Funds Managed by:

AKD Investment Management Ltd.

1st Quarter Report
September 30, 2014
(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 Memon*

Director & Chief Executive Officer
Mr. Imran Motiwala*

Directors
Mr. Ali Wahab Siddiqui*
Mr. M. Ramzan Sheikh*
Mr. Hasan Ahmed*
Mr. Ahmed Abdul Sattar*
Mr. Nadeem Saulat Siddiqui*

CHIEF FINANCIAL OFFICER OF THE MANAGEMENT COMPANY

Mr. Muhammad Munir Abdullah

COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Mr. Muhammad Yaqoob

HEAD OF INTERNAL AUDIT OF THE MANAGEMENT COMPANY

Mr. Abdul Qadir Sultan

HEAD OF COMPLIANCE OF THE MANAGEMENT COMPANY

Mr. Rashid Ahmed

AUDIT COMMITTEE

Mr. M. Ramzan Sheikh (Chairman)
Mr. Hasan Ahmed (Member)
Mr. Ali Wahab Siddiqui (Member)
Mr. Abdul Qadir Sultan (Secretary)

HUMAN RESOURCE & REMUNERATION COMMITTEE (HR & R)

Mr. Abdul Karim Memon (Chairman)
Mr. Imran Motiwala (Member)
Mr. Ahmed Abdul Sattar (Member)

RATING
AKD Investment Management Ltd. (AMC)
PACRA: AM3 (AM Three)

*Election of Directors took place on October 11, 2014 and the 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 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 report along with the financial statements for the quarter ended September 30, 2014.

Funds' Financial Performance

AKD Opportunity Fund (AKDOF)

For the quarter ended September 30, 2014, AKDOF posted a return of 1.36% vs. the KSE-100 Index return of 0.25%, an outperformance of 1.11% against its benchmark.

AKD Index Tracker Fund (AKDITF)

For the quarter ended September 30, 2014, AKDITF posted a return of -0.19% vs. KSE-100 Index of 0.25%.

AKD Cash Fund (AKDCF)

For the quarter ended September 30, 2014, AKDCF posted an annualised return of 8.85% vs. benchmark annualised return of 8.79%, outperforming the benchmark by 0.06%.

AKD Aggressive Income Fund (AKDAIF)

For the quarter ended September 30, 2014, AKDAIF posted an annualised return of 1.11% vs. benchmark annualised return of 10.48%, underperforming the benchmark by 9.37%.

Economic Overview

1QFY15 got off to a bumpy start buffeted with political challenges derailing the economic recovery. Flash floods in Punjab, though less severe than 2010 floods, proved to be the final blow to an already perilous situation thus raising alarms over the Government's ability to meet its economic targets. Improving foreign reserves was one of the key developments last year, however, with the IMF Extended Fund Facility tranches in doldrums, foreign reserves have come off by 6.5% from FY14 end to US $13.21 billion (import cover ~ 3.5 months) at the current Quarter end. Some respite to the foreign reserves can come in the form of expected two tranches by IMF in December'14, SPO of OGDCL and Sukuk offering.

On the external account front, brunt of the on-going political impasse can be felt. Trade deficit has shown an adverse trend in the Quarter, with YoY increase of 36%, primarily led by 5% decline in exports despite attaining GSP plus status and an uptick of 12% in imports.With expectations of softer commodity prices particularly Crude oil (Arab Light as on 15 October'14 was trading at ~$88/bbl down by 20% from $110.7/bbl as of 30th Jun'14), pressure on import bill is expected to relinquish thus improving trade deficit.

CPI inflation during the month remained muted with 1QFY15 CPI inflation clocking in at 7.52%, as compared to 8.62% last year. Lower inflation registered in the month of August'14 of 7% kept the overall inflation numbers subdued, however, inflation picked up again in September'14 on the back of pre-Eid perishable items price increase and flood impact. Keeping in view the expected blow up in inflation following floods, delay in OGDCL issue and IMF tranche, SBP decided to maintain the discount rate at 10%. Going forward, inflation may pick up pace in October due to an uptick in food inflation, rental expenses and increase in power tariff. SBP is expected to maintain status quo in the upcoming monetary policy statement.

Economic recovery is dependent upon growth in the manufacturing sector. In this regard, credit off take to private sector increased by 11% YoY in FY14, however, the momentum could not be carried over to the next year as total credit to private sector at August'14 end stood at PKR 3.28

trillion, FYTD decline of 0.91%. Pakistan economy has been marred by chronic power deficit and sustained development for a considerable time now is contingent on the Government to resolve the energy crisis.

Equity Market

The KSE-100 Index recorded a return of 0.25% in 1QFY15, despite posting a 5.8% decline during the month of August'14. Investors faced uncertainty as the opposition parties prepared to march in the Capital declaring to topple the government. Overtime, the sit-ins in the Capital lost excitement and investor's regained confidence, the KSE-100 Index rose 4.1% in September'14, recovering from the slide witnessed in the preceding month.

Foreigners and local mutual funds continued to support the market since Moody's upgraded its outlook for Pakistan from negative to stable while keeping its ratings unchanged, followed by another upgrade in the outlook on the Big-5 commercial banks. The market reacted positively to these developments and the KSE-100 Index surged and crossed the 30,000 mark, reaching an all time high of 30,474 points.

With high political instability, the SBP kept the discount rate unchanged due to decreasing foreign exchange reserves and upside risk to inflation following the recent floods. Activity in the bourses remained subdued with low volumes and turnover in 1QFY15 due to Eid-ul-Azha and Eid-ul-Fitr along with shorter trading hours that prevailed during the month of Ramadan. Thus, average daily volume fell 39% QoQ to 132.94 million shares while average daily turnover declined by 28% QoQ to PKR 6.93 billion.

Two new scrips "Engro Powergen Qadirpur" and "Saif Power" were brought to the market during the period and were well received by investors. Furthermore, M&A activity was also witnessed in the cement sector as Bestway Cement completed its acquisition (75.9% stake) in Lafarge Cement, making it the largest cement manufacturer in Pakistan. More offerings are to follow in FY15 with transactions for OGDCL, HBL and ABL expected to materialize.

In terms of sector wise performance, the Automobile industry led the market with 31% QoQ returns, driven by high earnings growth expected in FY15. High corporate profitability also led to growth in Pharma sector with 17% QoQ returns. Weak oil prices and concerns regarding the pending privatization transaction of OGDCL resulted in the Oil and Gas sector underperforming the market.

Money Market Review

1QFY15 got off to a bumpy start buffeted with political challenges derailing the economic recovery. Flash floods in Punjab, though less severe than 2010 floods, proved to be the final blow to an already perilous situation thus raising alarms over the Governments' ability to meet its economic targets. Improving foreign reserves was one of the key developments last year, however, with the IMF Extended Fund Facility tranches in doldrums, foreign reserves have come off by 6.5% from FY14 to US $13.21 billion (import cover ~ 3.5 months) at the current Quarter end.

Following on the actual number of 8.6% percent in FY14, the average CPI inflation during Jul-Aug 2014 is recorded at 7.4 percent. This declining trend is broad based since both measures of core inflation, Non-Food Non-Energy (NFNE) and trimmed mean, also decelerated YoY to 7.8 percent and 7.14 percent in August 2014 as compared to 8.7 percent and 7.9 percent in June 2014, respectively.

SBP issued T-Bills and PIB's of different maturities, in total eight T-Bills and one PIB's auction were conducted in these three months. Government managed to realize PKR 640.55 billion through T-Bills and PKR 313.58 billion through PIB's. Currently T-Bills rates for different papers are as follows 3-month 9.9564% and 6-month 9.9791%.

Future Outlook

The South-Asian region has been an attractive investment destination for foreign asset managers looking to maximize their portfolio returns, and Pakistan has been one of the key reasons underlying the region's attractiveness. The current year started off with a healthy note as KSE reached its all-time high of 30,474.75 points on 24th July '14. However ever-since the anti-government movement picked up pace earlier this quarter, multiple incidents have shed light on the Government's inability to manage criticism in a temperate manner.

Tremors of global economic slowdown were also felt as international oil prices touched the $80 mark in intraday trading, only to retreat and settle around the $83 average. Alongside cutting down on its quantitative easing program, the United States is also expected to raise its policy rate for first time since 2008 as the economy embraces itself for a historic revival after it got hit by the worst financial meltdown in recent years. With the USD all set to book gains going forward, the future of gold seems to be a question of concern as investors replace their gold holding with dollars. Not very surprisingly, the metal witnessed its four year low during the current quarter.

The IMF forecast sees Pakistan's GDP growing at 4.3% in FY15, well below the government forecast of 5.1%, with the decline primarily being attributed to floods that hit the agro-based economy, but above our in-house expectation of 4.2%. Net equity foreign portfolio investment for the quarter in concern stood at $178.5mn as compared to $38.7mn in the same period last year, representing the confidence of foreign investors in Pakistan's bourses despite the political crisis.

We believe the future performance of our market is dependent on various factors including the future of IMF tranches (which are currently delayed by government's failure to comply with the terms of the supranational body), the outcome of ongoing privatization activity and the international commodity prices as the country relies heavily on energy based commodity imports.

For and on behalf of the Board

Imran Motiwala
Chief Executive Officer

Karachi: October 29, 2014

AKD Index Tracker Fund
Financial Statements - First Quarter FY 15

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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
Habib Metropolitan Bank Limited
KASB Bank Limited
MCB Bank Limited

AUDITORS
KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No.2
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
BMA Capital Management Limited
IGI Investment Bank Limited
The Bank of Punjab
Alfalah Securities (Private) Limited
Reliance Financial Products (Private) Limited
Bulls & Bulls (Private) Limited

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

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 is to trail the return of KSE-100 Index and provide investors with a high quality, in-depth diversification instrument.

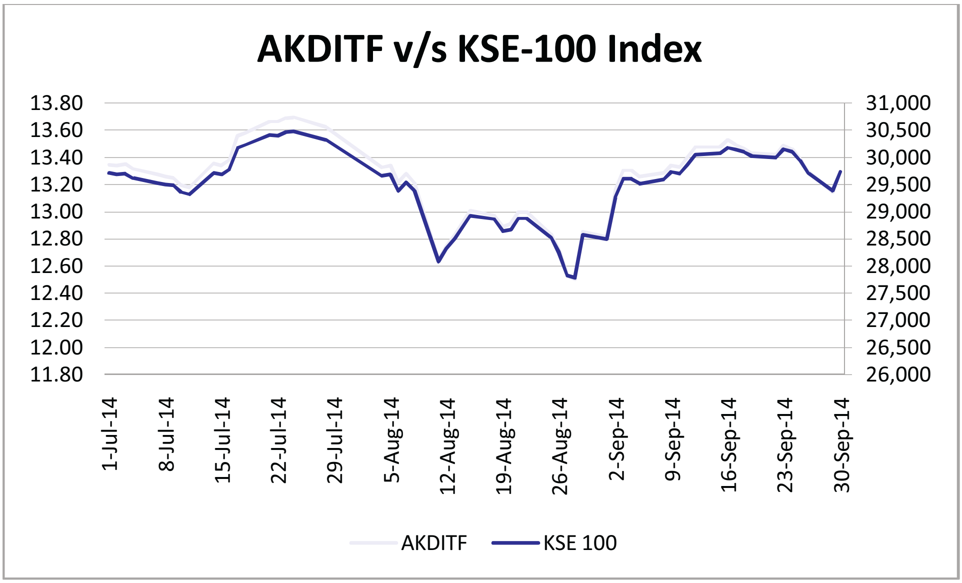
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

For the 1QFY15, the return of the AKD Index Tracker Fund stood at - 0.19% versus the benchmark KSE-100 Index return of 0.25%, thus underperforming the benchmark by 0.44%.

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-14	Aug-14	Sep-14
AKD Index Tracker Fund	2.21%	-5.65%	3.51%
KSE-100 Index	2.23%	-5.67%	4.06%

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 trail 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-Sept-14	30-Jun-14
Equities	96.79%	95.10%
Cash	2.05%	3.61%
Other Assets	1.16%	1.29%
Leverage	Nil	Nil
TFCs	Nil	Nil

viii) Analysis of the collective investment scheme's performance:

1QFY15 Return	-0.19%
Benchmark	0.25%

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

Net Asset Value (Rupees in'000)			NAV per Unit (Rupees)	
30-Sept-14	30-Jun-14	Change	**30-Sept-14**	30-Jun-14
370,848	370,557	0.08%	**13.30**	13.32

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

Political turmoil during the 1QFY15 put a damper on the Government's ability to meet its macroeconomic objectives. From the start of the Quarter, Government's political ability was put to test with the political impasse putting the IMF tranche in jeopardy, and the floods in Punjab coming in as a final blow. However despite such dire circumstances, the Government stayed firm on its commitment to economic reform. Foreign reserves came off by 6.5% FYTD in the backdrop of downward pressure on reserves due to stalled IMF tranche with the USD-PKR parity clocking in at PKR 102.74, FYTD decline of 4%. Foreign reserves received a boost from remittances recording a growth of 20% YoY from the two Eid seasons falling in the first Quarter.

With exports being adversely affected by the continued political chaos in the country, external account was in for a beating in 1QFY15. Current account deficit was recorded at US $1.33

billion, an uptick of 5% from proceeding year quarter. This was on account of sharp deterioration in trade balance, with trade deficit for the Quarter surging by 36% YoY to US $5.9 billion, led by 12% increase in imports and a 5% decline in exports. Looking ahead, with oil imports constituting 33% of the total import bill, softer oil prices will ease trade deficit.

CPI inflation for the 1QFY15 remained muted at 7.52%, compared to 8.62% in the previous year, with the high base dragging the inflation downward. After recording a 15 month low inflation of 7% in August'14, with hike in food prices in the run up to Eid and railways fares uptick September'14 inflation witnessed a marginal increase of 0.35%, clocking in at 7.68%. CPI inflation for FY15 is set at 8% by SBP, however, with the oil prices coming off in the global market, low growth in M2 (decline of 2%); this target seems to be on the higher scale. While acknowledging improvement in broad economic measures, SBP prudently kept the discount rate unchanged at 10% voicing apprehensions regarding potential fallout of floods, dwindling FDI and constrained LSM growth (3.19%) due to power outages which continue to plague the manufacturing sector.

Manufacturing sector provides the much needed impetus for economic reforms to take momentum in a developing country. However, 1QFY15 saw Private sector credit off take contracting by 0.94% FYTD, illustrating diminishing investors' confidence. On the flip side, foreign investors continue to be lured by the allure of high returns in Pakistan market, with foreign capital flows of US $157 million in the ongoing fiscal year. Looking ahead, 2QFY15 is of immense significance to Pakistan economy with the resolution of OGDC and power tariff increase deciding the fate of two tranches of IMF review in December'15.

EQUITY MARKET

Despite 5.76% decline in the month of August'14, the KSE-100 index bounced back in 1QFY15 with a return of 0.25%. As the opposition parties began their demonstrations in the capital city against the current government regime, investors became victims of increased uncertainty. However, the demonstrations continued with little impact on business activities, eventually restoring confidence. The KSE-100 Index recovered from the trough witnessed in August'14, with a 4.06% rise in the following month.

The quarter started with a tremendous month, posting a return of 2.23% in July'14. The KSE-100 Index crossed the 30,000 mark, accomplishing an all time high of 30,474 in July'14. The achievement was mainly owed to foreign investment led by Moody's upgrading Pakistan outlook from negative to stable while keeping its ratings unchanged, followed by another upgrade in the outlook on the Big-5 commercial banks.

Due to the heated political situation, the SBP kept the discount rate unchanged; the fall in foreign exchange reserves and increasing inflation rates at the hands of the recent floods also contributed to this decision. The equity market remained very passive during the 1QFY15 with daily volumes decreasing by 39% QoQ to stand at 133 million shares and 28% decrease QoQ in daily turnover to stand at PKR 6.93 billion. The events of Eid-ul-Azha and Eid-ul-Fitr along with the shorter working hours in the month of Ramadan led to this subdued effect.

New scrips, "Engro Powergen Qadirpur" and "Saif Power", received a phenomenal response from the investors. The market also witnessed merger and acquisition activity, with Bestway Cement purchasing 75.9% of Lafarge Cement and becoming Pakistan's largest cement manufacturers. With the expected materialization of transactions of OGDC, HBL and ABL, more offerings are projected to take place in FY15.

The high corporate profitability led to growth in key sectors such as Automobile and Pharma sector with 31% and 17% returns, respectively, in 1QFY15. However, the Oil and Gas sector posted a negative return of 4% in 1QFY15, due to the weakening of the oil prices and the prevailing concerns about the OGDCL privatization transaction.

FUTURE OUTLOOK

The current quarter saw the Karachi Stock Exchange reaching its all time high of 30,474.75 points and remaining range bound for the rest of the quarter. The high returns were substantial enough to divert the attention of foreign portfolio manager's towards the Country's top bourse as they embraced themselves for yet another bull-run in the current quarter.

On the international front the commodity market witnessed a volatile quarter as oil and gold prices plunged towards the lower side, with oil touching the $80 a barrel mark and the metal trading around its four year low. A major policy change also seems to be on the cards as the United State FED seems to be all set to raise its discount rate for the first time in six years, a move that would have domino effect on the economy of the most developed economy of the world. The likely result of this policy shift would be a strong dollar complemented by a dip in gold prices as investors replace their gold holdings with the currency.

Despite the havoc caused by flash floods in Punjab, the International Monetary Fund expects Pakistan's GDP to grow at a mediocre rate of 4.3%; low as compared to the Government's forecast of 5.1% but still above our house view of 4.2%. The performance of Pakistani bourses is contingent on the results of the ongoing military operation in North Waziristan, the future of IMF tranches, international commodity pricing as Pakistan is heavy importer of energy based commodities & on the resolution of the ongoing political tension encompassing Pakistan.

xii) Disclosure on distribution (if any), comprising:

- **Particulars of the income distribution or other forms of distribution made and proposed during the period**
- **Statement of effects on the NAV before and after distribution is made.**

Interim Distribution

No dividends were declared or paid out between 30 June 2014 and 30 September 2014.

xiii) 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 and up till the date of the Fund Manager's report under review.

xiv) Disclosure on unit split (if any), comprising:

There were no unit splits during the period.

xv) Break down of unit holdings by size:

Range (Units)	No. of Investors
0.1 - 9,999	682
10,000 - 49,999	17
50,000 - 99,999	6
100,000 - 499,999	3
500,000 and above	1
	709

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

Investments are subject to credit and market risk.

xvii) 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, 2014

	Note	(Unaudited) September 30, 2014	(Audited) June 30 2014
		(Rupees in '000')	
ASSETS			
Bank balances	5	**5,849**	14,056
Investments	6	**363,129**	356,471
Receivable against sale of investment		**-**	1,093
Dividend and other receivables		**3,612**	621
Security deposits		**2,600**	2,600
Total Assets		**375,190**	374,841
LIABILITIES			
Remuneration payable to the Management Company	11.2	**230**	227
Remuneration payable to the Trustee	11.2	**60**	60
Payable on Redemption of units		**-**	55
Annual fee payable to the Securities and Exchange Commission of Pakistan		**89**	308
Accrued expenses and other liabilities	7	**1,175**	979
Provision for Workers' Welfare fund	8	**2,166**	2,033
Unclaimed dividend		**622**	622
Total Liabilities		**4,342**	4,284
Contigencies and commitments	9		
Net Assets		**370,848**	370,557
Unit holders' fund (as per statement attached)		**370,848**	370,557
		.......Number of Units.......	
Number of units in issue		**27,884,084**	27,810,562
		..........(Rupees)........	
Net assets value per unit (face value per unit Rs. 10/-)		**13.30**	13.32

The annexed notes 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

Ahmed Abdul Sattar
Director

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

	Note	Quarter ended September 30 2014	2013
		(Rupees in '000')	
Income			
Investment Income			
Gain on sale of 'available for sale investment' - net		**3,561**	292
Dividend income from available for sale investments		**4,649**	5,356
Profit on bank balances		**300**	291
		8,510	5,939
Expenses			
Remuneration to the Management Company		**699**	562
Remuneration to the Trustee		**187**	176
Annual fee to the Securities and Exchange Commission of Pakistan		**89**	71
Bank Charges		**2**	1
Auditors' remuneration		**63**	63
Other expenses		**314**	248
		1,354	1,121
Net income from operating activities		**7,156**	**4,818**
Element of (loss) / income and capital (losses) / gains included in prices of units sold less those in units redeemed-net		(496)	1,163
Provision for Workers' Welfare Fund		(133)	(120)
Net income for the period before taxation		**6,527**	5,861
Taxation	10	**-**	-
Net income for the period after taxation		**6,527**	5,861

The annexed notes 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

Ahmed Abdul Sattar
Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

	Note	Quarter ended September 30 2014	Quarter ended September 30 2013
		(Rupees in '000')	
Net income for the period		**6,527**	5,861
Other comprehensive income for the period			
Items that will be reclassified subsequently to income statement			
Unrealized appreciation during the period in the fair value of investments classified as 'available for sale' - net		**(7,708)**	4,868
Total comprehensive income for the period		**(1,181)**	10,729

The annexed notes 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

Ahmed Abdul Sattar
Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

	Note	Quarter ended September 30 2014	Quarter ended September 30 2013
		(Rupees in '000')	
Deficit at beginning of the period - (realized)		**(89,755)**	(37,095)
Final distribution - bonus units issued for the year ended June 30, 2013 @ Rs. 2.25 per unit distributed on 08 July 2013		-	(47,452)
Interim distribution : bonus units issued for the year ended June 30, 2014 @ Rs. 1.25 per unit distributed on June 26, 2014			
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed - amount representing unrealised capital gains / (losses) that form part of the unit holder's fund		**492**	(1,541)
Net income for the period		**6,527**	5,861
		7,019	(43,132)
Deficit at the end of the period - realized		**(82,736)**	(80,227)

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

For AKD Investment Management Limited
(Management Company)

Imran Motiwala	**Ahmed Abdul Sattar**
Chief Executive Officer	Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

	Note	Quarter ended September 30 2014	2013
		(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period		**6,527**	5,861
Adjustments for non cash items:			
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed - net		**496**	(1,163)
		7,023	4,698
(Increase) / Decrease in assets			
Investments		**(14,366)**	(15,125)
Receivable against sale of securities		**1,093**	2,990
Dividend and other receivables		**(2,991)**	(3,542)
		(16,264)	(15,677)
(Increase) / Decrease in liabilities			
Remuneration payable to the Management Company		**3**	146
Annual fee payable to the Securities and Exchange Commission of Pakistan		**(219)**	(146)
Payable against redemption of units		**(55)**	9
Accrued expenses and other liabilities		**196**	(6)
Provision for Workers' Welfare Fund		**133**	120
		58	123
Net cash used in operating activities		**(9,183)**	(10,856)
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount received on issuance of units		**1,101**	-
Amount paid on redemption of units		**(125)**	(3,750)
Net cash generated from / (used in) financing activities		**976**	(3,750)
Net decrease in cash and cash equivalents during the period		**(8,207)**	(14,606)
Cash and cash equivalents at beginning of the period		**14,056**	17,361
Cash and cash equivalents at end of the period		**5,849**	2,755

The annexed notes 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

Ahmed Abdul Sattar
Director

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

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

	Note	Quarter ended September 30 2014	2013
		(Rupees in '000')	
Net assets at beginning of the period		**370,557**	273,227
Amount received on issue of 82,908 units (2013 : Nil units)		**1,101**	-
Amount paid on redemption of 9,386 units (2013: 314,996 units)		**(125)**	(3,750)
		976	(3,750)
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units redeemed			
- amount representing element of (income) / loss and realised capital (gains) / losses transferred to income statement		**496**	(1,163)
Total comprehensive income for the period		**(1,181)**	10,729
Net assets at end of the period		**370,848**	279,043
		---------------Rupees---------------	
Ex-distribution net asset value per unit at beginning of the period		**13.32**	10.71
Net asset value per unit at end of the period (face value per unit Rs. 10/-)		**13.30**	11.07

The annexed notes 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

Ahmed Abdul Sattar
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

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 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 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 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 (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 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.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial information for the first quarter ended September 30, 2014 have 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). In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance 1984, the NBFC Rules and the NBFC Regulations have been followed.

These 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 2014.

These 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).

2.2 Judgments and estimates

In preparing the condensed interim financial information, the management make judgements, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets and liabilities, income and expense. 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 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of these condensed interim financial information are the same as those applied in preparing the financial statements as at and for the year ended 30 June 2014.

Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not have any impact on the accounting policies of the Fund.

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 2014.

		(Unaudited) September 30 2014	(Audited) June 30, 2014
5. BANK BALANCES		**(Rupees in '000)**	
Balances with banks in:			
- profit and loss sharing accounts	5.1	**5,216**	13,420
- current accounts		**633**	636
		5,849	14,056

5.1 These represent profit and loss sharing accounts maintained with various banks carrying mark-rates ranging from 7% to 8.5% (30 June 2014: 7% to 8.5%) per annum.

6. INVESTMENTS			
Investments in securities classified as 'available for sale'			
Listed equity securities	*6.1*	**363,129**	356,471
		363,129	356,471

6.1 Listed equity securiites - available for sale

(Ordinary shares have a face value of Rs 10 each unless stated otherwise)

Name of the investee	Holding at beginning of the period July 1, 2014	Acquired during the period	Bonus / right shares received during the period	Disposed during the period	Holding at end of the period September 30, 2014	Cost as of the period ended September 30, 2014	Market Value as at September 30, 2014	Percentage in relation to total market value of value of Investment
						(a)	(b)	
	< - - - - - - - - - - - Number of Share			- - - - - - - - - - - >		< - - - Rupees in '000'	- - - - >	
Oil and Gas								
Attock Refinery Limited	7,119	-	-	-	7,119	989	1,459	0.40
National Refinery Limited	6,160	-	-	-	6,160	1,321	1,195	0.33
Attock Petroleum Limited	3,900	-	-	-	3,900	915	2,116	0.58
Pakistan State Oil Company Limited	30,306	-	-	500	29,806	4,762	10,744	2.96
Shell Pakistan Limited	4,951	-	-	-	4,951	432	1,355	0.37
Mari Petroleum Company Limited	4,354	-	-	-	4,354	275	1,897	0.52
Oil and Gas Development Company Limited	153,772	-	-	4,500	149,272	18,011	36,879	10.16
Pakistan Oil Field Limited	26,254	-	-	800	25,454	8,338	13,527	3.73
Pakistan Petroleum Limited	98,650	-	-	2,000	96,650	8,946	21,848	6.02
						43,989	**91,020**	
Chemicals								
Agritech Limited	10,000	-	-	-	10,000	118	83	0.02
Dawood Hercules Corporation Limited (note 6.3)	40,546	40,000	-	-	80,546	4,298	5,732	1.58
Engro Corporation Limited	61,994	-	-	7,000	54,994	5,602	9,082	2.50
Fauji Fertilizer Bin Qasim Limited	78,951	-	-	2,000	76,951	2,455	3,095	0.85
Fauji Fertilizer Company Limited	170,250	-	-	7,500	162,750	14,488	18,462	5.08
ICI Pakistan Limited	3,238	-	-	-	3,238	471	1,716	0.47
Archroma Pakistan Limited	1,690	-	-	-	1,690	230	739	0.20
Lotte Chemical Pakistan Limited (note 6.3)	92,452	-	-	-	92,452	652	629	0.17
Arif Habib Corporation Limited	26,437	-	-	-	26,437	570	670	0.18
Fatima Fertilizer Company Limited	75,434	-	-	-	75,434	1,078	2,143	0.59
			-			**29,962**	**42,351**	
Health Care Equipment & Services								
Shifa International Hospital Limited	3,400	-	-	-	3,400	268	580	0.16
Construction and Materials (Cement)								
Attock Cement Pakistan Limited	5,286	-	-	-	5,286	211	936	0.26
Cherat Cement Company Limited	15,950	-	-	-	15,950	726	835	0.23
Cherat Cement Company Limited - LoR	-	-	10,846	-	10,846	-	297	0.08
D.G. Khan Cement Company Limited (note 6.3)	58,037	-	-	-	58,037	2,210	4,626	1.27
Fauji Cement Company Limited	178,000	-	-	5,500	172,500	1,298	3,362	0.93
Javedan Corporation Limited	2,500	-	-	-	2,500	225	134	0.04
Lafarge Pakistan Limited	88,500	-	-	-	88,500	547	1,461	0.40
Lucky Cement Limited	31,348	-	-	850	30,498	3,086	12,248	3.37
Kohat Cement Company Limited	10,500	-	-	-	10,500	1,091	1,269	0.35
Maple Leaf Cement Factory Limited	43,500	12,000	-	-	55,500	1,487	1,509	0.42
						10,881	**26,677**	

Name of the investee	Holding at beginning of the period July 1, 2014	Acquired during the period	Bonus / right shares received during the period	Disposed during the period	Holding at end of the period September 30, 2014	Cost as of the period ended September 30, 2014	Market Value as at September 30, 2014	Percentage in relation to total market value of value of Investment
						(a)	(b)	
	< - - - - - - - - - - - Number of Share		- - - - - - - - - - - >			< - - - Rupees in '000'	- - - - >	
General Industrials								
Siemens (Pakistan) Engineering Company Limited	488	-	-	-	488	359	519	0.14
Packages Limited	7,117	-	-	-	7,117	1,351	4,374	1.20
Ghani Glass Limited	8,594	-	-	-	8,594	390	464	0.13
Thal Limited (Face value Rs. 5/- each)	6,721	800	-	-	7,521	688	1,813	0.50
						2,788	**7,170**	
Engineering								
Millat Tractors Limited	4,293	-	-	1,000	3,293	1,103	1,822	0.50
						1,103	**1,822**	
Industrial Transportation								
Pakistan International Containers Limited	1,238	400	-	-	1,638	202	434	0.12
						202	**434**	
Support Services								
TRG Pakistan Limited (note 6.3)	89,461	-	-	-	89,461	582	1,033	0.28
TRG Pakistan Limited - LoR	-	-	13,927	-	13,927	-	19	0.01
						582	**1,052**	
Automobile and Parts		-						
Indus Motor Company Limited (note 6.3)	4,677	-	-	-	4,677	795	3,443	0.95
Atlas Honda Limited	2,100	-	-	-	2,100	636	608	0.17
Pak Suzuki Motors Company Limited	5,110	-	-	-	5,110	329	1,453	0.40
						1,760	**5,504**	
Food Producers								
Nestle Pakistan Limited	531	500	-	-	1,031	4,701	7,629	2.10
Engro Foods Limited	27,891	-	-	1,000	26,891	1,355	2,715	0.75
Rafhan Maize Products Company Limited	95	-	-	-	95	140	1,059	0.29
National Foods Limited	5,450	-	-	-	5,450	2,199	3,859	1.06
JDW Sugar Mills Limited	7,050	-	-	-	7,050	661	1,445	0.40
						9,056	**16,707**	
Personal Goods (Textile)								
Nishat Mills Limited (note 6.3)	42,447	-	-	-	42,447	2,309	5,051	1.39
Nishat (Chunian) Limited	20,900	-	-	-	20,900	728	850	0.23
Azgard Nine Limited	68,000	-	-	-	68,000	514	346	0.10
Kohinoor Textile Mills Limited	44,500	-	-	1,000	43,500	1,289	1,009	0.28
Bata (Pakistan) Limited	406	-	-	-	406	207	1,283	0.35
Colgate Palmolive (Pakistan) Limited	1,146	-	-	-	1,146	366	1,788	0.49
						5,413	**10,327**	

Name of the investee	Holding at beginning of the period July 1, 2014	Acquired during the period	Bonus / right shares received during the period	Disposed during the period	Holding at end of the period September 30, 2014	Cost as of the period ended September 30, 2014	Market Value as at September 30, 2014	Percentage in relation to total market value of value of Investment
						(a)	(b)	
	< - - - - - - - - - - - Number of Share - - - - - - - - - - - >					< - - - Rupees in '000' - - - - >		
Household Goods								
Feroze 1888 Mills Limited	500	-	-	-	500	35	34	0.01
						35	**34**	
Tobacco								
Pakistan Tobacco Company Limited	2,840	-	-	-	2,840	132	2,628	0.72
						132	**2,628**	
Pharma and Bio Tech								
Abbott Laboratories (Pakistan) Limited	4,825	-	-	-	4,825	491	2,926	0.81
GlaxoSmithKline (Pakistan) Limited	11,783	-	-	-	11,783	503	2,368	0.65
						994	**5,294**	
Travel and Leisure								
Pakistan Services Limited	6,200	-	-	-	6,200	1,917	3,196	0.88
						1,917	**3,196**	
Fixed Line Telecommunication								
Pakistan Telecommunication Limited "A"	143,257	-	-	4,500	138,757	1,579	3,234	0.89
						1,917	**3,234**	
Electricity								
Hub Power Company Limited	209,441	-	-	4,500	204,941	9,427	13,112	3.61
Kohinoor Energy Limited	16,000	-	-	-	16,000	375	696	0.19
Kot Addu Power Company Limited	108,304	-	-	1,000	107,304	6,782	6,899	1.90
K-Electric Limited (Face Value Rs.3.5)	672,148	-	-	27,000	645,148	3,342	4,981	1.37
Nishat Chunian Power Limited	35,165	-	-	-	35,165	667	1,522	0.42
Pakgen Power Limited	35,000	-	-	-	35,000	697	633	0.17
Nishat Power Limited	34,130	-	-	-	34,130	607	1,307	0.36
						21,897	**29,150**	
Multiutilities (Gas and Water)								
Sui Northern Gas Pipelines Limited	37,670	-	-	-	37,670	587	802	0.22
Sui Southern Gas Company Limited	41,343	9,000	-	-	50,343	750	1,451	0.40
						1,337	**2,253**	
Commercial Banks								
Allied Bank Limited	27,162	-	-	-	27,162	963	3,071	0.85
Askari Bank Limited	90,313	-	-	-	90,313	1,292	1,946	0.54
The Bank of Punjab	136,659	-	-	-	136,659	1,434	1,092	0.30
Bank Al Habib Limited	161,647	-	-	4,500	157,147	3,606	7,114	1.96
Bank Al-Falah Limited (note 6.3)	162,805	-	-	-	162,805	2,175	4,620	1.27
Faysal Bank Limited (note 6.3)	88,109	-	-	-	88,109	589	1,584	0.44
Habib Bank Limited	35,583	-	-	2,000	33,583	2,699	7,025	1.93
Habib Metropolitan Bank Limited (note 6.3)	114,568	-	-	-	114,568	2,276	3,609	0.99

Name of the investee	Holding at beginning of the period July 1, 2014	Acquired during the period	Bonus / right shares received during the period	Disposed during the period	Holding at end of the period September 30, 2014	Cost as of the period ended September 30, 2014	Market Value as at September 30, 2014	Percentage in relation to total market value of value of Investment
						(a)	(b)	
	< - - - - - - - - - - Number of Share - - - - - - - - - - >					< - - - Rupees in '000' - - - - >		
MCB Bank Limited	107,558	-	-	2,500	105,058	14,959	29,686	8.18
Meezan Bank Limited (note 6.3)	24,532	-	-	-	24,532	271	1,006	0.28
National Bank of Pakistan	122,918	-	-	5,000	117,918	3,995	7,134	1.96
NIB Bank Limited	376,336	-	-	-	376,336	670	787	0.22
Soneri Bank Limited	211,447	-	-	-	211,447	1,123	2,679	0.74
Standard Chartered Bank (Pakistan) Limited	45,598	-	-	-	45,598	365	1,072	0.30
United Bank Limited	58,389	55,000	-	-	113,389	15,158	21,356	5.88
						51,575	**93,781**	
Non Life Insurance								
Adamjee Insurance Company Limited	58,440	-	-	-	58,440	1,321	2,795	0.77
EFU General Insurance Limited (note 6.3)	21,200	-	-	-	21,200	1,095	2,449	0.67
Jubilee General Insurance Company Limited	9,144	-	-	-	9,144	231	832	0.23
Pakistan Reinsurance Company Limited	33,826	-	-	-	33,826	687	857	0.24
IGI Insurance Limited (note 6.3)	9,847	-	-	-	9,847	590	2,207	0.61
						3,924	**9,140**	
Life Insurance								
EFU Life Assurance Limited	5,784	-	-	-	5,784	270	780	0.21
Real Estate Investment And Services								
Pace (Pakistan) Limited	31,539	-	-	-	31,539	63	117	0.03
Financial Services								
Jahangir Siddiqui & Company Limited (note 6.3)	99,503	-	-	-	99,503	958	995	0.27
Equity Investment Instruments								
PICIC Growth Fund	54,012	-	-	-	54,012	837	1,458	0.40
Allied Rental Modaraba	2,500	-	-	-	2,500	133	152	0.04
						970	**1,610**	
Forestry (Paper and Board)								
Century Paper and Board Mills Limited	11,500	-	-	-	11,500	683	623	0.17
						683	**623**	
Beverages								
Shezan International Limited (note 6.3)	800	-	-	-	800	695	764	0.21
Murree Brewery Company Limited (note 6.3)	2,497	-	-	-	2,497	348	2,614	0.72
						1,043	**3,378**	

Name of the investee	Holding at beginning of the period July 1, 2014	Acquired during the period	Bonus / right shares received during the period	Disposed during the period	Holding at end of the period September 30, 2014	Cost as of the period ended September 30, 2014	Market Value as at September 30, 2014	Percentage in relation to total market value of value of Investment
						(a)	(b)	
	< - - - - - - - - - - Number of Share - - - - - - - - - - >					< - - - Rupees in '000' - - - - >		
Software And Computer Services								
Netsol Technologies Limited	7,389	-	-	-	7,389	143	206	0.06
Technology Hardware & Equipment								
TPL Trakker Limited	10,000	-	-	-	10,000	81	97	0.03
Electronic and Electrical Goods								
Pakistan Cables Limited	1,500	-	-	-	1,500	107	163	0.04
Industrial Metal and Mining								
International Industries Limited	11,400	-	-	-	11,400	371	748	0.21
International Steel Limited	37,000	5,000	-	-	42,000	721	1,076	0.30
						1,092	**1,824**	
Media								
Hum Network Limited	7,560	-	-	-	7,560	110	982	0.27
September 30, 2014						**194,914**	**363,129**	
June 30, 2014						180,549	356,471	

6.2 Shares having market value of Rs. 24.71 million of Oil and Gas Development Company Limited are pledged with National Clearing Company of Pakistan Limited as on September 30, 2014.

6.3 These investments held by the Fund exceeded the maximum limit prescribed by the regulation No.55(b) of the NBFC regulations. However, subsequent to the first quarter ended September 30, 2014 most scrip weightages have been regularized.

6.4 Unrealised gain / (loss) on revaluation of 'available for sale' investments are as follows:

	(Unaudited) September 30, 2014	(Audited) June 30 2014
Balance as of 01 July	**175,923**	97,881
Unrealised gain for the year	**(4,165)**	82,789
Unrealised gain recongnized in the income statement on sale - net	**(3,543)**	(4,748)
Balance as of period / year, end recognised directly into unit holders' fund (difference of column a and b in the above table)	**168,215**	175,923

	Note	(Unaudited) September 30, 2014	(Audited) June 30 2014
7. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		**302**	239
Sindh Sales Tax payable on Management Company's remuneration	7.1	**40**	42
Federal Excise Duty	7.2	**518**	406
Other liabilities		**315**	292
		1,175	979

7.1 During the period, an amount of Rs. 0.12 million was charged on account of sales tax on Management fee levied through Sindh Sales Tax on Services Act, 2011. As at period end, sales tax on Management Company remuneration of Rs. 0.040 million was due, which was paid subsequent to the period end to the Management Company, who then paid it to the Government of Sindh.

7.2 The Finance Act, 2013 introduced an amendment to Federal Excise Act 2005 where by Federal Excise Duty (FED) has been imposed at the rate of 16% of the services rendered by asset management companies. However MUFAP has filed a petition in the Sindh High Court (SHC) challenging the levy of FED on assets management services. The SHC in its short order of September 2013 directed the FBR not to take any coercive action against the petitioners pursuant to impugned notices till next date of hearing. In view of uncertainty regarding the applicability of FED on asset management services, the management, as a matter of abundant caution, has decided to maintain the provision for FED amounting to of Rs. 0.518 million as at 30 September 2014. Had the said provision of FED not been recorded in the books of account of the Fund, the NAV of the Fund would have been higher by Re. 0.019 / 0.14%.

8. WORKER'S WELFARE FUND

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs 0.5 million in a tax year, have been 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 is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending for adjudication.

During the year 2011, a single bench of the Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. However, in the month of March 2013, a larger bench of the Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity and overruled a single-member LHC bench judgement issued in August 2011. However, the Honourable Peshawar High Court on 29 May 2014 on a petition filed by certain aggrieved parties (other than the mutual funds) have adjudicated that the amendments introduced in the Workers Welfare Fund Ordinance, 1971 through the Finance Acts of 1996 and 2009 lacks the essential mandate to be introduced and passed through the money bill under the Constitution of Pakistan and hence have been declared as ultra vires the Constitution.

However, as per the advice of legal counsel of MUFAP, the stay granted to CIS (as mentioned in the first paragraph) remains intact and the constitution petitions filed by the CIS to challenge the Workers Welfare Fund contribution have not been affected by the SHC judgment.

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of prudence and abundant caution, has decided to make provision for WWF amounting to Rs. 2.166 million up to 30 September 2014.

Had the above recognition not been made, the net assets value per unit of the Fund would be higher by Re. 0.08 / 0.58%.

9. CONTINGENCIES AND COMMITMENTS

The Fund had no contingency or commitment at the period end.

10. 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 unrealised 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. The Fund has not recorded any tax liability in respect of the income related to current period as the management intends ot distribute at least 90% of the income earned by the year ending June 30, 2015 as reduced by capital gains (whether realised or unrealised) to the unit holders.

11. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include AKD Investment Management Limited (AKDIML) being the Management Company of the Fund, Aqeel Karim Dhedhi Securities (Private) Limited and AKD Securities Limited being the related parties 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 above entities and also includes entities holding 10% or more in the units of the Fund as at 30 September 2014. It also includes staff retirement benefit funds of the above related parties / connected persons and entities in which the above parties or their connected persons have a material interest. The 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 as disclosed in notes 8 and 9 to these financial statements. Purchase and redemptions of the Fund's units by the related parties / connected persons are recorded at the applicable net asset value per unit. Other transactions are at agreed rates.

	(Unaudited) Quarter ended September 30, 2014	2013
11.1 Details of transactions with connected persons / related parties during the period	(Rupees in '000)	
AKD Investment Management Limited - Management Company of the Fund		
Remuneration	**699**	562
Sindh Sales tax on Management Company's remuneration	**122**	104
Federal excise duty	**112**	90
Sales Load	**10**	-
National Bank of Pakistan Employees Pension Fund (having invested more than 10% in the units of the Fund)		
Issue of bonus units - Nil (2013: 3,973,994) units	**-**	42,561
Mr. Aqeel Karim Dhedhi - Chairman of the Group		
Issue of bonus units - Nil (2013: 62) units	**-**	1
AKD Securities Limited - Brokerage House		
Commission expenses	**-**	1
AKD Investment Management Limited-Staff Provident Fund		
Issue of bonus units - Nil (2013 : 51,730) units	**-**	554
Redemption of units - Nil units (2013: 257,393) units	**-**	3,087
Gain by the related party on redemption of units - net	**-**	608
Central Depository Company of Pakistan Limited - Trustee		
Remuneration	**187**	176
Central Depository Service charges	**3**	3

		(Unaudited) September 30, 2014	(Audited) June 30 2014
		(Rupees in '000)	
11.2	**Balances outstanding at the period end**		
	AKD Investment Management Limited		
	Remuneration payable	**230**	227
	Sindh sales tax on Management Company's remuneration	**40**	42
	Federal Excise Duty Payable Management Company's remuneration	**518**	406
	Payable to Central Depository Company of Pakistan - Trustee		
	Remuneration	**60**	60
	Security Deposit	**100**	100
	CDS charges	**1**	1
	Mr. Aqeel Karim Dhedhi		
	Number of units outstanding - 390 (June 30, 2014: 390) units	**5**	5
	AKD Investment Management Limited Staff Provident Fund		
	Number of units outstanding - 345,409 units (2014: 345,409)	**4,594**	4,602
	National Bank of Pakistan Employees Pension Fund (having invested more than 10% in the units of the Fund)		
	Number of units outstanding - 25,076,315 units (89.93% of the total units in issue as at the period end) {(30 June 2014 : 25,076,315) 90.17% of the total units in issue as at year end}	**333,515**	334,124
	AKD Securities Limited - Brokerage House		
	Brokerage payable	**-**	1

12. GENERAL

All financial information presented in Pak Rupees have been rounded off to the nearest thousand rupees.

13. DATE OF AUTHORIZATION OF ISSUE

These condensed interim financial information were authorised for issue on October 29, 2014 by the board of directors of the Management Company.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Ahmed Abdul Sattar
Director

AKD Investment
Management Ltd.

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