Funds Managed by:

AKD Investment Management Ltd.

Half Yearly Report
December 31, 2016
(Un-audited)



half yearly 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.

TABLE OF CONTENTS

CORPORATE INFORMATION

MANAGEMENT COMPANY

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Chairman
Mr. Abdul Karim Memon

Director & Chief Executive Officer
Mr. Imran Motiwala

Directors
Mr. Ali Wahab Siddiqui
Mr. Hasan Ahmed
Mr. Saim Mustafa Zuberi
Ms. Aysha Ahmed
Mr. Nadeem Saulat Siddiqui

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 AND RISK MANAGEMENT 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 Memon (Chairman)
Mr. Imran Motiwala (Member)
Mr. Saim Mustafa Zuberi (Member)

RATING

AKD Investment Management Ltd. (AMC)
AM3+ (AM Three 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

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 its interim report along with the Funds' accounts for the half year ended December 31, 2016.

FUNDS' FINANCIAL PERFORMANCE

AKD Opportunity Fund (AKDOF)

For the 1HFY17, the return of AKD Opportunity Fund stood at 41.70% compared to the benchmark KSE-100 Index return of 26.53%, thus significantly outperforming the benchmark by 15.17%.

AKD Index Tracker Fund (AKDITF)

For the 1HFY17, the return of AKD Index Tracker Fund stood at 24.96% compared to the benchmark KSE-100 Index return of 26.53%.

AKD Cash Fund (AKDCF)

For the 1HFY17, the annualized return of AKD Cash Fund stood at 4.57% compared to benchmark return of 5.16%.

AKD Aggressive Income Fund (AKDAIF)

For the 1HFY17, the annualized return of AKD Aggressive Income Fund stood at 6.33% compared to the benchmark return of 6.36%.

MACRO PERSPECTIVE

The major macroeconomic indicators continued their positive trend in 1HFY17, on the back of subdued inflation, stable exchange rate and adequate foreign reserves. Moreover, foreign direct investment (FDI) from CPEC and up gradation of Pakistan market from MSCI frontier Markets (FM) index to MSCI Emerging Market (EM) index is expected to further improve the stance of Pakistan in global market.

CPI inflation during 1HFY17 clocked in 3.88%YoY as compared to 2.08%YoY for the corresponding period last year. The major uptick in inflation came from Housing, Water, Electricity, Gas and Fuels followed by Food and Non-Alcoholic beverages, both having 37% and 29% weightage in the CPI basket respectively. Moreover GoP absorbed some of the impact of higher oil prices, thus keeping prices lower than expectations. Throughout 1HFY17, inflation remained within the target range of 4.5%-5.5% and as a result the State Bank of Pakistan (SBP) kept its policy rate unchanged at 5.75 percent in the two consecutive monetary policy announcements in September and November.

Commodity prices showed significant increase particularly in the 2QFY17, mainly on the back of rising oil prices. OPEC held its meeting in Vienna on 30th November where it was decided that both OPEC and non OPEC countries will curtail their oil production by 1.8 million barrels per day. As a consequence oil prices rebounded to around USD 50 per barrel. It is expected that oil prices will continue to be within the range of USD 52-55 in the near future.

While relatively lower oil and commodity prices have benefited consumers in 1HFY17, it also had an adverse impact on commodity-producing sectors of the economy: for example, lower product prices have hit farmer incomes and affected cropping decisions. In addition corporate profits also have been affected due to inventory losses caused by depressed commodity prices in 1QFY17. During 2QFY17 commodity prices showed improvement, which provided some relief.

Going forward, it is expected that inflation will start picking up on the back of surge in oil prices, however we believe it will remain in the SBP target range of average CPI between 4.5 and 5.5 percent for the fiscal year 2016/2017 due to still oversupplied commodities in international market.

The State Bank of Pakistan (SBP) reported the Current Account Deficit of USD 3.58 bn in 1HFY17, registering a 92% YoY increase. This is due to the tepid remittances in 1HFY17 (-2.4% YoY) from the GCC region and increase in trade deficit (+15.6% YoY). The trade balance has deteriorated on the back of falling exports (-2.3% YoY), to USD 10.53 bn in 1HFY17and a rise in imports (+8% YoY) to reach US$ 21.34 bn in the 1HFY17 mainly in the form of machinery imports for CPEC and development. It is expected that Current account deficit will worsen due to possible rebound in oil prices, continuing increase in machinery imports and weak remittance outlook.

The total liquid foreign exchange reserves of Pakistan reached USD 23.163 billion by the end of 1HFY17, from previous level of USD 20.812 billion by the end of 1HFY16. During 1HFY17, International Monetary Fund (IMF) released the final 12th tranche of USD 102 million under the Extended Fund Facility; to recap IMF had approved the three-year extended financing arrangement of approximately USD 6.64 billion for Pakistan. The IMF program came to an end in the 2QFY17 and going forward we expect some pressure on the reserves as external repayments (cumulative USD 1.5 bn- 1.75 bn) under Eurobond, Paris Club and China SAFE debt retirement to begin in June'17. However, the Government is confident to maintain the foreign reserves level in future with expected import cover of 6.6 months in FY17.

On the fiscal front, FBR faced a shortfall of PKR 155bn in tax collection in the 1HFY17. FBR has provisionally collected PKR 1,460bn against the target of PKR 1,615bn for the six month. The Government has set the target of tax collection to PKR 3.62tn for FY17, which is ambitious in our view. It is expected that Government will face challenges in the tax collection post IMF period. Furthermore, the tax collection is affecting the budget deficit (target of 3.8% of GDP for FY17) due to lower than expected tax revenue along with decline in non-tax revenue.

The fiscal expenditure was recorded at PKR 1,300bn in the 1QFY17 against revenues of PKR 862.2bn, leading to a deficit of PKR 437bn (1.3% of GDP). However, the Government is focusing on the introduction and implementation of robust and stringent measures in economy to improve revenue collection in the future.

In this regard The National Assembly in December, approved a mega tax amnesty scheme for real estate sector that would approve whitening of black money invested in the sector by paying only three per cent tax. The impact of the amnesty scheme remains to be seen.

EQUITY MARKET REVIEW

1QFY17 has been a record-breaking period for the PSX-100 index, which crossed 40,000 psychological barrier and closed at 40,542 points, posting a return of 7.3% in 1QFY'17. During the subsequent quarter, the index smashed all previous performance records and posting a whopping return of 17.92% in 2QFY17.In this regard the overall index level increased by 27% in 1HFY'17.

The performance of the index in 1HFY'17 can be mainly attributed to

- Renewed investor confidence due to Morgan Stanley Capital International (MSCI)'s re-classification of Pakistan in to Emerging Market Index.
- Oil price stability, as OPEC producers agreed to its first oil output cut in 8 years.
- Sales uptick in Pakistan auto sector, on the back of renewed consumer spending and rise in consumer financing.
- Country's successful completion of IMF program.
- Positive developments on CPEC projects, which are expected to reduce the power shortage and revitalize the economy.
- S&P raising Pakistan's sovereign credit rating to B from B-.
- Expectations of a substantial Export/Textile package to boost exports.
- 40% stake sale in the management of PSX, a consortium consisting of China Futures Exchange, Shanghai Stock Exchange, Shenzhen Stock Exchange, Pak-China Investment Company (PCIC), and Habib Bank Ltd. (HBL) submitted the highest bid of PkR28/share for the 40% strategic stake.
- FBR's Revaluation of properties and regularization of real estate sector to increase tax net, as many investors switched from real estate to equity markets.

FUTURE OUTLOOK

We believe that market has incorporated many positives of expected inflows triggered by MSCI re-rating, CPEC and Expected export package. However at the current level PSX still has some room to grow as the current market P/E of 11x is still lower then MSCI EM P/E of 13x.

Apart from the P/E ratio, another ratio that makes us bullish on PSX is the market cap to GDP ratio. The current market cap to GDP is 30%, which shows that the market is substantially below its historical peak of 49% in CY07.

Furthermore, In September Pakistan became signatory of "Multilateral Convention on Mutual Administrative Assistance in Tax Matters", a framework created by OECD. The Convention is the most powerful instrument for international tax cooperation. It provides for all forms of administrative assistance in tax matters: exchange of information on request, spontaneous exchange, automatic exchange, tax examinations abroad, simultaneous tax examinations and assistance in tax collection. It guarantees extensive safeguards for the protection of taxpayers' rights.

By becoming a signatory of the convention, Pakistan has sent a strong signal of its intention to curb offshore tax evasion and avoidance. The benefit of such a step will be two folds, first it will help increase the tax net and secondly, it might trigger another wave of liquidity in local equity markets.

In addition to foreign portfolio investments we believe many strategic investments (apart from CPEC related investments), similar to RFC of Netherlands acquiring Engro Foods and Shanghai Electric's management takeover of K-Electric, are going to be the prime drivers of growth in the coming years.

MONEY MARKET REVIEW

During 4MFY17, The State Bank of Pakistan (SBP) carried out 9 T-bills auctions where the government managed to raise PKR 1.876 trillion. During this period, Weighted age average yield on 3, 6, and 12 months T-bills were at 5.85%, 5.89%, and 5.91 respectively down from 6.70%, 6.71%, and 6.79% during the corresponding period last year. SBP accepted 3 auctions bids out of 6 auctions of PIB's and managed to raise PKR 646.32 billion during 1HFY17. The PIB weighted average maturity yields on 3, 5, 10 years PIB declined to 6.17%, 6.67%, 7.75% respectively from 7.34%, 8.30%, 9.24% in the corresponding period last year. The Government announced Monetary Policy Statement on November 26,2016,where committee has decided to keep the policy rate unchanged at 5.75 percent. During 1HFY17 State Bank of Pakistan conducted 44 open market operations (OMO's) of different maturities and injected average amount of PKR 629.3 billion per OMO's at an average cut off yield of 5.80%.

For and on behalf of the Board

Imran Motiwala
Chief Executive Officer

Karachi: February 24, 2017

مینجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ

AKD انویسٹمنٹ مینجمنٹ لمیٹڈ(AKDIML)، جو AKD اپرچیونٹی فنڈ (AKDOF)، AKD انڈیکس ٹریکرفنڈ(AKDITF)، AKD کیش فنڈ(AKDCF)اورAKD اگریسیوانکم فنڈ(AKDAIF) کی مینجمنٹ کمپنی ہے، کے بورڈ آف ڈائریکٹرز 31دسمبر2016 کواختتام پذیر درمیانی مدت کے شش ماہی رپورٹ بمع فنڈز کے کھاتوں کے پیش کرتے ہوئے، دلی مسرت محسوس کرتی ہیں۔

فنڈز کی مالیاتی کارکردگی

AKDاپرچیونٹی فنڈ (AKDOF)

مالی سال2017 کی پہلی ششماہی میںKSE-100 کی26.53فیصد بینچ مارک آمدنی کو15.17فیصد پیچھے چھوڑتے ہوئے AKD اپرچیونٹی فنڈ کی آمدنی نے اس کے مقابلے میں 41.70فیصدرہی۔

AKDانڈیکس ٹریکرفنڈ(AKDITF)

مالی سال2017 کی پہلی ششماہی میںKSE-100 کی26.53فیصد بینچ مارک آمدنی کے مقابلے میںAKDانڈیکس ٹریکر فنڈ کی آمدنی 24.96فیصدرہی۔

AKD کیش فنڈ(AKDCF)

مالی سال2017 کی پہلی ششماہی میں 5.16فیصد بینچ مارک کے مقابلے پرAKD کیش فنڈ کی سالانہ کی بنیاد پر آمدنی4.57فیصد رہی۔

AKDاگریسیوانکم فنڈ(AKDAIF)

مالی سال2017 کی پہلی ششماہی میں 6.36فیصد بینچ مارک کے مقابلے پرAKDاگریسیوانکم فنڈ کی سالانہ کی بنیاد پر آمدنی6.33فیصد رہی۔

میکرو پرسپیکٹو :

نمایاں بڑے معاشی اشاریوں نے 1HFY'17 میں مثبت رویہ جاری رکھا جسکی وجہ مغلوب افراط زر کی شرح، مستحکم کرنسی کی شرح تبادلہ اور مناسب زرمبادلہ کے ذخائر ہیں۔مزید براں CPEC کیجانب سے براہ راست غیر ملکی سرمایہ کاری (FDI)، اور پاکستانی مارکیٹ MSCI فرنٹیر مارکیٹس انڈیکس (FM) سے MSCI ایمرجنگ مارکیٹ انڈیکس(EM) اپ گریڈیشن سے عالمی مارکیٹ میں پاکستان کی پوزیشن میں مزید بہتری کے امکانات پیدا ہو گئے ہیں۔

CPIافراطِ زر کی شرح سال بہ سال کی بنیاد پر گزشتہ سال کی اسی دورانیہ کیلئے 2.08%کے مقابلے میں 1HFY'17 کے دوران 3.88% تک جا پہنچی ۔نمایاں اضافہ ہاؤسنگ ،بجلی ،گیس اور ایندھن کے علاوہ اشیاء خوردونوش اور نان الکوالحک

مشروبات کے باعث آیا جسکا CPI میں بالترتیب %37 اور %29 حصہ ہے۔ حکومت پاکستان نے تیل کی قیمتوں کے اضافے کے کچھ اثرات خود برداشت کئے جسکے نتیجے میں قیمتیں توقعات سے نیچے رہیں, 1HFY'17 کے دوران افراطِ زر کی شرح %4.5-%5.5 کے درمیان رہی جسکے نتیجہ میں اسٹیٹ بینک پاکستان نے متواتر ستمبر اور نومبر میں شرح سود %5.75 پر برقرار رکھا۔ اجناس کی قیمتوں میں 2QFY'17 میں نمایاں اضافہ دیکھنے میں آیا جسکی بنیادی وجہ تیل کی قیمتوں کا بڑھنا تھا۔ 30 نومبر کو ویانا میں ہونے والے اوپیک (OPEC) کی منعقدہ میٹنگ میں فیصلہ کیا گیا کہ اوپیک اور دوسرے تیل پیدا کرنے والے ممالک روزانہ کی بنیاد پر اپنی پیداوار میں 1.8 ملین بیرل کی کمی کریں گے۔ نیتجتًا تیل کی قیمتیں دوبارہ 50 ڈالر فی بیرل پر پہنچ گئیں۔ اُمید ہے کہ مستقل قریب میں تیل کی قیمت 55-52 ڈالر فی بیرل پر پہنچ جائیں گی۔

تیل اور اجناس کی کم قیمتوں نے 1HFY'17 میں صارفین کو فائدہ پہنچایا تو دوسری طرف اجناس پیدا کرنے والے طبقوں کو فصلوں کی قیمتوں کی غیر یقینی صورتحال کے باعث اور فصلوں کی قیمتوں میں گراوٹ کی وجہ سے کسانوں کی آمدنیوں میں شدید منفی اثرات مرتب ہوئے۔ کارپوریٹ سیکٹر کو بھی 1QFY'17 میں قیمتوں میں گراوٹ کے باعث انونٹری میں کمی کی وجہ سے منافع میں کمی کا سامنا کرنا پڑا۔ 2QFY'17 کے دوران اجناس کی قیمتوں میں بہتری کے باعث کچھ مثبت رجحان دیکھنے میں آرہا ہے۔

آئندہ کیلئے یہ توقع ہے کہ 2016/2017 کے مالی سال کیلئے تیل کی قیمتوں میں اضافے کے باعث افراطِ زر کی شرح میں اضافہ ہوگا۔ لیکن ہم سمجھتے ہیں کہ عالمی مارکیٹ میں اجناس کی ڈیمانڈ سے زائد سپلائی کے باعث افراطِ زر کی شرح اسٹیٹ بینک پاکستان (SBP) کی اوسط ٹارگیٹ رینج 4.5 اور 5.5 فیصد میں ہی رہے گی۔

اسٹیٹ بینک پاکستان (SBP) نے 1HFY'17 کیلئے 3.58 بلین ڈالر کا کرنٹ اکاؤنٹ میں خسارے رپورٹ کیا ہے۔ جس کا باعث 1HFY'17 میں GCC سے ترسیلات زر (%24- سال بہ سال) میں کمی اور تجارتی خسارے (%15.6+ سال بہ سال) میں اضافہ ہے۔ 1HFY'17 میں 10.53 بلین ڈالر (%2.3 سال بہ سال) کی برآمدات میں کمی اور درآمدات میں 21.34 بلین ڈالر (%8+ سال بہ سال) کا اضافہ جس میں ترقیاتی کاموں اور بالخصوص CPEC کیلئے مشینوں کی درآمدات شامل ہیں، تجارتی خسارے میں بگاڑ پیدا کر دیا ہے۔ خدشہ ہے کہ کرنٹ اکاؤنٹ خسارہ ترسیلات زر کی صورتحال، مسلسل مشینوں کی درآمدات اور تیل کی قیمتوں میں اضافہ کے باعث مزید خراب ہوگی۔ پاکستان کا کل لیکوڈ غیر ملکی زرمبادلہ 1HFY'16, کے 20.812 بلین ڈالر کے مقابلے میں 1HFY'17 کے اختتام تک 23.163 بلین ڈالر تک پہنچ گیا۔ 1HFY'17 کے دوران عالمی مالیاتی ادارہ (IMF) نے اضافی فنڈ سہولت (Extended Fund Facility) کے تحت 102 ملین ڈالر کی آخری قسط جاری

کردی جسکے بعد عالمی مالیاتی ادارے کا تین سالوں پر محیط تقریباً 6.64 بلین ڈالر کی مالی سہولت کی تکمیل ہوگئی۔ 2QFY'17 میں عالمی مالیاتی ادارے (IMF) کا IMF پروگرام ختم ہوگیا جسکے بعد بیرونی قرضوں کی ادائیگیوں میں (مجموعی طور پر 1.75-1.5 بلین ڈالر) یورو بونڈ، پیرس کلب، جون 2017 میں چائنا کے SAFE قرضوں کی واپسی کے آغاز کے باعث مالی ذخائر پر دباؤ متوقع ہے۔ بہرحال حکومت، FY'17 (مالی سال 2017) میں 6.6 مہینوں میں برآمدات کے باعث بیرونی ذخائر کو برقرار رکھنے کے بارے میں پراعتماد ہے۔

مالی محاذ پر 1HFY'17 میں فیڈرل بورڈ آف ریونیو (FBR) کو ٹیکس جمع کرنے کی مد میں 155 بلین روپے کی کمی کا سامنا ہے۔ فیڈرل بورڈ آف ریونیو (FBR) نے گذشتہ چھ ماہ میں 1615 بلین روپے کے ہدف کے مقابلے میں 1460 بلین روپے جمع کئے ۔حکومت نے FY'17 (مالی سال 2017) کیلئے ٹیکس محصولات کی مد میں 3.62 ٹریلین روپے کا ہدف مقرر کیا ہے جو ہمارے خیال میں خواہشات پر مبنی ہے۔ اس بات کا امکان ہے کہ حکومت کو IMF کی امداد کے بعد ٹیکس کی محصولات میں مشکلات کا سامنا کرنا پڑیگا۔ علاوہ ازیں ٹیکس کے محصولات بجٹ کے خسارے (جو کہ مالی سال 2017 میں GDP کا 3.8 فیصد ہے) پر اثر انداز ہو رہا ہے جسکی وجہ توقع سے کم قابل ٹیکس آمدنی اور ٹیکس سے مبرا آمدنیوں میں کمی ہے۔

1QFY'17 میں 862.2 بلین روپے کی آمدنی کے مقابلے میں مالی اخراجات 1300 بلین روپے تھا جو کہ 437 بلین (1.3%of GDP) کے خسارے کی صورت میں ظاہر ہوا۔ بہرحال حکومت آمدنی میں اضافہ کیلئے ٹھوس اور یقینی اقدامات کرنے پر اپنی توجہ مرکوز کر رہی ہے۔

ایکوٹی مارکیٹ کا جائزہ:

1QFY17 PSX-100 انڈیکس کیلئے تاریخ ساز رہا ہے جس نے 40,000 کی نفسیاتی حد عبور کی اور 40542 پوائنٹ پر بند ہوا اس طرح 1QFY'17 میں 7.3% منافع باعث بنا۔ بعد کے سہ ماہی میں انڈیکس نے ماضی کی تمام کارکردگیوں کے پاش پاش کر دیا اور 2QFY'17 میں 17.92% کا قوی الجثہ منافع دیا۔ مجموعی طور پر 1HFY'17 میں انڈیکس میں 27% کا اضافہ ریکارڈ میں آیا۔ 1HFY'17 میں انڈیکس کی کارکردگی درجہ ذیل سے منسوب کی جاسکتی ہے۔

- ☆ مورگن اسٹینلے کیپیٹل انٹرنیشنل (MSCI'S) پاکستان کی ایمرجنگ مارکیٹ انڈیکس میں ازسرنو درجہ بندی کی وجہ سے سرمایا کاروں اعتماد کا بڑھنا۔
- ☆ تیل کی قیمتوں میں استحکام، آٹھ سالوں میں اوپیک (OPEC) کا پہلی بار تیل کی پیداوار میں کٹوتی کرنے کا فیصلہ
- ☆ کنزیومر فنانسنگ میں اضافہ کی وجہ سے کنزیومر اسپینڈ نگ کی حوصلہ افزائی، نتیجتاً آٹو سیکٹر کی سیلز میں اضافہ ہونا۔
- ☆ ملک کا IMF پروگرام کا کامیابی سے مکمل کرنا۔
- ☆ CPEC پروجیکٹ میں مثبت پیشرفت جس سے ملک میں بجلی کی کمی کے دور ہونے اور ملک کی معشیت میں ایک نئے دور کے آغاز کا امکان۔

☆ S&P کا پاکستان کی خودمختاری کی کریڈٹ ریٹنگ -B سے B کرنا۔

☆ برآمدات اور ٹیکسٹائل کیلئے غیر معمولی اقدامات کا امکان۔

☆ ایک کنسورشم، جس میں چائنا فیوچرز ایکسچینج۔شنگھائی اسٹاک ایکسچینج۔شینزن اسٹاک ایکسچینج۔پاک چائنا انوسٹمنٹ کمپنی اور حبیب بینک لمیٹیڈ کو PSX کے 40% حصص کی فروخت کی گئی۔HBL نے 40% اسٹریٹجک شیئر کیلئے بلند ترین بولی پیش کی جسکی مالیت 28 روپے فی شیئر بنتی ہے۔

☆ FBR کا جائیدادوں کی مالیتوں کا ازسرنو جائزہ لینا اور رئیل اسٹیٹ سیکٹر کو ٹیکس کے حصول کیلئے ریگولیرائیز کرنا، کیونکہ متعدد سرمایہ کاروں نے رئیل اسٹیٹ سے ایکوٹی مارکیٹ کا رُخ کیا ہے ۔ہمیں یقین ہے کہ مارکیٹ متعدد مثبت عناصر سے جڑ چکی ہے جسے MSCI کی ازسرنو درجہ بندی CPEC اور متوقع برآمدی پیکج نے متحرک کردیا۔ابھی بھی PSX کی موجودہ سطح میں بہتری کی گنجائش ہے کیونکہ موجودہ مارکیٹ کی گیارہ گنا P/E، MSCIEM P/E کی 13 گنا P/E سے اب بھی کم ہے۔P/E تناسب کے علاوہ ایک اور موازنہ جو PSX میں تیزی کے رجحان کا پتہ دیتا ہے وہ مارکیٹ کیپ (Market Cap) کا GDP سے تناسب ہے۔موجودہ مارکیٹ کیپ (Market Cap)، GDP کا 30% ہے جس سے پتہ چلتا ہے کہ مارکیٹ ابھی بھی CYO7 کی تاریخی بلندی سے 49% نیچے ہے جو کہ کافی زیادہ ہے۔

مزید برآں پاکستان، ستمبر میں ملٹی لیٹرل کنونشن برائے میوچل ایڈمنسٹریٹو اسسٹنٹ برائے ٹیکس کا دستخط کنندہ ہوگیا ہے جو کہ OECD کا تشکیل کردہ فریم ورک ہے۔یہ کنونشن عالمی تعاون برائے ٹیکس کا مظبوط ترین نظام ہے۔یہ ٹیکس کے معاملات میں تمام اقسام کی انتظامی سہولتیں مہیا کرتا ہے۔جن میں معلومات کا تبادلہ، موقع پر تبادلہ، خودکار تبادلہ، بیرون ملک ٹیکس کا جائزہ، بیک وقت ٹیکس کا جائزہ اور ٹیکس کی وصولی میں مدد شامل ہیں۔

یہ نظام ٹیکس دینے والوں کے حقوق کو تحفظ دیتا ہے۔اس کنونشن پر دستخط کنندہ ہونے کے بعد پاکستان نے آف شور کے ذریعہ ٹیکس چوری اور ٹیکس سے بچنے کے خلاف اقدامات اُٹھانے کے حوالے سے واضح پیغام دیا ہے۔اس قسم کے اقدام سے دہرا فائدہ ہوگا۔اول یہ کہ اس سے ٹیکس کنندگان میں اضافہ ہوگا دوم یہ کہ اس سے مقامی ایکوٹی مارکیٹ میں سرمایہ کاری کی ایک اور لہر جنم لے سکتی ہے۔غیر ملکی پورٹ فولیو سرمایہ کاری کی بھی توقع کر رہے ہیں (CPEC سے متعلق سرمایہ کاری کے علاوہ) جو کہ ہالینڈ کی RFC کی اینگرو فوڈ اور شنگھائی الیکٹرک مینجمنٹ کی کے الیکٹرک کو حاصل کرنے جیسی ہوگی اور یہ آنے والے سالوں میں ترقی کیلئے اہم وجہ ہوگی۔

برائے ومنجانب بورڈ

عمران موتی والا

بورڈ کے چیف ایگزیکیوٹو آفیسر

کراچی، 24 فروری 2017

AKD Index Tracker Fund
Financial Information - First Half FY17

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
Bank Alfalah Limited
Bank Al-Habib Limited
BankIslami Pakistan Limited
Habib Metropolitan 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)

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.

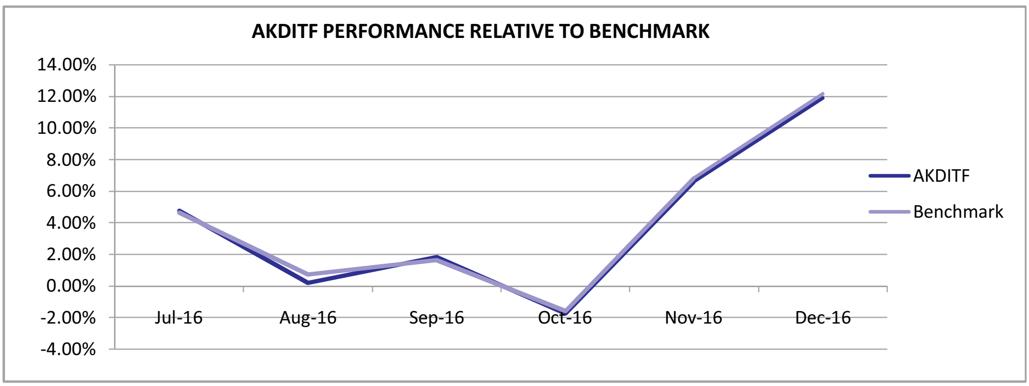
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

For the 1HFY17, the return of AKD Index Tracker Fund stood at 24.96% compared to the benchmark KSE-100 Index return of 26.53%.

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-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
AKDITF	4.75%	0.19%	1.62%	-1.74%	6.59%	11.88%
Benchmark	4.62%	0.71%	1.84%	-1.60%	6.84%	12.16%

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)	31-Dec-16	30-Sep-16
Equities	97.77%	97.73%
Cash	1.53%	0.79%
Other Assets	0.70%	1.48%

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

1HFY17 Return	24.96%
Benchmark	26.53%

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

Net Assets Value		Change in Net Assets	NAV Per Unit	
31-Dec-16	30-Sep -16		31-Dec -16	30-Sep-16
(Rupees In "000")			Rs.	Rs.
535,486	484,274	10.57%	17.82	15.21

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:

Economy

The major macroeconomic indicators continued their positive trend in 1HFY17, on the back of subdued inflation, stable exchange rate and adequate foreign reserves. Moreover, foreign direct investment (FDI) from CPEC and up gradation of Pakistan market from MSCI frontier Markets (FM) index to MSCI Emerging Market (EM) index is expected to further improve the stance of Pakistan in global market.

CPI inflation during 1HFY17 clocked in 3.88%YoY as compared to 2.08%YoY for the corresponding period last year. The major uptick in inflation came from Housing, Water, Electricity, Gas and Fuels followed by Food and Non-Alcoholic beverages, both having 37% and 29% weightage in the CPI basket respectively. Moreover GoP absorbed some of the impact of higher oil prices, thus keeping prices lower than expectations. Throughout 1HFY17, inflation remained within the target range of 4.5%-5.5% and as a result the State Bank of Pakistan (SBP) kept its policy rate unchanged at 5.75 percent in the two consecutive monetary policy announcements in September and November.

Commodity prices showed significant increase particularly in the 2QFY17, mainly on the back of rising oil prices. OPEC held its meeting in Vienna on 30th November where it was decided that both OPEC and non OPEC countries will curtail their oil production by 1.8 million barrels per day. As a consequence oil prices rebounded to around USD 50 per barrel. It is expected that oil prices will continue to be within the range of USD 52-55 in the near future.

While relatively lower oil and commodity prices have benefited consumers in 1HFY17, it also had an adverse impact on commodity-producing sectors of the economy: for example, lower product prices have hit farmer incomes and affected cropping decisions. In addition corporate profits also have been affected due to inventory losses caused by depressed commodity prices in 1QFY17. During 2QFY17 commodity prices showed improvement, which provided some relief.

Going forward, it is expected that inflation will start picking up on the back of surge in oil prices, however we believe it will remain in the SBP target range of average CPI between 4.5 and 5.5 percent for the fiscal year 2016/2017 due to still oversupplied commodities in international market.

The State Bank of Pakistan (SBP) reported the Current Account Deficit of USD 3.58 bn in 1HFY17, registering a 92% YoY increase. This is due to the tepid remittances in 1HFY17 (-2.4% YoY) from the GCC region and increase in trade deficit (+15.6% YoY). The trade balance has deteriorated on the back of falling exports (-2.3% YoY), to USD 10.53 bn in 1HFY17and a rise in imports (+8% YoY) to reach US$ 21.34 bn in the 1HFY17 mainly in the form of machinery imports for CPEC and development. It is expected that Current account deficit will worsen due to possible rebound in oil prices, continuing increase in machinery imports and weak remittance outlook.

The total liquid foreign exchange reserves of Pakistan reached USD 23.163 billion by the end of 1HFY17, from previous level of USD 20.812 billion by the end of 1HFY16. During 1HFY17, International Monetary Fund (IMF) released the final 12th tranche of USD 102 million under the Extended Fund Facility; to recap IMF had approved the three-year extended financing arrangement of approximately USD 6.64 billion for Pakistan. The IMF program came to an end in the 2QFY17 and going forward we expect some pressure on the reserves as external repayments (cumulative USD 1.5 bn- 1.75 bn) under Eurobond, Paris Club and China SAFE debt retirement to begin in June'17. However, the Government is confident to maintain the foreign reserves in future with expected import cover of 6.6 months in FY17.

On the fiscal front, FBR faced a shortfall of PKR 155bn in tax collection in the 1HFY17. FBR has provisionally collected PKR 1,460bn against the target of PKR 1,615bn for the six month. The Government has set the target of tax collection to PKR 3.62tn for FY17, which is ambitious in our view. It is expected that Government will face challenges in the tax collection post IMF period. Furthermore, the tax collection is affecting the budget deficit (target of 3.8% of GDP for FY17) due to lower than expected tax revenue along with decline in non-tax revenue.

The fiscal expenditure was recorded at PKR 1,300bn in the 1QFY17 against revenues of PKR 862.2bn, leading to a deficit of PKR 437bn (1.3% of GDP). However, the Government is focusing on the introduction and implementation of robust and stringent measures in economy to improve revenue collection in the future.

In this regard The National Assembly in December, approved a mega tax amnesty scheme for real estate sector that would approve whitening of black money invested in the sector by paying only three per cent tax. The impact of the amnesty scheme remains to be seen.

Equity Market Review:

1QFY17 has been a record-breaking period for the PSX-100 index, which crossed 40,000 psychological barrier and closed at 40,542 points, posting a return of 7.3% in 1QFY'17. During the subsequent quarter, the index smashed all previous performance records and posting a whopping return of 17.92% in 2QFY17.In this regard the overall index level increased by 27% in 1HFY'17.

The performance of the index in 1HFY'17 can be mainly attributed to

- Renewed investor confidence due to Morgan Stanley Capital International (MSCI)'s re-classification of Pakistan in to Emerging Market Index.
- Oil price stability, as OPEC producers agreed to its first oil output cut in 8 years.
- Sales uptick in Pakistan auto sector, on the back of renewed consumer spending and rise in consumer financing.
- Country's successful completion of IMF program.
- Positive developments on CPEC projects, which are expected to reduce the power shortage and revitalize the economy.
- S&P raising Pakistan's sovereign credit rating to B from B-.
- Expectations of a substantial Export/Textile package to boost exports.
- 40% stake sale in the management of PSX, a consortium consisting of China Futures Exchange, Shanghai Stock Exchange, Shenzhen Stock Exchange, Pak-China Investment Company (PCIC), and Habib Bank Ltd. (HBL) submitted the highest bid of PkR28/share for the 40% strategic stake.
- FBR's Revaluation of properties and regularization of real estate sector to increase tax net, as many investors switched from real estate to equity markets.

Future Outlook:

We believe that market has incorporated many positives of expected inflows triggered by MSCI re-rating, CPEC and Expected export package. However at the current level PSX still has some room to grow as the current market P/E of 11x is still lower then MSCI EM P/E of 13x.

Apart from the P/E ratio, another ratio that makes us bullish on PSX is the market cap to GDP ratio. The current market cap to GDP is 30%, which shows that the market is substantially below its historical peak of 49% in CY07.

Furthermore, In September Pakistan became signatory of "Multilateral Convention on Mutual Administrative Assistance in Tax Matters", a framework created by OECD. The Convention is the most powerful instrument for international tax cooperation. It provides for all forms of administrative assistance in tax matters: exchange of information on request, spontaneous exchange, automatic exchange, tax examinations abroad, simultaneous tax examinations and assistance in tax collection. It guarantees extensive safeguards for the protection of taxpayers' rights.

By becoming a signatory of the convention, Pakistan has sent a strong signal of its intention to curb offshore tax evasion and avoidance. The benefit of such a step will be two folds, first it will help increase the tax net and secondly, it might trigger another wave of liquidity in local equity markets.

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	622
10,000 - 49,999	19
50,000 - 99,999	2
100,000 - 499,999	4
500,000 and above	1
	648

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.

TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of AKD Index Tracker Fund (the Fund) are of the opinion that AKD Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2016 in accordance with the provisions of the following:

(i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;

(ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and

(iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, February 24, 2017

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE UNIT HOLDERS FOR THE HALF YEAR ENDED DECEMBER 31, 2016

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **AKD Index Tracker Fund** ("the Fund") as at 31 December 2016; and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management 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.

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 does not give a true and fair view, in all material respects, in accordance with approved accounting standard as applicable in Pakistan for interim financial reporting.

Other Matters

The figures for the three months ended 31 December 2016 in the condensed interim financial information have not been reviewed and we don't express a conclusion on them.

Engagement Partner: **Ahsan Elahi Vohra**
Karachi: February 24, 2017

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT 31 DECEMBER 2016

	Note	31 December 2016 (Unaudited)	30 June 2016 (Audited)
		(Rupees in '000)	
Assets			
Bank balances	5	**8,269**	17,156
Investments	6	**529,716**	441,698
Receivable against sale of investments (subsequently received)		**149**	47
Dividend, prepayments, markup and other receivables		**1,074**	1,498
Security deposits		**2,600**	2,600
Total assets		**541,808**	462,999
Liabilities			
Remuneration payable to the Management Company	12.2	**327**	267
Remuneration payable to the Trustee	12.2	**86**	70
Annual fee payable to the Securities and Exchange Commission of Pakistan		**230**	383
Payable against purchase of investments (Subsequently Paid)		**262**	2,183
Accrued expenses and other liabilities	7	**2,116**	5,058
Provision for Workers' Welfare Fund	9	**2,679**	2,679
Unclaimed dividend		**622**	622
Total liabilities		**6,322**	11,262
Contingencies and commitments	10		
Net assets		**535,486**	451,737
Unit holders' fund (as per statement attached)		**535,486**	451,737
		(Number of units)	
Number of units in issue		**30,052,484**	31,681,047
		(Rupees)	
Net assets value per unit (face value per unit Rs. 10/-)		**17.82**	14.26

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Nadeem Saulat Siddiqui
Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED 31 DECEMBER 2016

	Note	Six months period ended 31 December		Three months period ended 31 December	
		2016	2015	**2016**	2015
		(Rupees in '000)			
Income					
Gain on sale of 'available for sale investments' - net		**9,328**	5,901	**8,726**	3,250
Dividend income from available for sale investments		**12,142**	11,493	**7,067**	5,181
Profit on bank balances		**164**	139	**58**	100
		21,634	17,533	**15,851**	8,531
Expenses					
Remuneration to the Management Company		**1,812**	1,535	**916**	754
Remuneration to the Trustee		**483**	409	**244**	201
Annual fee to the Securities and Exchange Commission of Pakistan		**230**	194	**117**	95
Auditors' remuneration		**165**	126	**102**	63
Other expenses	*8*	**851**	917	**416**	407
		3,541	3,181	**1,795**	1,520
Net income from operating activities		**18,093**	14,352	**14,056**	7,011
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed - net		**(294)**	43	**(293)**	(108)
Provision for Workers' Welfare Fund	*9*	**-**	-	**-**	-
Net income for the period before taxation		**17,799**	14,395	**13,763**	6,903
Taxation	*11*	**-**	-	**-**	-
Net income for the period after taxation		**17,799**	14,395	**13,763**	6,903

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Nadeem Saulat Siddiqui
Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED 31 DECEMBER 2016

	Six months period ended 31 December		Three months period ended 31 December	
	2016	2015	**2016**	2015
	(Rupees in '000)			
Net income for the period	**17,799**	14,395	**13,763**	6,903
Other comprehensive income for the period				
Items that will be reclassified subsequently to income statement				
- Unrealized appreciation / (diminution) during the period in the fair value of investments classified as 'available for sale' - net	**100,985**	(31,029)	**72,913**	932
- Appreciation in fair value of 'available for sale' investment transferred to profit and loss account on sale - net	**(10,334)**	(5,446)	**(8,342)**	(2,866)
Total comprehensive income / (loss) for the period	**108,450**	(22,080)	**78,334**	4,969

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Nadeem Saulat Siddiqui
Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)

FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED 31 DECEMBER 2016

	Six months period ended 31 December		Three months period ended 31 December	
	2016	2015	**2016**	2015
	(Rupees in '000)			
Deficit at beginning of the period - realized	**(65,392)**	(71,519)	**(61,274)**	(64,240)
Element of loss and capital losses - net included in prices of units sold less those in units redeemed - amount representing unrealised loss that form part of the unit holders' fund	**(1,480)**	(284)	**(1,562)**	**(71)**
Net income for the period	**17,799**	14,395	**13,763**	6,903
	16,319	14,111	**12,201**	6,832
Deficit at end of the period - realized	**(49,073)**	(57,408)	**(49,073)**	(57,408)

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Nadeem Saulat Siddiqui
Director

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

FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED 31 DECEMBER 2016

	Six months period ended 31 December		Three months period ended 31 December	
	2016	2015	**2016**	2015
	(Rupees in '000)			
Net assets at beginning of the period	**451,737**	411,297	**484,274**	383,624
Amount received on issue of 360,283 (2015: 526,612) units.	**5,728**	7,290	**3,193**	3,640
Amount paid on redemption of 1,988,846 (2015: 316,858) units	**(30,723)**	(4,524)	**(30,608)**	(401)
	(24,995)	2,766	**(27,415)**	3,239
Element of (income) / loss and capital (gains) / losses in prices of units sold less those in units redeemed - amount representing (income) / loss and realised capital (gains) / losses transferred to income statement	**294**	(43)	**293**	108
Total comprehensive income / (loss) for the period	**108,450**	(22,080)	**78,334**	4,969
Net assets at end of the period	**535,486**	391,940	**535,486**	391,940
	(Rupees)			
Net assets value / Ex-distribution net asset value per unit at beginning of the period	**14.26**	14.33	**15.21**	13.37
Net assets value per unit at end of the period	**17.82**	13.55	**17.82**	13.55

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Nadeem Saulat Siddiqui
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED 31 DECEMBER 2016

	Six months period ended 31 December		Three months period ended 31 December	
	2016	2015	**2016**	2015
	(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the period	**17,799**	14,395	**13,763**	6,903
Adjustments for:				
Element of loss / (income) and capital (gains) / losses - included in prices of units sold less those in units redeemed - net	**294**	(43)	**293**	108
	18,093	14,352	**14,056**	7,011
Decrease / (increase) in assets				
Investments	**2,633**	(10,827)	**14,199**	(6,446)
Receivable against sale of securities	**(102)**	2,434	**(149)**	-
Dividend, prepayments, markup and other receivables	**424**	115	**3,568**	4,860
	2,955	(8,278)	**17,618**	(1,586)
(Decrease) / increase in liabilities				
Remuneration payable to the Management Company	**60**	(6)	**31**	5
Remuneration payable to the Trustee	**16**	(2)	**8**	11
Annual fee payable to the Securities and Exchange Commission of Pakistan	**(153)**	(177)	**117**	95
Payable against purchase of investment	**(1,921)**	(397)	**262**	-
Accrued expenses and other liabilities	**(2,942)**	(20)	**(284)**	38
	(4,940)	(602)	**134**	149
Net cash generated from operating activities	**16,108**	5,472	**31,808**	5,574
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash received on issuance of units	**5,728**	7,290	**3,193**	3,640
Cash paid on redemption of units	**(30,723)**	(4,524)	**(30,608)**	(401)
Net cash (used in) / generated from financing activities	**(24,995)**	2,766	**(27,415)**	3,239
Net (decrease) / increase in cash and cash equivalents during the period	**(8,887)**	8,238	**4,393**	8,813
Cash and cash equivalents at beginning of the period	**17,156**	1,933	**3,876**	1,358
Cash and cash equivalents at end of the period	**8,269**	10,171	**8,269**	10,171

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Nadeem Saulat Siddiqui
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 AKD Index Tracker Fund (The Fund) was established under a Trust Deed executed between AKD Investment Management Limited (AKDIML) as Management Company, a company incorporated under the Companies Ordinance, 1984 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 NBFC Regulations, 2008.

1.2 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.

1.3 The Fund is an open-end mutual fund and is listed on the Pakistan Stock Exchange Limited (formerly 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. Title to the assets of Fund is held in the name of Central Depository Company Limited as a trustee of the Fund.

1.4 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 PSX-100 index (formerly 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 uninvested 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, 2016. Due to specialised nature of the Fund, performance ranking has not been taken, as the comparable benchmark is not available.

2. BASIS OF PREPARATION

These condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of /or directives issued by the SECP have been followed.

2.1 This condensed interim financial information does not include all the information required for a complete set of annual financial statements and should be read in conjunction with the latest annual financial statements as at and for the year ended 30 June 2016.

2.2 This condensed interim financial information is being submitted to the unit holders as required under Regulation 38 (g) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and are unaudited. However, a limited scope review has been carried out by the auditors in accordance with the requirements of clause (xix) of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

3. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

The accounting policies and methods of computation followed for the preparation of this condensed interim financial information are the same as those applied in preparing the financial statements as at and for the year ended 30 June 2016.

In preparing this condensed interim financial information, Management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by Management in applying the Fund’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2016.

4. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended 30 June 2016.

5. BANK BALANCES	*Note*	**31 December 2016 (Unaudited)**	30 June 2016 (Audited)
		(Rupees in '000)	
Saving Accounts	*5.1*	**7,864**	16,764
Current accounts		**405**	392
		8,269	17,156

5.1 These represent profit and loss sharing accounts maintained with various banks carrying profit rates ranging from 3.75% to 5.0% (30 June 2016: 3.75% to 5.5%) per annum.

6. INVESTMENTS

Investments in securities classified as 'available for sale'

Listed equity securities	*6.1*	**529,716**	441,698

6.1 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 2016	Acquired during the period	Bonus / right shares received during the period	Disposed during the period	Holding at the period end 31 Dec 2016	Cost as of the period ended 31 Dec 2016	Carrying value (before revaluation as of the period ended 31 Dec 2016)	Market value as of 31 Dec 2016	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	2,190	4,079	0.76	0.77	0.01
Indus Motor Company Limited	3,369	-	-	500	2,869	579	2,696	4,632	0.87	0.87	0.00
Millat Tractors Limited (Note 6.4)	4,043	1,000	-	200	4,843	2,042	2,766	4,381	0.82	0.83	0.01
Pak Suzuki Motor Company Limited(Note 6.4)	4,670	250	-	200	4,720	385	1,808	2,893	0.54	0.55	0.01
						4,405	**9,460**	**15,985**			
AUTOMOBILE PARTS & ACCESSORIES											
Thal Limited (Face value Rs. 5/- each)	7,021	-	-	50	6,971	813	1,973	3,545	0.66	0.67	0.00
						813	**1,973**	**3,545**			
CABLE & ELECTRICAL GOODS											
Pak Elektron Limited	45,375	10,000	-	1,900	53,475	3,145	3,543	3,812	0.71	0.72	0.06
						3,145	**3,543**	**3,812**			
CEMENT											
Bestway Cement Limited	-	6,000	-	-	6,000	1,598	1,598	1,655	0.31	0.31	0.00
Cherat Cement Company Limited	25,796	-	-	3,000	22,796	1,207	2,726	3,967	0.74	0.75	0.02
D.G. Khan Cement Company Limited	52,387	1,500	-	2,500	51,387	2,358	9,791	11,394	2.13	2.15	0.01
Fauji Cement Company Limited	169,850	6,000	-	14,000	161,850	1,784	5,795	7,296	1.36	1.38	0.12
Kohat Cement Company Limited	10,500	-	-	500	10,000	1,228	2,619	2,916	0.54	0.55	0.01
Lucky Cement Limited (Note 6.4)	29,183	-	-	1,200	27,983	4,472	18,147	24,241	4.53	4.58	0.01
Maple Leaf Cement Factory Limited	51,000	3,000	-	3,500	50,500	1,581	5,336	6,443	1.20	1.22	0.01
Pioneer Cement Limited(Note 6.4)	27,500	500	-	900	27,100	1,833	2,917	3,851	0.72	0.73	0.02
						16,061	**48,929**	**61,763**			
CHEMICAL											
Colgate Palmolive (Pakistan) Limited	1,016	-	-	-	1,016	324	1,549	1,829	0.34	0.35	0.00
ICI Pakistan Limited	2,838	-	-	-	2,838	413	1,263	2,820	0.53	0.53	0.00
						737	**2,812**	**4,649**			
CLOSE - END MUTUAL FUND											
PICIC Growth Fund	56,012	-	-	-	56,012	937	1,333	1,706	0.32	0.32	0.02
						937	**1,333**	1,706			
COMMERCIAL BANKS											
Allied Bank Limited	38,862	-	-	1,700	37,162	2,245	3,343	4,430	0.83	0.84	0.00
Askari Bank Limited	86,313	-	-	5,500	80,813	1,175	1,510	2,016	0.38	0.38	0.01
Bank Al Habib Limited	163,332	5,000	-	15,000	153,332	4,145	6,611	9,045	1.69	1.71	0.01
Bank Al-Falah Limited	153,305	6,500	-	5,000	154,805	2,213	3,958	5,876	1.10	1.11	0.01
Faysal Bank Limited	89,952	-	-	-	89,952	605	1,179	1,959	0.37	0.37	0.01
Habib Bank Limited (Note 6.4)	149,983	500	-	8,000	142,483	25,686	28,155	38,933	7.27	7.35	0.01
Habib Metropolitan Bank Limited	105,568	-	-	4,000	101,568	2,057	2,881	3,758	0.70	0.71	0.01
MCB Bank Limited	101,228	-	-	6,000	95,228	14,700	20,952	22,647	4.23	4.28	0.01

Sectors / companies (Ordinary shares have a face value of Rs. 10 each unless stated otherwise)	Holding at beginning of the period 1st July 2016	Acquired during the period	Bonus / right shares received during the period	Disposed during the period	Holding at the period end 31 Dec 2016	Cost as of the period ended 31 Dec 2016	Carrying value (before revaluation as of the period ended 31 Dec 2016)	Market value as of 31 Dec 2016	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	21,032	-	-	-	21,032	232	894	1,432	0.27	0.27	0.00
National Bank of Pakistan Limited	114,738	-	-	7,500	107,238	3,904	6,199	8,031	1.50	1.52	0.01
Soneri Bank Limited(Note 6.4)	68,447	7,500	-	3,000	72,947	562	1,034	1,288	0.24	0.24	0.01
Standard Chartered Bank (Pakistan) Limited	41,098	-	-	250	40,848	327	974	1,031	0.19	0.19	0.00
The Bank Of Punjab	140,159	-	-	-	140,159	1,444	1,127	2,474	0.46	0.47	0.03
United Bank Limited	111,329	-	-	7,000	104,329	14,161	18,458	24,924	4.65	4.71	0.01
						73,456	**97,275**	**127,844**			
ENGINEERING											
Crescent Steel & Allied Products Limited	-	7,000	-	-	7,000	1,075	1,075	1,079	0.20	0.20	0.01
International Steels Limited	40,500	-	-	3,000	37,500	644	1,336	3,665	0.68	0.69	0.01
						1,719	**2,411**	**4,744**			
FERTILIZER											
Arif Habib Corporation Limited	28,437	-	-	-	28,437	780	1,122	1,251	0.23	0.24	0.01
Dawood Hercules Corporation Limited	72,996	3,500	-	5,000	71,496	4,229	10,667	10,319	1.93	1.95	0.01
Engro Corporation Limited	59,474		-	3,500	55,974	6,967	18,638	17,693	3.30	3.34	0.03
Engro Fertilizer Limited	75,575	60,000	-	8,500	127,075	8,993	8,400	8,639	1.61	1.63	0.01
Fatima Fertilizer Company Limited	91,234	5,000	-	6,500	89,734	2,268	3,042	3,310	0.62	0.62	0.00
Fauji Fertilizer Bin Qasim Limited	73,951	-	-	4,500	69,451	2,304	3,682	3,557	0.66	0.67	0.01
Fauji Fertilizer Company Limited	158,850	500	-	10,000	149,350	13,562	17,135	15,588	2.91	2.94	0.01
						39,103	**62,686**	**60,357**			
FOOD & PERSONAL CARE PRODUCTS											
Engro Foods Limited	24,691	1,500	-	1,517	24,674	1,416	4,004	4,736	0.88	0.89	0.00
Murree Brewery Company Limited	2,317	-	-	-	2,317	323	1,432	2,149	0.40	0.41	0.01
National Foods Limited (Face value of Rs. 5/- each)*	10,000	500	-	350	10,150	2,125	2,850	3,806	0.71	0.72	0.01
Nestle Pakistan Limited(Note 6.4)	1,009	-	-	20	989	4,621	7,220	8,901	1.66	1.68	0.00
Rafhan Maize Products Co. Limited(Note 6.4)	112	-	-	-	112	291	809	982	0.18	0.19	0.00
						8,776	**16,315**	**20,574**			
GLASS & CERAMICS											
Ghani Glass Limited	14,070	-	-	-	14,070	935	1,328	2,082	0.39	0.39	0.01
						935	**1,328**	**2,082**			
INSURANCE											
Adamjee Insurance Company Limited	55,240	3,500	-	3,000	55,740	1,513	2,883	4,133	0.77	0.78	0.02
EFU General Insurance Limited	25,437	1,500	-	1,000	25,937	1,268	3,089	3,916	0.73	0.74	0.02
EFU Life Assurance Limited	7,184	-	-	7,184	-	-	-	-	0.00	0.00	0.00
IGI Insurance Limited	8,797	-	-	1,000	7,797	524	1,488	2,401	0.45	0.45	0.01
IGI Life Insurance Limited	-	1,000	-	1,000	-	-	-	-	0.00	0.00	0.00
Jubilee General Insurance Company Limited	8,144	-	-	-	8,144	235	814	884	0.17	0.17	0.01
Jubilee Life Insurance Company Limited(Note 6.4)	3,100	-	-	-	3,100	971	1,553	1,767	0.33	0.33	0.00
						4,511	**9,827**	**13,101**			

Sectors / companies (Ordinary shares have a face value of Rs. 10 each unless stated otherwise)	Holding at beginning of the period 1st July 2016	Acquired during the period	Bonus / right shares received during the period	Disposed during the period	Holding at the period end 31 Dec 2016	Cost as of the period ended 31 Dec 2016	Carrying value (before revaluation as of the period ended 31 Dec 2016)	Market value as of 31 Dec 2016	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		
INV. BANKS / INV. COS. / SECURITIES COS.											
Jahangir Siddiqui & Company Limited	59,203	-	-	-	59,203	661	1,172	1,503	0.28	0.28	0.01
						661	**1,172**	**1,503**			
JUTE											
Associated Services Limited	150	-	-	150	-	-	-	-	0.00	0.00	0.00
						-	**-**	**-**			
LEASING COMPANIES											
Orix Leasing Pakistan Limited	8,570	-	-	-	8,570	548	424	405	0.08	0.08	0.01
						548	**424**	**405**			
LEATHER & TANNERIES											
Bata Pakistan Limited	377	-	-	-	377	192	1,537	1,625	0.30	0.31	0.00
Service Industries Limited (Note 6.4)	1,288	-	-	100	1,188	977	1,050	1,779	0.33	0.34	0.01
						1,169	**2,587**	**3,404**			
MISCELLANEOUS											
Pakistan Services Limited	6,200	-	-	-	6,200	1,917	4,183	5,478	1.02	1.03	0.02
Shifa International Hospital Limited	3,454	1,000	-	-	4,454	622	1,340	1,369	0.26	0.26	0.01
						2,539	**5,523**	**6,847**			
MODARABAS											
Allied Rental Modaraba	11,500	-	-	-	11,500	443	265	276	0.05	0.05	0.01
						443	**265**	**276**			
OIL & GAS EXPLORATION COMPANIES											
Mari Petroleum Company Limited	4,681	350	-	250	4,781	561	4,365	6,573	1.23	1.24	0.01
Oil and Gas Development Company Limited (Note 6.2)	146,437	-	-	7,500	138,937	16,864	19,183	22,973	4.29	4.34	0.00
Pakistan Oilfields Limited	24,579	-	-	1,500	23,079	7,604	8,019	12,338	2.30	2.33	0.01
Pakistan Petroleum Limited	109,224	-	-	5,500	103,724	10,664	16,082	19,519	3.65	3.68	0.01
						35,693	**47,649**	**61,403**			
OIL & GAS MARKETING COMPANIES											
Attock Petroleum Limited(Note 6.4)	4,450	-	-	-	4,450	1,267	1,947	3,047	0.57	0.58	0.01
Hascol Petroleum Limited(Note 6.4)	9,500	4,000	-	400	13,100	2,302	2,685	4,422	0.83	0.83	0.01
Pakistan State Oil Company Limited (Note 6.4)	28,656	500	-	2,000	27,156	4,811	10,197	11,791	2.20	2.23	0.01
Shell Pakistan Limited (Note 6.4)	4,751	-	-	-	4,751	469	1,379	2,458	0.46	0.46	0.01
Sui Northern Gas Pipelines Limited	40,670	-	-	-	40,670	711	1,476	3,317	0.62	0.63	0.01
Sui Southern Gas Company Limited	57,343	-	-	515	56,828	978	1,564	2,066	0.39	0.39	0.01
						10,538	**19,248**	**27,101**			
PAPER & BOARD											
Cherat Packaging Limited	4,000	-	-	-	4,000	1,217	1,367	1,352	0.25	0.26	0.01
Packages Limited	7,039	-	-	250	6,789	1,524	4,319	5,771	1.08	1.09	0.01
						2,741	**5,686**	**7,123**			

Sectors / companies (Ordinary shares have a face value of Rs. 10 each unless stated otherwise)	Holding at beginning of the period 1st July 2016	Acquired during the period	Bonus / right shares received during the period	Disposed during the period	Holding at the period end 31 Dec 2016	Cost as of the period ended 31 Dec 2016	Carrying value (before revaluation as of the period ended 31 Dec 2016)	Market value as of 31 Dec 2016	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		------------
PHARMACEUTICALS											
Abbott Laboratories (Pakistan) Limited	4,465	4,550	-	4,500	4,515	3,499	3,652	4,321	0.81	0.82	0.00
Ferozsons Laboratories Limited	2,200	350	-	-	2,550	2,129	2,638	1,909	0.36	0.36	0.01
GlaxoSmithKline Pakistan Limited	11,273	-	-	200	11,073	603	2,293	2,583	0.48	0.49	0.00
GlaxoSmithKline Consumer Healthcare Pakistan Limited (Note	3,231	-	-	-	3,231	-	32	32	0.01	0.01	0.03
The Searle Company Limited	10,916	1,500	1,571	600	13,387	2,741	6,402	8,752	1.63	1.65	0.02
						8,972	**15,017**	**17,597**			
POWER GENERATION & DISTRIBUTION											
Hub Power Company Limited (Note 6.4)	164,241	7,000	-	8,000	163,241	8,273	19,632	20,157	3.76	3.81	0.01
K-Electric Limited. (Face value Rs. 3.5/- each)	614,148	-	-	20,000	594,148	3,153	4,789	5,567	1.04	1.05	0.00
Kot Addu Power Company Limited	96,779	3,500	-	5,000	95,279	6,124	8,496	7,508	1.40	1.42	0.01
Lalpir Power Limited	33,000	-	-	33,000	-	-	-	-	0.00	0.00	0.00
Nishat Chunian Power Limited	38,665	-	-	200	38,465	944	2,022	2,134	0.40	0.40	0.01
Nishat Power Limited(Note 6.4)	34,070	2,000	-	1,500	34,570	759	1,755	2,216	0.41	0.42	0.01
Pakgen Power Limited	38,000	-	-	38,000	-	-	-	-	0.00	0.00	0.00
Saif Power Limited	39,500	-	-		39,500	1,157	1,186	1,405	0.26	0.27	0.01
						20,410	**37,880**	**38,987**			
REAL ESTATE INVESTMENT TRUST											
Dolmen City REIT(Note 6.4)	120,000	-	-	-	120,000	1,245	1,296	1,304	0.24	0.25	0.01
						1,245	**1,296**	**1,304**			
REFINERY											
Attock Refinery Limited(Note 6.4)	7,219	500	-	300	7,419	1,138	2,091	3,155	0.59	0.60	0.01
National Refinery Limited	5,443	450	-	400	5,493	1,317	2,640	3,137	0.59	0.59	0.01
						2,455	**4,731**	**6,292**			
SUGAR & ALLIED INDUSTRIES											
JDW Sugar Mills Limited(Note 6.4)	6,650	-	-	150	6,500	712	2,529	3,551	0.66	0.67	0.01
						712	**2,529**	**3,551**			
SYNTHETICS AND RAYON											
Ibrahim Fibres Limited	3,000	-	-	-	3,000	216	170	204	0.04	0.04	0.00
						216	**170**	**204**			
TECHNOLOGY & COMMUNICATION											
Hum Network Limited (Face value of Rs. 1/- each)	96,100	2,000	-	8,500	89,600	430	923	1,343	0.25	0.25	0.01
Pakistan Telecommunication Company Limited "A" (Note 6.4)	127,017	-	-	-	127,017	1,451	1,909	2,182	0.41	0.41	0.00
TRG Pakistan Limited	103,355	-	-	3,500	99,855	3,103	3,350	4,420	0.83	0.83	0.03
						4,984	**6,182**	**7,945**			
TEXTILE COMPOSITE											
Kohinoor Textile Mills Limited (Note 6.4)	48,128	-	-	2,000	46,128	1,331	3,692	5,360	1.00	1.01	0.04
Nishat (Chunian) Limited	26,330	-	-	500	25,830	877	915	1,613	0.30	0.30	0.01
Nishat Mills Limited (Note 6.4)	39,847	-	-	1,500	38,347	2,209	4,138	5,840	1.09	1.10	0.01
						4,417	**8,745**	**12,813**			

Sectors / companies (Ordinary shares have a face value of Rs. 10 each unless stated otherwise)	Holding at beginning of the period 1st July 2016	Acquired during the period	Bonus / right shares received during the period	Disposed during the period	Holding at the period end 31 Dec 2016	Cost as of the period ended 31 Dec 2016	Carrying value (before revaluation as of the period ended 31 Dec 2016)	Market value as of 31 Dec 2016	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 -------------		
TEXTILE SPINNING											
Indus Dyeing & Manufacturing Company Limited	550	-	-	-	550	514	285	397	0.07	0.07	0.00
						514	**285**	**397**			
TEXTILE WEAVING											
Feroze 1888 Mills Limited	20,500	16,700	-	33,200	4,000	1,366	1,211	766	0.14	0.14	0.01
						1,366	**1,211**	**766**			
TOBACCO											
Pakistan Tobacco Company Limited(Note 6.4)	2,640	140	-	40	2,740	372	3,441	3,927	0.73	0.74	0.00
Philip Morris (Pakistan) Limited	-	480	-	-	480	714	714	1,305	0.24	0.25	0.00
						1,086	**4,155**	**5,232**			
TRANSPORT											
Pakistan International Bulk Terminal Limited	156,075	7,000	-	14,500	148,575	4,281	4,766	4,902	0.92	0.93	0.02
Pakistan International Container Terminal Limited(Note 6.4)	4,900		-	1,300	3,600	1,180	1,211	1,368	0.26	0.26	0.00
						5,461	**5,977**	**6,270**			
VANASPATI & ALLIED INDUSTRIES											
Punjab Oil Mills Limited	300	-	-	-	300	80	80	98	0.02	0.02	0.01
						80	**80**	**98**			
WOOLLEN											
Bannu Woollen Mills Limited	500	-	-	-	500	24	27	36	0.01	0.01	0.01
						24	**27**	**36**			
Total as at 31 Dec 2016						**260,872**	**428,731**	**529,716**			
Total as at 30 June 2016						263,505	439,585	441,698			

6.2 These include 100,000 shares having market value of Rs. 16.534 million of Oil and Gas Development Company Limited as pledged with National Clearing Company of Pakistan Limited as on 31 December 2016.

6.3 Glaxo Smith Kline Pakistan Limited Demerger took place on 11 April 2016 into Glaxo Smith Kline Pakistan Limited and Glaxo Smith Kline Consumer Healthcare Pakistan Limited into 3:10 ratio

6.4 These investments held by the Fund exceeded the maximum limit prescribed by the regulation 55(6) of the NBFC regulations. Arrangements are being made to adjust these investments with the weight prescribed in the NBFC regulations.

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

	31 December 2016 (Unaudited)	30 June 2016 (Audited)
	(Rupees in '000)	
Balance as of 1 July 2016	**178,193**	186,425
Unrealised appreciation in the value of investments during the period	**100,985**	2,113
Gain / (loss) recognized in the income statement on sale - net	**(10,334)**	(10,345)
Balance as of period / year end recognised directly in the unit holders' fund	**268,844**	178,193

7. ACCRUED EXPENSES AND OTHER LIABILITIES

		31 December 2016	30 June 2016
Auditors' remuneration		**130**	200
Sindh Sales Tax on Management remuneration	*7.1*	**43**	43
Federal Excise Duty on Management remuneration	*7.2*	**1,357**	1,357
Allocated expenses by the Management Company	*7.3*	**44**	36
Payable to Management Company against expenses		**76**	76
Sind Sales Tax on Trustee Fee		**11**	10
Withholding tax payable		**58**	2,833
Zakat Payable		**95**	95
Other Liabilities		**302**	408
		2,116	5,058

7.1 During the period, an amount of Rs. 0.236 million was charged on account of sales tax on Management fee levied through Sindh Sales Tax on Services Act, 2011 and 0.64 million on trustee remuneration & CDS charges levied through Sindh Sales Tax on Finance Act 2015. As at period end, sales tax on Management Company remuneration of Rs 0.043 million and on trustee remuneration & CDS charges amounting Rs 0.011 million was due, which was paid subsequent to the period end to the Management Company and Central Depository Company respectively, for onwards payment to the Government of Sindh.

7.2 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 of the Fund 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 accounts of the Fund which aggregated to Rs. 1.357 million as at December 31, 2016. (June 30, 2016: Rs. 1.357 million). Had this provision not been made, the NAV of the Fund would have been higher by Re. 0.045 per unit.

7.3 The reimbursable expenses have been charged as per NBFC Regulation 60, which states that fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum upto 0.1% of average net assets of the Scheme or actual whichever is less. During the Period an amount of Rs 0.242 million is charged and Rs 0.044 million payable is related to reimburseable expnese as per regulation 60.

8. OTHER EXPENSES	**31 December 2016 (Unaudited)**	31 December 2015 (Unaudited)
	(Rupees in '000)	
Printing and related cost	**60**	50
National Clearing Company of Pakistan Limited charges	**128**	127
Central Depository Company of Pakistan Limited charges	**7**	5
Pakistan Stock Exchange listing fee	**22**	20
Bank charges	**2**	5
Federal excise duty on Management Remuneration	**-**	246
Sindh Sales tax	**300**	307
Legal and Professional Charges	**81**	151
Fee and Subscription	**9**	6
Reimbursable expenses	**242**	-
	851	917

8.1 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at December 31, 2016 is 0.74% which includes 0.11% representing government levies on the Fund such as sales taxes, annual fee payable to the SECP, etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations.

9. PROVISION FOR WORKERS' WELFARE FUND

The Finance Act, 2008 had introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeded Rs 0.5 million in a tax year were brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court (SHC) challenging the applicability of WWF on CISs which is pending adjudication. Similar cases were disposed of by the Peshawar and the Lahore High Courts in which these amendments were declared unlawful and unconstitutional. However, these decisions were challenged in the Supreme Court of Pakistan.

Subsequently, the Finance Act, 2015 introduced an amendment under which CISs / mutual funds have been excluded from the definition of "industrial establishment" subject to WWF under the WWF Ordinance. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable from tax year 2016. Accordingly, no further provision in respect of WWF was made with effect from 1 July 2015.

On November 10, 2016 the Supreme Court of Pakistan (SCP) has passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter are still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) has taken legal and tax opinions on the impact of the SCP judgement on the CISs petition before the SHC. Both legal and tax advisors were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

Furthermore, 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, is 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 (including the Management Company of the Fund) 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 has 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 WWF and SWWF on CISs / mutual funds. MUFAP has recommended the following to all its members on 12 January 2017:

- based on legal opinion, the entire provision against WWF held by the CISs till 30 June 2015, to be reversed on 12 January 2017; and

- the provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015) on 12 January 2017.

Accordingly, the provision for SWWF is being made on a daily basis going forward.

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 1 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds. Accordingly, the Fund has recorded these adjustments in its books on 12 January 2017.

The net effect of the above two adjustments if these had been made on 31 December 2016 would have resulted in an increase in the net asset value per unit of the Fund by Re 0.05.

10. CONTINGENCIES AND COMMITMENTS

There are no contingencies or commitments at the December 31, 2016 and June 30, 2016.

11. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. 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 has not recorded any tax liability in respect of the income relating to current period as the management intends to distribute at least 90% of the income earned by the year ending 30 June 2016 as reduced by capital gains (whether realised or unrealised) 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.

12. 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, associated companies of the Management Company / holding company of the management company and other associates, 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 31 December 2016. 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.

12.1 Transactions during the period

	For the six months period ended	
	31 December 2016 (Un-audited)	31 December 2015 (Un-audited)
	(Rupees in '000)	
AKD Investment Management Limited - Management Company of the Fund		
Remuneration	**1,812**	1,535
Sindh Sales tax on Management Company's Remuneration*	**236**	249
Reimbursable expenses	**242**	-
Federal excise duty on Management Company's Remuneration*	**-**	246
Sales Load	**31**	2
AKD Securities Limited - Brokerage House		
Commission expenses	**10**	6
AKD Investment Management Limited Staff Provident Fund		
Issue of units : Nil (2015: 512,876) units	**-**	7,100
Redemption of units - 266,152 (2015: 255,093) units	**4,258**	3,647
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	**483**	409
Central Depository Service charges	**7**	5
Sindh Sales Tax on Trustee Fee and CDS Charges	**64**	58

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

12.2 Balances outstanding at the period end / year end

	31 December 2016 (Unaudited)	30 June 2016 (Audited)
	(Rupees in '000)	
AKD Investment Management Limited - Management Company of the Fund		
Remuneration payable	**327**	267
Allocated expenses by management company payable	**44**	36
Sindh sales tax payable on Management Company`s remuneration*	**43**	43
Federal Excise Duty payable on Management Company`s remuneration*	**1,357**	1,357
Sales Load payable	**6**	-
Payable to Central Depository Company of Pakistan - Trustee		
Remuneration payable	**86**	70
Security deposit	**100**	100
CDS charges payable	**1**	1
Sales tax CDS charges & Trustee Fee payable	**11**	10
Mr. Aqeel Karim Dhedhi - Chairman of the Group		
Units outstanding - 390 (30 June 2016: 390) units	**7**	6
AKD Investment Management Limited Staff Provident Fund		
Units outstanding : Nil (30 June 2016: 266,152) units	**-**	3,793

	31 December 2016 (Unaudited)	30 June 2016 (Audited)
	(Rupees in '000)	
National Bank of Pakistan Employees Pension Fund (having invested more than 10% in the units of the Fund)		
Units outstanding : 27,607,443 units (91.86% of the total units in issue as at the period end) {(30 June 2016: 27,607,443 units) 87.14% of the total units in issue as at year end}	**491,689**	393,406
AKD Securities Limited - Brokerage House		
Brokerage payable	**1**	4

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

13 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 not affected the condensed interim financial information.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities 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 December 31, 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
	(Rupees in '000)			
ASSETS				
Investment in securities - Available for sale				
- Listed Equity securities	**529,716**	**-**	**-**	**529,716**
	529,716	**-**	**-**	**529,716**

	As at June 30, 2016			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
ASSETS				
Investment in securities - Available for sale				
- Listed Equity securities	441,698	-	-	441,698
	441,698	-	-	441,698

14. GENERAL

14.1 This condensed interim financial information is unaudited and has been reviewed by the auditors. Furthermore, the figures for the quarter ended 31 December 2016 in this condensed interim financial information wherever appearing have not been reviewed by the auditors.

14.2 This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to the nearest of thousand rupees.

15 DATE OF AUTHORIZATION OF ISSUE

This condensed interim financial information was authorised for issue on Ferbruary 24, 2017 by the Board of Directors of the Management Company.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Nadeem Saulat Siddiqui
Director

Printed by : Kodwavi 32214433

AKD Investment Management Ltd.

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

Abbottabad Branch:
1st Floor, Al-Fateh Shopping Centre,
Sarmayakari Markaz,Main Mansehra Road,
Abbottabad.
Contact # 099-2408187

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

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