Funds Managed by:

AKD Investment Management Ltd.

2014

annual 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

Abdul Karim Memon
Chairman

Imran Motiwala
Chief Executive Officer

Ali Wahab Siddiqui
Director

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

Hasan Ahmed
Director

Ahmed Abdul Sattar
Director

CHIEF FINANCIAL OFFICER OF THE MANAGEMENT COMPANY

Mr. Muhammad Munir Abdullah

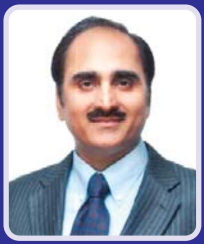
COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Mr. Muhammad Yaqoob

HEAD OF INTERNAL AUDIT OF THE MANAGEMENT COMPANY

Mr. Abdul Qadir Sultan

M. Ramzan Sheikh
Director



Nadeem Saulat Siddiqui
Director

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)

*Approval 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 Funds 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*

Key Management Profile

Imran Motiwala- Chief Executive Officer

Mr. Motiwala became the CEO of AKD Investment Management Limited in April 26, 2011 and has also been serving as the CEO of Golden Arrow Selected Stocks Fund Limited since April 26, 2011. Mr. Motiwala had been designated as the Chief Operating Officer when he joined AKD Investment Management Limited in 2006 besides serving on the board of the Company from 2007. While at AKD Investment Management Limited he has undertaken several executive roles instrumental in building the Company's business besides serving as an Investment Committee Member for the funds under management of the Company. Mr. Motiwala has almost 20 years experience of the capital markets from securities broking to asset management. Mr. Motiwala has had the honor of working with several leading reputable companies from his career beginnings with Ali Hussain Rajabali to serving institutional clients at JPMorgan based in Karachi, Pakistan. Mr. Motiwala then moved over to the buy-side and joined ABAMCO Limited (JS Investments Limited) in 2002 as a fund manager and was assigned the launching and managing of a fixed income fund. He later then joined Crosby Asset Management (Pakistan) Limited in 2003 as Head of Fund Management undertaking the entire asset management business. Mr. Motiwala graduated with Marketing major from the Southeastern University (Karachi Campus) in 1994.

Nadeem Saulat Siddiqui - Executive Director

Mr. Nadeem Saulat Siddiqui is currently serving as an Executive Director on the board of AKD Investment Management Limited. He joined the company back in October 2009 as General Manager Marketing and Sales, a position that required him to be actively involved in the boosting up the company's sales along with focusing on its marketing strategies. Prior to joining AKD Investment Management Limited, Mr. Siddiqui led Shaukat Khanum Memorial Cancer Hospital & Research Centre's fund collection drive as he held the position of In charge South - Manager Marketing & Resource Development there. Mr. Siddiqui holds an MBA in Marketing from College of Business Administration Lahore

Anum Dhedhi - Chief Investment Officer

Ms. Anum Dhedhi is currently working as a Chief Investment Officer at AKD Investment Limited. She has previously worked as an Economist at AKD Securities and worked under various capacities of research. At a very young age she has attained significant accomplishments in her career. She is also serving as a Director on the Board of Golden Arrow Selected Stocks Fund. She holds a BSc in Financial Economics Degree from the City University Of London, United Kingdom.

Muhammad Yaqoob - Chief Operating Officer & Company Secretary

Mr. Muhammad Yaqoob is currently working as the Chief Operating Officer and Company Secretary at AKD Investment Management Limited. He joined AKD Investment in the year 2005 and has worked in various capacities including Research, Product Development, Business Development and Fund Management. He participated in the launch of AKD Index Tracker Fund, AKD Opportunity Fund and AKD Aggressive Income Fund (formerly AKD Income Fund). He also participates in the conversion of AKD Index Tracker Fund from a Closed-end scheme to an open-end scheme. He holds a Masters in Business Administration majors in Finance and a candidate of CFA Level III. He is also serving as a Director on the Boards of Pak Datacom Limited and BIAFO Industries Limited

Muhammad Munir Abdullah - Chief Financial Officer

Mr. Muhammad Munir Abdullah joined AKD Investment Management Limited in 2005 as Manager Accounts. He has vast experience of over fifteen years of working with reputable organizations in the area of accounting & finance. Currently he is working under capacity of Chief Financial Officer at AKD Investment Management Limited.

Abdul Qadir Sultan -Head of Internal Audit

Mr. Abdul Qadir Sultan is a Chartered Accountant by profession from the Institute of Chartered Accountants of Pakistan (ICAP). He completed his article ship from A.F. Ferguson and Co. (a member firm of Price Water House Coopers) one of the premier Chartered Accountancy firms in Pakistan. He also serves as a non-executive director at Javedan Corporation Limited and Agro General Insurance Limited. He is also a member of the Professional Accountants in Business (PAIB) Committee of ICAP. He has a working experience of more than 9 years in various diversified capacities.

Rashid Ahmed - Head of Compliance

Mr. Rashid Ahmed has more than 18 years of working experience in the financial sector. He has been associated with AKD Investment Management Limited since September 2004. Prior to taking over as the Head of Compliance, Mr. Ahmed was working in the Finance Department in the capacity of Senior Manager Accounts. His current duties include looking after pre and post compliance of all applicable rules and regulations, dealing with matters regarding taxation and application of new and existing laws to the Company. Mr. Rashid is a Commerce Graduate from the University of Karachi.

Carrow Michael - Head of Risk Management

Mr. Carrow Michael started his career with AKD Investment Management Limited in 2006 as an Operations Officer and since then he has served in different positions in Operations Department within the Company. He is currently serving as Head of Risk Management and is also a member of Investment Committee. Mr. Michael holds a Masters Degree in Business Administration in Finance from Khadim Ali Shah Bukhari Institute of Technology, Karachi. His areas of expertise include system development, customer support and information technology.

Danish Owais - Head of Research

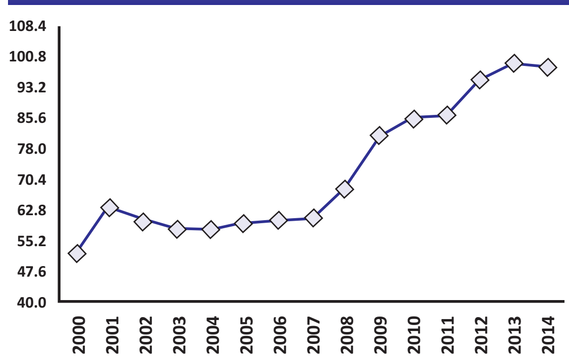
He worked in various capacities in equity research and investment management. Mr. Danish is a seasoned finance professional with a through understanding of capital market. Prior to joining AKDIML in the capacity of Head of Research. He worked for two years as a financial analyst in world renowned Bank of America in its investment banking division. Mr. Owais holds a MSc. in Finance from Manchester Business school and is a CFA level III candidate.

The Board of Directors of AKD Investment Management Limited, the Management Company of AKD Opportunity Fund, AKD Index Tracker Fund, AKD Cash Fund and AKD Aggressive Income Fund is pleased to present its report along with the financial statements for the financial year ended June 30, 2014.

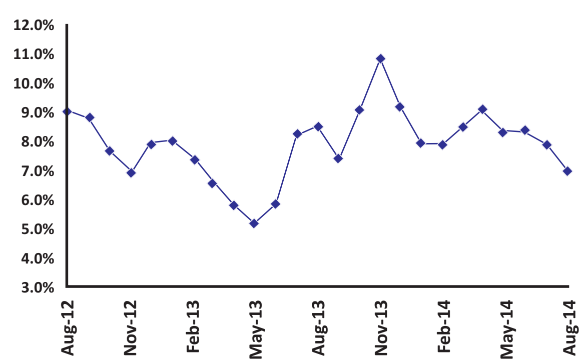
FY2014 saw the Government coming true on its promise to bring the country's economy back on track which resulted in a significant improvement in key economic indicators. A key highlight was improvement on the external account underpinned by the steep rise in the central bank's reserves to more than US$14bn at the end FY2014, providing more than 3.5 months of import cover. Stability on the external account front received a positive response from Moody's in the form of an outlook upgrade on Pakistan's Sovereign Bonds from 'Negative' to 'Neutral'. However, rating of bonds was reaffirmed as CAA1. In the same vein, Pakistan's Current Account deficit clocked in at US$2.9bn i.e. 1.2% of GDP, 17%YoY higher than the preceding year mainly due to rising imports, but manageable nonetheless.

Improvement on the external account front paved the way for a stronger PKR that appreciated by 0.16% vs. the US$ during the year, with 6.8% appreciation witnessed during 3QFY14 alone. This arose on the back of US$1.5bn assistance provided by Saudi Arabia, release of US$2.2bn in four equal tranches by IMF from its US$6.8bn support program approved in September 2013, proceeds of US$2bn from the sale of sovereign Eurobonds issued at the beginning of April and US$1.1bn from the auction of 3G & 4G licenses. That said, nascent pressure points have emerged where the ongoing political impasse has led to delays in release of IMF tranches and the proposed OGDC offering. These developments need monitoring since Pakistan's economy is still in recovery mode.

Exch Rate Trend US$/PkR



Inflation Trend



CPI inflation clocked in at 8.6%YoY in FY14 compared to 7.4% in the same period last year. Inflation largely remained stable during the year barring few seasonal cost pressures in 1HFY14 including food supply disruptions and hike in electricity prices. The State Bank of Pakistan has so far prudently decided to maintain the Discount Rate at 10%. Monetary easing appears to be on the cards across the 2HFY14 but risks stem from sustainability of the reforms process.

On another positive note, FY14 GDP growth clocked in at 4.1% vs. 3.6% growth recorded in the preceding year with the manufacturing sector providing the much needed push. In this regard, private sector credit offtake during FY14 increased by 11%YoY with major chunk of fresh lending going to Food & Beverages, Textile, Energy and Agriculture Sectors. Consequently LSM registered a growth of 3.95%YoY for FY14 indicating improvement in the business environment of the country and confidence by the investors in the future. This was aided by the government's continued focus on energy reforms which is providing impetus to the manufacturing sector. Again however, sustainability of this uptick is dependent on a resolution to circular debt amidst continuing energy sector reforms.

STOCK MARKET REVIEW

The market maintained an upward trajectory in FY14 with the KSE-100 Index delivering another strong return of 41% after the 52% return witnessed in FY13. Last year's market performance was a result of re-rating on the back of positive economic developments and continued foreign flows in the bourses amidst a doubling of Pakistan's weight in the MSCI Frontier Market Index. At the same time, corporate profitability remained robust with key sectors E&P and Automobiles posting 36.14%YoY profit growth and 31%YoY growth, respectively, in 2014.

FY14 saw KSE-All Share volumes declined by 3.1%YoY to average 215mn shares/day while the average traded value increased by 14.8%Y0Y to PKR8.7bn. This contrast was due to investor focus shifting towards large cap stocks as blue chips led the rally. Taking a look at monthly index change shows that the index closed positive in eight months during FY14, with the highest monthly index change of 11% witnessed in the month of July. While giving some relief over the Capital Gains Tax rate (12.5% instead of scheduled 17.5%), the Government made up for this concession by increasing the duration of CGT upto 2 years, while also imposing a 5% tax on bonus share in Federal Budget FY15.

In a bid to provide buffer to the country's foreign exchange reserves, the Government of Pakistan shortlisted a total of 31 entities for the purpose of privatization. During the year under review, the Government successfully managed to conclude secondary public offerings of PPL and UBL, while OGDC's stake is likely to be offloaded through a mixture of GDRs and secondary public offering by the end of 1HFY15. HBL and ABL are among entities lined up for a near term transaction.

A total of three IPOs took place during FY14, all of which witnessed major crowd participation and were massively oversubscribed by the masses. Companies making fortunes as a result of the IPO fever included Avanceon, Hascol and Engro Fertilizers.

SECTORS

Banks: The banking industry in FY14 took full advantage of the opportunity presented by the Government to grow at an outstanding pace by investing in PIBs which now account for close to 30% of the sector's investment portfolio as compared to the previous 10yr average of 13%. Questions over banks' ability to maintain their margins due to minimum rate on deposit linked with Repo rate were countered by record highest participation in PIBs particularly in 2HFY14, with Banks accounting for 67.3% (PKR 2.17trn) in FY14 thus locking in a much higher rate. This, coupled with improving asset quality and a pickup in private sector credit, enabled the banking sector to counter the impact of tighter regulations on interest margins to post robust profits.

Oil & Gas: Oil sector fortunes fluctuated with the increased global geopolitical tensions during the year. Arab Light oil prices reached their highest levels (US$112/bbl) since Sep'13 during the last week of Jun'14 due to tension in the Middle East, however price have retreated back to settle at US$108/bbl in the first week of Jul'14. The price increase has been subdued, if compared to a similar crisis in 2011, mainly due to the rising production from the US which has decreased its reliance on crude imports. On the domestic front, FY14 petroleum product sales increased by 10%YoY to a record 21.4mn tons, with volumes aided by a one-off circular debt payment in late FY13.

Textiles: Textile exports surged to US$13.74bn during FY14 compared to US$13.05bn in the preceding year, with the increase partly attributable to the commencement of GSP Plus status granted to Pakistan by the European Union (EU). In this regard, textile exports to the EU registered an increase of 18%YoY to more than US$5bn for the first time.

Cement: The cement industry in FY14 remained in the spotlight on the back of a high PSDP allocation in the FY15 Budget amidst moves towards expansion. The cement sector has gained 62.5% since last year's general elections, outperforming the overall market by more than 23%. Price of cement has been on the rise since July'13 due to major projects announced and strong local demand. Furthermore, profitability was augmented by the continued decline in the international coal prices.

Fertilizers: The fertilizer sector saw drastic changes where in January'14, GIDC rates on feedstock increased from PKR197/mmbtu to PKR300/mmbtu alongside a similar increase in GIDC rates for fuel stock. This matter has been brought to the courts where the Supreme Court has struck off GIDC since its inception. Although a positive, it remains to be seen whether the GOP re-imposes GIDC through a different manner. From a medium term perspective, the fertilizer industry continues to be plagued by gas shortages.

Telecoms: The Telecommunication sector of Pakistan witnessed some positive changes, punctuated by the 3G and 4G auction. Almost all cellular companies participated, opening a new era for the sector. Going forward, telecom sector profitability also depends on tapping into the broadband potential. Among the negatives is the recent breakup of the ICH mechanism (subject to appeals).

Electricity: During FY14, IPPs continued to face liquidity issues as the power purchaser failed to make timely payments. After a considerable decline in receivables as a result of circular debt clearance in Jun'13, power company receivables have piled up again. Medium-term dynamics of the electricity space involve coal conversion/setting up of new coal-based plants but require active regulatory support.

MONEY MARKET REVIEW

CPI Inflation was recorded at 7.4%, witnessing a decline of 0.8%. Additionally, keeping in view increasing pressure on foreign reserves due to IMF tranche delay and expectations of inflation uptick in coming months due to floods, SBP decided to maintain the discount rate at 10% . SBP raised the discount rate in November by 50bps citing the need to contain rising inflationary pressures and generate growth in domestic savings. However it is the need of the economy to cut the interest rate but pre-conditions set by the IMF to continue with the extended fund facility make it difficult for the SBP to cut the discount rate.

During FY14 SBP auctioned T-Bills and PIBs of various maturities. In total 26 T-Bills auctions were conducted during the year where the government managed to raise PKR 6.642trn, with the majority of the amount being raised in 2QFY14. The SBP conducted 12 PIBs auction in FY 14 and raised 2.083 trillion. The current year saw a rise in PIBs yields with the latest 3-year paper being auctioned at 12.59%, 5-year 12.99% and 10-year paper at 13.45%.

MUTUAL FUND INDUSTRY

The open end mutual fund industry closed at PKR386 billion during the year and experienced a 16.60%YoY growth. Money market funds on the other hand remained the dominant asset class closing at PKR114 billion for the year. In the year under review asset under management (AUM) of equity category witnessed the highest growth. AUM of equity funds grew by 43.5% during the year closing at PKR89 billion, exceeding income funds which closed the year at PKR65 billion, an increase of 18%YoY. Key reasons highlighting the change include the decline in baseline yields on the fixed income instruments, making both income and money market funds less attractive compared to equity funds.

FUNDS PERFORMANCE

AKD OPPORTUNITY FUND (AKDOF):

For the year ended June 30, 2014, AKDOF Posted a return of 48.24% vs. the KSE-100 Index return of 41.16%, a significant out performance of 7.08% against its benchmark. AKDOF posted a profit of PKR 305.138mn against a profit of 284.911mn in the same period last year.

AKD INDEX TRACKER FUND (AKDITF):

For the year ended June 30, 2014, AKDITF posted a return of 36.40% vs. KSE-100 Index of 41.16%. AKDITF posted a profit of PKR 11.044mn against a profit of PKR 50.720mn in the same period last year.

AKD CASH FUND (AKDCF):

For the year ended June 30, 2014, AKDCF posted a return of 8.77% vs. benchmark return of 8.44%, outperforming the benchmark by 0.33%. AKDCF posted a profit of PKR 41.336mn against a profit of PKR 23.513mn in the same period last year.

AKD AGGRESSIVE INCOME FUND (AKDAIF):

For the year ended June 30, 2014, AKDAIF posted a return of 5.41% vs. benchmark return of 10.16%, underperforming the benchmark by 4.75%. AKDAIF posted a profit of PKR 24.377mn against a profit of PKR 28.681mn in the same period last year.

STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK

(a) The financial statements, prepared by the Management Company of the Funds, present fairly the state of affairs of the Fund, the result of its operations, cash flows and movement in unit holders' funds.

(b) Proper books of account of the Funds have been maintained.

(c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgments.

(d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained;

(e) The system of internal control is sound in design and has effectively implemented and monitored.

(f) There are no doubts upon the Fund's ability to continue as a going concern.

(g) There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.

(h) Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.

(i) Meeting of the Board of Directors of the Management Company are held at least once in every quarter. During the year seven meetings were held. Attendance of Directors in these meeting is as follows:

No.	Name of Director	Number of Meetings		
		Held	Attended	Leave Granted
1	**Mr. Abdul Karim Memon**	7	7	0
2	**Mr. Imran Motiwala**	7	7	0
3	**Mr. Nadeem Saulat Siddiqui**	7	7	0
4	**Mr. Ali Wahab Siddiqui**	7	7	0
5	**Mr. Ahmed Abdul Sattar****	6	6	0
6	**Mr. M. Ramzan Sheikh**	7	0	7
7	**Mr. Aurangzeb Ali Naqvi***	4	4	0
8	**Mr. Hasan Ahmed****	3	3	0

* Mr. Aurangzeb Ali Naqvi tendered his resignation on December 30, 2013

** Mr. Ahmed Abdul Sattar and Mr. Hasan Ahmed appointed on August 6, 2013 and December 31, 2013 respectively.

(j) There have been no trades in the units of the Funds carried out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children of the Management Company other than as disclosed below and in the note to the financial statements:

S.No	Trades by	Designation	Investment (No. of units)	Redemption (No. of units)
AKD Opportunity Fund				
1.	Mr. Nadeem Saulat Siddiqui	Executive Director	-	11,391

RATING OF THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency Ltd. (PACRA) has assigned asset manager rating of 'AM3' (AM Three) to AKD Investment Management Limited (AKDIML) on September 26, 2014.

RATING OF FUNDS

AKD OPPORTUNITY FUND

The Pakistan Credit Rating Agency Ltd. (PACRA) has assigned 5-STAR ranking in long term and 4-STAR ranking in short term star ranking to AKD Opportunity Fund (AKDOF) based on performance review for the period ended December 31, 2013 (trailing 12 months for normal star ranking and trailing 36 months for long term star ranking) on April 8, 2014.

AKD CASH FUND

JCR-VIS Credit Rating Company Limited has reaffirmed the Fund Stability Rating (FSR) of AKD Cash Fund (AKDCF) at 'AA+(f)' (Double A Plus(f)) on September 26, 2014.

AKD AGGRESSIVE INCOME FUND

JCR-VIS Credit Rating Company Limited has reaffirmed the Fund Stability Rating (FSR) of AKD Aggressive Income Fund (AKDAIF) at 'BBB(f)' (Triple B(f)) on September 26, 2014.

PATTERN OF UNIT HOLDING

The detailed pattern of unit holding as required by the Companies Ordinance, 1984 and the Code of Corporate Governance is enclosed.

APPOINTMENT OF AUDITORS

The Board re-appointed M/s KPMG Taseer Hadi & Co., Chartered Accountants as the statutory auditors for AKD Opportunity Fund (AKDOF) and AKD Index Tracker Fund (AKDITF) for the year 2014-2015 as recommended by the audit committee.

The Board re-appointed M/s M. Yousuf Adil Saleem & Co., Chartered Accountants as the statutory auditor for AKD Aggressive Income Fund (AKDAIF) and AKD Cash Fund (AKDCF) for the year 2014-2015 as recommended by the audit committee.

The Board re-appointed M/s Anjum Asim Shahid Rahman, Chartered Accountants as statutory auditors of AKD Investment Management Limited for the year 2014-2015 as recommended by the audit committee.

ACKNOWLEDGEMENTS

The Directors would like to take this opportunity to thank the Securities and Exchange Commission of Pakistan, the Ministry of Finance, the State Bank of Pakistan and the Management of the Stock Exchange for their support to the Mutual Fund Community as a whole and our trustee M/s Central Depository Company of Pakistan Limited for their cooperation and support to us. The Board also appreciates the devoted performance of the staff and officers of the Management Company. The Board will also like to thank unit holders for their confidence in the funds and their continued support and guidance.

For and on behalf of the Board

Imran Motiwala
Chief Executive Officer

Karachi: September 27, 2014

Contents

AKD Opportunity Fund

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
Habib Metropolitan Bank Limited
KASB Bank Limited
Summit 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,
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
The Bank of Punjab
Accesss Financial Services (Private) Limited
Al-Falah Securities (Private) Limited
Foundation Securities (Private) Limited
Reliance Financial Products (Private) Limited
Bulls & Bulls (Private) Limited

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 type:

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.

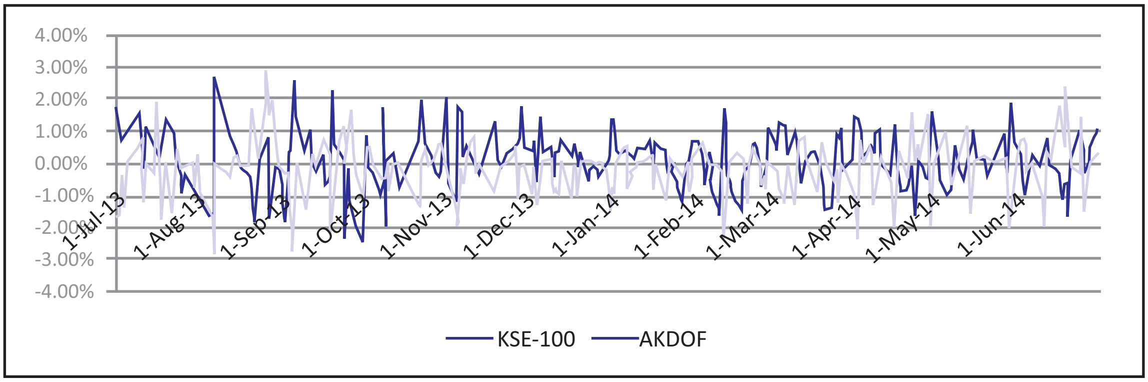
iii) Explanation as to whether Collective Investment Scheme achieved its stated objective:

For the FY14, the return of the AKD Opportunity Fund stood at a 48.24% versus the benchmark KSE 100 index return of 41.16%, thus outperforming the benchmark by 7.08%.

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-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
AKD Opportunity Fund	14.21%	-8.36%	-0.14%	-0.25%	6.37%	9.69%	12.06%	-0.64%	4.44%	3.66%	2.63%	-2.09%
Benchmark	10.98%	-4.94%	-1.48%	4.32%	6.70%	3.95%	6.03%	-3.74%	5.34%	6.45%	2.85%	-0.29%

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 requirement.

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 June 2014	30 June 2013
Equities	93.49%	94.23%
Cash	1.10%	5.34%
Other Assets	0.43%	0.43%
TFC's	4.98%	Nil

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

FY14 Return	48.24%
Benchmark	41.16%

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

Net Asset Value			NAV per Unit	
30 June 2014	30 June 2013	Change	**30 June 2014**	30 June 2013
(Rupees in '000)			**(Rupees)**	
799,068	675,980	18.18%	**54.94**	60.97

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 State Bank of Pakistan continued its monetary tightening stance by increasing the discount rate with the last rise of 50bps in Nov'13 to 10.00%, since then the discount rate has been sustained at this level on the back of stable macro-economic conditions underpinned by 7.4% CPI in August'14. However, economic growth has been under pressure owing to interest rates on the higher side and increased reliance of Government to borrow from banks. Hence, GDP has witnessed the growth of 4.1% than the forecast of 4.30%, significantly lower than our neighboring economies. SBP acknowledged the need of discount rate cut to provide the much needed impetus to the economy, but continued energy shortages, risk of uptick in inflation due to increase in perishable items prices and higher utilities charges, making discount cut decision in the current year difficult for SBP.

On the external account front, improvement was witnessed with the foreign reserves crossing $14 billion mark in the backdrop of successful completion of 3G licenses auction, launching sovereign Eurobonds and release of part of IMF loan of $6.6 Billion in addition with the $1.5 Billion funding provided by Saudi Arabia. However, IMF tranches are dependent on Government coming true to its commitment to further increase electricity and gas tariffs along with macroeconomic stability, both will require courage and political maturity by the elected government. PKR stability is highly dependent on improved relations between US-Pak relations and resolution of the political noise.

Year on year growth in M2 has decelerated to 12.5 percent by end June 2014 the lowest rate of monetary expansion during last three years. This was mainly due to a significant reduction in government borrowings for budgetary support from the banking system. International oil prices are expected to stay within a narrow band. International Commodities are in turmoil, with oil trading at low prices within a narrow band. Globally, World Bank has predicted an economic slowdown in the developed economies. This is provides dual benefits to Pakistan as on one hand, our current account will benefit due to lower oil import bill and secondly, global investors will look to invest in markets offering higher yields.

Despite the continued political chaos putting the economic recovery in doldrums, the Government decision to go forward with the privatization of OGDCL with proceeds expected to be around $800 million shows the commitment to structural reforms. In the short term, Government will face setbacks, but continued attention on bringing the economy on track by working on the reforms will reap fruits in the future. Securities listed on the Karachi Stock Exchange have continued to show resilience as broad market valuations remain attractive. With a population of almost 200 million, most of the listed equity securities continue to show strong growth coupled with pricing power to pass on the inflationary pressures. The Karachi Stock Exchange trades at an attractive P/E of 8.44x, EPS growth of 15% ROE of 21.98% and a dividend yield of 5.57%. While the benchmark KSE-100 continues to test new highs, our investment strategy would remain to focus on stocks with earnings growth potential while trading below its intrinsic value.

MONEY MARKET REVIEW

Recent gains in confidence in the economy, backed by improvement in key indicators, need to be nurtured to ensure their sustainability .For instance, average inflation remained in single digits during FY14 and was recorded at 8.6%. Economic activity has improved and further reforms, especially in the energy sector, would help consolidate the momentum.

Indicators of current economic growth activity are looking better as well. Real GDP showed a growth of 4.1% for FY14. Furthermore, SBP auctioned T-bills and PIB's of various maturities. In total 26 T-bill auctions were conducted during the year where the government managed to raise PKR 6.642trn, with the majority of the amount being raised in 2QFY14. The SBP conducted 12 PIBs auction in FY14 and raised 2.083 trillion. The current year witnessed a rise in PIBs yields with the latest 3-year paper being auctioned at 12.59% , 5-year 12.99% and 10-year paper at 13.45%

EQUITY MARKET

KSE-100 Index posted a return of 41% in FY14 compared to 52% return realized in FY13. The outstanding market performance observed last year is owed to the re-rating on the back of positive economic developments and continued foreign flows in the bourses amidst a doubling of Pakistan's weight in the MSCI Frontier Market Index. The high corporate profitability led to growth in key sectors such as E&P and Automobiles with a 36.14%YoY and 31%YoY profitability growth, respectively, in 2014.

Due to increased investors' interest in large cap stocks in FY14, the average traded volume increased by 14.8%YoY to PKR 8.7bn where as KSE-All Shares volume declined by 3.1%YoY to average 215mn shares/day. Observing monthly index changes, KSE-100 Index closed positive in eight months during FY14, with the highest monthly index change of 11% in the month of July. Another positive development in the market was witnessed when the FY15 Federal Budget provided some relief over the Capital Gains Tax rate (12.5% instead of the scheduled 17.5%). The Government, however, increased the duration of CGT up to 2 years for the concession in CGT.

Other key market developments include, the Government successfully kick-starting the dormant Privatization program after a tenure of seven years with secondary public offerings of UBL and PPL taking place. More offerings are to follow in FY15 with transactions for OGDC, HBL and ABL expected to materialize.

FUTURE OUTLOOK

The Government's commitment towards eradicating terrorism is underpinned by the ongoing full scale military operation in Northern Waziristan. We believe this action will boost foreign investor's confidence going forward. Furthermore, change in Pakistan's outlook by rating agency Moody's from negative to stable has been a cherry on top. The current fiscal year saw KSE-100 index touching an all time high of 30,474.75 points, and now trades at a P/E of 8.44 times and an expected dividend yield of 5.57%. With the market trading at a 30% discount to its regional peers, we believe it has a substantial amount of potential waiting to be unleashed.

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 the Fund manager's report, not otherwise disclosed in the financial statements.

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

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

There was no unit split during the year.

xiii) Break down of unit holdings by size:

Range (Units)	No. of Investors
0.1 - 9,999	333
10,000 - 49,999	69
50,000 - 99,999	21
100,000 - 499,999	19
500,000 and above	6
	448

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 brokers or dealers by virtue of transactions conducted by the Collective Investment Scheme.

DETAILS OF PATTERN OF HOLDING (UNITS)

As At June 30, 2014

Particulars	Unit Holders	Unit Held	Percentage
Individuals	420	5,858,900	40.28%
Banks/DFIS	1	911,504	6.27%
Retirement Funds	24	5,928,911	40.77%
Others	3	1,844,330	12.68%
Total	**448**	**14,543,645**	**100.00%**

TRUSTEE REPORT TO THE UNIT HOLDERS

AKD OPPORTUNITY FUND

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V 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 year ended June 30, 2014 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 Operating Officer
Central Depository Company of Pakistan Limited

Karachi: October 15, 2014

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance ("the Code") contained in Regulation No. 35 of listing regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed entity is managed in compliance with the best practices of corporate governance.

AKD Investment Management Limited (Management Company) which manages the affairs of the Fund has applied the principles contained in the Code in the following manner:

1. The Management Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors (the Board). At present the Board includes:

Category	Names
Independent Directors	Mr. M. Ramzan Sheikh Mr. Ali Wahab Siddiqui* Mr. Hasan Ahmed*
Executive Directors	Mr. Imran Motiwala - Chief Executive Officer Mr. Nadeem Saulat Siddiqui
Non Executive Directors	Mr. Ahmed Abdul Sattar* Mr. Abdul Karim Memon*

*Approval from SECP awaited

The independent directors meet the criteria of independence under clause i (b) of the Code of Corporate Governance.

2. The directors of the Management Company have confirmed that none of them is serving as a director on more than seven listed companies, including this Management Company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the Management Company are registered taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. A casual vacancy occurring on the Board on December 30, 2013 was filled up by the directors within the statutory period of 90 days. Applications have been filed with the Securities and Exchange Commission of Pakistan for the approval of the appointments of four directors of the Management Company under the Fit and Proper Criteria specified under the NBFC Regulation 2008. However the approval of the SECP is still awaited.

5. The Management Company has prepared a "Code of Conduct" and has ensured that appropriate steps have taken place to disseminate it throughout the Management Company along with its supporting policies and procedures.

6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions including the appointment and determination of the remuneration and terms and conditions of the employment of the Chief Executive Officer, other executive and non-executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Directors are conversant with the relevant laws applicable to the Company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities. However, during the year no training programs were arranged for any of the Directors of the Management Company.

10. No new appointment of CFO and Company Secretary has been made during the year. However the Board has approved appointment of Head of Internal Audit during the year including the remuneration and terms and conditions of employment.

11. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The Financial Statements of the Fund were duly endorsed by CEO and CFO before approval of the Board.

13. The Directors, Chief Executive Officer and Executives do not hold any interest in the units of the fund other than that disclosed in the pattern of unit holding.

14. The Management Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an Audit Committee. It comprises three members, of whom all are non-executive directors and Chairman of the Committee is an independent director.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Fund as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed a Human Resource and Remuneration Committee. The Committee comprises of three members, of whom two are non-executive directors including the Chairman.

18. The Board has set up an effective Internal Audit function managed by qualified and experienced professionals who are conversant with the policies and procedures of the Company and Industry best practices. They are involved in the Internal Audit function on a full time basis. The Head of Internal Audit department functionally reports to the Audit Committee.

19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The "closed period", prior to the announcement of interim / final results, and business decisions, which may materially affect the unit price of Fund, was determined and intimated to directors, employees and stock exchange.

22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.

23. We confirm that all other material principles enshrined in the CCG have been complied with, except that the Board put in place an annual evaluation mechanism of its own evaluation, which was approved by the Board in its meeting held on September 27, 2014.

For and on behalf of the Board

Imran Motiwala
Chief Executive Officer

Karachi: September 27, 2014

REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of the Management Company of **AKD Opportunity Fund** ("the Fund") for the year ended 30 June 2014 to comply with the listing regulation No. 35 of Karachi Stock Exchange, where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code of Corporate Governance and report if it does not and to highlight any non compliance with the requirements of the Code. A review is limited primarily to inquiries of the Fund personnel and review of various documents prepared by the Fund to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Fund's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevailed in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Fund's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance for the year ended 30 June 2014.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph references where these are stated in the Statement of Compliance:

Paragraph Reference	Description
9	No training programs were arranged for any of the directors of the Company during the year.
23	The mechanism for annual evaluation of the Board's performance as per the requirements of the Code of Corporate Governance was approved by the Board on September 27, 2014.

Furthermore, we draw attention to paragraph 4 of the Statement regarding the approval of directors, which is currently pending with the Securities and Exchange Commission of Pakistan.

Karachi: September 27, 2014

KPMG Taseer Hadi & Co.
Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

Report on the Financial Statements

We have audited the accompanying financial statements of **AKD Opportunity Fund** ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2014 and the related income statement, statement of comprehensive income, distribution statement, statement of movement in Unit Holders' fund, cash flow statement, for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with approved accounting standards as applicable in Pakistan, and for such internal control as the management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2014 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

KPMG Taseer Hadi & Co.
Chartered Accountants
Amyn Pirani

Karachi: September 27, 2014

STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2014

	Note	2014	2013
		(Rupees in '000)	
ASSETS			
Bank balances	4	**12,488**	37,694
Investments	5	**985,670**	665,709
Receivable against sale of investment		**-**	3
Dividend and profit receivables	6	**181**	473
Security deposits and other receivables	7	**2,600**	2,600
Total Assets		**1,000,939**	706,479
LIABILITIES			
Remuneration payable to the Management Company	8	**1,674**	1,142
Remuneration payable to the Trustee	9	**160**	112
Annual fee payable to the Securities and Exchange Commission of Pakistan	10	**854**	422
Payable against purchase of investments		**-**	3,484
Amount payable on redemption of units (subsequently paid)		**177,095**	12,461
Accrued expenses and other liabilities	11	**4,334**	1,351
Provision for Workers' Welfare Fund	12	**17,743**	11,516
Unclaimed dividend		**11**	11
Total Liabilities		**201,871**	30,499
Contingencies and Commitments	13		
Net Assets		**799,068**	675,980
Unit holders' fund (as per statement attached)		**799,068**	675,980
		(Number of Units)	
Number of units in issue	14	**14,543,645**	11,087,450
		(Rupees)	
Net assets value per unit (face value per unit Rs. 50/-)		**54.94**	60.97

The annexed notes from 1 to 23 form an integral part of these financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Ahmed Abdul Sattar
Director

INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013
		(Rupees in '000)	
Income			
Gain on sale of 'held for trading investments' - net		**209,488**	111,731
Dividend income from held for trading investments		**30,500**	23,887
Profit on:			
- bank balances		**2,765**	797
- investments in held for trading debt securities		**54**	-
Unrealised appreciation in the fair value of investments 'at fair value through profit or loss - held for trading' - net		**131,496**	126,288
		374,303	262,703
Expenses			
Remuneration to the Management Company	8	**17,971**	8,875
Remuneration to the Trustee	9	**1,787**	886
Annual fee to the Securities & Exchange Commission of Pakistan	10	**854**	422
Securities transaction cost		**3,835**	1,888
Bank charges		**27**	15
Auditors' remuneration	15	**280**	266
Other expenses	16	**7,028**	2,149
		31,782	14,501
Net income from operating activities		**342,521**	248,202
Element of (loss) / income and capital (losses) / gains included in prices of units sold less those in units redeemed - net		**(31,156)**	42,524
Provision for Workers' Welfare Fund	12	**(6,227)**	(5,815)
Net income for the year before taxation		**305,138**	284,911
Taxation	17	-	-
Net income for the year after taxation		**305,138**	284,911

The annexed notes from 1 to 23 form an integral part of these financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Ahmed Abdul Sattar
Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
	(Rupees in '000)	
Net income for the year	**305,138**	284,911
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**305,138**	284,911

The annexed notes from 1 to 23 form an integral part of these financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Ahmed Abdul Sattar
Director

DISTRIBUTION STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
	(Rupees in '000)	
Surplus / (deficit) at beginning of the year		
Represented by:		
- Realised loss	**(70,398)**	(154,577)
- Unrealised gain / (loss)	**108,530**	(39,982)
	38,132	(194,559)
Net income for the year	**305,138**	284,911
Distribution:		
Final distribution: bonus units issued for the year ended 30 June 2013 at the rate of Rs.13.5 per unit distributed on 08 July 2013 (2013 : Bonus units issued for the year ended 30 June 2012 at the rate of Rs.6.5 per unit distributed on 09 July 2012)	**(149,681)**	(52,220)
Interim distribution: bonus units issued for the year ended 30 June 2014 at the rate of Rs. 15 per unit distributed on 26 June 2014	**(196,428)**	-
	(40,971)	232,691
(Deficit) / surplus at end of the year	**(2,839)**	38,132
Represented by:		
- Realised loss	**(174,595)**	(70,398)
- Unrealised gain	**171,756**	108,530
	(2,839)	38,132

The annexed notes from 1 to 23 form an integral part of these financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Ahmed Abdul Sattar
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	**305,138**	284,911
Adjustments for non cash items:		
Unrealised appreciation in the fair value of investments 'at fair value through profit or loss - held for trading' - net	**(131,496)**	(126,288)
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed - net	**31,156**	(42,524)
	204,798	116,099
(Increase) / decrease in assets		
Investments	**(188,465)**	(203,932)
Receivable against sale of investment	**3**	(3)
Dividend and profit receivables	**292**	120
Security deposits and other receivables	**-**	1,428
	(188,170)	(202,387)
Increase / (decrease) in liabilities		
Remuneration payable to the Management Company	**532**	606
Remuneration payable to the Trustee	**48**	57
Annual fee payable to the Securities and Exchange Commission of Pakistan	**432**	57
Payable against purchase of investments	**(3,484)**	3,484
Payable on redemption of units	**164,634**	12,461
Accrued expenses and other liabilities	**2,983**	937
Provision for Workers' Welfare Fund	**6,227**	5,815
	171,372	23,417
Net cash generated from / (used in) operating activities	**187,999**	(62,871)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received on issue of units	**642,426**	291,160
Cash paid on redemption of units	**(855,632)**	(193,151)
Net cash (used in) / generated from financing activities	**(213,206)**	98,009
Net (decrease) / increase in cash and cash equivalents during the year	**(25,206)**	35,138
Cash and cash equivalents at beginning of the year	**37,694**	2,556
Cash and cash equivalents at end of the year	**12,488**	37,694

The annexed notes from 1 to 23 form an integral part of these financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Ahmed Abdul Sattar
Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
	(Rupees in '000)	
Net assets at beginning of the year	**675,980**	335,584
Amount received on issue of 17,437,518 (2013: 7,310,316) units*	**642,426**	291,160
Amount paid on redemption of 13,981,323 (2013: 4,256,675) units	**(855,632)**	(193,151)
	(213,206)	98,009
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed - net	**31,156**	(42,524)
Total comprehensive income for the year	**305,138**	284,911
Net assets at end of the year	**799,068**	675,980
	--------- (Rupees) ----------	
Ex-distribution net asset value per unit at the beginning of the year	**47.47**	35.27
Net asset value per unit as at the end of the year (face value per unit Rs. 50/-)	**54.94**	60.97

* This includes 6,829,246 (2013: 1,480,516) units as bonus units issued during the year.

The annexed notes from 1 to 23 form an integral part of these financial statements.

For AKD Investment Management Limited
(Management Company)

Imran Motiwala
Chief Executive Officer

Ahmed Abdul Sattar
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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 Karachi 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 Agency Ltd. (PACRA) has assigned an asset manager rating of 'AM3' to the management company and performance ranking of ‘5-Star’ (Long-term) and ‘4-Star’ (Short-term) to the Fund on 26 September 2014 and 8 April 2014 respectively.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that investments are measured at fair values.

2.3 Functional and presentation currency

These financial statements are 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 thousand rupees.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment are as follows:

- Classification and fair valuation of investments (note 3.1 and 19)
- Taxation (note 3.5 and note 17)
- Workers Welfare Fund liability (note 12)
- Impairment of other assets (note 3.14)

2.5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014:

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation is not likely to have an impact on Fund's financial statements.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendments are not likely to have an impact on Fund's financial statements.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments are not likely to have an impact on Fund's financial statements.

- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria. The amendments are not likely to have an impact on Fund's financial statements.

- Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria. The amendments are not likely to have an impact on Fund's financial statements.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Fund's financial statements.

- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements.

- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016.

- IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or join ventures), associates and/or unconsolidated structured entities, into one place.

- IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a Fund can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

- Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

    - IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

    - IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

    - IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

    - Amendments to IAS 16'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

    - IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

    - IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all the periods presented in these financial statements:

3.1 Investments

3.1.1 All investments are initially recorded at cost, being the fair value of the consideration given including the transaction cost associated with the investment, except in case of held for trading investments, in which case the transaction costs are charged off to the income statement.

3.1.2 The Fund classifies its investments in the following categories:

Financial asset at fair value through profit or loss

This category has two sub-categories, namely; financial instruments held for trading, and those designated at fair value through profit or loss upon initial recognition.

Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading.

Investments designated at fair value through profit or loss upon initial recognition include those group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with the documented risk management / investment strategy.

After initial recognition, the investments in listed equity instruments are remeasured at fair value determined with reference to Stock Exchange quoted market prices at the close of year end. Gains or losses on investments or remeasurement of these investments are recognized in income statement.

3.1.3 Trade date accounting

All regular way of purchases and sales of investments are recognised on the trade date i.e. the date the Fund commits to purchase / sell the investments.

3.2 Cash and cash equivalents

Cash and cash equivalent comprise of bank balances including term deposits with banks which have maturities of less than three months from the date of deposit.

3.3 Issue and redemption of units

Units are allocated at the offer price prevalent on the day on which applications for the purchase of units are received. The offer price represents the net assets value of units at the end of the day plus the allowable sales load, if any. The sales load is payable to the Distribution Companies and the Management Company as processing fee.

Units redeemed are recorded at the redemption price prevalent on the day on which the units are redeemed. The redemption price represents the net assets value at the end of the day.

3.4 Net asset value per unit

The net assets value per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund with the number of units in issue at the year end.

3.5 Taxation

The Fund is exempt from taxation under clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its income excluding realised and unrealised capital gains for the year is distributed amongst 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.

3.6 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the income on the date at which the transaction takes place.
- Unrealised gains / (losses) arising on revaluation of investments classified as financial assets held for trading are included in the income statement for the year in the period in which they arise.
- Dividend income is recognised in the income statement for the year when the right to receive the dividend is established. For quoted equity securities this is the ex-dividend date.
- Mark up on bank deposits and debt securities are recognised on time proportionate basis at the implicit rate of return.

3.7 Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed - net

To prevent the dilution of per unit income and distribution of income already paid out on redemption, as dividend, an equalisation account called "element of income and capital gains included in prices of units sold less those in units redeemed" is created.

Element of income is recognised in the income statement for the year to the extent that it is represented by income earned during the year.

3.8 Payables and accruals

Payables and accruals are carried at cost which is the fair value of the consideration to be paid in the future for the services received, whether billed or not to the Fund.

3.9 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Fund loses control of the contractual rights that comprises that financial assets. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

Subsequent to initial recognition, all financial assets and financial liabilities are measured at fair value. The particular recognition method adopted for measurement of financial liabilities investments subsequent to initial recognition is disclosed in the individual policy statement associated with each item.

3.10 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amount and the Fund intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.11 Provisions

Provisions are recognised when the Fund has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of the amount can be made. Provision are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

3.12 Impairment of Financial assets

A financial asset (other than held for trading investment) is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the income statement for the year.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated cash flows discounted at the original effective interest rate.

3.13 Dividend distributions and appropriations

Dividend distributions (including the bonus units) are recorded in the period in which the distributions are approved. 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.

3.14 Other assets

Other assets are stated at cost less impairment losses, if any.

4. BANK BALANCES

		30 June 2014	30 June 2013
		(Rupees in '000)	
Profit and loss saving accounts	*4.1*	**12,464**	37,667
Current accounts		**25**	27
		12,488	37,694

4.1 These represents profit and loss sharing accounts maintained with various banks carrying profit rates ranging from 7% to 8.5% (30 June 2013: 6% to 10.5%) per annum.

5. INVESTMENTS

		30 June 2014	30 June 2013
Investments in securities at fair value through profit or loss - held for trading			
Listed equity securities	*5.1*	**935,786**	665,709
Government securities	*5.2*	**49,884**	-
		985,670	665,709

5.1 *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 year 1 July 2013	Acquired during the year	Bonus / right shares received during the year	Disposed during the year	Holding at end of the year 30 June 2014	Cost as of the year ended 30 June 2014	Market value / Carrying Value as at 30 June 2014	Percentage in relation to total market value of investment
	---------- (Number of Share)				----------	(Rupees in '000)	---------	
Commercial Banks								
Bank Alfalah Limited	2,786,000	1,000,000	-	2,786,000	1,000,000	17,691	27,500	2.79
Askari Bank Limited	-	181,500	-	-	181,500	3,410	3,450	0.35
Faysal Bank Limited	-	45,500	-	-	45,500	530	735	0.07
National Bank of Pakistan	-	631,000	-	631,000	-	-	-	-
Samba Bank Limited	-	412,000	-	-	412,000	1,957	2,744	0.28
Summit Bank Limited	-	8,640,500	-	-	8,640,500	28,053	28,946	2.94
Bank Al Habib Limited	-	500,000	38,450	314,422	224,028	6,517	10,077	1.02
BankIslami Pakistan Limited	1,050,000	1,053,000	-	375,000	1,728,000	11,554	17,038	1.73
Habib Metropolitan Bank Limited	374,510	-	-	374,510	-	-	-	-
NIB Bank Limited	823,471	-	-	-	823,471	3,739	1,836	0.19
Habib Bank Limited	270,000	-	5,850	275,850	-	-	-	-
						73,451	92,326	
Non Life Insurance								
Askari General Insurance Company Limited	561,500	-	-	-	561,500	10,064	9,826	1.00
Adamjee Insurance Company Limited	-	285,500	-	-	285,500	13,679	13,067	1.33
TPL Direct Insurance Company	-	400,000	-	175,000	225,000	2,250	2,880	0.29
Premier Insurance Limited	223,000	50,000	-	273,000	-	-	-	-
						25,993	25,773	
Personal Goods (Textile)								
Crescent Fibres Limited	37,000	-	-	-	37,000	1,038	1,100	0.11
Ellcot Spinning Mills Limited	120,638	-	-	-	120,638	3,592	8,921	0.91
Fazal Cloth Mills Limited	500	-	100	-	600	56	93	0.01
Gul Ahmed Textile Mills Limited	66,084	-	13,216	79,300	-	-	-	-
Island Textile Mills Limited	30,200	300	-	-	30,500	5,029	26,230	2.66
Saif Textile Mills Limited	100,000	-	-	-	100,000	1,360	2,560	0.26
Samin Textiles Limited	53,500	-	-	-	53,500	440	722	0.07
Service Industries Limited	21,536	-	-	-	21,536	4,369	10,660	1.08
						15,884	50,286	
Construction and Materials								
Maple Leaf Cement Factory Limited	-	9,500	-	-	9,500	-	-	-
Balochistan Glass Limited	-	1,300,000	-	-	1,300,000	9,076	8,450	0.86
Buxly Paints Limited	-	6,500	-	-	6,500	188	244	0.02
D.G. Khan Cement Company Limited	-	1,027,000	-	1,027,000	-	-	-	-
Dewan Cement Limited	1,752,500	6,156,000	-	414,500	7,494,000	49,489	54,856	5.57
Lafarge Pakistan Cement Limited	100,000	4,218,500	-	1,318,500	3,000,000	36,786	47,940	4.86
Akzo Nobel Pakistan Limited	-	47,000	-	-	47,000	4,087	7,941	0.81
						99,626	119,431	

Sectors / companies (Ordinary shares have a face value of Rs 10 each unless stated otherwise)	Holding at beginning of the year 1 July 2013	Acquired during the year	Bonus / right shares received during the year	Disposed during the year	Holding at end of the year 30 June 2014	Cost as of the year ended 30 June 2014	Market value / Carrying Value as at 30 June 2014	Percentage in relation to total market value of investment
	(Number of Share)					(Rupees in '000)		
Oil and Gas								
Attock Refinery Limited	-	389,400	-	350,000	39,400	9,364	8,364	0.85
National Refinery Limited	45,600	-	-	-	45,600	10,455	9,821	1.00
Mari Petroleum Company Limited	-	151,900	-	151,900	-	-	-	-
Oil & Gas Development Company Limited	-	232,000	-	232,000	-	-	-	-
Shell Pakistan Limited	-	117,200	-	117,200	-	-	-	-
Pakistan State Oil Company Limited	64,640	176,300	-	240,940	-	-	-	-
						19,819	18,185	
Multiutilities (Gas and Water)								
Sui Northern Gas Pipelines Limited	684,000	2,986,000	-	637,000	3,033,000	68,339	68,697	6.97
Sui Southern Gas Company Limited	1,698,595	5,147,405	-	4,102,000	2,744,000	74,024	100,595	10.21
						142,363	169,292	
Electricity								
Kohinoor Energy Limited	627,750	-	-	627,750	-	-	-	-
						-	-	
Industrial Metals and Mining								
Huffaz Seamless Pipe Industries Limited	276,675	21,000	-	-	297,675	8,335	6,058	0.61
Crescent Steel and Allied Products Limited	358,000	-	-	358,000	-	-	-	-
International Industries Limited	236,000	92,000	-	51,000	277,000	12,023	13,695	1.39
International Steels Limited	100,000	-	-	100,000	-	-	-	-
						20,358	19,753	
Industrial Transportation								
Pakistan International Bulk Terminal Limited	35,000	-	-	35,000	-	-	-	-
Pakistan National Shipping Corporation Limited	136,970	-	-	136,970	-	9,564	9,629	0.98
						9,564	9,629	
Fixed Line Telecommunication								
Pak Datacom Limited	304,227	-	-	-	304,227	22,968	23,273	2.36
Pakistan Telecommunication Company Limited	1,990,500	100,000	-	2,090,500	-	-	-	-
Telecard Limited	1,000,000	1,000,000	-	-	2,000,000	11,200	8,240	0.84
Wateen Telecom Limited	3,250,000	-	-	3,250,000	-	-	-	-
						34,168	31,513	
Chemicals								
Fatima Fertilizer Company Limited	112,000	338,000	-	450,000	-	-	-	-
Engro Corporation Limited	421,500	200,000	-	521,500	100,000	18,600	17,851	1.81
Engro Polymer & Chemicals Limited	-	556,500	-	75,000	481,500	7,849	6,515	0.66
Lotte Chemical Pakistan Limited	1,024,500	476,500	-	1,501,000	-	-	-	-
Nimir Industrial Chemical Limited	-	50,250	-	48,126	2,124	14	53	0.01
Biafo Industries Limited	-	474,900	-	225,000	249,900	24,990	32,737	3.32
Engro Fertilizer Limited	-	1,980,500	-	1,817,000	163,500	9,810	9,344	0.95
Arif Habib Corporation Limited	150,000	-	-	-	150,000	3,483	4,176	0.42
Archroma Pakistan Limited	138,600	19,000	-	107,600	50,000	14,808	16,453	1.67
						79,554	87,129	

Sectors / companies (Ordinary shares have a face value of Rs 10 each unless stated otherwise)	Holding at beginning of the year 1 July 2013	Acquired during the year	Bonus / right shares received during the year	Disposed during the year	Holding at end of the year 30 June 2014	Cost as of the year ended 30 June 2014	Market value / Carrying Value as at 30 June 2014	Percentage in relation to total market value of investment
	(Number of Share)					(Rupees in '000)		
General Industrials								
MACPAC Films Limited	-	337,500	-	28,000	309,500	6,042	5,237	0.53
Thal Limited (Face value of Rs. 5 each)	335,905	310,100	-	335,905	310,100	55,143	64,312	6.52
Merit Packaging Limited	167,500	1,572,750	-	-	1,740,250	23,533	32,821	3.33
Merit Packaging Limited (LOR)	-	1,256,250	-	1,256,250	-	-	-	-
Siemens (Pakistan) Engineering Company Limited	-	4,700	-	4,700	-	-	-	-
						84,718	102,370	
Pharma and Bio Tech								
Otsuka Pakistan Limited	168,871	-	16,887	-	185,758	12,645	11,519	1.17
Searle Pakistan	-	44,800	-	44,800	-	-	-	-
Wyeth Pakistan Limited	11	-	-	11	-	-	-	-
						12,645	11,519	
Media								
Hum Network Limited	-	80,000	-	-	80,000	8,946	8,500	0.86
Support Services								
TRG Pakistan Limited (5.1.1)	5,831,124	1,849,500	-	444,000	7,236,624	48,840	101,530	10.30
Beverages								
Murree Brewery Company Limited	-	8,300	-	8,300	-	-	-	-
Food Producers								
National Foods Limited	-	10,400	-	10,400	-	-	-	-
Noon Sugar Mills Limited	144,870	258,500	-	-	403,370	10,790	9,681	0.98
Quice Food Industries Limited	-	642,000	-	295,000	347,000	2,582	2,779	0.28
Shakarganj Mills Limited	256,000	1,093,500	-	-	1,349,500	24,854	22,834	2.32
						38,226	35,294	
Technology Hardware and Equipment								
TPL Trakker Limited	5,190,958	498,000	-	1,315,500	4,373,458	35,317	36,256	3.68
Automobile and Parts								
General Tyre and Rubber Company of Pakistan Limited	43,500	-	-	43,500	-	-	-	-
Foresty (Paper & Board)								
Century Paper & Board Mills Limited	-	200,000	15,000	-	215,000	9,950	11,460	1.16
Health Care Equipments And Services								
Shifa International Hospitals Limited	-	19,000	-	-	19,000	2,400	2,747	0.28
Electronic and Electrical Goods								
Pakistan Cables Limited	-	28,000	-	-	28,000	2,208	2,793	0.27
Total as at 30 June 2014						764,030	935,786	
Total as at 30 June 2013						557,179	665,709	

5.1.1 These include 2.5 million shares having market value of Rs. 35.075 million of TRG Pakistan Limited as pledged with National Clearing Company of Pakistan Limited as on 30 June 2014.

5.2 Government Securities

Government Securities	Holding at beginning of the year 1 July 2013	Acquired during the year	Disposed during the year	Holding at end of the year 30 June 2014	Carrying value as at 30 June 2014 (before revaluation)	Market value as at 30 June 2014 (carrying value after revaluation)	Percentage in relation to total market value of investment
	(Number of bills)				(Rupees in '000)		
- Treasury Bills - 3 months (face value of Rs. 5,000 each)	-	10,000	-	10,000	49,879	49,884	5.06

These represent 3 months Treasury bills carrying effective mark-up of 9.85% p.a. These were acquired on 27 June 2014 and will mature on 10 July 2014. The face value of Treasury bills held as at 30 June 2014 amounted to Rs. 50 million. At 30 June 2014, the unamortised discount amounted to Rs. 0.121 million.

		30 June 2014	30 June 2013
6. DIVIDEND AND PROFIT RECEIVABLE		**(Rupees in '000)**	
Mark-up on bank balances	*6.1*	**181**	115
Dividend receivable		**-**	358
		181	473

6.1 Received subsequent to the year end.

7. SECURITY DEPOSITS AND OTHER RECEIVABLES		
National Clearing Company of Pakistan Limited	**2,500**	2,500
Central Depository Company of Pakistan Limited	**100**	100
	2,600	2,600

8. REMUNERATION TO THE MANAGEMENT COMPANY

The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, of an amount not exceeding three percent per annum of the average daily net assets of the Fund during first five years of the Fund's existence and thereafter an amount equal to two percent per annum of such assets of the Fund. Currently, the Management Fee is charged @ 2% of the average daily net assets of the Fund (2013: 2%). This amount was settled subsequent to the year end.

Balance at beginning of the year	**1,142**	536
Remuneration for the year	**17,971**	8,875
Paid during the year	**(17,439)**	(8,269)
Balance at end of the year	**1,674**	1,142

9. REMUNERATION TO THE TRUSTEE

The Trustee is entitled to monthly remuneration for services under the provision of Trust Deed.

Net assets up to 1 billion

Rs. 0.7 million or 0.20% per annum of the daily average net assets of the Fund, which ever is higher.

Net assets exceeding 1 billion

Rs. 2 million plus 0.1% per annum of the daily average net assets of the Fund exceeding Rs 1 billion.

		30 June 2014	30 June 2013
		(Rupees in '000)	
Balance at beginning of the year		**112**	55
Remuneration for the year		**1,787**	886
Paid during the year		**(1,739)**	(829)
Balance at end of the year		**160**	112

10. ANNUAL FEE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) in accordance with Rule 62 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, whereby the Fund is required to pay annual fee to SECP at the rate of 0.095% of the average daily net assets of the Fund.

Balance at beginning of the year		**422**	365
Remuneration for the year		**854**	422
Paid during the year		**(422)**	(365)
Balance at end of the year		**854**	422

11. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditor's remuneration		**200**	195
Brokerage payable		**366**	271
Sales tax payable on Management Company's remuneration	*11.1*	**311**	200
Federal Excise Duty	*11.2*	**2,985**	110
Others		**472**	575
		4,334	1,351

11.1 During the current year, an amount of Rs. 3.335 million was charged on account of sales tax on Management fee levied through Sindh Sales Tax on Services Act, 2011. As at year end, sales tax on Management Company remuneration of Rs. 0.311 million was due, which was paid subsequent to the year end to the Management Company, who then paid it to the Government of Sindh.

11.2 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 assets management companies. However the 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. 2.985 million as at 30 June 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. 0.21 / 0.37%.

12. PROVISION FOR WORKERS' 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, 1971through 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. 17.743 million up to 30 June 2014.

Had the above recognition not been made, the net assets value per unit of the Fund would be higher by Re. 1.22 / 2.22%.

13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2014 (June 30, 2013: Nil)

	30 June 2014	30 June 2013
14. NUMBER OF UNITS IN ISSUE	**(Numbers)**	
Total outstanding at beginning of the year	**11,087,450**	8,033,809
Issued during the year	**10,608,272**	5,829,800
Bonus units issued during the year	**6,829,246**	1,480,516
Redemptions during the year	**(13,981,323)**	(4,256,675)
Total units in issue at the end of the year	**14,543,645**	11,087,450

Face value of the unit is Rs. 50 each.

15. AUDITORS' REMUNERATION

Statutory audit	**175**	160
Half yearly review	**50**	45
Review of code of corporate governance	**25**	25
Out of pocket expenses	**30**	36
	280	266

16. OTHER EXPENSES

	Note	30 June 2014	30 June 2013
		(Rupees in '000)	
Printing and stationery		**281**	169
National Clearing Company of Pakistan Limited charges		**281**	218
Credit rating fee		**100**	126
Central Depository Company of Pakistan Limited charges		**106**	48
Karachi Stock Exchange listing fee		**50**	40
Sales tax on Management Company's remuneration	*11.1*	**3,335**	1,438
Federal excise duty on Management Company's remuneration	*11.2*	**2,875**	110
		7,028	2,149

17. 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. Since the management has distributed the income earned by the Fund during the year to the unit holders in the manner as explained above, accordingly, no provision for taxation has been made in these financial statements.

18. 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, associated companies of the Management Company 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 June 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.

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 note 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 recorded at agreed rates. All related party transactions have been transacted at arm's length basis.

18.1 Details of balances with connected persons / related parties as at year end

	Note	30 June 2014	30 June 2013
		(Rupees in '000)	
AKD Investment Management Limited - Management Company of the Fund			
Remuneration payable	8	**1,674**	1,142
Sales load payable		**86**	109
Units outstanding - Nil (2013: 179,984)		**-**	10,973
Sales tax payable on Management Company's remuneration*	11 & 11.1	**311**	200
Federal Excise Duty*	11 & 11.2	**2,985**	110
Central Depository Company of Pakistan Limited - Trustee of the Fund			
Remuneration payable	9	**160**	112
Security Deposit	7	**100**	100
CDS Charges		**13**	6
National Bank of Pakistan (having invested more than 10% in the units of the Fund in 2013)			
Units outstanding - Nil (2013: 3,884,759 (35.04% of the total units in issue as at the year end))		**-**	236,846
Sindh Province Pension Fund (having invested more than 10% in the units of the Fund in 2013)			
Units outstanding - 549 (2013: 1,291,986 (11.65% of the total units in issue as at the year end))		**30**	78,770
Arabian Sea Enterprises Limited (having invested more than 10% in the units of the Fund)			
Units outstanding - 1,843,650 (12.68% of the total units in issue as at the year end (2013: Nil))		**101,295**	-
KAPCO Employees Pension Fund Trust (having invested more than 10% in the units of the Fund)			
Units outstanding - 1,469,784 (10.11 % of the total units in issue as at the year end (2013: 239,775))		**80,754**	14,618
AKD Securities Limited - Brokerage House			
Brokerage payable on purchase and sale of marketable securities		**44**	99
AKD Investment Management Limited Staff Provident Fund			
Units outstanding - 93,464 (2013: 51,874)		**5,135**	3,163
Mr. Nadeem Saulat Siddiqui - Executive Director of the Management Company			
Units outstanding - Nil (2013: 8,869)		**-**	541
Aqeel Karim Dhedhi Securities (Private) Limited Staff Provident Fund			
Units outstanding - 61,952 (2013: 37,662)		**3,401**	2,296

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

18.2 Details of transactions with connected persons / related parties during the year

	Note	30 June 2014	30 June 2013
		(Rupees in '000)	
AKD Investment Management Limited - Management Company of the Fund			
Remuneration	8	17,971	8,875
Sales load		692	336
Units issued - 798,566 (2013: 179,984)		46,400	8,425
Units redeemed - 1,029,738 (2013: 514,036)		57,824	21,215
Issue of bonus - 51,188 (2013: 79,989)		2,430	2,821
Sales tax on Management Company's remuneration*	11.1 & 16	3,335	1,438
Federal excise duty*	11.2 & 16	2,875	110
Gain by the investor on the redemption of units - net		783	1,485
Central Depository Company of Pakistan Limited - Trustee of the Fund			
Remuneration	9	1,787	886
CDS charges	15	106	48
National Bank of Pakistan (having invested more than 10% in the units of the Fund)			
Issue of bonus units - 1,805,146 (2013: 604,504)		89,866	21,322
Units redeemed - 5,689,905 (2013: Nil)		352,881	-
Gain by the investor on the redemption of units - net		141,693	-
Arabian Sea Enterprises Limited (having invested more than 10% in the units of the Fund)			
Units issued - 1,439,553 (2013: 247,894)		100,000	10,000
Units redeemed - Nil (2013: 247,894)		-	10,874
Issue of bonus units - 404,097 (2013: Nil)		21,593	-
Gain by the related party on the redemption of units - net		-	874
KAPCO Employees Pension Fund Trust (having more than 10% in the units of the Fund)			
Units issued - 1,979,769 (2013: 163,740)		125,000	6,374
Units redeemed - 1,140,078 (2013: Nil)		62,134	-
Issue of bonus units - 390,318 (2013: 11,829)		20,451	417
Gain by the related party on the redemption of units - net		10,106	-
Aqeel Karim Dhedhi Securities (Private) Limited Staff Provident Fund			
Issue of bonus units - 24,290 (2013: 5,861)		1,255	207
Mr. Imran Motiwala - Chief Executive Officer of the Management Company			
Issue of bonus units - Nil (2013: 1,808)		-	64
Units redeemed - Nil (2013: 11,617)		-	518
Gain by the investor on the redemption of units - net		-	154

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

	Note	30 June 2014	30 June 2013
		(Rupees in '000)	
Spouse - Chief Executive Officer of the Management Company			
Issue of bonus units - Nil (2013: 2,775)		**-**	98
Units redeemed - Nil (2013: 17,832)		**-**	795
Gain by the investor on the redemption of units - net		**-**	117
Mr. Nadeem Saulat Siddiqui - Executive Director of the Management Company			
Issue of bonus units - 2,522 (2013: 3,500)		**120**	123
Units redeemed - 11,391 (2013: 13,621)		**681**	620
Gain by the investor on the redemption of units - net		**226**	92
AKD Investment Management Limited Staff Provident Fund			
Units issued - 72,978 (2013: 51,874)		**4,600**	2,000
Units redeemed - 66,627 (2013: 53,180)		**4,308**	2,004
Issue of bonus units - 35,239 (2013: 8,275)		**1,826**	292
Gain by the investor on the redemption of units - net		**1,608**	312
AKD Securities Limited - Brokerage House			
Brokerage expense on purchase and sale of marketable securities		**144**	211
Golden Arrow Selected Stocks Fund Limited - (Fund managed by the Management company)			
Sale of shares by AKD Opportunity Fund		**51,761**	13,486
Purchase of shares by AKD Opportunity Fund		**14,400**	-
Miss Ayesha Aqeel			
Purchase of shares		**29,990**	-
Key Management Personnel			
Units redeemed - Nil (2013: 3,830)		**-**	171
Issue of bonus units - Nil (2013: 596)		**-**	21
Gain by the investor on the redemption of units - net		**-**	50
Spouse - Key Management Personnel			
Units redeemed - Nil (2013: 5,733)		**-**	256
Issue of bonus units - Nil (2013: 363)		**-**	13
Gain by the investor on the redemption of units - net		**-**	36
Sindh Province Pension Fund (having invested more than 10% in the units of the Fund)			
Units issued - Nil (2013: 1,291,986)		**-**	74,096
Units redeemed - 1,659,000 (2013: Nil)		**110,075**	-
Issued of bonus units - 367,563 (2013: Nil)		**17,448**	-
Gain by the investor on the redemption of units - net		**20,653**	-
Ms. Yasmeen Dhedhi			
Purchase of shares		**17,500**	-
Sale of shares		**5,000**	-

19. FINANCIAL RISK MANAGEMENT

Introduction and overview

The Fund has exposure to following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk, and the Fund's management of capital.

Risk management framework

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up based on limits established by the management company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the management company supervises the overall risk management approach within the Fund.

The Fund maintains positions in a variety of financial instruments in accordance with guidelines given by SECP and the constitutive documents of the Fund. The Fund primarily invests in Equity Securities but also has bank balances, which is subject to varying degree of risks.

The management of these risks is carried out by the Investment Committee (IC) under the policies and procedures approved by the Board. IC is constituted by the Board of Directors of the Management Company. IC is responsible to devise the investment strategy and manage the investment portfolio of the Fund in accordance with the limits prescribed and restrictions imposed in the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008, and Constitutive Documents of the Fund in addition to the Fund's internal risk management policies.

19.1 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. At the year-end it arises principally from bank balances, return / mark-up receivable and balances due from brokers, etc.

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed, the requirements of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008, and guidelines given by Securities and Exchange Commission of Pakistan from time to time.

Credit risk is managed and controlled by the management company of the Fund in the following manner:

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.

- Analysing credit ratings and obtaining adequate collaterals wherever appropriate / relevant.

- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of the credit ratings and financial statements on a regular basis.

- Cash is held only with reputable banks with high quality external credit enhancements.

Exposure to credit risk

In summary, compared to the maximum amount included in Statement of Assets and Liabilities, the maximum exposure to credit risk at 30 June 2014 was as follows:

	30 June 2014		30 June 2013	
	Statement of assets	**Maximum exposure**	Statement of assets	Maximum exposure
	(Rupees in '000)		(Rupees in '000)	
Bank balances including profit receivable*	**12,669**	**12,669**	37,809	37,809
Investments	**985,670**	**-**	665,709	-
Dividend receivable	**-**	**-**	358	358
Receivable against sale of investments*	**-**	**-**	3	3
Security deposits*	**2,600**	**2,600**	2,600	2,600
	1,000,939	**15,269**	706,479	40,770

* Loans and receivables by category.

Difference in balance as per the statement of assets and liabilities and maximum exposure in investments is due to the fact that investments in equity securities of Rs. 935.786 million (30 June 2013: Rs. 665.709 million) and investments in Government treasury bills of Rs. 49.884 million (30 June 2013: Nil) is not exposed to credit risk.

Past due / impaired assets

None of the financial assets of the Fund were past due or impaired as at 30 June 2014.

Credit ratings and Collaterals

Details of the credit ratings of bank balances including profit due as at 30 June 2014 are as follows:

Ratings	**30 June 2014**	30 June 2013
	(% of balance)	
A1+	**99.62**	99.89
A3	**0.19**	0.06
A-3	**0.19**	0.05
Total	**100.00**	100.00

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS (as of 30 June 2014).

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. Portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

Details of Fund's concentration of credit risk of financial instruments by industrial distribution are as follows:

		30 June 2014		30 June 2013	
	Note	**(Rupees in '000)**	**(%)**	(Rupees in '000)	(%)
- Commercial banks including profit due	4 & 6	**12,669**	**82.97**	37,809	92.73
- Telecommunication		**-**	**-**	-	-
- Receivable against sale of shares due from National Clearing Company of Pakistan Limited (NCCPL)		**-**	**-**	3	0.01
Dividend receivables from					
- Industrial metals and mining Sector	6	**-**	**-**	358	0.88
- Oil and Gas Sector	6	**-**	**-**	-	-
Central Depository Company - security deposit	7	**100**	**0.65**	100	0.25
NCCPL - security deposit	7	**2,500**	**16.37**	2,500	6.13
		15,269	**100.00**	40,770	100.00

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

Security

None of the financial assets of the Fund are secured.

19.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

Management of liquidity risk

The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed. The Fund invests primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash. As a result, the Fund may be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirement. The present settlement system is a T+2 system, which means that proceeds from sales (to pay off redemptions) of holdings will be received on the second day after the sale, while redemptions have to be paid within a period of six days from the date of the redemption request.

The Fund has the ability to borrow, with prior approval of trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of total net assets at the time of borrowing with repayment within 90 days of such borrowings. No such borrowings were made during the period.

In order to manage the Fund's overall liquidity, the Fund also has the option to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. However, during the period no such option was exercised or considered necessary.

Maturity analysis for financial liabilities

The table below analyses the Fund's financial liabilities (at amortised cost) into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity date and represents the undiscounted cash flows.

		30 June 2014			
	Note	**Carrying amount of liabilities**	**On demand**	**Within 3 months**	**Total**
		(Rupees in '000)			
Non-derivative financial liabilities (at amortised cost)					
Remuneration Payable to the Management Company (excluding Sindh sales tax and federal excise duty)	*8*	**1,674**	**1,674**	**-**	**1,674**
Remuneration payable to the Trustee	*9*	**160**	**160**	**-**	**160**
Annual fee payable to the Securities and Exchange Commission of Pakistan	*10*	**854**	**-**	**854**	**854**
Payable against purchase of investments		**-**	**-**	**-**	**-**
Amount payable on redemption of units		**177,095**	**177,095**	**-**	**177,095**
Accrued expenses and other liabilities (excluding Workers' Welfare Fund)	*11*	**4,334**	**4,334**	**-**	**4,334**
Unclaimed dividend		**11**	**11**	**-**	**11**
		184,128	**183,274**	**854**	**184,128**
Unit holders' fund		**799,068**	**799,068**	**-**	**-**

	Note	30 June 2013 Carrying amount of liabilities	On demand	Within 3 months	Total
		(Rupees in '000)			
Non-derivative financial liabilities (at amortised cost)					
Remuneration Payable to the Management Company (excluding Sindh sales tax and federal excise duty)	8	1,142	1,142	-	1,142
Remuneration payable to the Trustee	9	112	112	-	112
Annual fee payable to Securities and Exchange Commission of Pakistan	10	422	-	422	422
Payable against purchase of investments		3,484	3,484	-	3,484
Amount payable on redemption of units		12,461	12,461	-	12,461
Accrued expenses and other liabilities (excluding Workers' Welfare Fund)	11	1,351	1,351	-	1,351
Unclaimed dividend		11	11	-	11
		18,983	18,561	422	18,983
Unit holders' fund		675,980	675,980	-	-

None of the above financial liabilities are interest bearing. Besides all the financial liabilities of the Company are unsecured.

19.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will effect the Fund's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Management of market risks

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan. The maximum risk resulting from financial instruments equals their fair values.

19.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Currently the Funds interest rate exposure arises on investments in Government treasury bills and profit and loss sharing bank balances. The treasury bills and the bank balances respectively carries fixed and variable interest rates. The Management Company monitors the interest rate environment on a regular basis and may change the mix of its portfolio to enhance the earning potential of the Fund subject to the above defined guidelines, etc. Other risk management procedures are the same as those mentioned in the credit risk management.

19.3.1.1 At 30 June, details of the interest rate profile of the Fund's interest bearing financial assets were as follows:

	30 June 2014	30 June 2013
	(Rupees in '000)	
Variable rate instruments		
Financial assets (bank balances)	**12,464**	37,667
Fixed rate instruments		
Investments in treasury bills	**49,884**	-

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at year end, unit holder fund would have increased / (decreased) by Rs. 109,535. The analysis assumes that all other variables remain constant.

Cash flow sensitivity analysis for fixed rate instruments

As at 30 June 2014, the Fund holds Government Treasury Bills which are classified as held for trading exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by Financial Markets Association of Pakistan on 30 June 2014 with all other variables held constant, the net income for the year and net assets would have increased / (decreased) by Rs. 498,302.

None of the Fund's financial liabilities are subject to interest rate risk.

19.3.1.2 A summary of the Fund’s interest rate gap position, categorised by the earlier of contractual re-pricing or maturity date is as follows:

	Mark-up / profit (%)	**Total (Less than one month)**
<u>30 June 2014</u>		**(Rupees in '000)**
Assets		
Bank balances	**7.0 to 8.5**	**12,464**
Investments in treasury bills	**9.85**	**49,884**
		62,348
<u>30 June 2013</u>		
Assets		
Bank balances	6.0 to 10.5	**37,667**

None of the Fund's liability is subject to interest rate risk.

19.3.2 Equity price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market.

The Fund also manages its exposure to price risk by diversifying the investment portfolio within the eligible stocks prescribed in the Trust Deed. The Fund's constitutive document / regulations also limit individual equity securities to not more than 10% of net assets of the Fund, or issued capital of the investee company, whichever is lower, and sector exposure limit to 25% of net assets. Fund's investments in equity securities are given in note 5.

In case of 5% increase / (decrease) in KSE 100 index on 30 June 2014, with all other variables held constant, net income of the Fund for the year would have increased / (decreased) by Rs. 49.281 million (30 June 2013: Rs. 31.05 million) whereas the net assets would have increased / (decreased) by the same amount, as a result of gains / (losses) on equity securities at fair value through income statement for the year.

This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE index, is expected to change over the time. Accordingly, the sensitivity analysis prepared as of 30 June 2014 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of KSE 100 index.

19.4 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Fund's activities.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

19.5 Unit Holders' Fund risk management

Management's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders' and to ensure reasonable safety of unit holders' funds.

The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in markets' conditions. The capital structure depends on the issuance and redemption of units and with effect from 1 July 2012, the Fund is subject to maintain minimum fund size of 100 million at all times as per the requirement of NBFC regulation.

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements is discussed in note 3.1

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

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

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

As at 30 June 2014, all the equity investments were categorised in level 1 and the debt investments were categorised in level 2.

30 June 2014	**Level 1**	**Level 2**	**Level 3**	**Total**
	--------------(Rupees in'000)--------------			
Financial assets at fair value through profit and loss account - held for trading				
Equity Securities	**935,786**	**49,884**	**-**	**985,670**

30 June 2013	Level 1	Level 2	Level 3	Total
	--------------(Rupees in'000)--------------			
Financial assets at fair value through profit and loss account - held for trading				
Equity Securities	665,709	-	-	665,709

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in level 3 of the fair value hierarchy.

	30 June 2014	30 June 2013
	(Rupees in '000)	
Opening balance	**-**	1,428
Unrealised appreciation in the fair value of investment	**-**	-
Principal redeemed during the year	**-**	(1,428)
Sold during the year	**-**	-
Closing balance (principal redemption due)	**-**	-

21. SUPPLEMENTARY INFORMATION

The information regarding unit holding pattern, top brokers, members of the Investment Committee, Fund manager, meetings of the Board of Directors of the management company

and rating of the Fund and the management company are as follows:

21.1 LIST OF TOP TEN BROKERS IN ORDER OF PERCENTAGE OF COMMISSION PAID

		2014 Commission paid (Percentage)
i)	A.I. Securities (Private) Limited	**14.85%**
ii)	Pearl Securities Limited	**13.22%**
iii)	Investment Manager Securities (Private) Limited	**10.55%**
iv)	Creative Capital Securities (Private) Limited	**10.46%**
v)	Habib Metropolitan Financial Services Limited	**8.80%**
vi)	Taurus Securities Limited	**8.65%**
vii)	Trade-In Securities (Private) Limited	**7.15%**
viii)	AKD Securities Limited	**4.48%**
ix)	First Capital Equities Limited	**3.38%**
x)	Fortune Securities Limited	**3.04%**

		2013 Commission paid (Percentage)
i)	AKD Securities Limited	13.33%
ii)	Creative Capital Securities (Private) Limited	11.92%
iii)	Trade in Securities (Private) Limited	10.53%
iv)	Habib Metropolitan Financial Services Limited	10.07%
v)	A.I. Securities (Private) Limited	10.01%
vi)	Fortune Securities Limited	9.75%
vii)	Investment Manager Securities (Private) Limited	7.42%
viii)	Optimus Capital Management (Private) Limited	4.87%
ix)	Global Securities Pakistan Limited	3.40%
x)	NAEL Capital (Private) Limited	2.74%

21.2 PERFORMANCE TABLE

	2014	2013	2012
Total net assets value - Rupees in '000	**799,068**	675,980	335,584
Net assets value per unit at the end of year - Rupees	**54.94**	60.97	41.77
Net income / (loss) for the year - Rupees in '000	**305,138**	284,911	86,421
Selling price per unit as at 30 June - Rupees	**56.60**	62.85	43.05
Repurchase price per unit as at 30 June - Rupees	**54.90**	60.95	41.75
Highest selling price per unit during the year - Rupees	**74.70**	66.20	44.85
Lowest selling price per unit during the year - Rupees	**50.10**	37.30	27.85
Highest repurchase price per unit during the year - Rupees	**72.50**	64.25	43.45
Lowest repurchase price per unit during the year - Rupees	**48.60**	36.20	27.00
Total return of the Fund - Rupees in '000			
- Income distribution	**196,428**	149,681	52,220
- Capital growth	**473,097**	364,387	229,157
Distribution per unit (annual) - Rupees [announced on 26 June 2014, 8 July 2013 and 9 July 2012 respectively]	**15.00**	13.50	6.50
Average annual return of the Fund			
- Last one year	**47.35%**	72.86%	34.69%
- Last two years	**60.10%**	53.77%	27.15%
- Last three years	**51.63%**	42.39%	23.75%

The income distribution have been shown against the year to which they relate although these were declared and distributed subsequently to the year end, except for distribution for 2014.

Past performance is not necessarily indicative of future performance, and that unit price and investment return may go down, as well as up.

The portfolio composition of the Fund has been disclosed in note 5 of the financial statements.

21.3 PATTERN OF UNIT HOLDINGS

	As at 30 June 2014			
	No. of unit holders	**Units held**	**Investment amount**	**Percentage of Total**
			(Rupees in '000)	
Individuals	**420**	**5,858,900**	**321,904**	**40.28**
Associated Companies and Directors	**-**	**-**	**-**	**-**
Insurance Companies	**-**	**-**	**-**	**-**
Banks and DFIs	**1**	**911,504**	**50,081**	**6.27**
NBFCs	**-**	**-**	**-**	**-**
Retirement Fund	**24**	**5,928,911**	**325,750**	**40.77**
Public Limited Companies	**-**	**-**	**-**	**-**
Others	**3**	**1,844,330**	**101,333**	**12.68**
	448	**14,543,645**	**799,068**	**100.00**

	As at 30 June 2013			
	No. of unit holders	Units held	Investment amount	Percentage of Total
			(Rupees in '000)	
Individuals	384	3,645,692	222,271	25.07
Associated Companies and Directors	2	188,853	11,514	1.30
Insurance Companies	-	-	-	-
Banks and DFIs	1	3,884,759	236,846	26.71
NBFCs	-	-	-	-
Retirement Fund	23	3,231,450	197,015	22.22
Public Limited Companies	-	-	-	-
Others	3	136,695	8,334	0.94
	413	11,087,449	675,980	76.24

21.4 Particulars of the Fund manager and Investment Committee

Following are the details of the fund manager:

Name of Fund Manager	**Qualification**	**Other Funds managed**
Mr. Muhammad Yaqoob	MBA	Golden Arrow Selected Stocks Fund Limited AKD Aggressive Income Fund

Following are the members of the investment committee of the Management Company:

Name of members	Designation	Qualification	Experience in years
Mr. Imran Motiwala	Chief Executive Officer	BBA	20
Miss. Anum Dhedhi	Chief Investment Officer	BSC	3
Mr. Muhammad Yaqoob	Chief Operating Officer, Company Secretary and Fund Manager of: -AKD Opportunity Fund -AKD Aggressive Income Fund -Golden Arrow Selected Stocks Fund Limited.	MBA	10
Mr. Nadeem Saulat Siddiqui	Head of Public Relationship	MBA	21
Mr. Carrow Michael	Head of Risk Management	MBA	8
Miss. Saba Mahmood	Fund Manager of: -AKD Index Tracker Fund -AKD Cash Fund	MBA	1

21.5 DIRECTORS MEETING ATTENDANCE

During the year, seven meetings of the Board of Directors of the management company were held and their details are as follows:

Name of Directors	Meeting attended	08-Jul-2013	10-Oct-2013	29-Oct-2013	28-Nov-2013	21-Feb-2014	21-Apr-2014	26-Jun-2014
Mr. Abdul Karim Memon	7	✓	✓	✓	✓	✓	✓	✓
Mr. Imran Motiwala	7	✓	✓	✓	✓	✓	✓	✓
Mr. Nadeem Saulat Siddiqui	7	✓	✓	✓	✓	✓	✓	✓
Mr. Aurangzeb Ali Naqvi*	4	✓	✓	✓	✓	X	X	X
Mr. Ali Wahab Siddiqui	7	✓	✓	✓	✓	✓	✓	✓
Mr. M. Ramzan Sheikh	0	X	X	X	X	X	X	X
Mr. Ahmed Abdul Sattar**	6	X	✓	✓	✓	✓	✓	✓
Mr. Hasan Ahmed**	3	X	X	X	X	✓	✓	✓
		5	6	6	6	6	6	6

*Mr. Aurangzed Ali Naqvi tendered his resignation on December 30, 2013.

**Mr. Hasan Ahmed and Mr. Ahmed Abdul Sattar were appointed as director of the Management Company on 31 December 2013 and 06 August 2013.

21.6 RATING OF THE FUND AND THE MANAGEMENT COMPANY

	AKD Investment Management Limited (Management Company of the Fund)		AKD Opportunity Fund (Fund)
Agency	PACRA	Agency	PACRA
Asset Manager Rating	AM3	Performance Rating	Long-term: 5-STAR Short-term: 4-STAR
Date	September 26, 2014	Date	April 08, 2014

22. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

There were no non-adjusting events after the balance sheet date.

23. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 27, 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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