**Funds Managed by:**

**AKD Investment Management Ltd.**

# 1st Quarter Report
# September 30, 2017
# (Un-audited)



# quarterly report

AKD OPPORTUNITY FUND

AKD INDEX TRACKER FUND

AKD CASH FUND

AKD AGGRESSIVE INCOME FUND

**Partner with AKD Profit from the Experience**

AKD Investment Management Ltd.

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# CORPORATE INFORMATION

## MANAGEMENT COMPANY

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

## *BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

**Chairman**
Mr. Abdul Karim

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

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

## CHIEF FINANCIAL OFFICER OF THE MANAGEMENT COMPANY

Mr. Muhammad Munir Abdullah

## CHIEF OPERATING OFFICER AND COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Mr. Muhammad Yaqoob

## HEAD OF INTERNAL AUDIT OF THE MANAGEMENT COMPANY

Ms. Noureen Nadir Ali

## HEAD OF COMPLIANCE OF THE MANAGEMENT COMPANY

Mr. Rashid Ahmed

## AUDIT COMMITTEE

Mr. Ali Wahab Siddiqui (Chairman)
Mr. Hasan Ahmed (Member)
Mr. Saim Mustafa Zuberi (Member)
Ms. Noureen Nadir Ali (Secretary)

## HUMAN RESOURCE AND REMUNERATION (HR & R) COMMITTEE

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

## RATING

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

*Election of Directors was held on October 10, 2017.
Approval is pending from SECP.

# *Vision*

*To serve investors in Pakistan's capital markets with diligence, integrity and professionalism, thereby delivering consistent superior returns and unparalleled customer service.*

# *Mission Statement*

*AKD Fund shall continuously strive to:*

- *Keep primary focus on investing clients' interest*
- *Achieve highest standards of regulatory compliance and good governance*
- *Prioritize risk management while endeavoring to provide inflation adjusted returns on original investment*
- *Enable the investing public and clients to make AKDIML Funds a preferred part of their overall savings and investment management strategy*
- *Distinguish themselves and compete on the basis of unparalleled service quality while setting industry standards for professionalism, transparency and consistent superior performance*
- *Foster and encourage technical, professional, ethical development of human capital to provide our people the best opportunities and environment for their personal growth*

# REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of AKD Investment Management Limited (AKDIML), the Management Company of AKD Opportunity Fund (AKDOF), AKD Index Tracker Fund (AKDITF), AKD Cash Fund (AKDCF) and AKD Aggressive Income Fund (AKDAIF) is pleased to present interim report along with the Funds' accounts for the 1st quarter ended September 30, 2017.

**FUNDS' FINANCIAL PERFORMANCE**

**AKD Opportunity Fund (AKDOF)**

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

**AKD Index Tracker Fund (AKDITF)**

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

**AKD Cash Fund (AKDCF)**

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

**AKD Aggressive Income Fund (AKDAIF)**

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

**MACRO PERSPECTIVE**

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

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

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

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

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

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

**EQUITY MARKET REVIEW**

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

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

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

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

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

**MONEY MARKET REVIEW**

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

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

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

**FUTURE OUTLOOK**

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

For and on behalf of the Board

**Imran Motiwala**
Chief Executive Officer

Karachi: October 28, 2017

# AKD Index Tracker Fund
## Financial Statements - First Quarter FY18

## Contents

# AKD Index Tracker Fund

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

**TRUSTEE**
Central Depository Company
of Pakistan Limited
CDC House 99-B, Block-B
S.M.C.H.S., Main Shahra-e-Faisal,
Karachi.

**BANKERS**
Askari Bank Limited
Bank Alfalah Limited
BankIslami Pakistan Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
United Bank Limited

**AUDITORS**
Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants
1st Floor, Modern Motors House,
Beaumont Road, Karachi.

**LEGAL ADVISER**
Sattar & Sattar
Attorneys -at -law
3rd Floor, UBL Building,
1.1 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
AKD Securities Limited
BMA Capital Management Limited
First Street Capital (Pvt.) Limited
IGI Investment Bank Limited
Savings Lounge (Pvt.) Limited
Finox (Pvt.) Limited
4 Sight Investments

**RATING**
Asset Management Company
PACRA: AM3++(AM-Three Plus Plus)

# FUND MANAGER'S REPORT

**i) Description of the Collective Investment Scheme Category and type:**

Open - end Scheme investing in Equity Securities of KSE-100 Index.

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

The Objective of the AKD Index Tracker Fund (AKDITF) is to trail the return of KSE-100 Index and provide investors with a high quality, in-depth diversification instrument.

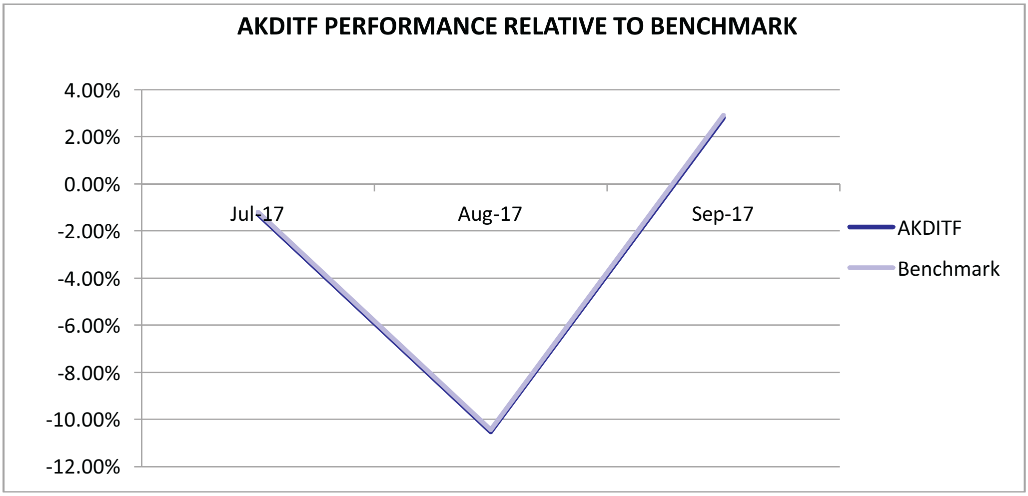
**iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:**

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

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

KSE-100 Index

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




| Monthly yield | Jul-17 | Aug-17 | Sep-17 |
|---|---|---|---|
| **AKDITF** | -1.28% | -10.52% | 2.80% |
| **Benchmark** | -1.19% | -10.44% | 2.92% |

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

AKD Index Tracker Fund is a passively managed open end equity portfolio; its performance is directly linked to the performance of KSE-100 Index with up to 85% accuracy. The Fund Manager attempts to trial the movement of the Index by using the weights of the respective stocks in the KSE-100 Index.

**vii) Disclosure of Collective Investment Scheme's asset allocation as the date of the report and particulars of significant changes in asset allocation since the last report (if applicable)**

| Asset Allocation (% of Total Asset) | 30-Sep-17 | 30-Jun-17 |
|---|---|---|
| Equities | 97.58% | 97.15% |
| Cash | 1.12% | 1.14% |
| Other Assets | 1.30% | 1.71% |

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

| 1QFY18 Return | -9.19% |
|---|---|
| Benchmark | -8.93% |

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

| Net Assets Value | | Change in Net Assets | NAV Per Unit | |
|---|---|---|---|---|
| 30-Sep -17 | 30-Jun -17 | | 30-Sep -17 | 30-Jun -17 |
| (Rupees In "000") | | | Rs. | Rs. |
| 471,088 | 519,951 | -9.40% | 14.80 | 16.30 |

**x) Statement on the characteristics and general composition of the index:**

AKD Index Tracker Fund tracks the returns of the KSE-100 Index with up to 85% accuracy, providing investors with high quality, in depth diversification instrument.

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

There were no significant changes in the state of affairs during the period under review.

**xiii) Disclosure on unit split (if any), comprising:**

There were no unit splits during the period.

**xiv) Break down of unit holdings by size:**

| Range (Units) | No. of Investors |
|---|---|
| 0.1 - 9,999 | 627 |
| 10,000 - 49,999 | 26 |
| 50,000 - 99,999 | 3 |
| 100,000 - 499,999 | 4 |
| 500,000 and above | 1 |
| | **661** |

**xv) Disclosure of circumstances that materially affect any interests of unit holders:**

Investments are subject to credit and market risk.

**xvi) Disclosure if the Asset Management Company or its delegate, if any, receives any soft commission (i.e. goods and services) from its broker (s) or dealers by virtue of transaction conducted by the Collective Investment Scheme:**

No soft commission has been received by the AMC from its brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

# CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

## AS AT SEPTEMBER 30, 2017

| | Note | (Unaudited) September 30, 2017 | (Audited) June 30 2017 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **Assets** | | | |
| Bank balances | | **5,342** | 6,020 |
| Investments | 4. | **464,710** | 514,080 |
| Dividend and other receivables | | **3,583** | 6,444 |
| Security deposits | | **2,600** | 2,600 |
| **Total Assets** | | **476,235** | 529,144 |
| **Liabilities** | | | |
| Remuneration payable to the Management Company | | **289** | 329 |
| Remuneration payable to the Trustee | | **76** | 87 |
| Annual fee payable to the Securities and Exchange Commission of Pakistan | | **117** | 491 |
| Payable against redemption of units | | **-** | 273 |
| Accrued expenses and other liabilities | 5. | **4,043** | 7,391 |
| Unclaimed dividend | | **622** | 622 |
| **Total Liabilities** | | **5,147** | 9,193 |
| **Contingencies and Commitments** | 6. | | |
| **Net Assets** | | **471,088** | 519,951 |
| **Unit holders' fund** (as per statement attached) | | **471,088** | 519,951 |
| | | (Number of Units) | |
| **Number of units in issue** | | **31,825,666** | 31,899,031 |
| | | (Rupees) | |
| **Net assets value per unit (face value per unit Rs. 10/-)** | | **14.80** | **16.30** |

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

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

**Imran Motiwala**
Chief Executive Officer

**Anum Dhedhi**
Director

# CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

## FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

| | | | | |
|---|---|---|---|---|
| | | | Quarter ended September 30, | |
| | | | **2017** | 2016 |
| | | Note | **(Rupees in '000)** | |
| **Income** | | | | |
| Gain on sale of 'available for sale investments' - net | | | **4,218** | 602 |
| Dividend income from available for sale investments | | | **4,399** | 5,075 |
| Profit on bank balances | | | **82** | 106 |
| Element of gain / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed - net | | 3. | **-** | (1) |
| | | | **8,699** | 5,782 |
| **Expenses** | | | | |
| Remuneration to the Management Company | | | **921** | 896 |
| Remuneration to the Trustee | | | **246** | 239 |
| Annual fee to the Securities and Exchange Commission of Pakistan | | | **117** | 113 |
| Bank charges | | | **1** | - |
| Auditors' remuneration | | | **76** | 63 |
| Other expenses | | | **638** | 435 |
| | | | **1,999** | 1,746 |
| **Net income for the period before taxation** | | | **6,700** | 4,036 |
| **Taxation** | | 8. | **-** | - |
| **Net income for the period after taxation** | | | **6,700** | 4,036 |
| **Allocation of Net Income for the period:** | | | | |
| **Income already paid / (loss) contributed on units redeemed** | | | **(30)** | |
| **Accounting income available for distribution:** | | | | |
| - Relating to capital gains | **4,218** | | | |
| - Excluding capital gains | **2,512** | | **6,730** | |

The annexed notes from 1 to 13 form an integral part of these condensed interim financial state

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

| | |
|---|---|
| **Imran Motiwala** | **Anum Dhedhi** |
| Chief Executive Officer | Director |

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

| | Quarter ended September 30, 2017 | 2016 |
|---|---|---|
| | (Rupees in '000) | |
| Net income for the period after taxation | **6,700** | 4,036 |
| **Other comprehensive income for the period** | | |
| *Items that will be reclassified subsequently to income statement* | | |
| - Unrealised appreciation / (diminution) during the period in the fair value of investments classified as 'available for sale' - net | **(49,726)** | 28,072 |
| - Appreciation in fair value of 'available for sale' investments transferred to profit and loss account on sale - net | **(4,109)** | (1,992) |
| **Total comprehensive income / (loss) for the period** | **(47,135)** | 30,116 |

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

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

**Imran Motiwala**
Chief Executive Officer

**Anum Dhedhi**
Director

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

| | Quarter ended September 30, 2017 | 2016 |
|---|---|---|
| | (Rupees in '000) | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net income for the year period taxation | **6,700** | 4,036 |
| **Adjustments for non cash items:** | | |
| Element of loss /(gain) and capital losses / (gains) included in prices of units sold less those in units redeemed - net | **-** | 1 |
| | **6,700** | 4,037 |
| **(Increase) / decrease in assets** | | |
| Investments | **(4,465)** | (11,566) |
| Receivable against sale of securities | **-** | 47 |
| Dividend and other receivables | **2,861** | (3,144) |
| | **(1,604)** | (14,663) |
| **Increase / (decrease) in liabilities** | | |
| Remuneration payable to the Management Company | **(40)** | 29 |
| Remuneration payable to the Trustee | **(11)** | 8 |
| Annual fee payable to the Securities and Exchange Commission of Pakistan | **(374)** | (270) |
| Payable against redemption of units | **(273)** | - |
| Payable against purchase of investment | **-** | (2,183) |
| Accrued expenses and other liabilities | **(3,348)** | (2,658) |
| | **(4,046)** | (5,074) |
| **Net cash generated from / (used in) operating activities** | **1,050** | (15,700) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Cash received on issuance of units | **6,411** | 2,535 |
| Cash paid on redemption of units | **(8,139)** | (115) |
| **Net cash flows generated from / (used in) financing activities** | **(1,728)** | 2,420 |
| **Net decrease in cash and cash equivalents during the period** | **(678)** | (13,280) |
| Cash and cash equivalents at beginning of the period | **6,020** | 17,156 |
| **Cash and cash equivalents at end of the period** | **5,342** | 3,876 |

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

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

**Imran Motiwala**
Chief Executive Officer

**Anum Dhedhi**
Director

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

## FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

| | Note | Quarter ended September 30, 2017 | | | Quarter ended September 30, 2016 | | |
|---|---|---|---|---|---|---|---|
| | | Capital Value | Undistributed Income | Net Assets | Capital Value | Undistributed Income | Net Assets |
| | | (Rupees in '000) | | | (Rupees in '000) | | |
| **Net assets at beginning of the period [Rs. 16.30 (2016: Rs. 14.26) per unit]** | | **569,269** | **(49,318)** | **519,951** | 517,129 | (65,392) | 451,737 |
| Amount received on issue of 428,906 (2016: 171,633) units | | **6,411** | **-** | **6,411** | 2,535 | - | 2,535 |
| Amount paid on redemption of 502,271 (2016: 7,606) units | | **(8,169)** | **-** | **(8,169)** | (115) | - | (115) |
| | | **(1,758)** | **-** | **(1,758)** | 2,420 | - | 2,420 |
| Element of income and capital gains included in prices of units sold less those in units redeemed - net | 3. | **-** | **-** | **-** | 1 | - | 1 |
| Accounting income available for distribution: | | | | | | | |
| - Relating to capital gains | | **-** | **4,218** | **4,218** | - | - | - |
| - Excluding capital gains | | **-** | **2,512** | **2,512** | - | 4,036 | 4,036 |
| | | **-** | **6,730** | **6,730** | - | 4,036 | 4,036 |
| Element of income and capital gains included in prices of units sold less those in units redeemed - net part of unit holders' fund | | **-** | **-** | **-** | (82) | 82 | - |
| Other comprehensive income / (loss) for the period | | **(53,835)** | **-** | **(53,835)** | 26,080 | - | 26,080 |
| **Net assets at the end of the period [Rs. 14.80 (2016: Rs. 15.21) per unit]** | | **513,676** | **(42,588)** | **471,088** | 545,548 | (61,274) | 484,274 |

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

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

**Imran Motiwala**
Chief Executive Officer

**Anum Dhedhi**
Director

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

## FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

### 1. LEGAL STATUS AND NATURE OF BUSINESS

AKD Index Tracker Fund (""The Fund"") was established under a Trust Deed executed between AKD Investment Management Limited (AKDIML) as Asset Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 02 May 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 12 April 2007 in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Fund is registered as notified entity under Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The Management Company of the Fund has obtained a license to act as an Asset Management Company under the NBFC Rules from SECP. Registered office of the Management Company is situated at Continental Trade Centre, Block-8, Clifton, Karachi, in the province of Sindh.

The Fund is an open-end mutual fund and is listed on the Pakistan Stock Exchange Limited (formaly Karachi Stock Exchange Limited). Its units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering the same to the Fund.

The Fund is categorised as Index Tracker Scheme as per circular 7 of 2009 by SECP. As per the circular, the Fund shall strive to remain fully invested in accordance with the stated index (i.e.KSE-100 index), however, under no circumstances shall it be invested less than 85% of its net assets in securities covered in the index or its subsets during the year based on monthly average investment calculated on daily basis. The units invested amount shall be kept in cash and / or near cash instrument where near cash instrument include cash in bank account (excluding TDRs), and treasury bills not exceeding 90 days maturity.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned Asset Manager Rating of 'AM3++' to the Management Company dated June 8, 2017. Due to specialised nature of the Fund, performance ranking has not been taken, as the comparable benchmark is not available.

### 2. BASIS OF PRESENTATION

#### 2.1 Statement of compliance

These Condensed Interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case the requirements differ, the requirements of the Rules, the Regulations and the directives issued by the SECP shall prevail. These Condensed Interim financial statements are unaudited.

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

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

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

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

## 4. INVESTMENTS

| | Note | (Unaudited) September 30, 2017 | (Audited) June 30, 2017 |
|---|---|---|---|
| **Investments in securities classified as 'available for sale'** | | **(Rupees in '000)** | |
| Listed equity securities | 4.1 | **464,710** | 514,080 |

### 4.1 Listed equity securities - available for sale

| Sectors / companies (Ordinary shares have a face value of Rs. 10 each unless stated otherwise) | Holding at beginning of the period 1st July 2017 | Acquired during the period | Bonus / right shares received / Purchased during the period including the splitting of share | Disposed during the period | Holding at end of the period 30 september 2017 | Cost as of the period ended 30 september 2017 | Carrying value (before revaluation as of the period ended 30 september 2017) | Market value as of 30 september 2017 | Market value as a percentage of net assets | Percentage in relation to total market value of investment | Percentage of paid-up capital of the investee company held |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | ----------------------- (Number of Shares) ----------------------- | | | | | --------- (Rupees in '000) --------- | | | ------------ Percentage ------------ | | |
| **AUTOMOBILE ASSEMBLER** | | | | | | | | | | | |
| Honda Atlas Cars (Pakistan) Limited | 6,100 | - | - | - | 6,100 | 1,399 | 5,293 | 3,291 | 0.70 | 0.71 | 0.00 |
| Indus Motor Company Limited | 2,869 | - | - | - | 2,869 | 579 | 5,146 | 4,937 | 1.05 | 1.06 | 0.00 |
| Millat Tractors Limited | 5,243 | - | - | 500 | 4,743 | 2,327 | 6,519 | 5,921 | 1.26 | 1.27 | 0.00 |
| Pak Suzuki Motor Company Limited | 4,720 | - | - | - | 4,720 | 385 | 3,683 | 2,160 | 0.46 | 0.46 | 0.00 |
| | | | | | | **4,690** | **20,641** | **16,309** | | | |
| **AUTOMOBILE PARTS & ACCESSORIES** | | | | | | | | | | | |
| Thal Limited (Face Value Rs.5/ each) | 6,971 | - | - | - | 6,971 | 813 | 4,225 | 3,842 | 0.82 | 0.83 | 0.00 |
| | | | | | | **813** | **4,225** | **3,842** | | | |
| **CABLE & ELECTRICAL GOODS** | | | | | | | | | | | |
| Pak Elektron Limited | 53,775 | - | - | - | 53,775 | 3,198 | 5,932 | 4,084 | 0.87 | 0.88 | 0.00 |
| | | | | | | **3,198** | **5,932** | **4,084** | | | |
| **CEMENT** | | | | | | | | | | | |
| Attock Cement Pakistan Limited | 3,500 | - | - | - | 3,500 | 1,186 | 1,059 | 707 | 0.15 | 0.15 | 0.00 |
| Bestway Cement Limited | 6,200 | - | - | - | 6,200 | 1,659 | 1,359 | 1,014 | 0.22 | 0.22 | 0.00 |
| Cherat Cement Company Limited | 24,796 | - | - | 1,700 | 23,096 | 1,604 | 4,129 | 2,771 | 0.59 | 0.60 | 0.00 |
| D.G. Khan Cement Company Limited | 53,387 | - | - | - | 53,387 | 3,086 | 11,380 | 7,840 | 1.66 | 1.69 | 0.00 |
| Fauji Cement Company Limited | 159,850 | - | - | - | 159,850 | 2,008 | 6,559 | 5,198 | 1.10 | 1.12 | 0.00 |
| Kohat Cement Company Limited | 9,500 | - | - | - | 9,500 | 1,167 | 2,178 | 1,425 | 0.30 | 0.31 | 0.00 |
| Lucky Cement Limited (Note 4.2) | 28,733 | - | - | - | 28,733 | 6,211 | 24,028 | 16,239 | 3.45 | 3.49 | 0.00 |
| Maple Leaf Cement Factory Limited | 52,900 | - | - | - | 52,900 | 2,099 | 5,891 | 4,442 | 0.94 | 0.96 | 0.00 |
| Maple Leaf Cement Factory Limited-Letter of Rights | - | - | 6,612 | - | 6,612 | - | - | 118 | 0.03 | 0.03 | 0.00 |
| Pioneer Cement Limited | 26,100 | | - | - | 26,100 | 1,765 | 3,393 | 2,347 | 0.50 | 0.51 | 0.00 |
| | | | | | | **20,785** | **59,976** | **35,194** | | | |
| **CHEMICAL** | | | | | | | | | | | |
| Colgate-Palmolive (Pakistan) Limited | 1,016 | - | - | - | 1,016 | 324 | 2,339 | 2,235 | 0.47 | 0.48 | 0.00 |
| ICI Pakistan Limited | 3,038 | - | - | - | 3,038 | 619 | 3,325 | 2,776 | 0.59 | 0.60 | 0.00 |
| | | | | | | **943** | **5,664** | **5,011** | | | |
| **CLOSE - END MUTUAL FUND** | | | | | | | | | | | |
| PICIC Growth Fund | 56,012 | - | - | - | 56,012 | 937 | 1,736 | 1,619 | 0.34 | 0.35 | 0.00 |
| | | | | | | **937** | **1,736** | **1,619** | | | |
| **COMMERCIAL BANKS** | | | | | | | | | | | |
| Allied Bank Limited | 37,162 | - | - | - | 37,162 | 2,245 | 3,330 | 3,251 | 0.69 | 0.70 | 0.00 |
| Askari Bank Limited | 80,813 | - | - | - | 80,813 | 1,175 | 1,630 | 1,535 | 0.33 | 0.33 | 0.00 |
| Bank AL Habib Limited | 157,332 | - | - | - | 157,332 | 4,499 | 8,929 | 9,062 | 1.92 | 1.95 | 0.00 |
| Bank Alfalah Limited | 123,805 | - | - | - | 123,805 | 1,968 | 4,977 | 5,252 | 1.11 | 1.13 | 0.00 |
| Faysal Bank Limited | 98,497 | - | - | 13,000 | 85,497 | 525 | 1,924 | 1,915 | 0.41 | 0.41 | 0.00 |
| Habib Bank Limited | 146,183 | 12,200 | - | - | 158,383 | 30,396 | 41,905 | 28,629 | 6.08 | 6.16 | 0.00 |
| Habib Metropolitan Bank Limited | 101,568 | - | - | - | 101,568 | 2,057 | 3,357 | 3,397 | 0.72 | 0.73 | 0.00 |
| MCB Bank Limited (Note 4.2) | 86,728 | - | - | - | 86,728 | 13,964 | 18,250 | 18,126 | 3.85 | 3.90 | 0.00 |

| **Sectors / companies** (Ordinary shares have a face value of Rs. 10 each unless stated otherwise) | **Holding at beginning of the period 1st July 2017** | **Acquired during the period** | **Bonus / right shares received / Purchased during the period including the splitting of share** | **Disposed during the period** | **Holding at end of the period 30 september 2017** | **Cost as of the period ended 30 september 2017** | **Carrying value (before revaluation as of the period ended 30 september 2017)** | **Market value as of 30 september 2017** | **Market value as a percentage of net assets** | **Percentage in relation to total market value of investment** | **Percentage of paid-up capital of the investee company held** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | ---------- (Number of Shares) ---------- | | | | | --- (Rupees in '000) --- | | | --- Percentage --- | | |
| Meezan Bank Limited | 32,032 | 45,000 | - | - | 77,032 | 4,293 | 5,831 | 5,733 | 1.22 | 1.23 | 0.00 |
| Meezan Bank Limited-Letter of Rights | - | | 1,921 | - | 1,921 | - | - | 47 | 0.01 | 0.01 | 0.00 |
| National Bank of Pakistan (Note 4.2) | 113,238 | - | - | - | 113,238 | 4,471 | 6,682 | 5,565 | 1.18 | 1.20 | 0.00 |
| Soneri Bank Limited | 72,947 | - | - | - | 72,947 | 562 | 1,071 | 981 | 0.21 | 0.21 | 0.00 |
| Standard Chartered Bank (Pak) Ltd | 40,848 | - | - | - | 40,848 | 327 | 960 | 1,009 | 0.21 | 0.22 | 0.00 |
| The Bank of Punjab | 140,159 | 50,000 | - | - | 190,159 | 1,933 | 2,140 | 1,883 | 0.40 | 0.41 | 0.00 |
| The Bank of Punjab-Letter of Rights | 98,111 | - | - | 98,111 | - | - | - | - | 0.00 | 0.00 | 0.00 |
| United Bank Limited (Note 4.2) | 109,729 | - | - | - | 109,729 | 16,172 | 25,843 | 20,867 | 4.43 | 4.49 | 0.00 |
| | | | | | | **84,587** | **126,829** | **107,252** | | | |
| **ENGINEERING** | | | | | | | | | | | |
| International Steels Limited | 38,000 | - | - | - | 38,000 | 771 | 4,860 | 4,603 | 0.98 | 0.99 | 0.01 |
| Crescent Steel & Allied Products Limited | 8,500 | - | - | - | 8,500 | 1,327 | 2,028 | 1,345 | 0.29 | 0.29 | 0.01 |
| | | | | | | **771** | **6,888** | **4,603** | | | |
| **FERTILIZER** | | | | | | | | | | | |
| Arif Habib Corporation Limited | 28,437 | - | - | 9,000 | 19,437 | 533 | 801 | 755 | 0.16 | 0.16 | 0.01 |
| Dawood Hercules Corporation Limited (Note 4.2) | 75,396 | - | - | - | 75,396 | 4,955 | 10,281 | 9,301 | 1.97 | 2.00 | 0.02 |
| Engro Corporation Limited (Note 4.2) | 64,074 | - | - | - | 64,074 | 10,721 | 20,882 | 19,420 | 4.12 | 4.18 | 0.03 |
| Engro Fertilizers Limited (Note 4.2) | 133,775 | - | - | - | 133,775 | 9,489 | 7,390 | 8,416 | 1.79 | 1.81 | 0.01 |
| Fatima Fertilizer Company Limited | 93,734 | - | - | - | 93,734 | 2,419 | 3,158 | 3,192 | 0.68 | 0.69 | 0.00 |
| Fauji Fertilizer Bin Qasim Limited | 72,451 | - | - | - | 72,451 | 2,465 | 3,104 | 2,597 | 0.55 | 0.56 | 0.01 |
| Fauji Fertilizer Company Limited | 151,550 | - | - | - | 151,550 | 14,006 | 12,524 | 12,600 | 2.67 | 2.71 | 0.01 |
| | | | | | | **44,588** | **58,140** | **56,281** | | | |
| **FOOD & PERSONAL CARE PRODUCTS** | | | | | | | | | | | |
| Engro Foods Limited | 16,674 | - | - | - | 16,674 | 1,597 | 2,026 | 1,585 | 0.34 | 0.34 | 0.00 |
| Murree Brewery Company Limited | 2,317 | - | - | - | 2,317 | 323 | 1,788 | 1,946 | 0.41 | 0.42 | 0.01 |
| National Foods Limited (Face value of Rs.5/ each) | 8,150 | - | - | 2,500 | 5,650 | 1,183 | 1,531 | 1,921 | 0.41 | 0.41 | 0.01 |
| Nestle Pakistan Limited | 989 | - | - | - | 989 | 4,621 | 10,088 | 12,857 | 2.73 | 2.77 | 0.00 |
| | | | | | | **7,724** | **15,433** | **18,309** | | | |
| **GLASS & CERAMICS** | | | | | | | | | | | |
| Ghani Glass Limited (Note 4.2) | 14,070 | - | 12,663 | 5,000 | 21,733 | 1,589 | 1,784 | 1,513 | 0.32 | 0.33 | 0.01 |
| Ghani Glass Limited-Letter of Rights | 12,663 | - | - | 12,663 | - | | | | | | |
| | | | | | | **1,589** | **1,784** | **1,513** | | | |
| **INSURANCE** | | | | | | | | | | | |
| Adamjee Insurance Company Limited | 58,240 | - | - | - | 58,240 | 1,699 | 3,981 | 3,669 | 0.78 | 0.79 | 0.02 |
| EFU General Insurance Limited | 20,937 | - | - | 5,700 | 15,237 | 745 | 2,209 | 2,286 | 0.49 | 0.49 | 0.02 |
| IGI Insurance Limited (Note 4.2) | 7,797 | - | - | - | 7,797 | 524 | 2,470 | 2,246 | 0.48 | 0.48 | 0.01 |
| Jubilee General Insurance Company Limited | 9,304 | - | - | - | 9,304 | 235 | 921 | 795 | 0.17 | 0.17 | 0.01 |
| Jubilee Life Insurance Company Limited (Note 4.2) | 3,347 | - | - | - | 3,347 | 1,177 | 2,872 | 2,343 | 0.50 | 0.50 | 0.00 |
| | | | | | | **4,380** | **12,453** | **11,339** | | | |
| **INV. BANKS / INV. COS. / SECURITIES COS.** | | | | | | | | | | | |
| Jahangir Siddiqui & Co. Ltd. | 59,203 | - | - | - | 59,203 | 661 | 1,352 | 1,398 | 0.30 | 0.30 | 0.01 |
| | | | | | | **661** | **1,352** | **1,398** | | | |

**JUTE**

| **Sectors / companies** (Ordinary shares have a face value of Rs. 10 each unless stated otherwise) | Holding at beginning of the period 1st July 2017 | Acquired during the period | Bonus / right shares received / Purchased during the period including the splitting of share | Disposed during the period | Holding at end of the period 30 september 2017 | Cost as of the period ended 30 september 2017 | Carrying value (before revaluation as of the period ended 30 september 2017) | Market value as of 30 september 2017 | Market value as a percentage of net assets | Percentage in relation to total market value of investment | Percentage of paid-up capital of the investee company held |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | ---------------------- (Number of Shares) ---------------------- | | | | | --------- (Rupees in '000) --------- | | | ------------ Percentage ------------ | | |
| Crescent Jute Products Limited | 500 | - | - | - | 500 | 3 | 2 | 3 | 0.00 | 0.00 | 0.00 |
| | | | | | | **3** | **2** | **3** | | | |
| **LEASING COMPANIES** | | | | | | | | | | | |
| Orix Leasing Pakistan Limited (Note 4.2) | 8,570 | - | 5,964 | - | 14,534 | 774 | 571 | 636 | 0.14 | 0.14 | 0.01 |
| Orix Leasing Pakistan Limited-Letter of Rights | 5,964 | - | - | 5,964 | - | - | - | - | 0.00 | 0.00 | 0.01 |
| | | | | | | **774** | **571** | **636** | | | |
| **LEATHER & TANNERIES** | | | | | | | | | | | |
| Bata Pakistan Limited | 377 | - | - | - | 377 | 192 | 1,244 | 1,112 | 0.24 | 0.24 | 0.00 |
| Service Industries Limited (Note 4.2) | 1,188 | - | - | - | 1,188 | 977 | 1,638 | 1,083 | 0.23 | 0.23 | 0.01 |
| | | | | | | **1,169** | **2,882** | **2,195** | | | |
| **MISCELLANEOUS** | | | | | | | | | | | |
| Pakistan Services Limited (Note 4.2) | 6,200 | - | - | - | 6,200 | 1,917 | 5,596 | 5,735 | 1.22 | 1.23 | 0.02 |
| Shifa International Hospitals Limited | 4,454 | - | - | - | 4,454 | 622 | 1,470 | 1,136 | 0.24 | 0.24 | 0.01 |
| | | | | | | **2,539** | **7,066** | **6,871** | | | |
| **MODARABAS** | | | | | | | | | | | |
| Allied Rental Modaraba | 9,500 | - | - | - | 9,500 | 366 | 236 | 214 | 0.05 | 0.05 | 0.01 |
| | | | | | | **366** | **236** | **214** | | | |
| **OIL & GAS EXPLORATION COMPANIES** | | | | | | | | | | | |
| Mari Petroleum Company Limited | 4,781 | - | - | - | 4,781 | 561 | 7,533 | 7,195 | 1.53 | 1.55 | 0.01 |
| Oil & Gas Development Company Limited | 144,737 | - | - | 3,000 | 141,737 | 17,805 | 19,941 | 21,068 | 4.47 | 4.53 | 0.00 |
| Pakistan Oilfields Limited | 23,679 | - | - | - | 23,679 | 8,004 | 10,849 | 12,598 | 2.67 | 2.71 | 0.01 |
| Pakistan Petroleum Limited | 104,324 | - | - | - | 104,324 | 11,319 | 15,455 | 18,224 | 3.87 | 3.92 | 0.01 |
| | | | | | | **37,689** | **53,778** | **59,085** | | | |
| **OIL & GAS MARKETING COMPANIES** | | | | | | | | | | | |
| Attock Petroleum Limited | 3,650 | - | - | - | 3,650 | 1,039 | 2,286 | 2,284 | 0.48 | 0.49 | 0.01 |
| Hascol Petroleum Limited (Note 4.2) | 13,100 | - | - | 2,900 | 10,200 | 1,792 | 3,479 | 2,867 | 0.61 | 0.62 | 0.01 |
| Pakistan State Oil Company Limited (Note 4.2) | 27,356 | - | - | - | 27,356 | 5,158 | 10,596 | 12,085 | 2.57 | 2.60 | 0.01 |
| Shell Pakistan Limited | 4,751 | - | - | - | 4,751 | 469 | 2,734 | 1,976 | 0.42 | 0.43 | 0.01 |
| Sui Northern Gas Pipelines Limited | 63,670 | 5,000 | - | - | 68,670 | 4,578 | 10,210 | 9,192 | 1.95 | 1.98 | 0.01 |
| Sui Southern Gas Company Limited | 56,828 | - | - | - | 56,828 | 978 | 2,069 | 2,059 | 0.44 | 0.44 | 0.01 |
| | | | | | | **14,014** | **31,374** | **30,463** | | | |
| **PAPER & BOARD** | | | | | | | | | | | |
| Cherat Packaging Limited | 4,000 | - | - | - | 4,000 | 1,217 | 951 | 800 | 0.17 | 0.17 | 0.01 |
| Cherat Packaging Limited-Letter of Rights | - | - | 540 | - | 540 | - | - | 41 | 0.01 | 0.01 | 0.01 |
| Packages Limited | 6,789 | - | - | - | 6,789 | 1,524 | 4,722 | 3,917 | 0.83 | 0.84 | 0.01 |
| | | | | | | **2,741** | **5,673** | **4,758** | | | |
| **PHARMACEUTICALS** | | | | | | | | | | | |
| Abbott Laboratories (Pakistan) Limited | 4,515 | - | - | - | 4,515 | 3,499 | 4,220 | 3,562 | 0.76 | 0.77 | 0.00 |
| Ferozsons Laboratories Limited | 2,550 | - | - | 200 | 2,350 | 1,962 | 908 | 708 | 0.15 | 0.15 | 0.01 |
| GlaxoSmithKline Pakistan Limited | 11,073 | - | - | - | 11,073 | 603 | 2,180 | 2,037 | 0.43 | 0.44 | 0.00 |
| The Searle Company Limited | 15,242 | - | - | 1,950 | 13,292 | 3,165 | 6,805 | 5,369 | 1.14 | 1.16 | 0.02 |
| | | | | | | **9,229** | **14,113** | **11,676** | | | |

| Sectors / companies (Ordinary shares have a face value of Rs. 10 each unless stated otherwise) | Holding at beginning of the period 1st July 2017 | Acquired during the period | Bonus / right shares received / Purchased during the period including the splitting of share | Disposed during the period | Holding at end of the period 30 september 2017 | Cost as of the period ended 30 september 2017 | Carrying value (before revaluation as of the period ended 30 september 2017) | Market value as of 30 september 2017 | Market value as a percentage of net assets | Percentage in relation to total market value of investment | Percentage of paid-up capital of the investee company held |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | ----------------------- (Number of Shares) ----------------------- | | | | | ---------- (Rupees in '000) ---------- | | | ------------- Percentage ------------- | | |
| **POWER GENERATION & DISTRIBUTION** | | | | | | | | | | | |
| The Hub Power Company Limited (Note 4.2) | 167,741 | - | - | 8,500 | 159,241 | 9,112 | 18,700 | 17,805 | 3.78 | 3.83 | 0.01 |
| K-Electric Limited (Face value of Rs .3.5/- each) | 599,148 | - | - | - | 599,148 | 3,260 | 4,134 | 4,218 | 0.90 | 0.91 | 0.00 |
| Kot Addu Power Company Limited (Note 4.2) | 101,779 | - | - | - | 101,779 | 6,687 | 7,330 | 7,739 | 1.64 | 1.67 | 0.01 |
| Nishat Chunian Power Limited | 38,465 | - | - | - | 38,465 | 944 | 1,714 | 1,541 | 0.33 | 0.33 | 0.01 |
| Nishat Power Limited | 34,570 | - | - | - | 34,570 | 759 | 1,633 | 1,552 | 0.33 | 0.33 | 0.01 |
| Saif Power Limited | 39,500 | - | - | - | 39,500 | 1,157 | 1,192 | 1,194 | 0.25 | 0.26 | 0.01 |
| | | | | | | **21,919** | **34,703** | **34,049** | | | |
| **REAL ESTATE INVESTMENT TRUST** | | | | | | | | | | | |
| Dolmen City REIT | 120,000 | - | - | - | 120,000 | 1,245 | 1,420 | 1,312 | 0.28 | 0.28 | 0.01 |
| | | | | | | **1,245** | **1,420** | **1,312** | | | |
| **REFINERY** | | | | | | | | | | | |
| Attock Refinery Limited | 7,419 | - | - | - | 7,419 | 1,138 | 2,838 | 3,066 | 0.65 | 0.66 | 0.01 |
| National Refinery Limited | 5,493 | - | - | - | 5,493 | 1,317 | 3,988 | 3,647 | 0.77 | 0.78 | 0.01 |
| | | | | | | **2,455** | **6,826** | **6,713** | | | |
| **SUGAR & ALLIED INDUSTRIES** | | | | | | | | | | | |
| JDW Sugar Mills Limited (Note 4.2) | 5,850 | - | - | - | 5,850 | 641 | 2,399 | 2,223 | 0.47 | 0.48 | 0.01 |
| | | | | | | **641** | **2,399** | **2,223** | | | |
| **SYNTHETICS AND RAYON** | | | | | | | | | | | |
| Ibrahim Fibres Limited | 3,000 | - | - | - | 3,000 | 216 | 206 | 204 | 0.04 | 0.04 | 0.00 |
| | | | | | | **216** | **206** | **204** | | | |
| **TECHNOLOGY & COMMUNICATION** | | | | | | | | | | | |
| Hum Network Limited (Face value of Rs.1/ each) | 119,600 | - | - | - | 119,600 | 810 | 1,404 | 1,190 | 0.25 | 0.26 | 0.01 |
| Pakistan Telecommunication Company Ltd | 127,017 | - | - | - | 127,017 | 1,451 | 1,983 | 1,871 | 0.40 | 0.40 | 0.00 |
| TRG Pakistan Limited | 99,855 | - | - | - | 99,855 | 3,103 | 4,003 | 3,687 | 0.78 | 0.79 | 0.03 |
| | | | | | | **5,364** | **7,390** | **6,748** | | | |
| **TEXTILE COMPOSITE** | | | | | | | - | | | | |
| Kohinoor Textile Mills Limited | 46,128 | - | - | - | 46,128 | 1,331 | 4,849 | 4,081 | 0.87 | 0.88 | 0.05 |
| Kohinoor Textile Mills Ltd-Letter of Rights | - | | 2,767 | | 2,767 | - | - | 62 | 0.01 | 0.01 | 0.05 |
| Nishat Chunian Limited | 25,830 | - | - | - | 25,830 | 877 | 1,326 | 1,408 | 0.30 | 0.30 | 0.01 |
| Nishat Mills Limited | 38,347 | - | - | - | 38,347 | 2,209 | 6,085 | 5,564 | 1.18 | 1.20 | 0.01 |
| | | | | | | **4,417** | **12,260** | **11,115** | | | |
| **TEXTILE SPINNING** | | | | | | | | | | | |
| Indus Dyeing & Manufacturing Co. Limited | 550 | - | - | - | 550 | 514 | 351 | 288 | 0.06 | 0.06 | 0.00 |
| | | | | | | **514** | **351** | **288** | | | |
| **TEXTILE WEAVING** | | | | | | | | | | | |
| Feroze1888 Mills Limited | 4,000 | - | - | - | 4,000 | 1,366 | 442 | 298 | 0.06 | 0.06 | 0.03 |
| | | | | | | **1,366** | **442** | **298** | | | |
| **TOBACCO** | | | | | | | | | | | |
| Pakistan Tobacco Company Limited | 2,740 | - | - | - | 2,740 | 372 | 4,644 | 4,107 | 0.87 | 0.88 | 0.00 |
| Philip Morris (Pakistan) Limited | 580 | - | - | - | 580 | 974 | 1,662 | 1,715 | 0.36 | 0.37 | 0.00 |
| | | | | | | **372** | **6,306** | **4,107** | | | |

| Sectors / companies (Ordinary shares have a face value of Rs. 10 each unless stated otherwise) | Holding at beginning of the period 1st July 2017 | Acquired during the period | Bonus / right shares received / Purchased during the period including the splitting of share | Disposed during the period | Holding at end of the period 30 september 2017 | Cost as of the period ended 30 september 2017 | Carrying value (before revaluation as of the period ended 30 september 2017) | Market value as of 30 september 2017 | Market value as a percentage of net assets | Percentage in relation to total market value of investment | Percentage of paid-up capital of the investee company held |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | (Number of Shares) | | | | | (Rupees in '000) | | | Percentage | | |
| **TRANSPORT** | | | | | | | | | | | |
| Pakistan International Bulk Terminal Limited | 172,902 | - | - | - | 172,902 | 5,035 | 4,004 | 3,733 | 0.79 | 0.80 | 0.02 |
| Pakistan International Container Terminal Limited | 3,600 | - | - | - | 3,600 | 1,180 | 1,253 | 1,188 | 0.25 | 0.26 | 0.00 |
| | | | | | | **6,215** | **5,257** | **4,921** | | | |
| **VANASPATI & ALLIED INDUSTRIES** | | | | | | | | | | | |
| Punjab Oil Mills Limited | 300 | - | - | - | 300 | 80 | 93 | 78 | 0.02 | 0.02 | 0.01 |
| | | | | | | **80** | **93** | **78** | | | |
| **WOOLLEN** | | | | | | | | | | | |
| Bannu Woollen Mills Limited | 500 | - | - | - | 500 | 24 | 34 | 31 | 0.01 | 0.01 | 0.01 |
| | | | | | | **24** | **34** | **31** | | | |
| **Total as at 30 September 2017** | | | | | | **291,320** | **514,436** | **464,710** | | | |
| Total as at 30 June 2017 | | | | | | 286,855 | 445,747 | 514,080 | | | |

**4.2** These investments held by the Fund exceeded the maximum limit prescribed by the regulation 55(6) of the NBFC regulations. The said regulation state that the value of the security invested into shall not exceed the weight of the security in the index or its subset. Arrangements has made to adjust these investments with the weight prescribed in the NBFC regulations. However the financial impact is not material.

**4.3** These include 100,000 shares having market value of Rs. 14.864 million of Oil and Gas Development Company Limited as pledged with National Clearing Company of Pakistan Limited as on 30 September 2017.

**4.4** Unrealised gain on revaluation of available for sale investments are as follows:

| | Note | (Unaudited) September 30, 2017 | (Audited) June 30, 2017 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Balance as of 01 July | | **227,225** | 178,193 |
| Unrealised appreciation / (diminution) in the value of investments during the period / year | | **(49,726)** | 68,333 |
| Gain recognised in the income statement on sale - net | | **(4,109)** | (19,301) |
| Balance as of 30 Sep. / June, recognised directly into unit holders' fund (difference of column a and b in the above table) | | **173,390** | 227,225 |

## 5. ACCRUED EXPENSES AND OTHER LIABILITIES

| | Note | (Unaudited) September 30, 2017 | (Audited) June 30, 2017 |
|---|---|---|---|
| Auditors' remuneration | | **330** | 254 |
| Sales tax payable on Management Company's remuneration | 5.1 | **38** | 43 |
| Federal excise duty on management remuneration | 5.2 | **1,357** | 1,357 |
| Allocated expenses by the Management Company | 5.3 | **80** | 318 |
| Payable to management company against expenses | | **77** | 77 |
| Provision against Sindh Workers' Welfare Fund | 5.4 | **1,693** | 1,557 |
| Sindh sales tax on trustee fees & CDS Charges | 5.1 | **10** | 11 |
| Withholding tax payable | | **10** | 3,413 |
| Zakat payable | | **131** | 131 |
| Other liabilities | | **317** | 230 |
| | | **4,043** | 7,391 |

**5.1** During the period, Sindh Sales Tax management company remuneration, trustee fee and CDS charges has been charged at 13% (2017: 13%).

**5.2** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company is of the view that further levy of FED was not justified.

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

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

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

In view of the above mentioned facts and the pending decision by the Supreme Court of Pakistan, the Management Company has not made any further provision for FED in the books of accounts of the Fund with effect from July 1, 2016 and decided to retain the provision for FED already made in the books of account of the Fund. Had this provision not been made, the NAV of the Fund would have been higher by Re. 0.04 per unit.

**5.3** In accordance with the provisions of the NBFC Regulations, 2008 (as amended vide S.R.O 1160(I) / 2015 dated November 25, 2015), the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund up to a maximum of 0.1% of the average annual net assets of the Scheme or actual, whichever is less. During the period an amount of Rs. 0.123 million (2016: Rs 0.119 million) is charged and Rs. 0.08 million (June 30, 2017: Rs. 0.318 million) payable is related to reimburseable expense as per regulation 60.

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

MUFAP has also obtained a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e. May 21, 2015. Accordingly, on January 12, 2017, MUFAP decided to provide for SWWF with effect from May 21, 2015, while the efforts to exclude mutual funds from SWWF continue. The aggregated provision as at September 30, 2017 is Rs. 1.693 million. Had this provision not been made, the NAV of the Fund would have been higher by Re. 0.05 per unit as at September 30, 2017.

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

## 6. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at September 30, 2017 (June 30, 2017: Nil)

## 7. EXPENSE RATIO

The expense ratio of the Fund from July 01, 2017 to September 30, 2017 is 0.41%, the total expense ratio includes 0.08% representing government levy and SECP fee.

## 8. TAXATION

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

## 9. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include AKD Investment Management Limited (AKDIML), being the asset management company of the Fund, Aqeel Karim Dhedhi Securities (Private) Limited (holding company of the management company), AKD Securities Limited being the related companies of the management company, Central Depository Company of Pakistan Limited being the trustee, other collective investment schemes managed by the Management Company and directors and key management personnel of the Management Company and also includes entities holding 10% or more in the units of the Fund as at September 30, 2017. It also includes staff retirement funds of the above connected persons / related parties and entities in which the above parties or their connected persons have a material interest. All related party transactions have been transacted at arm's length basis. Remuneration to the Management Company and the Trustee is determined in accordance with the provisions of Non-Banking Finance Companies and Notified Entities Regulations, 2008, and the Trust Deed respectively. Purchase and redemptions of the Fund's units by the connected persons / related parties are recorded at the applicable net asset value per unit. Other transactions are recorded in accordance with the agreed terms.

| 9.1 Details of transactions with connected persons / related parties during the period | Unaudited For the quarter ended September 30, 2017 | |
|---|---|---|
| | **2017** | **2016** |
| | (Rupees in '000) | |
| **AKD Investment Management Limited - Management Company of the Fund** | | |
| Remuneration for the period | **921** | 896 |
| Allocated expenses by the management company | **123** | 119 |
| Sales tax on Management Company's remuneration* | **120** | 116 |
| Sales load | **9** | 25 |
| **Central Depository Company of Pakistan Limited - Trustee of the Fund** | | |
| Trustee Fee | **246** | 239 |
| CDS charges | **2** | 4 |
| Sales tax on CDS charges & Trustee Fee | **32** | 31 |
| **AKD Securities Limited - Brokerage House** | | |
| Commission paid on purchase and sale of marketable securities | **-** | 9 |
| **AKD Investment Management Limited Staff Provident Fund** | | |
| Units issued : 348,737 (2016: Nil) | **5,136** | - |
| Redemption of units : 315,788 (2016: Ni) | **5,199** | - |

* Sales tax and FED is paid / payable to the management company for onwards payment to the Government.

| | (Unaudited) September 30, 2017 | (Audited) June 30, 2017 |
|---|---|---|
| | (Rupees in '000) | |
| **9.2 Details of balances with connected persons / related parties as at period / year end** | | |
| **AKD Investment Management Limited - Management Company of the Fund** | | |
| Remuneration payable | **289** | 329 |
| Allocated expenses by management company payable | **80** | 395 |
| Sales tax payable on Management Company's remuneration* | **38** | 43 |
| Federal Excise Duty payable on Management Company's remuneration* | **1,357** | 1,357 |
| Sales load payable | **8** | 2 |
| **Central Depository Company of Pakistan Limited - Trustee of the Fund** | | |
| Remuneration payable | **76** | 87 |
| Security Deposit | **100** | 100 |
| CDS charges payable | **1** | 1 |
| Sales tax  CDS charges & Trustee Fee Payable | **10** | 11 |
| **National Bank of Pakistan Employees Pension Fund (having invested more than 10% in the units of the Fund)** | | |
| Number of units outstanding : 28,972,646 91.04% of the total units in issue as at the period end) (30 June 2017 : 28,972,646 (90.83% of the total units in issue as at the year end)) | **428,795** | 471,964 |
| **Mr. Aqeel Karim Dhedhi - Chairman of the Group** | | |
| Number of units outstanding : 390 (30 June 2017: 390) units | **6** | 6 |
| **AKD Investment Management Limited Staff Provident Fund** | | |
| Number of units outstanding : 328,340  ( 30 June 2017: 295,391) | **4,859** | 4,812 |

* Sales tax and FED is paid / payable to the management company for onwards payment to the  Government.

## 10. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

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

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

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

| | As at September 30, 2017 | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| | (Rupees in '000) | | | |
| **ASSETS** | | | | |
| Investment in securities - classified as 'available for sale' | **464,710** | **-** | **-** | **464,710** |
| | **464,710** | **-** | **-** | **464,710** |

| | As at June 30, 2017 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | (Rupees in '000) | | | |
| **ASSETS** | | | | |
| Investment in securities - classified as 'available for sale' | 514,080 | - | - | 514,080 |
| | 514,080 | - | - | 514,080 |

## 11. CORRESPONDING FIGURES

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

## 12. GENERAL

Figures have been rounded off to the nearest thousand rupees.

**13. DATE OF AUTHORIZATION FOR ISSUE**

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

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

**Imran Motiwala**
Chief Executive Officer

**Anum Dhedhi**
Director