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.

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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. 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 ٹریکر فنڈ (AKDITF)، AKD کیش فنڈ (AKDCF) اور AKD اگریسیو انکم فنڈ (AKDAIF) کی مینجمنٹ کمپنی ہے، کے بورڈ آف ڈائریکٹرز 31 دسمبر 2016 کو اختتام پذیر درمیانی مدت کے شش ماہی رپورٹ بمع فنڈز کے کھاتوں کے پیش کرتے ہوئے، دلی مسرت محسوس کرتی ہیں۔

فنڈز کی مالیاتی کارکردگی

AKD اپرچیونٹی فنڈ (AKDOF)

مالی سال 2017 کی پہلی ششماہی میں KSE-100 کی 26.53 فیصد بینچ مارک آمدنی کو 15.17 فیصد پیچھے چھوڑتے ہوئے AKD اپرچیونٹی فنڈ کی آمدنی نے اس کے مقابلے میں 41.70 فیصد رہی۔

AKD انڈیکس ٹریکر فنڈ (AKDITF)

مالی سال 2017 کی پہلی ششماہی میں KSE-100 کی 26.53 فیصد بینچ مارک آمدنی کے مقابلے میں AKD انڈیکس ٹریکر فنڈ کی آمدنی 24.96 فیصد رہی۔

AKD کیش فنڈ (AKDCF)

مالی سال 2017 کی پہلی ششماہی میں 5.16 فیصد بینچ مارک کے مقابلے پر AKD کیش فنڈ کی سالانہ کی بنیاد پر آمدنی 4.57 فیصد رہی۔

AKD اگریسیو انکم فنڈ (AKDAIF)

مالی سال 2017 کی پہلی ششماہی میں 6.36 فیصد بینچ مارک کے مقابلے پر AKD اگریسیو انکم فنڈ کی سالانہ کی بنیاد پر آمدنی 6.33 فیصد 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۔

CPI افراطِ 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۔ نتیجتاً تیل کی قیمتیں دوبارہ 50 ڈالر فی بیرل پر پہنچ گئیں۔ اُمید ہے کہ مستقل قریب میں تیل کی قیمت 52-55 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 کردیا 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 1.5-1.75 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۔ بہر حال حکومت، FY'17 (مالی سال 2017) میں 6.6 مہینوں میں برآمدات کے باعث بیرونی ذخائر کو برقرار رکھنے کے بارے میں پر اعتماد 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 کیئے۔ حکومت نے FY'17 (مالی سال 2017) کیلیئے 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۔ بہر حال حکومت آمدنی میں اضافہ کیلیئے ٹھوس اور یقینی اقدامات کرنے پر اپنی توجہ مرکوز کر رہی ہے۔

ایکوٹی مارکیٹ کا جائزہ:

1QFY17 PSX-100 انڈیکس کیلیئے 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 ننگ 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 معیشت 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 فیوچرا یکسچینج۔ 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 کررہے 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 Opportunity Fund
Financial Information - First Half FY17

Contents

AKD Opportunity 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,
I.I. Chundrigar Road,
Karachi

REGISTRAR
AKD Investment Management Limited
216 - 217, Continental Trade Centre,
Block-8, Clifton Karachi-74000
UAN: 111-253-465 (111-AKDIML)

DISTRIBUTORS
AKD Investment Management Limited
AKD Securities Limited
BMA Capital Management Limited
IGI Investment Bank Limited
Foundation Securities (Private) Limited
First Street Capital (Private) Limited
Savings Lounge (Pvt.) Limited
First Street Capital (Private) Limited
Finox (Private) Limited
4 Sight Investments

RATING - AKDOF
BY PACRA
Performance Ranking

Long-term	Short-term
5-Star	4-Star

FUND MANAGER'S REPORT

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

Open - end Equity Scheme

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

The investment objective of the Fund is to invest in the capital markets, searching for the optimal combination of investment strategies, mainly in equities, followed by fixed income and money market as contingent defensive strategy.

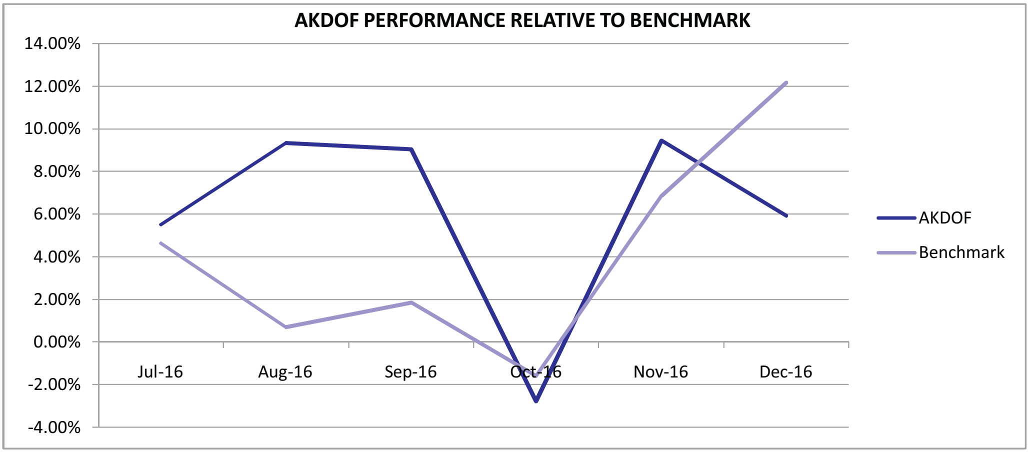
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

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%.

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 its said benchmark:



Monthly Yield	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
AKDOF	5.50%	9.33%	9.03%	-2.78%	9.44%	5.90%
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 Opportunity Fund is an open - end equity scheme; the return of the Fund is generated through investment in value stocks which have strong growth potential. AKDOF is fully complied with the relevant policies and procedures as per Fund's regulatory requirements.

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

Asset Allocation (% of Total Assets)	31-Dec-16	30-Sep-16
Equities	98.90%	96.68%
Cash	0.73%	2.85%
Other Assets	0.37%	0.47%

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

1HFY17 Return	41.70%
Benchmark Return	26.53%

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

Net Asset Value			NAV Per Unit	
31-Dec-16	30-Sep-16	Change in Net Assets	31-Dec-16	30-Sep-16
(Rupees In "000")			Rs.	Rs.
2,519,374	2,053,701	22.67%	113.66	100.87

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

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.

Money Market

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%.

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.

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

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

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

There were no unit splits during the period.

xiii) Break down of unit holding size:

Range (Units)	No. of Investors
0.1 - 9,999	792
10,000 - 49,999	138
50,000 - 99,999	31
100,000 - 499,999	32
500,000 and above	6
	999

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

Investments are subject to credit and market risk.

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

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

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 Opportunity 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 Opportunity 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	**18,842**	101,494
Investments	6	**2,542,432**	1,534,327
Dividend, prepayment, profit and other receivable	7	**6,764**	7,801
Security deposits		**2,600**	2,600
Total assets		**2,570,638**	1,646,222
Liabilities			
Remuneration payable to the Management Company	13.1	**4,139**	2,505
Remuneration payable to the Trustee	13.1	**290**	205
Annual fee payable to Securities and Exchange Commission of Pakistan		**984**	1,242
Payable against purchase of investments (subsequently paid)		**-**	1,553
Amount payable on redemption of units		**1,915**	4,582
Accrued expenses and other liabilities	8	**19,902**	16,599
Provision for Workers' Welfare Fund	10	**23,772**	23,772
Unclaimed dividend		**262**	11
Total liabilities		**51,264**	50,469
Contingencies and commitments	11		
Net assets		**2,519,374**	1,595,753
Unit holders' fund (as per statement attached)		**2,519,374**	1,595,753
		(Number of Units)	
Number of units in issue		**22,166,840**	19,895,551
		(Rupees)	
Net assets value per unit (face value per unit Rs. 50/-)		**113.66**	80.21

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala	**Nadeem Saulat Siddiqui**
Chief Executive Officer	Director

CONDENSED INTERIM INCOME 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
	Note	(Rupees in '000)			
Income					
Gain on sale of 'held for trading investments' - net		**205,539**	88,431	**148,037**	5,550
Dividend income from held for trading investments		**23,343**	14,423	**17,614**	10,308
Profit on bank balances		**2,711**	1,747	**1,778**	830
Unrealised appreciation in the fair value of investments 'at fair value through profit or loss - held for trading' - net		**493,755**	4,651	**126,247**	14,529
		725,348	109,252	**293,676**	31,217
Expenses					
Remuneration to the Management Company		**20,720**	13,306	**11,651**	6,696
Remuneration to the Trustee		**1,540**	1,168	**834**	586
Annual fee to the Securities and Exchange Commission of Pakistan		**984**	632	**553**	318
Securities transaction cost		**3,538**	3,081	**2,353**	999
Auditors' remuneration		**167**	157	**104**	94
Other expenses	9	**4,573**	4,993	**2,581**	2,415
		31,522	23,337	**18,076**	11,108
Net income from operating activities		**693,826**	85,915	**275,600**	20,109
Element of income and capital gains included in prices of units sold less those in units redeemed - net		**47,623**	3,092	**45,218**	9,713
Provision for Workers' Welfare Fund	10	**-**	-	**-**	-
Net income for the period before taxation		**741,449**	89,007	**320,818**	29,822
Taxation	12	**-**	-	**-**	-
Net income for the period after taxation		**741,449**	89,007	**320,818**	29,822

The annexed notes from 1 to 16 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	**741,449**	89,007	**320,818**	29,822
Other comprehensive income for the period	**-**	-	**-**	-
Total comprehensive income for the period	**741,449**	89,007	**320,818**	29,822

The annexed notes from 1 to 16 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)			
Surplus at beginning of the period				
Represented by:				
- Realised	**208,062**	17,294	**272,736**	186,952
- Unrealised	**227,250**	255,225	**583,207**	144,752
	435,312	272,519	**855,943**	331,704
Net income for the period	**741,449**	89,007	**320,818**	29,822
Surplus at end of the period	**1,176,761**	361,526	**1,176,761**	361,526
Represented by:				
- Realised	**486,727**	212,445	**486,727**	212,445
- Unrealised	**690,034**	149,081	**690,034**	149,081
	1,176,761	361,526	**1,176,761**	361,526

The annexed notes from 1 to 16 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	**1,595,753**	1,161,061	**2,053,701**	1,183,111
Cash received on issue of 14,044,190 (2015: 4,230,912) units	**1,444,835**	338,296	**1,106,919**	176,517
Cash paid on redemption of 11,772,901 (2015: 3,464,574) units	**(1,215,040)**	(280,010)	**(916,846)**	(74,475)
	229,795	58,286	**190,073**	102,042
Element of (income) and capital (gains) included in prices of units sold less those in units redeemed - net	**(47,623)**	(3,092)	**(45,218)**	(9,713)
Total comprehensive income for the period (profit for the period)	**741,449**	89,007	**320,818**	29,822
Net assets at end of the period	**2,519,374**	1,305,262	**2,519,374**	1,305,262
	-------------------------- (Rupees) --------------------------			
Net assets value / Ex-distribution net asset value per unit at beginning of the period	**80.21**	**72.02**	**100.87**	**75.89**
Net assets value per unit at end of the period	**113.66**	77.29	**113.66**	77.29

The annexed notes from 1 to 16 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 income for the period	**741,449**	89,007	**320,818**	29,822
Adjustments for:				
Net unrealised appreciation in the fair value of investments 'at fair value through profit or loss - held for trading'	**(493,755)**	(4,651)	**(126,247)**	(14,529)
Element of (income) / loss and capital (gains) / losses - net included in prices of units sold less those in units redeemed - net	**(47,623)**	(3,092)	**(45,218)**	(9,713)
	200,071	81,264	**149,353**	5,580
(Increase) / decrease in assets				
Investments	**(514,350)**	(131,775)	**(351,859)**	(103,448)
Dividend, prepayment, profit and other receivable	**1,037**	(1,368)	**592**	(12,338)
Amount receivable on sale of units	**-**	21,257	**-**	21,257
	(513,313)	(111,886)	**(351,267)**	(94,529)
Increase / (decrease) in liabilities				
Remuneration payable to the Management Company	**1,634**	335	**899**	215
Remuneration payable to the Trustee	**85**	19	**48**	13
Annual fee payable to the Securities and Exchange Commission of Pakistan	**(258)**	(236)	**553**	318
Payable against purchase of investments	**(1,553)**	(23,809)	**(25,468)**	(1,442)
Payable on redemption of units	**(2,667)**	(13,063)	**(10,610)**	(382)
Accrued expenses and other liabilities	**3,303**	(751)	**4,145**	(468)
Unclaimed dividend	**251**	-	**251**	-
	795	(37,505)	**(30,182)**	(1,746)
Net cash used in operating activities	**(312,447)**	(68,127)	**(232,096)**	(90,695)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash received on issuance of units	**1,444,835**	338,296	**1,106,919**	176,517
Cash paid on redemption of units	**(1,215,040)**	(280,010)	**(916,846)**	(74,475)
Net cash generated from financing activities	**229,795**	58,286	**190,073**	102,042
Net (decrease)/increase in cash and cash equivalents during the period	**(82,652)**	**(9,841)**	**(42,023)**	11,347
Cash and cash equivalents at beginning of the period	**101,494**	34,087	**60,865**	12,899
Cash and cash equivalents at end of the period	**18,842**	24,246	**18,842**	24,246

The annexed notes from 1 to 16 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 DECEMBER 31, 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

AKD Opportunity Fund ("the Fund") was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules). The Fund is governed under the Rules and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations). It has been constituted under the trust deed, dated 19 December 2005, between AKD Investment Management Limited (AKDIML) as the Management Company, a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited as the Trustee. The Trust Deed was executed on 7 December 2005 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 19 December 2005 in accordance with the Rules. Accordingly title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as a Trustee of the Fund. The Fund is registered as a notified entity under the Regulations.

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

The Fund is an open end mutual fund and is listed on Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering them to the Fund.

The Fund is categorised as Equity Scheme as per circular 7 of 2009 by SECP. As per the circular, the Fund shall invest at least 70% of its net assets in listed equity securities and the remaining net assets shall be invested in cash or near cash instruments which include cash in bank accounts (excluding TDRs) and treasury bills not exceeding 90 days maturity.

The Pakistan Credit Rating Company Limited (PACRA) has assigned asset manager rating of 'AM3+' to the Management Company dated 08 June 2016. PACRA has also assigned performance ranking of "MFR 4-Star" to the Fund in performance period of 1 year and 3 year category and "MFR 5-Star" in performance period of 5 year category on December 07, 2016.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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.

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.

2.3 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 sources of estimation uncertainty were the same as those that applied to the annual financial expense. Actual results may differ from these estimates. The significant judgements made by Management in applying the Fund's accounting policies and the key 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.

	Note	**31 December 2016**	30 June 2016
5. BANK BALANCES		**(Unaudited)**	(Audited)
		(Rupees in '000)	
Saving accounts	*5.1*	**18,817**	101,477
Current accounts		**25**	17
		18,842	101,494

5.1 These represents profit and loss sharing accounts maintained with various banks carrying profit at the rate ranging from 3.75 % to 5.0%. (30 June 2016: 3.75% to 5.50%) per annum.

6. INVESTMENTS

Investments in securities at fair value through profit or loss - held for trading

Listed equity securities	6.1	**2,542,432**	1,534,327
		2,542,432	1,534,327

6.1 Listed equity securities - Held for trading

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 end of the 31 Dec 2016	Cost as of the Period ended 31 Dec 2016	Carrying value (before revaluation as of the year ended 31 Dec 2016)	Market value as of the Period ended 31 Dec 2016 (revised carrying value)	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											
Atlas Honda Limited	175,100	-	-	34,000	141,100	50,354	52,066	82,419	3.27	3.24	0.14
Dewan Farooq Motors Limited	100,000	-	-	100,000	-	-	-	-	0.00	0.00	0.00
Honda Atlas Cars (Pakistan) Limited	-	55,000	-	55,000	-	-	-	-	0.00	0.00	0.00
						50,354	52,066	82,419			
AUTOMOBILE PARTS & ACCESSORIES											
General Tyre & Rubber Company Of Pakistan Limited	-	50,000	-	7,300	42,700	9,990	9,990	11,894	0.47	0.47	0.07
Thal Limited (Face value of Rs. 5 each)	287,700	29,000	-	41,200	275,500	60,954	80,920	140,100	5.56	5.51	0.34
						70,944	90,910	151,994			
CABLE & ELECTRICAL GOODS											
Pak Electron Limited	-	820,000	-	-	820,000	58,215	58,215	58,450	2.32	2.30	0.16
Pakistan Cables Limited	361,200	-	-	58,400	302,800	44,747	51,633	105,962	4.21	4.17	1.06
TPL Trakker Limited	360,500	-	-	-	360,500	4,961	4,531	6,356	0.25	0.25	0.17
						107,923	114,379	170,768			
CEMENT											
Dewan Cement Limited	1,575,500	1,500,000	-	3,075,500	-	-	-	-	0.00	0.00	0.00
Javedan Corporation Limited	2,518,500	366,500	-	-	2,885,000	84,524	86,156	97,888	3.89	3.85	2.23
						84,524	86,156	97,888			
CHEMICAL											
Archroma Pakistan Limited	46,900	-	-	9,900	37,000	10,958	18,032	29,657	1.18	1.17	0.11
Biafo Industries Limited	280,100	-	26,609	-	306,709	50,009	72,826	97,530	3.87	3.84	1.39
Buxly Paints Limited	31,500	-	-	-	31,500	1,356	1,244	3,780	0.15	0.15	2.19
Dynea Pakistan Limited (Face value of Rs. 5 each)	10,000	-	-	1,000	9,000	522	410	481	0.02	0.02	0.05
Engro Polymer & Chemicals Limited	-	1,500,000	-	-	1,500,000	25,862	25,862	27,690	1.10	1.09	0.23
Nimir Industrial Chemical Limited	124	-	-	-	124	1	4	5	0.00	0.00	0.00
						88,708	118,378	159,143			
COMMERCIAL BANKS											
Allied Bank Limited	-	100,000	-	100,000	-	-	-	-	0.00	0.00	0.00
BankIslami Pakistan Limited	3,342,067	2,580,000	-	-	5,922,067	59,586	67,229	79,119	3.14	3.11	0.59
JS Bank Limited	-	4,000,000	-	568,000	3,432,000	20,764	20,764	37,100	1.47	1.46	0.32
MCB Bank Limited	-	40,000	-	40,000	-	-	-	-	0.00	0.00	0.00
NIB Bank Limited	1,823,471	-	-	-	1,823,471	5,939	3,483	3,300	0.13	0.13	0.02
Samba Bank Limited	412,000	-	-	-	412,000	1,957	3,152	2,991	0.12	0.12	0.04
Summit Bank Limited	2,990,500	16,038,500	-	7,463,000	11,566,000	40,705	39,588	50,890	2.02	2.00	0.65
The Bank Of Punjab	-	1,350,000	-	1,350,000	-	-	-	-	0.00	0.00	0.00
						128,951	134,216	173,400			

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 end of the 31 Dec 2016	Cost as of the Period ended 31 Dec 2016	Carrying value (before revaluation as of the year ended 31 Dec 2016)	Market value as of the Period ended 31 Dec 2016 (revised carrying value)	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..........		
ENGINEERING											
Aisha Steel Mills Limited	2,454,500	-	-	-	2,454,500	13,500	18,973	38,609	1.53	1.52	0.91
Huffaz Seamless Pipe Industries Limited	234,675	-	-	-	234,675	6,571	4,107	5,895	0.23	0.23	0.42
Pakistan Engineering Company Limited	-	6,900	-	-	6,900	2,401	2,401	2,353	0.09	0.09	0.12
						22,472	25,481	46,857			
FERTILIZER											
Arif Habib Corporation Limited	-	250,000	-	-	250,000	10,443	10,443	11,000	0.44	0.43	0.06
Engro Corporation Limited	-	417,900	-	25,000	392,900	122,735	122,735	124,192	4.93	4.88	0.08
						133,178	133,178	135,192			
FOOD & PERSONAL CARE-PRODUCTS											
Al Shaheer Corporation Limited	-	120,500	-	120,500	-	-	-	-	0.00	0.00	0.00
Engro Foods Ltd	-	30,000	-	30,000	-	-	-	-	0.00	0.00	0.00
Murree Brewery Company Limited	25,000	28,400	-	16,750	36,650	32,433	31,884	33,999	1.35	1.34	0.16
Quice Food Industries Limited	2,732,500	500,000	-	400,000	2,832,500	23,110	23,835	25,521	1.01	1.00	2.88
						55,543	55,719	59,520			
GLASS & CERAMICS											
Balochistan Glass Limited	1,300,000	-	-	-	1,300,000	9,076	6,279	17,888	0.71	0.70	0.76
Ghani Glass Limited	-	25,000	-	-	25,000	3,769	3,769	3,700	0.15	0.15	0.01
Shabbir Tiles & Ceramics (Face value of Rs. 5 each)	101,120	-	-	-	101,120	772	776	1,128	0.04	0.04	0.04
						13,617	10,824	22,716			
INSURANCE											
EFU General Insurance Limited	-	112,900	-	-	112,900	15,217	15,217	17,048	0.68	0.67	0.06
Pakistan Reinsurance Company Limited	113,000	-	-	-	113,000	2,938	3,419	4,700	0.19	0.18	0.04
TPL Direct Insurance Company	64,976	-	-	-	64,976	686	1,160	1,233	0.05	0.05	0.09
						18,841	19,796	22,981			
INV. BANKS / INV. COS. / SECURITIES COS.											
Jahangir Siddiqui & Company Limited	-	5,385,500	-	1,000,000	4,385,500	100,581	100,581	111,348	4.42	4.38	0.48
JS Investments Limited	3,158,000	-	-	-	3,158,000	55,763	43,580	48,949	1.94	1.93	3.94
						156,344	144,161	160,297			
MISCELLANEOUS											
Macpac Films Limited	436,500	-	-	-	436,500	8,843	8,294	10,476	0.42	0.41	1.12
TPL Properties Limited	2,500,000	-	-	-	2,500,000	31,250	31,250	26,100	1.04	1.03	1.20
Tri-Pack Films Limited	-	92,300	-	12,300	80,000	21,586	21,586	23,491	0.93	0.92	0.21
						61,679	61,130	60,067			
OIL & GAS EXPLORATION COMPANIES											
Oil and Gas Development Company Limited	650,000	900,000	-	345,000	1,205,000	180,588	185,073	199,247	7.91	7.84	0.03
Pakistan Petroleum Limited	80,000	-	-	-	80,000	9,560	12,404	15,054	0.60	0.59	0.00
						190,148	197,477	214,301			

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 end of the 31 Dec 2016	Cost as of the Period ended 31 Dec 2016	Carrying value (before revaluation as of the year ended 31 Dec 2016)	Market value as of the Period ended 31 Dec 2016 (revised carrying value)	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......		
OIL & GAS MARKETING COMPANIES											
Pakistan State Oil Company Limited	-	427,900	-	10,000	417,900	171,888	171,888	181,456	7.20	7.14	0.15
Sui Northern Gas Pipelines Limited	4,050,000	50,000	-	3,943,000	157,000	4,502	5,805	12,806	0.51	0.50	0.02
						176,390	177,693	194,262			
PAPER AND BOARD											
Century Paper & Board Mills Limited	-	238,000	-	238,000	-	-	-	-	0.00	0.00	0.00
Merit Packaging Limited	729,500	154,000	-	-	883,500	13,556	16,049	21,319	0.85	0.84	2.19
Pakistan Paper Products Limited	65,500	-	-	-	65,500	5,473	4,444	4,603	0.18	0.18	1.09
						19,029	20,493	25,922			
POWER GENERATION & DISTRIBUTION											
Japan Power Generation Limited	2,602,000	329,500	-	400,000	2,531,500	10,925	10,246	14,151	0.56	0.56	1.62
K-Electric Limited (Face value Rs. 3.5/- each)	14,400,000	5,500,000	-	2,500,000	17,400,000	144,330	142,929	163,038	6.47	6.41	0.06
						155,255	153,175	177,189			
REFINERY											
Attock Refinery Limited	435,400	40,000	-	475,400	-	-	-	-	0.00	0.00	0.00
Pakistan Refinery Limited	-	150,500	-	-	150,500	7,073	7,073	6,566	0.26	0.26	0.05
						7,073	7,073	6,566			
SUGAR & ALLIED INDUSTRIES											
Shakarganj Limited	2,185,469	-	-	700,000	1,485,469	21,452	23,203	53,150	2.11	2.09	1.35
						21,452	23,203	53,150			
TECHNOLOGY & COMMUNICATION											
Pak Datacom Limited	798,258	-	-	798,258	-	-	-	-	0.00	0.00	0.00
Pakistan Telecommunication Company Limited	2,001,500	2,657,000	-	1,973,500	2,685,000	52,355	45,494	46,128	1.83	1.81	0.07
Telecard Limited	1,750,000	-	-	1,750,000	-	-	-	-	0.00	0.00	0.00
TRG Pakistan Limited (6.1.1) (6.1.2)	4,475,745	1,330,000	-	-	5,805,745	96,819	206,290	256,962	10.20	10.11	1.06
Worldcall Telecom Limited	12,500	-	-	-	12,500	34	25	35	0.00	0.00	0.00
						149,208	251,809	303,125			
TEXTILE COMPOSITE											
Gul Ahmed Textile Mills Limited	-	505,000	-	-	505,000	20,213	20,213	25,841	1.03	1.02	0.17
Nishat Mills Limited	-	160,500	-	160,500	-	-	-	-	0.00	0.00	0.00
						20,213	20,213	25,841			
TEXTILE SPINNING											
Crescent Fibres Limited	37,000	-	-	-	37,000	1,038	1,476	1,184	0.05	0.05	0.30
Ellcot Spinning Mills Limited	444,138	190,500	-	-	634,638	50,348	53,281	81,393	3.23	3.20	5.80
Fazal Cloth Mills Limited	600	-	-	-	600	56	85	100	0.00	0.00	0.00
Gadoon Textile Mills Limited	-	13,600	-	13,600	-	-	-	-	0.00	0.00	0.00
Island Textile Mills Limited	33,600	1,350	-	50	34,900	8,915	32,970	37,791	1.50	1.49	6.98
Saif Textile Mills Limited	141,000	-	-	-	141,000	2,529	2,506	3,229	0.13	0.13	0.53
						62,886	90,318	123,697			

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 end of the 31 Dec 2016	Cost as of the Period ended 31 Dec 2016	Carrying value (before revaluation as of the year ended 31 Dec 2016)	Market value as of the Period ended 31 Dec 2016 (revised carrying value)	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 WEAVING											
Samin Textiles Limited	53,500	-	-	-	53,500	440	386	477	0.02	0.02	0.20
						440	386	477			
TRANSPORT											
Pakistan International Airlines Corporation Limited	-	498,500	-	498,500	-	-	-	-	0.00	0.00	0.00
						-	-	-			
VANASPATI & ALLIED INDUSTRIES											
Punjab Oil Mills Limited	195,900	5,000	-	-	200,900	51,160	53,635	65,896	2.62	2.59	3.73
S.S. Oil Mills Limited	156,500	-	-	-	156,500	6,066	6,808	8,764	0.35	0.34	2.77
						57,226	60,443	74,660			
Balance as at December 31, 2016						1,852,398	2,048,677	2,542,432			
Total as at 30 June 2016						1,307,077	1,445,663	1,534,327			

6.1.1 These include 2.5 million shares having market value of Rs. 110.65 million of TRG Pakistan Limited as pledged with National Clearing Company of Pakistan Limited as on 31 Dec 2016.

6.1.2 Investment in the listed equity shares of TRG Pakistan Limited exceeded the maximum limit of 10% of the net assets of the scheme prescribed under the regulation 55(5) of the NBFC regulations. However, subsequent to the period ended 31 December 2016, it has been regularized subsequently.

	Note	31 December 2016 (Unaudited)	30 June 2016 (Audited)
7. DIVIDEND, PREPAYMENT, PROFIT AND OTHER RECEIVABLE		**(Rupees in '000)**	
Dividend receivable		**4,774**	350
Prepayments		**27**	-
Markup receivable		**481**	336
Advance Tax		**175**	116
Amount receivable on conversion of units		**1,307**	6,999
		6,764	7,801
8. ACCRUED EXPENSES AND OTHER PAYABLES			
Auditors' remuneration		**128**	200
Brokerage payable		**806**	172
Sindh Sales Tax	8.1	**579**	436
Federal Excise Duty on Management remuneration	8.2	**10,092**	10,092
Withholding tax payable		**4,801**	3,733
Zakat payable		**258**	285
Allocated expenses by the Management Company	8.3	**264**	125
Others		**2,974**	1,556
		19,902	16,599

8.1 During the period, an amount of Rs. 2.693 million was charged on account of sales tax on Management fee levied through Sindh Sales Tax on Services Act, 2011 and 0.212 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. 0.538 million and on trustee remuneration & CDS charges amounting 0.041 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.

8.2 As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the services of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED results in double taxation, does not appear to be the spirit of the law. The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies and Central Depository Company of Pakistan Limited on behalf of schemes through a constitutional petition filed in the Honourable Sindh High Court (SHC) during September 2013 which is pending adjudication. However, the SHC has issued a stay order against the recovery of FED. The Fund, as a matter of abundant caution, has charged FED and sales tax thereon in its financial statements with effect from June 13, 2013.

As per the Finance Act, 2016, the management fees charged by the asset management company have been declared exempt from the levy of FED with effect from July 01, 2016. Accordingly, no provision for FED is made from July 01, 2016 onwards.

The Sindh High Court in its decision dated July 16, 2016 maintained the previous order passed against other constitutional petition whereby levy of FED is declared to be ‘Ultra Vires’ the Constitution. The management is however of the view that since the Federal Government has appealed against the order, the previous balance of FED shall not be reversed.

The Management Company, in view of the pending decision and as a matter of abundant caution, has made a provision for FED with effect from June 13, 2013 to June 30, 2016 aggregating to Rs.10.092 million. Had the said provision of FED not been recorded in the books of account of the Fund, the net asset value per unit of the Fund for period ended 30 September 2016 would have been higher by Re. 0.455 (30 June 2016: Re. 0.507) per unit.

8.3 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 unto 0.1% of average net assets of the Scheme or actual whichever is less. During the Period an amount of Rs 1.036 million is charged related to reimbursable expense as per regulation 60.

8.4 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at December 31, 2016 is 1.53% which includes 0.21% 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 4% prescribed under the NBFC Regulations.

9. Other Expenses		**31 December 2016 (Unaudited)**	31 December 2015 (Unaudited)
		(Rupees in '000)	
Printing and stationery		**61**	50
National Clearing Company of Pakistan Limited charges		**201**	194
Central Depository Company of Pakistan Limited charges		**94**	86
Karachi Stock Exchange listing fee		**28**	25
Fees and subscription		**217**	158
Allocated expense by the Management Company	8.3	**1,036**	-
Bank charges		**30**	15
Federal excise duty		**-**	2,129
Sales tax on Management Remuneration / CDC / CDS		**2,906**	2,336
		4,573	4,993

10. 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 consulted 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.

The Sindh revenue Board (SRB) had written to mutual funds in January 2016 to register and pay Sindh WWF for the accounting year closing on or Dec 31,2013.MUFAAP had written to SRB that mutual funds are not establishments and are pass through vehicles hence they don't have any workers and no WWF is payable by them. In August 2016 we had taken an opinion from A.F Ferguson on the same too. SRB responded back on November 11,2016 that as mutual funds are included in definition of financial institutions as per the financial institution (Recovery of finances) Ordinance 2001 . However the companies ordinance 1984,the master law applicable for mutual funds did not include the mutual funds in the definition . The new companies Ordinance 2016 signed on November 11 2016, had included the mutual funds in the definition of Financial Institution but that was not approved by the senate so we are back to the Companies Ordinance 1984 where mutual funds are not included in the definition of financial institution. We have responded back to SRB vice our letter dated December 26, 2016 and taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from Sindh WWF. This however would be in due course of time and we will be challenging the same in the Courts if SRB persists on claiming Sindh WWF from mutual funds. However for the sake of prudence we feel that while we are considering reversing the provision of Federal WWF, we need to consider provisioning for Sindh WWF in the funds.

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:

1 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

2 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 0.0315.

11. CONTINGENCIES AND COMMITMENTS

There are no contingencies or commitments at the period end.

12. TAXATION

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

13. 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 parties of the Management company, Central Depository Company of Pakistan Limited being the trustee, associated companies of the Management Company / holding company of 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 above entities 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.

	31 December 2016 (Unaudited)	30 June 2016 (Audited)
13.1 Balance as at period / year ended	**(Rupees in '000)**	
AKD Investment Management Limited - Management Company of the Fund		
Remuneration payable	**4,139**	2,505
Allocated expenses by the Management Company	**264**	125
Sales load payable	**2,220**	844
Units outstanding : 233,653 (June 2016: 12,672)	**26,555**	1,016
Sales tax payable on Management Company's remuneration*	**538**	407
Federal Excise Duty*	**10,092**	10,092
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	**290**	205
Security deposit	**100**	100
CDS charges	**27**	4
Sales tax payable on Trustee fee & CDS charges	**41**	30
Receivable from other Funds Managed by the Management Company		
Receivable from Funds under Management of AKD Investment Management Ltd. against Conversion of units	**1,307**	6,999
Payable to other Funds Managed by the Management Company		
Payable to Funds under Management of AKD Investment Management Ltd. against Conversion of units	**1,915**	**2,933**
Arabian Sea Enterprises Limited (having invested more than 10% in the units of the Fund)		
Units outstanding : 3,058,662 (13.80% of the total units in issue as at the period end) (June 2016: 2,068,043 (10.39% of the total units in issue as at the year end))	**347,617**	165,857
KAPCO Employees Pension Fund Trust (having invested more than 10% in the units of the Fund)		
Units outstanding : 2,332,924 (10.52% of the total units in) issue as at the period end) (June 2016: 2,332,924 (11.73% of the total units in issue as at the year end))	**265,137**	187,101

	31 December 2016 (Unaudited)	30 June 2016 (Audited)
	(Rupees in '000)	
Aqeel Karim Dhedhi Securities (Pvt.) Limited Staff Provident Fund		
Units outstanding : 64,395 (June 2016: 64,395)	**7,319**	5,165
AKD Investment Management Ltd Staff Provident Fund		
Units outstanding : Nil (June 2016: 91,999)	**-**	7,378
Ms Anum**		
Chief Investment Officer of the Management Company		
Units outstanding : 22,960 (June 2016: 22,960)	**2,609**	1,841
Ms Hina Aqeel		
Close relative of Mr. Aqeel Karim Dhedhi		
Units outstanding : 27,155 (June 2016: 27,155)	**3,086**	2,178
Spouse - Chief Executive Officer of the Management Company		
Units outstanding : 607,273 (June 2016: 608,674)	**69,017**	48,816
AKD Securities Limited - Brokerage House		
Brokerage payable on purchase and sale of marketable securities	**224**	-
Mr. Imran Motiwala- Chief Executive Officer***		
Units Outstanding: 23,455 (June 2016 : 6,919)	**2,666**	555
Mr. Muhammad Yaqoob **		
Units Outstanding: 10,831 (June 2016 : 4,313)	**1,231**	346
Mr. Hasan Ahmed ***		
Units Outstanding: 10,845 (June 2016 : Nil)	**1,232**	-
Mrs. Noureen Nadir **		
Units Outstanding: 463 (June 2016 : Nil)	**53**	-
Mr. Abdul Karim ***		
Units Outstanding: 531 (June 2016 : Nil)	**60**	-
Mr. Toqir Hussain **		
Units Outstanding: 58 (June 2016 : Nil)	**7**	-
Mr. Ubaid ur Rehman **		
Units Outstanding: 583 (June 2016 : Nil)	**66**	-
Mr. Murtaza Wahab Siddiqui		
Spouse of the Director of Management Company		
Units Outstanding: 13,653 (June 2016 : 13,653)	**1,552**	1,095
Mr.Muhammad Siddiq Khokar		
Director of the Golden Arrow Selected Stocks Fund Limited		
Units Outstanding: 54 (June 2016 : Nil)	**6**	-

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

** Key Management personnel of the Management Company

*** Director of the Management Company

13.1 Details of transactions with connected persons/related parties during the period

	Six Months Ended 31 December 2016 (Unaudited)	Six Months Ended 31 December 2015 (Unaudited)
	(Rupees in '000)	
AKD Investment Management Limited - Management Company of the Fund		
Remuneration	**20,720**	13,306
Sindh sales tax on Management Company's Remuneration*	**2,694**	2,161
Federal excise duty on Management Company's Remuneration*	**-**	2,129
Allocated expense by the Management Company	**1,036**	-
Sales load	**2,898**	1,498
Units issued : 233,653 (2015 : Nil) units	**26,352**	-
Units redeemed : 12,672 (2015 : 50,065) units	**1,066**	4,200
Central Depository Company of Pakistan - Trustee of the Fund		
Remuneration	**1,540**	1,168
Central Depository Service charges	**94**	86
Sales Tax Provincial (Trustee & CDS)	**212**	176
AKD Investment Management Limited- Staff Provident Fund		
Units issued : Nil (2015 : 205,087)	**-**	16,012
Units redeemed : 91,999 (2015 : 112,208)	**9,875**	9,468
Spouse- Chief Executive Officer of the Management Company		
Units issued : Nil (2015 : 558,710)	**-**	44,425
Units redeemed : 1402 (2015 : 146,896)	**150**	12,121
Ms. Anum ** Chief Investment Officer of the Management Company		
Units Issued : Nil (2015: 8,235)	**-**	700
Ms Hina Aqeel Close relative of Mr. Aqeel Karim Dhedhi		
Units Issued : Nil (2015: 19,459)	**-**	1,502
AKD Securities Limited - Brokerage House		
Commission on purchase and sale of marketable securities	**278**	182
Arabian Sea Enterprise Limited		
Units issued : 990,619 (2015 : Nil)	**109,521**	-
Mr. Imran Motiwala- Chief Executive Officer* **		
Units issued: 16,537 (2015 : Nil)	**1,400**	-
**Mr. Muhammad Yaqoob ** **		
Units issued: 6,518 (2015 : Nil)	**703**	-
Mr. Hasan Ahmed * **		
Units issued: 10,845 (2015 : Nil)	**1,100**	-

	Six Months Ended	
	31 December 2016 (Unaudited)	31 December 2015 (Unaudited)
	(Rupees in '000)	
Mr.Muhammad Siddiq Khokar		
Director of the Golden Arrow Selected Stocks Fund Limited		
Units issued: 54 (2015 : Nil)	**5**	-
Mrs. Noureen Nadir **		
Units issued: 563 (2015 : Nil)	**60**	-
Units redeemed : 101 (2015 : Nil)	**10**	-
Mr. Abdul Karim ***		
Units issued: 531 (2015 : Nil)	**50**	-
Mr. Toqir Hussain**		
Units issued: 58 (2015 : Nil)	**5**	-
Mr. Ubaid ur Rehman**		
Units issued: 583 (2015 : Nil)	**51**	-

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

** Key Management personnel of the management company

*** Director of the Management Company

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurement are required as permitted by other IFRS.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 participation 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 significally different from book value.

The following table shows financial instruments recognised at fair value , analyzed 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 included within Level 1 that are observable for the assets and liability , either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

The table below analyze financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurements is categorized:

	As at December 31, 2016			
	Level 1	Level 2	Level 3	Total
ASSETS	(Rupees in '000)			
Investment in securities - at fair value through profit or loss - held for-trading				
- Quoted equity securities	**2,542,432**	**-**	**-**	**2,542,432**
	2,542,432	**-**	**-**	**2,542,432**

	As at June 30, 2016			
	Level 1	Level 2	Level 3	Total
ASSETS	(Rupees in '000)			
Investment in securities - at fair value through profit or loss - held for-trading				
- Quoted equity securities	1,534,327	-	-	1,534,327
	1,534,327	-	-	1,534,327

15. GENERAL

15.1 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 appeared have not been reviewed by the auditors.

15.2 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 .

16. DATE OF AUTHORIZATION OF ISSUE

This condensed interim financial information was authorized 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

AKD Investment Management Ltd.

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