Closing balance	Carrying cost	Market value	Appreciation/ (diminution)	Market value as percentage of investments	Market value as percentage of net assets	Investee paid up capital
							Rupees in '000			%		
SHARES OF LISTED COMPANIES - fully paid ordinary shares												
Automobile Assembler												
Ghandhara Nissan Limited	10	37,999	-	-	-	37,999	6,827	3,611	(3,216)	1.85	1.82	0.07
Millat Tractors Limited	10	10,820	-	-	10,820	-	-	-	-	-	-	-
							6,827	**3,611**	**(3,216)**			
Automobile Parts & Accessories												
The General Tyre and Rubber Company of Pakistan Limited	10	20,000	20,000	28,000	-	68,000	6,314	5,496	(818)	2.81	2.76	0.07
Thal Limited	5	25,000	-	-	-	25,000	11,938	10,692	(1,246)	5.47	5.37	0.03
							18,252	**16,188**	**(2,064)**			
Cable & Electrical Goods												
Pakistan Cables Limited	10	19,375	15,000	-	-	34,375	6,441	4,783	(1,658)	2.45	2.40	0.10
							6,441	**4,783**	**(1,658)**			
Cement												
Dewan Cement Limited	10	500,000	-	-	500,000	-	-	-	-	-	-	-
Javedan Corporation Limited	10	541,500	309,500	54,400	-	905,400	30,059	28,520	(1,539)	14.59	14.34	0.31
D.G Khan Cement Company Limited	10	-	50,000	-	50,000	-	-	-	-	-	-	-
							30,059	**28,520**	**(1,539)**			
Chemical												
Biafo Industries Limited	10	9,300	-	1,860	-	11,160	2,976	2,391	(585)	1.22	1.20	0.04
Engro Polymer and Chemicals Limited	10	964,449	704,500	-	1,668,949	-	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	10	800,000	-	-	800,000	-	-	-	-	-	-	-
							2,976	**2,391**	**(585)**			
Commercial Banks												
Bankislami Pakistan Limited	10	144,500	2,082,000	-	-	2,226,500	26,893	26,718	(175)	13.67	13.43	0.22
							26,893	**26,718**	**(175)**			
Engineering												
Aisha Steel Mills Limited *	10	500,000	-	-	-	500,000	7,885	5,250	(2,635)	2.69	2.64	0.07
Crescent Steel and Allied Products Limited	10	20,000	-	-	-	20,000	1,823	1,111	(712)	0.57	0.56	0.03
International Industries Limited	10	40,000	-	-	-	40,000	9,292	6,162	(3,130)	3.15	3.10	0.03
							19,000	**12,523**	**(6,477)**			
Fertilizer												
Engro Corporation Limited	10	40,000	35,000	-	10,000	65,000	20,310	18,920	(1,390)	9.68	9.51	0.01
							20,310	**18,920**	**(1,390)**			

Name of the investee company	Face value per share	Number of shares					Balance as at December 31, 2018			Percentage in relation to		
		Opening balance	Purchases during the period	Bonus / right issue	Sales during the period	Closing balance	Carrying cost	Market value	Appreciation/ (diminution)	Market value as percentage of investments	Market value as percentage of net assets	Investee paid up capital
							Rupees in '000			%		
Food & Personal Care Products												
Al Shaheer Corporation Limited ***	10	-	1,248,000	-	-	1,248,000	36,298	29,865	(6,433)	15.28	15.01	0.88
Fauji Foods Limited	10	-	100,000	-	100,000	-	-	-	-	-	-	-
National Foods Limited	10	-	1,000	-	-	1,000	188	196	8	0.10	0.10	0.00
							36,486	**30,061**	**(6,425)**			
Oil & Gas Exploration Companies												
Oil & Gas Development Company Limited **	10	100,000	-	-	25,000	75,000	11,672	9,600	(2,072)	4.91	4.83	0.00
Pakistan Oilfields Limited	10	10,000	25,000	2,000	-	37,000	19,844	15,718	(4,126)	8.04	7.90	0.01
Pakistan Petroleum Limited	10	50,000	-	4,245	29,200	25,045	4,680	3,748	(932)	1.92	1.88	0.00
							36,196	**29,066**	**(7,130)**			
Oil & Gas Marketing Companies												
Sui Southern Gas Company Limited	10	500,000	150,000	-	650,000	-	-	-	-	-	-	-
							-	**-**	**-**			
Paper & Board												
Pakistan Paper Products Limited	10	500	-	166	-	666	60	89	29	0.05	0.04	0.01
							60	**89**	**29**			
Power Generation & Distribution												
K-Electric Limited	3.5	1,000,000	-	-	-	1,000,000	5,680	5,940	260	3.04	2.99	0.00
Nishat Power Limited	10	72,500	-	-	-	72,500	2,149	1,965	(184)	1.01	0.99	0.02
							7,829	**7,905**	**76**			
Technology and Communication												
Pakistan Telecommunication Company Limited	10	1,100,000	-	-	-	1,100,000	12,584	10,571	(2,013)	5.41	5.31	0.03
							12,584	**10,571**	**(2,013)**			
Textile Composite												
Nishat Mills Limited	10	25,000	-	-	-	25,000	3,523	3,163	(360)	1.62	1.59	0.01
							3,523	**3,163**	**(360)**			
Vanaspati & Allied Industries												
Punjab Oil Mills Limited	10	100	4,100	-	-	4,200	891	922	31	0.47	0.46	0.08
							891	**922**	**31**			
Total listed equity securities as at Dec 31, 2018							**228,327**	**195,431**	**(32,896)**			
Total listed equity securities as at June 30, 2018							226,294	210,611	(15,683)			

* This includes 200,000 shares pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin.

** This includes 75,000 shares pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin.

*** The exposure limit of investment in a single company as percentage of net assets exceeded by 0.01% against the prescribed limit of 15% of the total net assets as required under NBFC Regulations.

		Note	(Unaudited) December 31, 2018	(Audited) June 30, 2018
			-------- (Rupees in '000) --------	
5.2	**Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'**			
	Market value of investments	5.1	**195,431**	210,611
	Carrying amount of investments	5.1	**(228,327)**	(226,294)
			(32,896)	(15,683)
6.	**Dividend and Profit receivable on bank deposits**			
	Profit on bank balance		**59**	17
	Dividend Receivable		**275**	-
			334	17
7.	**DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Security deposits with			
	- National Clearing Company of Pakistan Limited		**2,500**	2,500
	- Central Depository Company of Pakistan Limited		**100**	100
	Prepayments			
	- Prepaid PSX Annual Listing Fee		**14**	-
	- Prepaid Rating Fee		**56**	-
	- Prepaid Shariah Advisory Fee		**22**	105
			2,692	2,705
8.	**PRELIMINARY EXPENSES AND FLOATATION COST**			
	Preliminary expenses and floatation cost		**951**	1,024
	Less: Amortised during the period	8.1	**(103)**	(73)
			848	951

8.1 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) --------	
9.	**PAYABLE TO MANAGEMENT COMPANY**			
	Remuneration	9.1	**346**	366
	Sales tax on management fees	9.2	**45**	48
	Expenses allocated by the management company	9.3	**17**	77
	Formation cost		**1,024**	1,024
	Others		**12**	226
			1,444	1,741

9.1 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 2 percent of the average daily net assets of the Fund. The Management Company charged remuneration at the rate of 2 percent per annum of the average daily net assets of the Fund.

9.2 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.

9.3 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
		-------- (Rupees in '000) --------	
10. PAYABLE TO THE TRUSTEE			
Trustee fee	10.1	**21**	22
Sindh Sales Tax	10.2	**3**	3
		24	25

10.1 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

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

	Note	(Unaudited) December 31, 2018	(Audited) June 30, 2018
		-------- (Rupees in '000) --------	
11. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)			
Annual fee payable to SECP	11.1	**103**	73

11.1 Under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 a collective investment scheme categorised as a equity scheme is required to pay as annual fee to the Securities and Exchange Commission of Pakistan, an amount equal to 0.095 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) --------	
12. ACCRUED AND OTHER LIABLITIES			
Brokerage Payable		**94**	68
Auditors remuneration		**89**	145
Printing charges payable		**81**	70
Provision for SWWF	12.1	**-**	-
Others		**525**	293
		789	576

12.1 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.

Despite the above explained position, the management intends to record SWWF provision as a matter of abundant precaution. However, no provision has been made in the current period since the fund incurred losses.

13. CONTINGENCIES AND COMMITMENTS

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

14. 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 1.95%, which includes 0.22% representing government levy, Sindh Worker's Welfare Fund and SECP fee.

15. 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. However, the Fund has incurred loss for the period, therefore there is no distribution for the current period ended accordingly, no provision for current and deferred tax has been made in this financial statements. 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 has not recorded a tax liability in the current period.

16. 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:

16.1 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	**2,173**
Expenses allocated by the Management Company	**109**
Sindh Sales Tax on Management Company	**282**
MCB Financial Services Limited - Trustee	
Trustee remuneration	**130**
Sindh Sales Tax on trustee remuneration	**17**
AKD Opportunity Fund (AKDOF) - Common Management	
Shares sold by AKDOF	**3,135**
AKD Securities Limited	
Brokerage Expense	**7**
Hina Aqeel - Close family member of the Chairman of the Group	
Issue of 42,632 units	**1,939**
Redemption of 40,000 units	**1,917**
Afsheen Aqeel Dhedhi- Close family member of the Chairman of the Group	
Issue of 21,316 units	**970**
Redemption of 20,000 units	**959**

		(Un-Audited) December 31, 2018	(Audited) June 30, 2018
		---------- Rupees in '000 ----------	
16.2	**Balances outstanding at the period / year end**		
	AKD Investment Management Limited - Management Company		
	Remuneration payable	**346**	366
	Sales Tax Provincial on Management Remuneration	**45**	48
	Expenses allocated by the Management Company	**17**	77
	Payable against formation cost	**1,024**	1,024
	Sales Load Payable	**12**	93
	Others	**-**	133
	MCB Financial Services Limited - Trustee		
	Remuneration payable	**21**	22
	Sales tax on trustee remuneration payable	**3**	3
	Aqeel Karim Dhedhi Securities (Private) Limited - Staff Provident Fund		
	Outstanding 200,000 units (June 2018: 200,000 units)	**8,305**	9,400
	Saim Mustafa Zuberi - Director of the Management Company		
	Outstanding 10,078 units (June 2018: 10,078 units)	**418**	474
	Muhammad Farid Alam - Key Management Personnel of Associated Company		
	Outstanding 30,000 units (June 2018: 30,000 units)	**1,246**	1,410
	Hina Aqeel - Close family member of the Chairman of the Group		
	Outstanding 42,632 (June 2018: 40,000 units)	**1,770**	1,880
	Afsheen Aqeel Dhedhi- Close family member of the Chairman of the Group		
	Outstanding 21,316 (June 2018: 20,000 units)	**885**	940
	Anum Dhedhi - Chief Investment Officer & Director of the Management Company		
	Outstanding 75,434 units (June 2018: 75,434 units)	**3,132**	3,545
	Yasmeen Dhedhi - Close family member of the Chairman of the Group		
	Outstanding 20,000 units (June 2018: 20,000 units)	**830**	940
	Toqir Hussain - Key Management Personnel of the Management Company		
	Outstanding 600 units (June 2018: 600 units)	**25**	28
	Hamdard Laboratories (Waqf) Pakistan - Connected person due to more than 10% holding		
	Outstanding 1,451,998 (June 2018: 1,451,998 units)	**60,293**	68,240

17. 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 equity shares) 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			
		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
On-balance sheet financial instruments	**Note**	(Rupees in '000)								
Financial assets measured at fair value										
Investments										
- Listed equity securities		**195,431**	**-**	**-**	**-**	**195,431**	**195,431**	**-**	**-**	**195,431**
		195,431	**-**	**-**	**-**	**195,431**	**195,431**	**-**	**-**	**195,431**
Financial assets not measured at fair value	17.1									
Bank balances		**-**	**-**	**-**	**2,097**	**2,097**				
Dividend and Profit receivable on bank deposits		**-**	**-**	**-**	**334**	**334**				
Deposits, prepayments and other receivables		**-**	**-**	**-**	**2,600**	**2,600**				
			-	**-**	**5,031**	**5,031**				
Financial liabilities not measured at fair value	17.1									
Payable to the Management Company		**-**	**-**	**-**	**1,444**	**1,444**				
Payable to the Trustee		**-**	**-**	**-**	**24**	**24**				
Accrued expenses and other liabilities		**-**	**-**	**-**	**789**	**789**				
			-	**-**	**2,257**	**2,257**				

		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 equity securities		-	210,611	-	-	210,611	210,611	-	-	210,611
		-	210,611	-	-	210,611	210,611	-	-	210,611
Financial assets not measured at fair value	17.1									
Bank balances		-	-	-	3,822	3,822				
Dividend and Profit receivable on bank deposits		-	-	-	17	17				
Deposits, prepayments and other receivables		-	-	-	2,600	2,600				
		-	-	-	6,439	6,439				
Financial liabilities not measured at fair value	17.1									
Payable to the Management Company		-	-	-	1,741	1,741				
Payable to Trustee		-	-	-	25	25				
Accrued expenses and other liabilities		-	-	-	576	576				
		-	-	-	2,342	2,342				

17.1 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.

18. 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.

19. GENERAL

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

19.2 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.

19.3 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

Printed by : Kodwavi 32214433

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